CBC of FITZGERALD Community Bank

October 16, 2012

VIA EMAIL: comments@fdic.gov

Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 20429

RE: FDIC RIN 3064-AD95 and
RIN 3064-AD96

Ladies and Gentlemen:

Community Banking Company of Fitzgerald (CBC) opposes the application of BASEL III to community banks. CBC believes community banks with assets less than $10 billion should be fully exempted from BASEL III requirements. CBC bases its position on discussions, communications and meetings with community bankers from across the country as well as from the negative impact to its own banking organization. We are a small, rural and well-run $110 million bank.

Community Banking Company believes the Prompt Corrective Action regulations already in place provide sufficient regulation over community bank capitalization. The current regulations have, over time, struck a balance of providing for adequate community bank capitalization, adequate protection to the Deposit Insurance Fund, and adequate return on stockholder equity with reasonable regulatory burden. CBC and other community bankers see no reason to upset the current balance with complex and disproportionately punitive rules.

Given the current issues impacting the banking system, there has never been a greater need for regulation division as there is today. Despite the fact that community banks and large multi-national banks operate under very dissimilar business models, they continue to be combined into a single industry and regulated identically. Certainly, our bank does not oppose the application of BASEL III to large multi-national banks with complex capital structures, sophisticated non-traditional banking activities, and exorbitant risk profiles. However, their activities and characteristics are much different from the deposit and lending activities of community banks. As such, these two different entities should be regulated differently. Furthermore, community banks, by and large, did not engage in the risky banking practices that led to the prolonged economic downturn that we have been mired in for several years. BASEL III is an attempt to increase overall bank capital but it utilizes modeling tools that are much too complex. These models rely on subjective, simplifying assumptions to align a bank's capital and risk profiles. This process would depend on precision and insight that is far beyond our capabilities, given the complexities and variations found in the U.S. banking system.

Capital adequacy standards must be simple, understandable, and enforceable. The measure that would be most effective would be to measure tangible equity as a percentage of tangible assets. Tangible equity is equity without add-ons such as good will, minority interests, deferred taxes and several other accounting entries. Tangible assets would include all assets less the intangibles. Under the simpler approach, the challenge is to more precisely assess individual institutional risk and judge whether minimum capital is adequate. This determination would be accomplished through periodic examinations. If this process is conducted properly regulators can accurately access a bank's fundamental operations, liquidity, asset quality, and risk controls. A simple, understandable and enforceable capital standard when measured consistently, not subject to manipulation, and enforced uniformly across the industry provides equitable treatment of all banks both large and small.

In addition, the goals of our government, central bank and regulatory agencies should be better aligned for the benefit of our economy. However, as it currently stands, it appears that the central bank is attempting to promote lending and mortgage activities, while simultaneously hampering community banks with increasing regulatory burdens and costs. Given the overall capital adequacy of community banks, we feel our time is better spent focused on our place in this economic recovery of providing loans and services to qualified small businesses and individuals without additional regulatory burdens.

Thank you for your consideration.

Becky Powell

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