



October 9, 2012

Re: Basel III Capital Proposals

Ladies and Gentlemen:

Thank you for the opportunity to provide comment on the Basel III proposals¹ 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.

Community banks were not involved in the loans and investments that took the capital of the larger banks. We have capital and should be allowed to continue to use Basel I for computing our capital. Basel III was not designed for us. We have enough regulations without a new process for capital that missing the point in community banks.

I don't really understand the capital conservation buffers. I do understand that we have always built our capital from retained earnings. With low interest margins; it is difficult to keep capital growing with deposit growth. And, we are not trying to grow deposits. If we got to do this, please give us a lot of time to get it done.

Appreciate your consideration.

Very truly yours,

John Gilliam, Chairman
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