



May 10, 2007

**VIA EMAIL**

Office of the Comptroller of the Currency  
250 E. Street, SW, Mail Stop 1-5  
Washington, DC 20219  
[www.regulations.gov](http://www.regulations.gov)  
Docket ID: OCC-2007-0007

Mr. Robert E. Feldman, Executive  
Secretary  
Attention: Comments  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429  
[Comments@FDIC.gov](mailto:Comments@FDIC.gov)

Ms. Jennifer J. Johnson Secretary  
Board of Governors of the Federal  
Reserve System  
20<sup>th</sup> Street and Constitution Avenue NW  
Washington, DC 20551  
[Regs.comments@federalreserve.gov](mailto:Regs.comments@federalreserve.gov)  
Docket No. R-1279

Regulation Comments  
Chief Counsel's Office  
Office of Thrift Supervision  
1700 G Street, NW  
Washington, DC 20552  
[www.regulations.gov](http://www.regulations.gov)  
Docket ID: OB-2007-0006

**RE: Interim Rule on Expanded Examination Cycle for Certain Small Insured  
Depository Institutions and U.S. Branches and Agencies of Foreign Banks.**

Dear Sirs and Madams:

The Wisconsin Bankers Association (WBA) is the largest financial institution trade association in Wisconsin, representing approximately 300 state and nationally chartered banks, savings and loan associations, and savings banks located in communities throughout the state. WBA appreciates the opportunity to comment on the interim rule regarding an expanded examination cycle for certain small insured depository institutions and U.S. branches and agencies of foreign banks.

The Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (FRB), Federal Deposit Insurance Corporation (FDIC), and Office of Thrift Supervision (OTS) (collectively, the Agencies) have issued an interim rule with request for comment on an expanded examination cycle for certain small insured depository institutions and U.S. branches and agencies of foreign banks. The Agencies have issued the interim rule, which became effective April 10, 2007, to implement the Financial Services Regulatory Relief Act (Act) and related legislation.

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The Act permits insured depository institutions that have up to \$500 million in total assets, and have received a composite rating of outstanding *or* good at its most recent examination, to qualify for an 18-month (rather than a 12-month) on-site examination cycle. Prior to the enactment of the Act, section 10(d) of the Federal Deposit Insurance Act (FDIA) authorized an expanded on-site examination cycle if the institution: (1) had total assets of less than \$250 million; (2) was well capitalized; (3) was found, at its most recent examination, to be well managed and to have a composite condition of outstanding or good; (4) had not undergone a change in control during the previous 12-month period in which an on-site examination would otherwise have been required; and (5) was not subject to a formal enforcement proceeding or order by its federal banking agency or FDIC. The Agencies are also clarifying when a small-insured depository institution is considered “well managed” for purposes of qualifying for an expanded examination cycle.

For an institution with total assets of less than \$500 million to qualify for the 18-month expanded examination cycle, the institution must have a composite rating of 1 or 2 under the Uniform Financial Institutions Rating System (CAMELS) and must meet the other capital, managerial and supervisory criteria under section 10(d) of FDIA as outlined. Additionally, the Agencies have modified their rules to specify that a small institution meets the statutory “well managed” criteria for an 18-month cycle if the institution, besides having a CAMELS composite rating of 1 or 2, also received a rating of 1 or 2 for the management component of the CAMELS rating at its most recent examination. Such amendments were made to clarify how the “well managed” requirements in section 10(b) of FDIA is interpreted and applied by the Agencies.

WBA supports the implementation as required by the enactment of the Act, as it provides small institutions greater flexibility in examination schedules. WBA also supports the clarified definition of “well managed.” In addition, WBA commends the Agencies’ efforts to reduce regulatory burdens on small, well capitalized and well managed institutions.

Once again, WBA appreciates the opportunity to comment on the interim rule.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Bauer", with a large, stylized initial "K" that loops around the first part of the name.

Kurt R. Bauer  
President/CEO