RSB

Richland State Bank

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JEROME VASCOCU
President & Chief Executive Officer

August 31, 2012

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

Ladies and Gentlemen:

This is to register my opposition to current proposals for BASEL III capital requirements. It is my opinion that the standards being considered are ill-suited for even the best-run community banks. The new capital and liquidity measurements are clearly intended for banks much larger than our 110-year old state-chartered community bank, which now has total assets of about $240 million.

Our home market is one of the most impoverished areas of this nation: the Louisiana delta. Richland State Bank has long been a critical part of the economic framework of the area's farming community and neighboring cities and towns. We have operated conservatively over the lifetime of the bank, and have consistently received good marks from our regulatory stakeholders. Yet some of the proposed methodology for determining adequate capital could conceivably result in a struggle to meet new standards.

In this unforeseen, extended, and historically low rate environment, we have continued to be conservative in our approach to lending and in managing our proportionately sizeable investment portfolio. Under the new rules, we would find ourselves taking a significant reduction in base capital WHEN rates rise (as they surely will), and we have to count unrealized losses in our primary capital total. Although about 60% of our investment portfolio is technically "available for sale," we DON'T make a practice of selling securities short of maturities or call dates. Under this scenario, we are penalized as if the whole AFS portfolio were to be instantly sold. This is not a practical view of a community banking operation.

Additionally, some of the higher risk weightings for various loan categories also fall well outside "reasonable," when analyzing the track record of well-run community banks and the limited types of loans we make.

Therefore, I respectfully and urgently ask that some threshold be set, under which an exclusion for community banks is granted from the new rules. A sensible threshold would be $10 billion. If that level is smaller, say $5 billion or even $1 billion, at least that would show some understanding that we operate much differently than larger publicly traded banks as well as the "too big to fail" money center banks. One size does not fit all.

Thank you for your consideration.

Sincerely,

Jerome Vascocu

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Copies: Sen. Mary Landrieu
Sen. David Vitter
Rep. Rodney Alexander
Rep. John Fleming