BANKERS' BANK OF THE WEST

October 26, 2009

Via email: comments@fdic.gov
Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Re: Correspondent Concentration Risks

Via email: regs.comments@federalreserve.gov
Jennifer J. Johnson, Secretary
Board of Governors of the
Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Re: Docket No. OP-1369

Via email: regs.comments@occ.treas.gov
Department of the Treasury
Office of the Comptroller of the Currency
250 East Street, S.W., Mail Stop 2-3
Washington, D.C. 20219

Re: Docket ID OCC-2009-0013

Bankers' Bank of the West ("BBW") is committed to measuring, monitoring and controlling correspondent concentration risk as a safe and sound banking practice. We do, however, respectfully request that you consider modification and/or clarification of several items contained in the interagency proposal for Correspondent Concentration Risks.

1. **Correspondent Concentration Limits**
   The proposed correspondent concentration limit is considerably more restrictive than Reg. F. In addition, the guidance doesn't provide for graduated restrictions based on the correspondent bank's financial condition contained in Reg. F. The restrictive limitation, lack of graduated restrictions and inconsistency with Reg. F gives the appearance of targeting a specific institution type instead of being a sound principle of banking.

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2. **Correspondent Concentration Risk**
   Equal and equitable treatment is necessary to protect the integrity of the system so it is critical that correspondent concentration guidelines be applied uniformly to all institutions engaged in correspondent banking regardless of government support, asset size or perception of being too big to fail. We believe that this guidance would cause bankers' banks and other smaller scale correspondent banks to be treated unfairly if regulatory bank examiners cited or criticized correspondent concentrations existing at bankers' banks or smaller correspondents but failed to do so at large or government supported banks.

3. **Securities Unrealized Gains**
   Unrealized gains on securities should be excluded from the definition of credit exposure due to its immateriality and low benefit ratio. The recordkeeping and pricing responsibilities associated with tracking unrealized gains for credit exposure outweigh its benefits.

4. **Over-Collateralized Portion of Repurchase Agreements, and Under-Collateralized Portion of Reverse Repurchase Agreements**
   These items don't represent correspondent balances and should be excluded from the definition of credit exposure. These types of transactions are generally secured with debt securities held in the respondent bank's name. The collateral is used to protect the correspondent only to the extent of the potential or actual debt obligation. Any over-collateralization is the rightful property of the respondent bank and the designated obligor.

5. **Funding Concentrations Restrictions**
   Funding concentrations limitations should be excluded from the proposed guidance due to inconsistency and lack of disclosure. The funding concentration limitation lacks sufficient discussion on relevant issues. For example, the guidance does not distinguish large depositors from long-term secured advances from the Federal Home Loan Bank. Each of these sources has its own strengths and weaknesses that cannot be addressed with a one-size-fits-all limitation.

6. **Loan Participation Restrictions**
   As addressed in the proposed guidance, the regulatory intent behind restrictions on loan participations is unclear. Loan participations are currently approved by the participant institution in an arms-length transaction based on independent credit analysis. These loans qualify for "true sale" under GAAP, the risk of loss is confined to each participant and credit standards are addressed within loan policies. These principles have always been sound and prudent standards for lending and which are a component of the safety and soundness exam. This restriction is inconsistent with correspondent bank concentrations and should be addressed during an examination using existing guidance.

7. **Extension of Comment Period**
   We request an extension of the current comment period due to the magnitude of change being proposed. Many issues could benefit from additional study and comment.

I appreciate your consideration of the concerns we have at Bankers' Bank of the West. I can be reached at 303-291-3700 or bmitchell@bbwest.com.

Yours truly,

W A Mitchell Jr

William A. Mitchell, Jr.
President & CEO

WAM/amv