

## FORM LETTER A

I am writing to express strong support for the FDIC's proposed amendments to Part 363 of its regulations, which would increase the asset thresholds for mandatory annual audits and internal control over financial reporting (ICFR) assessments for insured depository institutions. I am the Chief Financial Officer at First Federal Bank of Louisiana, headquartered in Lake Charles, Louisiana. We are a \$1.2 billion community bank and for over 75 years we have served the local population of Southwest Louisiana, helping our communities prosper and thrive with financial products and services that help them borrow, save, start and grow businesses etc.

The proposal to raise the threshold for mandatory annual audits from \$500 million to \$1 billion in total assets, and the ICFR audit threshold from \$1 billion to \$5 billion, reflects a thoughtful and pragmatic approach to regulatory modernization. These changes are long overdue and will create meaningful burden reduction for many small community banks, however I wish to recommend that the ICFR audit threshold be implemented at \$10 billion rather than the proposed \$5 billion. A \$10 billion threshold would better align regulatory requirements with the realities of today's banking landscape and would prevent smaller institutions from the expensive compliance burdens that are intended to apply to large banks that pose significant risks to the financial system. Assets and risk are concentrated in the largest banks, those over \$10 billion in assets currently hold about 85 percent of banking sector assets. In 1992, these larger banks held approximately 35 percent of banking sector assets. Raising the ICFR attestation and reporting threshold to \$10 billion would better capture risk in the banking system as it was intended by Congress when they passed FDICIA.

As the FDIC has noted, the original thresholds were established in 1991 and last updated in 2005. When Congress enacted FDICIA, it expressly exempted small institutions from the expensive independent annual audit and reporting requirements, and gave the FDIC the discretion to increase the exemption threshold as needed over time. Since small banks are not responsible for the systemic risk concentrated within the nation's largest, most complex financial institutions, the proposal will achieve meaningful reductions in regulatory burden without sacrificing safety and soundness or posing risk to the FDIC's Deposit Insurance Fund.

In conclusion, I commend the FDIC for its data-driven and balanced proposal. Updating Part 363 thresholds and including an indexing tool to ensure it remains appropriate, is a sensible step that aligns regulatory requirements with the realities of today's banking environment. I urge the FDIC to finalize the rule as detailed above.

Thank you for your consideration.