



Member  
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Oct. 19, 2012

Board of Governors of the  
Federal Reserve System  
Washington, DC 20551  
[regs.comments@federalreserve3.gov](mailto:regs.comments@federalreserve3.gov)

RE: Basel III  
Doc# R1430 & R1442

To Whom It May Concern:

As a small rural community bank serving Southeast Ga, Alma Exchange Bank & Trust strongly objects to the proposed Basel III Capital Requirements. Because it will negatively affect our bank's ability to meet the financial needs of both existing and future customers.

Most Rural Community Banks, Peoples Bank, not only provides financial services to the community we serve but we also provide needed financial support for community improvement projects, schools, civic organizations, agriculture tourism, and economic development.

Proposed Basel III Capital Requirements will not only reduce our ability to lend to citizens in our rural community but will impair our ability to invest improvement to quality of life of all our citizens present and future.

If Basel III is implemented it could reduce our capital by 3%. This is mainly because the risk factors are assigned to 1-4 family residence that have balloon notes. A lot of small community banks are not able to make long-term fixed rate loans so they balloon these notes in 3-5 sometimes 7 years. So they will have the ability to re-price the loans as rates change up or down to mirror market conditions. These loans are generally safe and they are not that large of loans and our past history of loss ratio on these type loans have been minimum.

The cause of the great recession was not born in or near our small community bank market, but we have felt its intense steam because of the additional regulatory burden credited by our legislative branch of government over the past four years. How can a capital plan designed for financial institutions with international and global investments and operations be equally applied to small community banks located in rural agriculture markets of the U.S. much less the State of Georgia? Our stock is not actively traded therefore, what purpose is achieved by forcing small community banks to compare to large regional, national, and international banks whose stock is publicly traded? This will put a cost burden on our banks. In summary it can not because it does not adequate asses, measure, or represent the risk profile of any small rural community bank like Alma Exchange Bank & Trust.

On behalf of our banks customers, employees, board of directors, as well as our community and educational partners in our rural community I respectfully request that the Board of Governors not apply the proposed Basel III Capital Requirements to small community banks.

Sincerely,



Lawrence Bennett  
President

LB:ls