ANB BANK, MICHAEL DIFILIPO

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

Comment ID: FR-2026-0028-01-C63

Submitter Information

Organization Name: ANB Bank

Organization Type: Company

Name: Michael diFilipo

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Please find ANB Bank's comments attached.

ANB Bank

November 4, 2026

Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, D.C. 20551
Attn: Benjamin W. McDonough, Secretary

Re: Request for Comment on Notice of Proposed Rulemaking: Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks; Bank Holding Companies
RIN 7100-AH27

Ladies and Gentlemen:

On behalf of ANB Bank ("ANB"), thank you for the opportunity to comment on the Federal Reserve Board's Notice of Proposed Rulemaking regarding Regulation O. ANB is generally supportive of the changes to Regulation O, and is particularly supportive of the increases to the dollar-based thresholds. ANB also appreciates the Board's efforts to modernize the regulation and to reduce regulatory burden while still achieving Regulation O's goal of preventing insider self-dealing and protecting banks from harmful conflicts of interest. We have responded below to Questions 4 through 6, and Question 37, in the Board's request for comments.

Background

ANB is a $2.9 billion community bank headquartered in Denver, Colorado, with 29 locations in Colorado and Wyoming. ANB serves a diverse range of communities throughout the two states, including rural communities in Wyoming and Western Colorado. ANB is a true community bank whose deposit, lending and other services are critical to many, especially those in the rural communities it serves.

Response to Request for Comment

Question 4. Would a date other than 1994 be appropriate as the baseline for indexing the thresholds? For example, the Board last revised the thresholds for loans to executive officers not otherwise specifically authorized under section 22(g) and to insiders requiring prior approval by the board of directors under section 22(h) in 1983. If so, what date would be more appropriate and why?

ANB is supportive of the increases to the dollar-based thresholds, but recommends that the Board use the date of last update as the baseline for indexing the thresholds. This would generally result in a 1983 or 1994 baseline, and would ensure that the thresholds are updated to reflect inflation and growth changes since the last threshold adjustment. This would also have the effect of increasing certain thresholds – notably the threshold for prior approval by the board of directors – which would appropriately reduce the compliance burden for loans under approximately $4 million, which are loans of a routine size for most community and regional banks.

Question 5. What are the advantages and disadvantages of indexing the dollar-based thresholds based on nominal GDP? What alternative approaches, for example indexing the dollar-based thresholds based on CPI, should the Board consider, and why?

The Board should, as per the proposed rule, index the dollar-based thresholds to nominal GDP instead of CPI. A threshold that remains economically meaningful over time should rise with the scale of economic activity that banks finance. Nominal GDP captures both inflation *and* real economic growth, thereby maintaining the intended proportional relationship between the regulatory threshold and the size of the economy. Indexing only to CPI would cause the thresholds to become increasingly restrictive as the economy expands, thereby partially defeating the purpose of indexing.

Question 6. What are the advantages and disadvantages of the proposed approach to indexing the dollar-based thresholds so that they do not change to reflect a period of negative average nominal GDP growth? Under what circumstances, if any, should the update to a dollar-based threshold reflect negative average nominal GDP growth, and why?

The Board should not adjust the proposed rule to update the thresholds to reflect negative average nominal GDP growth. Existing quantitative and qualitative safeguards within Regulation O continue to constrain insider lending regardless of economic conditions. As a result, automatic downward threshold adjustments, which could result in downward adjustments being locked in for five years, are unnecessary.

Question 37. What are the advantages and disadvantages of eliminating the exception for inadvertent overdrafts as part of the definition of "extension of credit" (section 215.3(b)(2) of Regulation O)?

There are significant practical disadvantages to eliminating the exception for inadvertent overdrafts from the definition of "extension of credit." Most importantly, the proposed change would make it practically impossible for a bank to pay an inadvertent overdraft on the account of an executive officer unless the officer has already submitted a detailed current financial statement. Proposed § 215.20(e)(3) provides that any extension of credit by a member bank to an executive officer must be preceded by the submission of such a financial statement. Because an inadvertent overdraft is, by its nature, unplanned, a bank generally cannot obtain and review a current financial statement before deciding whether to pay the item giving rise to the overdraft. As a practical matter, therefore, banks would be required to return items that would result in an overdraft absent a linked deposit account or an overdraft line of credit. Eliminating the exception would also create new and potentially burdensome aggregation and recordkeeping requirements for transactions that are temporary, unintentional, and subject to strict dollar and duration limitations.

ANB further recommends that the Board adopt a blanket exclusion for inadvertent overdrafts of a de minimis amount that does not depend on the account being restored to a positive balance within a certain amount of time. As the rule is currently written, banks take a material regulatory risk by permitting inadvertent overdrafts if there is any uncertainty that the account will not be restored to a positive balance within five business days. Permitting banks to allow such overdrafts would not result in any increased risk that insiders are abusing their access to banks and creating risk to banks.

Even if the Board does not adopt the blanket exclusion discussed above, ANB recommends that the Board retain the existing exception for inadvertent overdrafts from the definition of "extension of credit," while adopting the proposed safeguards applicable to such overdrafts in § 215.21(b)(3), including the increased $4,000 threshold. This approach would preserve meaningful protections against preferential treatment of insiders without imposing extension-of-credit requirements that are difficult or impossible to satisfy in the context of an unplanned, short-term overdraft.

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Conclusion

As set forth above, ANB supports the Board's revisions to Regulation O, especially including the increases to the dollar-based thresholds, but recommends that (i) the dollar-based thresholds be adjusted based on economic growth since the date of last update; (ii) the Board continue to index the thresholds to nominal GDP growth, instead of growth in another index such as CPI; (iii) the Board not amend the proposed rule to allow for downward adjustment of the thresholds during times of negative economic growth; and (iv) the Board keep the existing exception from the "extension of credit" definition for inadvertent overdrafts.

Thank you again for the opportunity to comment. Please feel free to call me at 303-394-5179 with any questions about our comments.

Very truly yours,
ANB Bank

Michael diFilipo, Deputy General Counsel