



October 18, 2012

The Honorable Ben Bernanke
Chairman of the Board of Governors
Federal Reserve System

The Honorable Marty Gruenberg
Acting Chairman
Federal Deposit Insurance Corporation

Re: Basel III Capital Proposals

Gentlemen:

Thank you for the opportunity to provide comment on the Basel III proposals that were recently issued for public comment by the Federal Reserve Board and the Federal Deposit Insurance Corporation. We provide the following comments that we feel applies to our financial institution:

- It is our understanding that Basel III was originally conceived to apply to the largest, internationally active banks. We are a community bank, and have no foreign offices, and therefore, we feel that this proposal should not be applicable to us.
- As rates rise, it will cause our Bond Portfolio to decline. If we have to take a loss on our portfolio this could affect our capital. This also could affect our legal lending limits which could impact some of the types of loans we presently are able to make in our community.
- Imposing complex and excessive capital standards will limit our ability to make certain type of loans that we presently are able to make in our community/trade area.
- This proposal will force us to hire new compliance staff, and limit our loan offerings to meet the requirements of risk-weighted buckets. This will result in devastating consequences to the communities we serve.
- Community banks such as ours have lower risks, and should not be measured by imposing analytical capital standards.
- We do not have access to capital markets, and we should not be measured by the capital measurement systems.
- We are a Subchapter S Corporation Bank, and we feel we will be affected by dividend restrictions imposed by the proposed capital buffer.
- Including AOCI as regulatory capital will require us to hold capital in excess of regulatory requirements.

In conclusion, we feel that community banks such as First State Bank, Anadarko, Oklahoma should be exempted from the Basel III proposal.

Respectfully submitted,

A handwritten signature in black ink that reads "Jackie Roberts". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Jackie Roberts

Vice President and Cashier