

CARROLL COUNTY
Trust Company

Main Bank
2 South Folger • PO Box 187
Carrollton, MO 64633
Phone: 660-542-2050
Fax: 660-542-3226



www.cctconline.com

Branch Bank
201 Main Street • PO Box 188
Hale, MO 64643
Phone: 660-545-2212
Fax: 660-565-2445

October 1, 2012

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve
System
20th Street & Constitution Avenue, NW
Washington, DC 20551

Office of the Comptroller of the Currency
250 E Street, SW
Mail Stop 2-3
Washington, DC 20219

Robert E. Feldman
Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Re: Basel III Capital Proposals

Ladies and Gentlemen:

Thank you for the opportunity to provide comment on the Basel III proposals that were recently approved by the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation (collectively the “banking agencies”).

Strong community banks are the back bone of our economy. The request to comment indicates that “the proposed changes to the Federal banking agencies’ current capital rules would strengthen the quality and loss-absorbance safeguards provided by regulatory capital and enhance the banks’ abilities to continue functioning as financial intermediaries, including during periods of financial stress.” While this is an appropriate goal, the proposals which have been approved by the agencies and placed out for comment could actually provide just the opposite results.

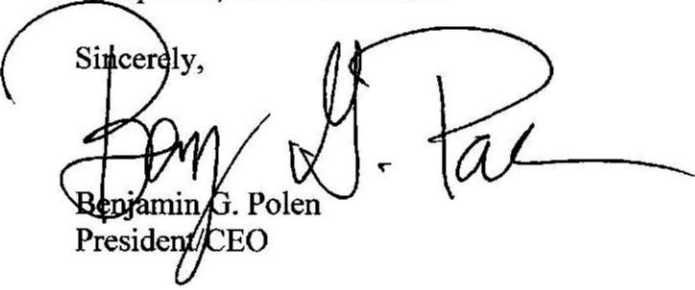
Our bank is located in Carrollton, Missouri, with a population of approximately 4,000 people and is at the center of a group of smaller communities which we also serve. We have a branch in one of those communities. Our primary lending focus is to agriculture and residential mortgage

borrowers. We are a community bank. Community banks had little to nothing to do with the 2007 recession and the 2008 mortgage melt-down that was created by sub-prime residential loans made primarily outside the community banking system. (According to the American Bankers Association (ABA) approximately 94 percent.)

Banking is based on two primary fundamental foundations: Capital and Liquidity. The proposed regulations will negatively impact both of those primary foundations, by causing capital volatility, by marking to market only one side of the balance sheet, by not recognizing the substantial pricing disparity that exists in the market for the same securities, by reducing balance sheet liquidity, by negatively impacting interest rate risk, by lowering capital creation from diminished earnings, and by negatively impacting a community bank's ability to lend in the real estate market.

While the capital requirements of Basel III might be appropriate for very large domestic banks and foreign banks, they are far too burdensome and complicated for small institutions. The task of complying with these complicated and technical rules will have to be delegated to technical experts, and connected banks with the smartest experts will game the system. Past Basel capital standards protected no one – not the banks, not the public, and not the FDIC. Tangible equity ratio of 2% is too low. Capital to absorb losses would be much greater at a tangible ratio of at least 4%. Most community bank's like ours have tangible capital in excess of 6%. Real tangible assets provide stronger capital. There is no need for a rule that is not simple. To protect the global economy and the banking system we need requirements that are understandable, transparent, and enforceable.

Sincerely,



Benjamin G. Polen
President/CEO