



October 1, 2021

By Electronic Mail (via the FDIC's Comment Portal)

Re: Request for Information on the Federal Deposit Insurance Corporation's Supervisory Approach to Examinations during the Pandemic

Bank of the West ("BOTW" or "the Bank") appreciates the opportunity to provide input in response to the FDIC's August 12, 2021 Request for Information seeking comment and feedback on supervisory approaches to examinations during the pandemic.

BOTW, as part of the FDIC's large bank program, is subject to continuous examination and monitoring activities throughout the year, and has an onsite team of examiners – including examiners from the California Department of Financial Protection and Innovation – dedicated to overseeing the Bank. To accommodate the large-bank supervision model pre-pandemic, the Bank maintained office space in multiple facilities that was dedicated for the exclusive use of the onsite examination team.

#### Offsite v Onsite Examinations

- Some initial challenges notwithstanding, BOTW successfully shifted to a fully remote examination model across all of our various regulators at the outset of the pandemic. The shift required expanded use of technologies such as secure repositories (FDIConnect, FRB Intralinks, etc.), remote system access, and video conferencing. We found that with these technology capabilities, there were virtually no examinations or other regulatory interactions that could not be conducted effectively in a remote manner.
- The FDIC and other banking regulators should continue to leverage the use of remotely conducted exams and supervisory activities post-pandemic. A hybrid supervisory model should be permitted going forward, where the bulk of examination work continues to take place offsite, but where key meetings between management and examiners could/would still take place in-person, allowing for the invaluable exchanges that occurs with in-person interactions. This approach would allow banks to reduce the associated logistical support work and expense necessary for onsite activity, and also reduce the associated travel burden on both examiners and management.
- The U.S. banking regulators should further expand the use of "self-service" approaches. For example, the banking regulators should adopt frameworks where examiners can rely on pre-existing information (such as management monitoring and reporting packages) made available to them via remotely accessed secure repositories, and – with use of direct access to bank technology systems and data repositories (such as lending platforms, GRC systems, audit workpaper repositories, etc.) – to conduct reviews with reduced reliance on management to collect, package, and deliver required information.

#### Challenges with Offsite Examinations

- A notable challenge with the shift to offsite examinations was the loss of informal and unstructured interactions between bank personnel and examiners that are common with onsite exams. As an example, with onsite exams, it is common for management to stop by an exam room on an informal basis; frequently, valuable conversations take place in this setting that may not have occurred in a more formally structured and broadly attended meeting. These types of



interactions build examiners' understanding of an institution and increases relationship building and trust between management and examiners. To help overcome the loss of these valuable interactions, BOTW has begun to schedule regular and informal "office hour" meetings during examinations, where key bank participants meet with exam teams to address any outstanding questions, discuss areas of potential concern, and to ensure that all request items have been delivered and are responsive, etc. We also schedule regular and informal one-on-one meetings between the Examiner-in-Charge and the principle accountable executive(s) during the exam to provide opportunity to share insights, exchange points of view, and discuss potential areas of concern. These types of interactions have helped bridge the communication challenges that we experienced with the shift to offsite reviews.

- With the increased reliance on technology to facilitate examinations conducted offsite, it is valuable (and necessary) to have a dedicated IT support contact available to examiners to assist with system access requests and with troubleshooting any technology issues that may arise. This dedicated resource helps to ensure that any technology issues are addressed promptly, and that examination work progresses with minimal interruption.

Thank you again for the opportunity to comment. If Bank of the West can provide the FDIC with any further information please contact me at [Jeffrey.bennett@bankofthewest.com](mailto:Jeffrey.bennett@bankofthewest.com) or by phone at (415) 710-7561.

Sincerely,

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