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*President and CEO*

May 26, 2017

The Honorable Orrin G. Hatch  
United States Senate  
Washington, D.C. 20510

The Honorable Angus S. King  
United States Senate  
Washington, D.C. 20510

The Honorable Bill Nelson  
United States Senate  
Washington, D.C. 20510

Dear Senators Hatch, King, and Nelson:

On behalf of the more than 5,800 community banks represented by ICBA, I write to express our strong support for S. 1284, which would allow more community bank holding companies to raise needed capital to better serve their customers and communities. S. 1284 embodies a key provision of ICBA's Plan for Prosperity.

S. 1284 would raise the consolidated assets threshold for the Federal Reserve's Small Banking Holding Company Policy Statement (Policy Statement) from \$1 billion to \$5 billion. The Policy Statement is a set of capital guidelines with the force of law that allows qualifying holding companies to raise and carry more debt than larger holding companies and potentially downstream the proceeds to their subsidiary banks. The Policy Statement plays an important role in capital formation for smaller bank and thrift holding companies that have limited access to equity markets. A higher threshold will help more community banks meet their higher capital requirements under Basel III.

The Policy Statement contains safeguards to ensure that it will not unduly increase institutional risk. These include limits on outstanding debt and on off-balance sheet activities (including securitization), a ban on nonbanking activities that involve significant leverage, limitations on dividends, and a requirement that each depository institution subsidiary of a small bank holding company remain well capitalized.

Thank you for introducing S. 1284. ICBA looks forward to working with you to advance this important legislation.

Sincerely,

/s/

Camden R. Fine  
President & CEO

CC: Members of the Senate Banking Committee

*The Nation's Voice for Community Banks.®*

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