

Congress of the United States
Washington, DC 20515

September 28, 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 write to express our concerns regarding certain aspects of the proposed Basel III capital standards and their potential effect on financial institutions that serve Colorado, particularly smaller community banks.

Since the financial crisis, community banks across Colorado have increased the amount of capital that they hold and are working diligently to comply with new reforms resulting from the Dodd-Frank law. The proposed Basel III standards, however, would likely require such community banks to increase these capital and liquidity holdings dramatically, which may diminish lending and stifle economic growth across the state. Initial estimates suggest, that Colorado banks would be required to increase their risk-based capital reserves by \$250-\$300 million, leading to \$2.5-\$3.0 billion in decreased lending across the state.

The state of Colorado has benefited from a competitive and thriving community banking system that has enabled it to grow, attract new business, and create new jobs. As you work to implement Basel III, it is therefore our hope that such standards are appropriately scaled to ensure that community banks are not disproportionately affected or placed at a competitive disadvantage to larger financial institutions. If new standards ultimately impose complexity and require significantly more capital, we fear that many of these smaller institutions will continue to consolidate, making it more difficult for families and businesses to obtain access to credit.

We understand that the Basel III standards are aimed at preventing a future financial crisis where taxpayers are forced to provide support to the largest and most interconnected of financial institutions. We nonetheless request that such standards be narrowly tailored to ensure that our financial institutions can continue to serve

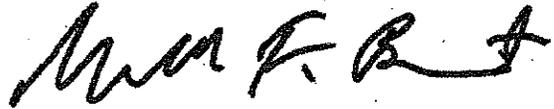
communities across the state of Colorado. We look forward to working with you on this issue in the coming months.

Thank you in advance for your attention to this matter.

Sincerely,



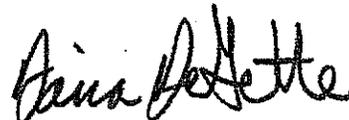
Mark Udall
United States Senator



Michael F. Bennet
United States Senator



Ed Perlmutter
Member of Congress



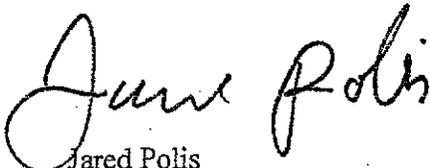
Diana DeGette
Member of Congress



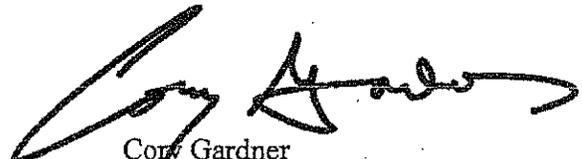
Doug Lamborn
Member of Congress



Mike Coffman
Member of Congress



Jared Polis
Member of Congress



Cory Gardner
Member of Congress



Scott Tipton
Member of Congress