



**VIA EMAIL ONLY**

May 4, 2020

Chief Counsel's Office  
Attention: Comment Processing  
Office of the Comptroller of the Currency  
400 7<sup>th</sup> Street, S.W., Suite 3E-218  
Washington, DC 20219  
[www.regulations.gov](http://www.regulations.gov)  
Docket ID: OCC-2020-0009

Ann E. Misback, Secretary  
Board of Governors of the Federal  
Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, DC 20551  
[regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)  
Docket ID: R-1703; RIN 7100-AF77

Robert E. Feldman, Executive Secretary  
Attention: Comments/RIN 3064-AF40  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street N.W.  
Washington, DC 20429  
[comments@fdic.gov](mailto:comments@fdic.gov)  
Docket ID: RIN 3064-AF40

**Re: Regulatory Capital Interim Final Rule: Revision to Definition of Eligible Retained Income;  
Docket ID: OCC-2020-0009; R-1703, RIN 7100-AF77; and RIN 3064-AF40**

Dear Sirs and Madams:

The Wisconsin Bankers Association (WBA) is the largest financial trade association in Wisconsin, representing approximately 220 state and nationally chartered banks, savings banks, and savings and loan associations located in communities throughout the State. On March 20, 2020, the Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (FRB), and Federal Deposit Insurance Corporation (FDIC) (collectively, the agencies) published an interim final rule to revise a definition within each agency's regulatory capital rules to assist with the economic impact of the Coronavirus (COVID-19). WBA appreciates the opportunity to comment on the agencies' interim final rule.

The majority of Wisconsin's financial institutions are well-capitalized with active, well-engaged boards of directors making informed business decisions and careful plans to achieve that high level of capital. Wisconsin's financial institutions also have robust pandemic policies and procedures in place; and, despite working at reduced- or split-staffing levels, these procedures have been extremely effective in allowing customers non-interrupted, full access to deposit accounts and lending services—including offering countless loan modifications, deferrals and forbearances for borrowers affected by COVID-19.

However, none of these institutions could have planned or projected for the current unique economic crisis which has resulted from national and state stay-at-home orders. Both financial institutions and the agencies have had to consider creative options to help prevent the current economic crisis from becoming a credit crisis. The agencies' interim final rule is one way to assist with those mitigating efforts. Wisconsin's financial institutions appreciate those efforts.



In general, the agencies' interim final rule revises the definition of "eligible retained income" to mean the greater of: (1) a banking organization's net income for four preceding quarters, net any distributions and associated tax effects not already reflected in net income, and (2) the average of the banking organization's net income over the preceding four quarters. The single definition will simplify the regulatory capital rules and will treat all institutions the same.

WBA appreciates the agencies' proactive actions to identify the potentially negative impact the current unique economic crisis caused by COVID-19 mitigation efforts may have on financial institutions' ability to use their capital buffers. WBA believes the agencies' interim final rule will help alleviate the anticipated seizure.

WBA supports the agencies' interim final rule to revise the definition and afford financial institutions an opportunity to more comfortably use its capital buffer in adverse conditions. As the interim final rule makes no changes to other rules that limit capital distributions or discretionary bonus payments, WBA recommends the definition be applied to all banking organizations for consistency purposes. All institutions, regardless of size, will benefit from the revision while still balancing the need to lend to borrowers affected by COVID-19 and otherwise with general safety and soundness concerns.

Once again, WBA appreciates the agencies' efforts to proactively consider creating steps to help prevent the current economic crisis from becoming a credit crisis. The agencies' interim final rule is one way to assist with those mitigating efforts.

Respectfully,

A handwritten signature in black ink that reads "Rose Oswald Poels".

Rose Oswald Poels  
President/CEO