



September 25, 2012

Jennifer J. Johnson, Secretary  
Board of Governors of the FRS  
20<sup>th</sup> St. & Constitution Ave., N.W.  
Washington, D.C. 20551

Office of the Comptroller  
250 E Street, SW  
Mail Stop 2-3  
Washington, D.C. 20219

Robert E. Feldman  
Executive Secretary  
Attn: Comments/Legal ESS  
Federal Deposit Insurance Corp.  
550 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20429

Re: Basel III Capital Proposals

Ladies and Gentlemen:

Thank you for the opportunity to provide comment on the Basel III proposals that were recently approved by the banking agencies.

I am the Executive Vice President of the Financial Division of Tri-Parish Bank. We are a community bank with assets of less than \$200 million. We are a full service commercial bank serving the Eunice and Lafayette markets in Louisiana.

The Basel III NPR proposes that unrealized gains and losses on Available-For-Sale securities to "flow through" to common equity Tier 1. Our current Tier 1 capital (without the current unrealized gain) amounts to approximately \$20 million. If the unrealized gain or loss were to impact capital, a 100 basis point increase in rates would reduce our capital around 14.50%. *If interest rates rise 300 basis points, the reduction in capital drops by about 53.50%.*

This negative impact could hurt the bank's ability to contribute to the economic recovery in a rising rate environment and put downward pressure on capital levels. In turn, this could potentially cause us to reduce growth or shrink our securities portfolio in order to maintain capital ratios at *desired or required levels*.

Also, the proposal will require us to collect and report new and detailed information in order to calculate the risk weights of assets. Our existing internal reporting systems do not contain this level of detail. The cost to comply with the new risk weight of assets would be a burden on a small community bank.

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Lastly, since we are a Subchapter S bank, the proposal could significantly affect dividend levels as a result of the proposed capital buffer.

Sincerely,

A handwritten signature in black ink, appearing to read "Kent J. Guidry". The signature is written in a cursive style with a large initial "K".

Kent J. Guidry  
Executive Vice President