

WELCH STATE BANK



Member F D I C

To: FDIC Deposit Insurance Corp.

Date: 9-27-12

From: Bruce Cook, VP

Reference: RIN 3064-AD95, and RIN 3064-AD96

To Whom It May Concern,

I am employed with a Community Bank in northeast Oklahoma. Our bank is approximately \$200 million in assets.

Basel III and Standardized Approach NPR should not apply to Community Banks.

Our bank analyzed both our bond and loan portfolios and the effect these proposals will have on us. Our Total Risk-Based ratio plunged from 21.1% to 14.3%. Tier 1 Risk-Based capital dropped from 19.9% to 13%. Common Equity Tier 1 Risk-Based capital fell from 21.2% to 10.5%. The main difference is caused by the mark to market devaluation in our bond portfolio and the changes in risk weighting for residential loan assets.

I think, if these proposals are implemented, it will have an exact opposite effect on our financial system than what is intended. Community Banks will immediately begin to slow lending in order to catch up with capital requirements. The loans made will be at much higher costs since loans are not needed and trying to offset the smaller profit margins. Several Community Banks will cease to exist, which in turn you will have more of the financial activity run by the TOO BIG TO FAIL INSTITUTIONS. Economics 101 teaches diversification. This proposal will do the opposite.

Thank You for the opportunity to express my view,

Bruce Cook, VP