



CBAI Staff Hosts Meeting with OCC Officials

On April 1, 2010, members of the CBAI staff met with the OCC's Bert Otto, Deputy Comptroller (Chicago), Gary Baranowski, Assistant Deputy Comptroller (East Peoria), Thomas Munz, Assistant Deputy Comptroller (Schaumburg), and Mark Zeihen, Assistant Deputy Comptroller (Champaign). The meeting was part of an ongoing dialogue between CBAI and the bank regulatory agencies.

The OCC representatives, which collectively have more than 100 years of regulatory experience, reviewed the business environment and the primary areas of risk for community banks. Specific areas of concern for the OCC specific to Illinois institutions include: commercial real estate (CRE) and commercial and industrial (C&I) lending, liquidity risk management, retail credit, ALLL adequacy, and bank investments. Their assessment of economic conditions and bank performance suggests continuing challenges for a prolonged (24 month) period.

CBAI staff discussed banker/examiner relations and concerns regarding overly harsh regulatory oversight, regulatory enforcement actions, and the association's positions on regulatory reform issues. Staff emphasized strong banker support for proposals to 1) allow banks to amortize commercial real estate loan losses over 10 years, and 2) to eliminate the ALLL 1.25% disallowance for capital purposes. Staff also expressed support for the extension of the Transaction Account Guarantee (TAG) program for an additional year and the reduction of risk weights for GSA debt and guaranteed mortgage-backed securities. Staff also indicated that CBAI's objective is to get through the current distressed economy with as few bank downgrades and failures as possible. The meeting was deemed by both parties as extremely worthwhile.