



October 22, 2012

Office of the Comptroller of the Currency  
Federal Reserve Board  
Federal Deposit Insurance Corporation

RE: Basel III Capital Proposals

Ladies and Gentlemen:

I am writing to you today to oppose the proposed Basel III capital regulations that I believe would threaten the existence of our small banking institution in rural West Texas. Four generations of my family have been involved in rural community banking since the 1930s and have survived through various economic and weather related disasters. We are a small independent family owned \$40 million bank that services a customer base that may or may not be able to obtain financing at the larger institutions. It is difficult enough in today's competitive and regulated industry to stay viable without the continued crush of increased regulations that punish small banks like ours.

The proposed requirement to have unrealized gains and losses on available for sale securities flow through capital would bring about volatile uncertainty in our risk capital ratios and limit the types of securities we would invest in and have our regulator demand capital injections to comply with required minimum ratios. Our bank is an S Corporation and this volatility could or would impose potential distribution prohibitions of earnings and hinder our shareholders ability to pay income taxes on income earned by the bank. Finally the proposed increased risk weight ratio requirements on loans would restrict even further the ability to provide mortgage loans to our customer base.

In summary, I believe that small banks such as Ballinger National Bank are over-burdened enough with existing regulation for the government and regulators to sufficiently monitor community banks and thereby supposedly protect our customers. I pray that community banks will be excluded from these onerous proposed capital proposals.

Sincerely;

Phillip Springer  
Chairman & CEO