From: Day, Kevin [mailto:Kevin.Day@Florencebank.com]
Sent: Monday, August 13, 2012 3:47 PM
To: Comments
Subject: FDIC RIN 3064-AD95

To whom it may concern,

The Basel III NPR has one particular rule that could be very problematic for Mutual banks across the country. Requiring unrealized losses on debt securities to be deducted from capital will cause unnecessary fluctuations in any banks ratio when interest rates rise. If rates rise fast enough, banks will be asked for capital plans to increase their tier 1 ratios. The plan in these cases is simple, wait until the securities mature and collect 100% of the amount due. This seems silly. Banks are already required to recognize losses on impaired securities, trading securities and on any security it doesn't have the ability to hold until maturity.
Adding this requirement to the capital regulations will create fluctuating capital ratios that may lead to banks being forced to merge or raise public capital. Both activities are not good outcomes for the banking consumer and contributes to further industry consolidation resulting in less competition and leads to more banks that are "too big to fail". Supposedly this is not what most people think is a good outcome. Help avoid this result and remove this provision from the NPR!
Thank you,

Kevin R. Day

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*** This message originates from Florence Savings Bank. ***

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