

From: Mike Robinson [mailto:mrobinson@peoplesbanksc.com]
Sent: Wednesday, August 08, 2012 3:40 PM
To: Comments
Cc: Shawn McGee
Subject: BASEL III FDIC RIN 3064-AD95, RIN 3064-AD96, AND RIN 3064-D97

I am not an expert on what BASEL III means for community banks, but I have some serious concerns about what I think it may mean. Community banks quite often don't have the luxury of being able to raise capital on a short notice, especially if it is an S-Corp which we are. To include unrealized gains and losses in the calculation, while it would be great right now, as soon as interest rates change it could create a burden that I believe would be counterproductive. It would force banks to put more in held to maturity category therefore reducing bank's liquidity and options to fund loan demand. Community banks don't have the access that large banks have to hedge interest rate risk therefore we book more shorter term balloon loans. Again if these have a higher capital requirement it would unequally force community banks to make less loans and at a higher cost. This would also slow the economy down more and put community banks at a further disadvantage. There is little consistency in the way examiners interpret the regulations. Every examiner has their own interpretations on ALLL, non-accrual loans, compliance regs., etc. and we believe this could also result in more stringent rules than the regulation actually intends. That has been the case with almost every new rule or regulation. Many of the community banks would actually be OK if not restricted and regulated to where they can't survive. We have to remember that capital for banks comes from investors. If banks are so regulated and restricted that very little return can be made on their investment, then that market will dry up. Again, this would be terrible for the economy. Small business and banks are the backbone of the economy.

Thanks, Mike Robinson

Michael W. Robinson, EVP
The Peoples Bank, Iva, SC 29655
864-348-6181 Direct 864-622-0392

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