



**PREMIER  
BUSINESS BANK**

October 22, 2012

Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, N.W. Washington, D.C. 20551

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

Robert E. Feldman, Executive Secretary  
Attention: Comments/Legal ESS  
Federal Deposit Insurance Corporation,  
550 17th Street, N.W.  
Washington, D.C. 20429

Re: Applicability of Basel III to Community Banks

Ladies and Gentlemen:

As the President and CEO of a community bank serving small businesses in Los Angeles County and as a board member of the California Independent Bankers, and as an investor in community banking, I would like to ask that community banks should be allowed to continue using the current Basel I framework for computing their capital requirements. Basel III was designed to apply to the largest, internationally active, banks and not community banks. Community banks did not engage in the highly leveraged activities that severely depleted capital levels of the largest banks and created panic in the financial markets.

Community banks operate on a relationship-based business model that is specifically designed to serve customers in their respective communities on a long-term basis. This model contributes to the success of community banks all over the United States through practical, common sense approaches to managing risk. The largest banks operate purely on transaction volume and pay little attention to the customer relationship. This difference in banking models demonstrates the need to place tougher capital standards exclusively on the largest banks to better manage the ability to absorb losses.

Thank you for the opportunity to provide comment on the Basel III proposals that were recently issued for public comment by the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.

Sincerely,

A handwritten signature in blue ink, appearing to read "John R. Polen", with a stylized flourish at the end.

John R. Polen

President and CEO

Premier Business Bank