

From: [Phil Heywood - MBI](#)
To: [Comments](#)
Subject: [EXTERNAL MESSAGE] RIN 3064-AG15
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To Whom it May Concern:

Midstates Bank, National Association (FDIC Certificate Number 04465) is a \$637 million institution as of March 31, 2025. Therefore, we are one of the institutions which is currently subject to the \$500 million asset threshold and subject to an external audit.

We are in favor of raising the limit to \$1 billion to require an external audit and having external directors participate on an audit committee. We are a closely held family-owned community bank with all of our shareholders also being bank directors. Therefore, all shareholders are extremely familiar with the financial reporting, policies, and systems of internal controls. Furthermore, the preparation of the financial statements is less meaningful for shareholders/directors who have approved a strategic plan and a detailed budget, compared actual results to that plan/budget, and analyzed the financial statements throughout the year. We also have an internal audit department and conduct external audits for asset quality and compliance with loan policies, information technology/cyber security, and compliance. We believe that these measures adequately mitigate our risk.

Since this proposal would reduce the regulatory burden and would not require the scheduling or planning of an audit, we suggest, if possible, that it can be implemented immediately and therefore, take effect for the financial statement year ending December 31, 2025.

One consideration we would recommend is that for banks with assets between \$1 billion and \$5 billion is that if they do not otherwise have a financial statement audit reporting requirements pursuant to the SEC and all of their shareholders are also directors, that the bank would be subject to testing of their internal controls only but not required to publish a financial statement. We believe the preparation of financial statements is an unnecessary burden in these situations and has less value to the readers of the financial statements. The true value of the external audit is the testing of

the internal controls.

Please contact me if you have any questions.

Philip Heywood Chief Financial Officer, Midstates Bank



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