Citizens®
SAVINGS & LOAN ASSOC., FSB

RONALD L. ROMIG
President

October 18, 2012

Honorable Ben S. Bernake, Chairman
The Federal Reserve System
20th Street and Constitution Ave., NW
Washington, D.C. 20551

Honorable Thomas Curry, Comptroller
Office of the Comptroller of the Currency
250 E Street, SW
Washington, D.C. 20219

Honorable Martin J. Greenburg, Acting Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429

Gentlemen:

I am writing to express my concerns with the proposed Basel III capital requirements and the impact it will have on Citizens Savings and Loan Association, FSB.

We are a $200 million mutual institution founded in 1884. Over the past 128 years we have provided a safe place for depositors to place their investments and have in turn loaned this money out in our local community in the form of residential home loans. We are and continue to be the traditional thrift model and have done so very successfully. We did not participate in the lending standards which led to the financial crisis of 2008. Since its founding on March 4, 1884, Citizens has accumulated nearly $38 million in capital or almost a 20% capital ratio and over 40% risk-based capital ratio. We have been a leader in our community as a housing lender all these years and have consistently provided home loans, unlike many who have come and gone.

Obviously, Citizens has sufficient capital to withstand the new requirements. I believe the challenge of this new Basel III capital requirement is the "one size fits all" mentality and regulatory burden which continues to compound upon us. The calculations which will be required for our loan portfolio and the booking of unrealized gains and losses on our security portfolio should be withdrawn. In my opinion, we are losing sight of basic accounting principles, which we were all taught in beginning accounting classes, will this more fairly state the financial statements and that of going concern. After 128 years I believe we have proven we are a going concern and I do not see that this new standard will more fairly state our financial statements.

If the agencies feel that more capital should be held by the industry, simply increase the required ratio and provide time for us to achieve this level. It is my opinion that our current 20%/40% capital levels are more than sufficient for our balance sheet and the economic times we are in. The real threat we face as a community bank after all these years is that of regulatory risk from proposals such as this and other such burdens which have come out of Dodd-Frank.

I appreciate the opportunity to share my views as the President of Citizens Savings & Loan Assoc., FSB and I would respectfully request that Basel III be withdrawn soon.

Sincerely,

Ronald L. Romig
President

cc: Senator Pat Roberts
Senator Jerry Moran
Representative Lynn Jenkins, CPA