



Established in 1916

CASTLE ROCK BANK

Daniel H. Nicolai, President

Oct. 17, 2012

Robert E. Feldman, Executive Secretary
Attn: Comments/Legal ESS
FDIC
550 17th Street N.W.
Washington DC 20429

RE: Basel III

Dear Robert,

This letter is to share my concern over Basel III. I have been involved in a small community bank all my life. Strong capital requirements along with a strong loan loss reserved has always been a top priority. The method in which capital is calculated on the current call report system is more proven its worth. Raising capital requirements would make more sense than trying to create a new elaborate scheme to allow big banks to remain at minimum capital levels.

I do remember not long ago fas 5 and 114 created an elaborate system to monitor the LLR accounts allowing banks to lower their reserve and thus lower their capital. That didn't work out so well. In fact your accounting has cost this bank substantial FDIC insurance assessments. I am certainly proud of the fact we stuck to sound banking practices and remained well capitalized.

Good sound banking practices and strong capital is what keeps banks sound not burdensome regulations and elaborate accounting schemes.

Sincerely,

Daniel L. Nicolai
Avp-Director

Castle Rock:

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Castle Rock, MN 55010
(651) 463-7590 (507) 645-7751
FAX: (651) 460-6996

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Federal Deposit Insurance Corporation

550 17th Street, N. W.

Washington, D.C. 20429

We have a Bauer, 5 star rated, community bank. We personally know our customers and are here to serve this community. We are overwhelmed by government regulation. Adding Basel 111 capital proposals will add unnecessary burdens to our bank, the customers we serve, small businesses and local governments.

These regulations are forcing small community banks to sell out to huge regional banks.

Sincerely yours,

I LaVonne Nicolai

LaVonne Nicolai VP

Castle Rock Bank

Box 9

Farmington, MN. 55024

*Community banks
serve rural America.*

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