
From: Todd Mason <tmason@e-fnb.com>
Sent: Friday, October 19, 2012 12:38 PM
To: Comments
Subject: Basel III comments

To Whom It May Concern;

I wanted to take this opportunity to express my opinion on the negative impact BASEL III capital requirements will have on the Community Banking Model. I appreciate the calculator that was made available to determine the impact on our industry. Our bank attempted to complete the calculator. It was impossible to complete with our level of software. I contacted the Federal Reserve about my frustration with the calculator and was told we should just put in assumptions. That answer was not acceptable considering the impact the capital requirements will have on our organization. I then contacted our financial advisory firm and requested a 300 basis point rate shock up to determine what impact that will have on our capital. I was told they did not have the software to complete the request. To complete the documentation to determine the new capital requirements will cost us money in software and employee time and reduce profits. I am confused that we will be required to reduce our capital to be able to measure in the new ways requested. Additionally, we do not have the same means to raise capital as larger banks. Therefore, when rates move upward and our unrealized gain becomes an unrealized loss, we will look closely at the capital formula and tighten credit on those types of credit that require additional capital. A perfect example would be a newly graduated professional that is just starting a career with student loan debt. They do not have enough down payment to purchase a home, however a community bank will take care of that new local doctor/accountant/business person and see that they can become a productive member of the community. This practice will change under the new circumstances. The unintended consequences on Basel III is lower capital and tighter credit. Please keep this in mind as we go forward with the final rule on Basel III. Thank you for your consideration.

Respectfully,

Todd A. Mason
President/CEO
First National Bank of Pandora
419-384-9103
tmason@e-fnb.com