



NC BANKERS

NORTH CAROLINA BANKERS ASSOCIATION

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October 3, 2012

Ben S. Bernanke
Chairman
Federal Reserve Board of Governors
20th and C Street, NW
Washington, DC 20551

Thomas J. Curry
Comptroller
Office of the Comptroller of the Currency
250 E Street, SW
Washington, DC 20219

Martin J. Gruenberg
Acting Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Dear Chairman Bernanke, Acting Chairman Gruenberg and Comptroller Curry:

We are writing on behalf of our 128 member banks in North Carolina to express our concerns regarding the implementation of the Basel III proposed rules. The proposed rules will have a negative impact and place serious burden on our member banks, especially our community banks. We believe the proposed Basel III rules will not achieve their intended purpose and will be more detrimental than beneficial to our banks and consumers. We recognize the importance of clearly defined capital standards; however, we are concerned that a “one-size fits all” definition and approach disproportionately places a higher burden on community and regional banks.

We believe it is very important in the rulemaking process that you consider the function of our community banks in North Carolina. Our banks serve the people of North Carolina and the needs of small businesses. Our banks make it possible for growth and economic development that has made life in North Carolina better. One fear is the implementation of Basel III, along with the Dodd-Frank Act, will lead to further bank mergers, thus taking away the hometown community banks that provide a vital service to certain customers and our economy.

In North Carolina, we have completely modernized our banking statutes as of October 1, 2012. Our banks are well-capitalized and well led. Our bank leaders are interested in serving their communities the right way and playing by the rules.

We believe that the Basel III proposed rules are too retroactive and reactionary in their approach instead of being forward looking. Have there been studies on whether the financial crisis would have been averted or avoided if Basel III had been implemented earlier? Have any studies been conducted regarding the impact on community banks? We worry the proposed rules are being

pushed through with great haste, without adequate research on the costs to banks and consumers, or knowing if Basel III will even help to “fix” the issue.

We understand that the Basel III proposed rules are intended to prevent a financial crisis and protect taxpayers. However, we strongly suggest Basel III, in its current form, is not the best approach to achieve that goal. We request that you halt the implementation of the internationally-designed Basel III proposed rules and rethink the approach. We ask that you conduct studies on the impact on community banks, delaying the implementation of the Basel III proposed rules until a fully impact study on community banks can be completed. In the alternative, we would request an exemption for community banks with assets under \$500 million.

We look forward to working with you to come to the best solution for consumers, banks, and regulators to avert a future financial crisis. We welcome your responses and appreciate your time.

Sincerely,



Thad Woodard
President & CEO



E. Dawn Thompson
Associate Counsel