

10/1/2012

Mr. Feldman,

Alpine Bank will celebrate its 40th year as a successful community bank in western Colorado in a few short months. Never in our history have we been rated anything other than satisfactory in Capital. We have formed community partnerships in each of the 37 locations we serve and have had continuous ownership and consistent upper management throughout. We maintain 100,000+ household accounts, mostly small businesses in the communities we serve. We would very much like to continue to operate this way, and believe our customers feel the same way. We need them and they depend on us.

BASEL III raises major concerns about the long term viability of banks and the availability of credit in communities we serve!

For several years the near constant refrain from the public, public officials, media and others has been for banks to lend more to create more jobs. Basel III goes in the opposite direction: less credit, more expensive credit, fewer businesses (especially small businesses) due to credit restrictions and greater expense, and fewer jobs. Banks caught between popular demand for more credit, and regulators' aversion to any risk is not what we need as a country. Society is not well served by risk-free banks that make no loans.

Basel III is to be implemented via three jointly proposed rules issued 6/7/12 by the Federal Reserve, Office of the Comptroller of the Currency, and FDIC. The Fed says the proposals will increase required capital in U.S. banks by \$60B, thus reducing credit in the U.S. by about \$600B for our struggling economy.

Basel III Proposal –In brief Basel III:

Increases Required Capital Ratios for Banks – despite current historic high capital levels

Narrows What Counts as Bank Capital – disallowing capital blessed two years ago in the Dodd/Frank Act

Increases Risk Weighting of Assets – discouraging banks from making certain loans

Despite historic high levels of capital in banks(16%+ total risk-weighted in CO), the joint draft 1.adds a new capital definition (“common equity Tier 1 capital”), 2.adds a new 2.5% capital conservation buffer, 3.narrows the definition of acceptable capital, and 4.compounds that by risk-weighting for certain loans (e.g., residential real estate loans). This will be compounded by examiner application in the field, written regulatory expectations that banks operate above the requirements at all times...

We believe this will have a big negative impact on individual businesses, the general economy and most importantly, the future of our community!

Sincerely,

Kent Wilson,
Senior Vice President, Alpine Bank
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Glenwood Springs, CO 81601