



October 22, 2012

The Honorable Thomas J. Curry, Comptroller
Office of the Comptroller of the Currency
Regs.comments@occ.treas.gov
Docket ID OCC-2012-0008 and OCC-2012-0009
RIN 1557-AD46

The Honorable Ben S. Bernanke, Chairman
Board of Governors of the Federal Reserve System
Regs.comments@federalreserve.gov
Docket R-1430 and R-1442
RIN No. 7100-AD 87

The Honorable Martin J. Gruenberg, Acting Chairman
Federal Deposit Insurance Corporation
comments@fdic.gov
RIN 3064-AD95 and RIN 3064-AD96

Re: Basel III Capital Proposals

Heads of Agencies:

Savannah River Banking Company is a \$150 million asset, 5-year old bank headquartered in Aiken, SC with one other location in Augusta, GA. Our client base primarily consists of individuals, small businesses, professionals, home builders and real estate investors. The bank is in excellent financial condition, has minimal loan problems and strong capital ratios. We have 28 employees.

In general, the Basel III Proposal would stress our ability to manage balance sheet volatility, and necessitate price increases to our clients or reduced product offerings.

While I believe the entire Basel III Proposal is excessive and places unnecessary capital constraints on community banks, my comments are limited to the issues most detrimental to our bank.

Phase-Out of Deferred Tax Assets from Tier 1 Capital Eligibility

The deferred tax asset is subject to intense scrutiny from independent CPA's and regulators. If these parties are satisfied that the deferred tax asset is correctly accounted for, then it should be allowed to be included in Tier 1 Capital.

Balloon features as a Disqualifier from Category 1 Treatment

Mortgage loans with a balloon payment structure have always been highly desired by bank clients and offer no greater risk of loss than any other mortgage loan product. The balloon payment allows the payment structure to match the borrower's ability to pay, limits interest rate risk to both the bank and borrower, permits more frequent evaluation of underwriting risk and affords increased opportunity for home ownership. The balloon payment structure is particularly appropriate for borrowers who are expecting a significant positive future cash flow event or those whose loan needs are short term. Removing this lending tool would reduce the bank's ability to service its community and harm many potential borrowers.

I appreciate the opportunity to comment on the Proposals.

Very truly yours,



J. Randolph Potter
Chief Executive Officer