

VERMONT BANKERS ASSOCIATION, INC.



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President

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October 16, 2012

The Honorable Ben S. Bernanke, Chairman  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, D.C. 20551  
Docket R-1430 and R-1442  
RIN No. 7100-AD 87

The Honorable Thomas J. Curry, Comptroller  
Office of the Comptroller of the Currency  
250 E Street, S.W.  
Washington, D.C. 20219  
Docket ID OCC-2012-0008 and OCC-2012-0009  
RIN 1557-AD46

The Honorable Martin J. Gruenberg, Acting Chairman  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20429  
RIN 3064-AD95 and RIN 3064-AD96

Gentlemen,

On behalf of our 24 members, we, the Vermont Bankers Association wish to add our voice to the discussion concerning the Basel III capital standards and their potential impact on our great industry that serves Vermont. While our membership is made up of a variety of sized institutions, we are reaching out to you with a particular emphasis on our community and regional banks.

Vermont is a very rural state with a population base of 625,000. Over many decades, banks have played a vital role in assisting Vermonters to achieve their personal and professional dreams and communities grow and flourish. If you were standing in our conference room, you would notice a picture frame containing 72 bank letter heads from 1952. Today, the number is considerably smaller. Our fear is that regulations such as Basel III and many others that have been released within the last few years will cripple some of those smaller banks that are with us today. If those institutions cannot survive, I ask the question, what will we have accomplished.

Since the financial crisis, banks in Vermont have worked to increase the amount of capital they hold and meet the requirements of new reforms under Dodd-Frank. While we recognize that capital is vitally important to the strength of our banking system, the change in definition of capital and the increase in risk weights of many asset classes will negatively impact many of our institutions. If banks are forced to increase their capital and liquidity holdings even further, there are those that believe it will diminish lending and stifle economic growth in our state.

As you continue to discuss the Basel III standards and their eventual implementation, it is our hope that you arrive at a system appropriately scaled to a variety of sized institutions across the country. A one size fits all model will disproportionately impact the community banks and place them at a competitive disadvantage.

Banks across Vermont want to be a part of the solution. Allow them to continue to make loans to individuals, home owners and small business. Please don't tie their hands with standards meant for the largest and most interconnected financial institutions.

Thank you for this opportunity to comment on the proposed Basel III standards.

Sincerely,

A handwritten signature in cursive script that reads "Christopher D'Elia".

Christopher D'Elia  
President