

**Meeting Between Chairman Bernanke and Governor Duke
and Representative of the Independent Community Bankers Association (“ICBA”)
September 30, 2012**

Participants: Chairman Ben S. Bernanke, Governor Betsy Duke and Brian Gross
(Federal Reserve Board)

Camden Fine, Terry Jorde, and Karen Thomas (ICBA)

Summary: On Wednesday, September 26, 2012, representatives of the ICBA met with Chairman Bernanke and Governor Duke to provide views and information on various matters. Among other matters, the ICBA representatives reiterated concerns previously raised by the ICBA in written public comments regarding the potential effects on community banks of the recent proposal by the Federal Reserve, OCC and FDIC to implement new capital rules, known as Basel III. In particular, the ICBA representatives indicated that the proposed changes in risk weights for certain assets (especially certain mortgage assets) and treatment of accumulated other comprehensive income (AOCI) would, in combination with other factors, such as the current state of the economy, low level of interest rates, compliance burden from Dodd-Frank Act implementation requirements, recent accounting changes, fiscal uncertainty and other recent developments in the regulatory environment, put tremendous pressure on community banks and threaten their business model without increasing the financial strength or safety and soundness of the banking system. They also contended that similar capital requirements are not under consideration for federally insured credit unions that compete with community banks. The ICBA representatives suggested retaining the Basel I capital methodologies for community banks.

The Chairman and Governor Duke indicated that the capital matters were currently subject to a public rulemaking and the Federal Reserve would consider the comments of the ICBA and all other commenters carefully as part of that rulemaking process. Other matters not related to Board rulemaking proposals were also discussed.