PEOPLES BANK, DENNIS AMMANN

Proposal and Comment Information

Title: Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks; Bank Holding Companies (Reg O and Y), R-1896

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Submitter Information

Organization Name: Peoples Bank

Organization Type: Company

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See attached file

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September 14, 2026

VIA ELECTRONIC SUBMISSION

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551
Docket No. R-1842

James P. Sheesley, Assistant Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429
RIN 3064-AG04

Re: Proposed Rulemaking on Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks (Regulation O; 12 CFR Part 215)

Dear Secretary Misback and Assistant Executive Secretary Sheesley:

Peoples Bank strongly supports the proposed modernization of Regulation O because it preserves safety and soundness while reducing outdated procedural burden on community banks.

As an independent community bank serving local families, farms, and small businesses, Peoples Bank relies on strong governance, sound credit underwriting, and deep community relationships. Our directors and executive leadership live and work in the markets we serve, bringing indispensable commercial insight and community connection to our institution. However, because Regulation O's dollar thresholds have remained virtually frozen since 1994, community banks have faced escalating administrative and procedural friction that does not enhance safety and soundness.

We commend the agencies for this long-overdue modernization and offer the following targeted observations from a community banking perspective.

1. Modernizing the Prior Board Approval Threshold (§ 215.4(b))

We strongly endorse raising the prior board approval ceiling from $500,000 to $2,000,000, as well as removing the obsolete $25,000 statutory floor.

Modern Credit Demand: Inflation, higher commercial real estate values, and increased agricultural and equipment costs now cause routine, fully underwritten community-bank credit needs to exceed the legacy $500,000 threshold.

Reduced Procedural Drag: Requiring prior board resolutions for standard, secured, market-rate insider-related credit can delay ordinary business lending without improving the credit decision.

Preserved Supervisory Controls: A $2,000,000 threshold provides meaningful operational relief while preserving market terms, underwriting standards, individual and aggregate lending limits, and board oversight.

2. Updating the Executive Officer “Other Purposes” Borrowing Cap (§ 215.5(c)(4))

We strongly support raising the general-purpose lending cap for executive officers from $100,000 to $400,000 and eliminating the $25,000 floor.

The existing $100,000 limit no longer reflects modern personal, educational, or commercial obligations and can constrain non-preferential, fully vetted credit for executive officers. Increasing this limit to $400,000 provides needed flexibility while maintaining clear boundaries around insider exposures.

3. Five-Year Automatic Indexing to Nominal GDP Growth

One of the most consequential strengths of this proposed rulemaking is the formal commitment to adjust these thresholds every five years based on cumulative nominal GDP growth.

Static dollar thresholds inevitably create regulatory creep. A recurring indexing mechanism keeps supervisory requirements aligned with economic growth without requiring decades-long rulemaking cycles.

4. Modernizing Executive Officer Presumptions (§ 215.2(e))

We welcome the agencies' effort to align presumptive executive officer titles with modern institutional reality:

Inclusion of C-Suite Titles: Adding Chief Executive Officer, Chief Financial Officer, and Chief Lending Officer directly into the presumptive list reflects actual governance practices in today's banking environment.

Removal of Outdated Ministerial Roles: Eliminating obsolete titles such as "cashier" and "secretary" from the presumptive list is an important and welcome cleanup for community banks, where operational cashiers and recording secretaries perform purely administrative functions without policymaking authority.

Preservation of Board Exclusion Resolutions: We appreciate that the proposal retains the authority of a bank’s board of directors to adopt formal resolutions excluding titled officers (such as Vice Presidents) who do not participate in major policymaking functions.

5. Harmonizing Incidental Limits (Credit Cards and Overdrafts)

We endorse increasing the credit card exclusion to $60,000, the preauthorized overdraft protection line limit to $20,000, and the inadvertent overdraft exception to $4,000. These adjustments resolve common compliance pitfalls stemming from trivial, incidental transactions that carry negligible credit risk.

Conclusion and Recommendations

The proposed revisions to Regulation O represent a practical, balanced modernization that reduces unnecessary administrative burden while preserving credit discipline, supervisory oversight, and meaningful insider-risk controls.

By redirecting compliance attention from immaterial transactions to meaningful insider-risk monitoring, the proposal strengthens the practical effectiveness of Regulation O. Peoples Bank urges the Federal Reserve Board and the FDIC to adopt the proposed rule in final form without unnecessary delay.

Thank you for your consideration of our views and your ongoing commitment to supporting the vital role of community banking.

Respectfully submitted,

Sincerely

Dennis Ammann