



Skowhegan Savings Bank

PO Box 250
13 Elm Street
Skowhegan, ME 04976
Phone 800-303-9511

www.skowsavings.com

October 15, 2012

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve
System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Office of the Comptroller of the Currency
250 E Street, SW
Mail Stop 2-3
Washington, DC 20219

Robert E. Feldman
Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation,
550 17th Street, N.W.
Washington, D.C. 20429

Re: Basel III Capital Proposals

Ladies and Gentlemen,

Thank you for the opportunity to provide comment on the Basel III proposals¹ that were recently approved by the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation (collectively the “banking agencies”).

Skowhegan Savings Bank is a 142 year old Mutual Savings Bank serving the rural communities of Central Maine. We have a Tier 1 Risk Based Capital ratio of 20% which helps support our ability to be a portfolio mortgage lender and provide financing to small businesses in our communities.

I am very concerned about the proposed capital standards under the Basel III proposals. For over 140 years we've been operating our bank in a safe and sound manner and meeting the needs of our community. I have no doubt that our bank will meet the proposed capital standards, however the costs of implementing the new standards along with the narrowing segregation of assets for capital purposes will impede our ability to continue as a portfolio lender with the flexibility to adapt to the changing needs of our customers.

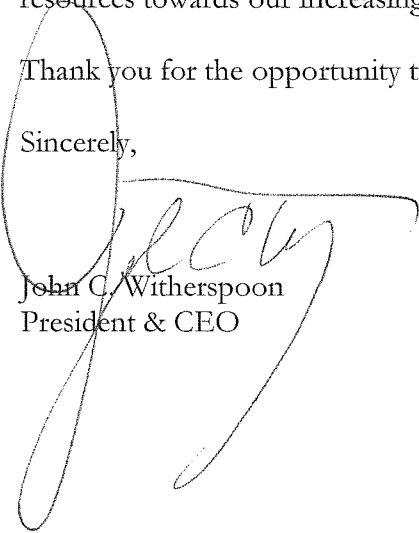
I estimate our bank spends 30% or more of our operating costs complying with various Federal and State banking regulations. The addition of Basel III will only add to this burden without any benefit. As an alternative to the complicated set of calculations imbedded in Basel III, why not just raise the minimum capital requirement under the current capital standards?

¹ The proposals are titled: *Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III, Minimum Regulatory Capital Ratios, Capital Adequacy, and Transition Provisions*; *Regulatory Capital Rules: Standardized Approach for Risk-weighted Assets; Market Discipline and Disclosure Requirements*; and *Regulatory Capital Rules: Advanced Approaches Risk-based Capital Rules; Market Risk Capital Rule*.

I am also concerned about the continued viability of the community banking industry. If we continue to be swept under the same broad regulatory brush as the Wall Street banks, who have much greater resources to put towards compliance, then we will be forced to direct our limited resources towards our increasing regulatory burden at the expense of serving our customers needs.

Thank you for the opportunity to provide my comments on these proposals.

Sincerely,



John C. Witherspoon
President & CEO