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Diane Casey-Landry
President & Chief Executive Officer

August 8, 2006

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

The Honorable John C. Dugan
Comptroller of the Currency
250 E Street, SW
Washington, DC 22019

The Honorable Sheila C. Bair
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

The Honorable John M. Reich
Director
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

Dear Chairman Bernanke, Comptroller Dugan, Chairman Bair, and Director Reich:

America's Community Bankers ("ACB")¹ supports the efforts of the Federal Banking Agencies (Agencies) to develop a workable Basel II framework for large, internationally active U.S. banks that appropriately links capital requirements with risk. We also share the concerns expressed by some of the largest U.S. internationally active banks (core banks) regarding the proposed application of Basel II.

Currently, Basel II requires core banks to comply with the most complex and costly of the capital allocation methods outlined in Basel II - the Advanced Internal Ratings-Based (A-IRB) approach. Core banks have requested that Agencies to include in the Notice of Proposed Rulemaking allowing for the adoption of the simpler Standardized Approach as laid out in the Basel II framework.

ACB believes that the Agencies should grant core banks the flexibility afforded their international counterparts to choose from the available methods, including the Standardized Approach, to ensure that capital allocation within Basel II best fits their needs and resources for compliance with the new capital accord. This flexibility will allow core banks to better compete both domestically and internationally with banks that have already incorporated Basel II in their business models.

As has been recommended in past comment letters to the Agencies regarding both Basel II and Basel IA, ACB believes that all institutions should have the flexibility to choose among available capital allocation methods that best suit their businesses. We reiterate our request that Agencies incorporate the same flexibility for Basel I institutions to remain under Basel I or comply with a revised Basel IA in order to utilize a more risk-sensitive capital approach and remain competitive

¹ America's Community Bankers is the member-driven national trade association representing community banks that pursue progressive, entrepreneurial and service-oriented strategies to benefit their customers and communities. To learn more about ACB, visit www.AmericasCommunityBankers.com.

Chairman Bernanke, Comptroller Dugan, Chairman Bair, and Director Reich

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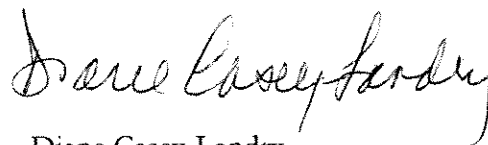
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with Basel II banks. We also reiterate our request that the Basel 1A proposal be issued at the same time as the Basel II proposal.

ACB commends your dedication to achieving a workable risk-sensitive capital approach for U.S. banks. We look forward to working with you on behalf of our members concerning Basel II and Basel IA.

Thank you for the consideration of our views.

Sincerely,

A handwritten signature in cursive script that reads "Diane Casey-Landry".

Diane Casey-Landry