PIEDMONT FEDERAL SAVINGS BANK, DAVID BARKSDALE

Proposal and Comment Information

Title: Regulatory Modernization and Relief for Mutual Holding Companies (Reg Q and MM), R-1895

Comment ID: FR-2026-0027-01-C06

Submitter Information

Organization Name: Piedmont Federal Savings Bank

Organization Type: Company

Name: David Barksdale

Submitted Date: 09/16/2026

See attached Comment Letter

Piedmont
Federal Bank

September 16, 2026

Mr. Benjamin W. McDonough, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Re: Support for Regulatory Modernization and Relief for Mutual Holding Companies — Docket regarding Mutual Capital Certificates

Dear Secretary McDonough:

On behalf of Piedmont Federal Savings Bank, a mutual savings bank headquartered in Winston-Salem, North Carolina, I am writing to express our strong support for the Federal Reserve's proposal to modernize the regulatory treatment of mutual capital instruments. We commend the Board for advancing a framework that would allow mutual institutions like ours to access permanent capital while preserving the mutual ownership structure that has defined community banking in the Piedmont region for generations.

Piedmont Federal Bank has served families and small businesses across North Carolina through a relationship-driven, community-first model of banking. Unlike stock institutions, we cannot issue common stock to raise capital, and we rely primarily on retained earnings to fund growth, invest in technology, and respond to the evolving needs of the communities we serve. This structural limitation makes a workable, standardized path to permanent capital not just helpful, but necessary for mutual banks to remain competitive and to continue investing in the customers and communities who depend on us.

We are particularly encouraged that the proposal requires mutual capital certificates and related instruments to meet the same Common Equity Tier 1 and Additional Tier 1 eligibility criteria applied to other capital instruments, including perpetuity, full issuer discretion over distributions, and subordination behind depositors and creditors. These features ensure that mutual capital instruments will be durable, loss-absorbing, and consistent with the safety and soundness expectations that depositors and regulators alike rely upon.

At the same time, we believe standardization is the single most important element of a successful framework. Today, the absence of uniform terms, disclosures, and approval processes means that each issuance requires costly, time-consuming negotiation with regulators. We urge the Board to work closely with the OCC, the FDIC, and state regulators to establish consistent, pre-approved terms so that mutual institutions of all sizes — not only the largest or best-resourced — can reasonably access this tool. A predictable, standardized instrument will build investor confidence and allow mutual banks to plan capital strategy with the same certainty available to our stock-form peers.

The benefit of this proposal extends well beyond individual institutions. Additional, durable capital allows mutual banks to expand mortgage and small business lending, invest in the branches and technology our customers expect, and continue serving communities that larger, less locally rooted institutions may overlook. For an institution like Piedmont Federal, greater capital flexibility translates directly into our ability to keep serving depositors and neighbors across the Piedmont for the next century, just as we have for our first one.

Finally, we ask the Board to ensure that any final rule preserves the fundamental characteristics of the mutual charter, including depositor control and governance. Access to capital should strengthen, not dilute, the mutual model that allows institutions like ours to prioritize long-term relationships with customers over short-term returns to outside shareholders.

We appreciate the Board's leadership in advancing this proposal and respectfully urge its adoption of a uniform, standardized mutual capital framework. Thank you for the opportunity to comment and for your consideration of the perspective of mutual community banks.

Sincerely,

David P. Barksdale
President and Chief Executive Officer