



COPIAH BANK

"Make Our Bank Your Bank"

HAZLEHURST MAIN OFFICE

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October 1, 2012

The Honorable Tom Curry
Comptroller
Office of the Comptroller of the Currency
250 E. Street, S.W.
Washington, D.C. 20219

The Honorable Ben Bernanke
Chairman
The Federal Reserve System
20th Street & Constitution Avenue NW
Washington, D.C. 20429

The Honorable Martin J. Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Gentlemen,

I am using this avenue and means to express my grave concerns with regards to the proposed Basel III standards. You will not be bored with a long, lengthy, and detailed communiqué as I am sure you have already received thousands of letters from community bankers and others from all areas of our great nation.

I am Chairman, President, and C.E.O. of Copiah Bank, N.A., which is a \$160 million dollar bank headquartered in Hazlehurst, a town of 3,981 citizens, in south central Mississippi. We serve customers in three counties in seven towns. I have been president since 2000, C.E.O. since 2001 and have worked for the bank for thirty seven years. I can, therefore, unequivocally state to you that we have stood tall for our customers and communities, both individuals and businesses, as well as for economic development of our municipalities and counties. In fact, our long history of same dates back to 1891 when we were founded. If adopted as currently proposed, Basel III will severely limit, if not kill, our ability to be a positive force for our customers and the communities in which they live.

Specifically I will address my concerns with four areas of Basel III:

I. Increased risk weighting for mortgage loans. (1-4 family)

My bank currently has 700 loans totaling \$36 million dollars on our books, so approximately 31.3% of our total loan volume is in this category. Increased risk level percentages as proposed would for all practical purposes shut down this important function for our bank in the future. Furthermore, assigning risk weightings to individual loans will be an administrative nightmare. My bank does not have the man power nor the technology to

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effectively accomplish this task. I submit that the current percentages of the now existing risk-based system are completely adequate for community banks. Surely, your intent is not for us to have to say no to thousands of potential residential mortgage customers because of the Basel III risk weighting system on mortgages. Community banks should continue using Basel I risk weights.

II. Requirement that gains and losses on available for sale securities must flow through to regulator capital

This makes no sense for community banks. My bank currently holds about seven million dollars in AFS securities. All of us know what could happen if we experienced large interest rate increases. This requirement could severely decrease regulatory capital when, in actuality, nothing changes. My bank has not sold a single AFS security since FAS 115 was initiated in 1994. Forcing us to transfer all securities to HTM would serve no purpose other than limiting our ability to manage our balance sheet.

III. Change in risk weighting for home equity and other second lien loans

My bank presently has approximately \$6 million in these type loans. Basel III will force us to discontinue this service to future customers and borrowers.

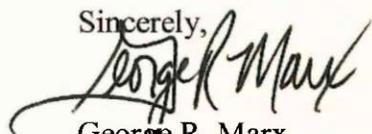
IV. Increased risk weights on delinquent loans

Community banks like mine have long been known for their ability to work with their customers. The Basel III proposal would significantly increase the risk % on past dues of 90 days and would take away our ability to work with customers to help mitigate their problems. In addition, we already account for these situations through our loan loss reserve. Why should we have to set aside capital in two ways for the same issue?

There are other portions of Basel III that concern me that I will not take the space to detail. Basel III should be for very large, systemically important financial institutions. Community banks as a whole currently hold only approximately 10% of the total assets of the banking industry. I submit that you should direct your attention and efforts to the "folks" who hold the 90%.

Community banks are the very cornerstone of the tens of thousands of small communities throughout America. Basel III is not for us. I humbly and respectfully request that you throw this proposal in the trash can and start anew on accounting requirements for banks, or simply exempt community banks from the Basel III proposal. Please do what is right – please allow us and our communities to survive!

Sincerely,



George R. Marx
Chairman, President and
Chief Executive Officer