

From: David T. Fields <[REDACTED]>
Sent: Wednesday, August 20, 2025 11:45 AM
To: Comments
Subject: [EXTERNAL MESSAGE] July 28th, 2025 - Adjusting and Indexing Certain Regulatory Thresholds; Comment Request (RIN 3064-AG15)

[REDACTED]

Brannen Bank appreciates the FDIC's proposal to adjust and index regulatory thresholds to better reflect inflation and the evolving banking landscape. As a community bank impacted by these requirements, we support the proposed changes and offer the following comments regarding Section E—Annual Independent Audits and Reporting Requirements.

The proposed increase of the asset threshold from \$500 million to \$1 billion for independent external audits, and \$1 billion to \$5 billion for FDICIA internal control assessments, is a welcome modernization. These thresholds have remained static for decades, and their adjustment is long overdue, given inflation and the growth of the banking sector. Had the thresholds been indexed to inflation since their inception, we believe the current asset threshold would be approximately \$1.65 billion—underscoring how far behind the existing limits have fallen. The FDIC's analysis rightly notes that the original intent of Part 363 was to target institutions posing the most significant risk to the Deposit Insurance Fund. Over time, however, smaller institutions have been swept into these requirements, creating an unnecessary burden without a corresponding increase in risk.

The proposed changes would provide meaningful relief to hundreds of community banks, particularly those in rural areas that struggle with audit committee composition and recruitment. By raising the thresholds, the FDIC is acknowledging the operational realities faced by smaller institutions and allowing them to focus resources on core risk management rather than compliance overhead.

We strongly support the proposal to tie these thresholds to an inflation index going forward. This will help maintain the relevance of the thresholds and avoid the need for periodic rulemakings. Predictable, transparent indexing will also enhance planning and certainty of compliance for institutions.

Institutions currently subject to Part 363 requirements should be provided with clear transition timelines and guidance to adjust their audit and internal control programs accordingly. FDICIA readiness is costly, and ample time should be provided to institutions so that unnecessary expenses are not incurred.

Thank you for the opportunity to comment on this important proposal. We commend the FDIC for taking steps to modernize Part 363 in a way that balances regulatory oversight with operational efficiency.



DAVID TYLER FIELDS

AVP, ACCOUNTING MANAGER



WWW.BRANNENBANKS.COM

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