BANK2 Twice the Bank®

January 30, 2014

Mr. Russell G. Golden
Chairman
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Send via email to: director@fasb.org

RE: Exposure Draft 2012-260 - Current Expected Credit Loss (CECL)

Dear Chairman Golden:

Have you guys ever worked in a bank? How about a community bank? I want to share some information with you about the above-referenced Exposure Draft dealing with the new credit loss estimation model.

I hope you are reading with interest because you guys are about to totally "*finish off community banks.*"

- Bank2 was started in 2002 as a community bank with a niche to serve Native Americans. We are 100% owned by the Chickasaw Nation. 89% of our entire loans last year were made to Native Americans and over 80% of all loans made over the past 5 years. Our trade area is from Hawaii to Maine and from Alaska to Florida. We make more home loans to Native Americans than any other bank in Oklahoma and we rank third nationally. We also make a good many commercial real estate loans;

- Total assets at year end $106 million dollars, total deposits $90 Million, loan-to-deposit ratios 64%, and ROA was 1.31%; past dues to total loans 1.22%;

- We have one location in Oklahoma City and we employee 66 people;

- Describe the make-up your loan portfolio:

    1. Approximately 80% of our loans last year were for residential mortgage loans;

    2. Approximately 5% of our loans were C&I loans;

    3. 15% were CRE loans;

- Currently we spend approximately 8-10 hours a month performing our ALLL analysis and estimate.

In addition:

- Let me share our annual loss experience:

  2002 $432,000

  2003 $-0-

  2004 $20,732

  2005 $54,569

  2006 $38,514

2007 $48,277

2008 $1,633,994

2009 $47,377

2010 $185,779

2011 $28,008

2012 $103,158

2013 $73,800

Total losses $2,666,208 or $222,184 a year over the past 12 years.

- Under this NEW proposal, our bank will be starting with **numbers we know are wrong** because they will be based on historical averages, not actual experience. What kind of sense does that make? Let me answer that question for you. NO SENSE!

- Loans that are renewable, revolving or otherwise have no need to be analyzed by life of loan generalities and estimates/guesses. This makes no sense whatsoever.

- 12-month forecasting over the communities we serve is about as far as we can realistically go. Anything beyond that is simply a guess and will create unnecessary volatility. I have lived in the OKC metro for nearly 40 years and I believe most community bankers have long term roots in their respective communities. We know our customers and we know our communities. We know how much we need to reserve. Our current model has served Bank2 exceedingly well. In fact, I have employed the same basic formula to calculate my need for ALLL for over 35 years and it has stood the test of decades including many steep recessions including the "Great Recession" and we have ALWAYS had sufficient reserves. However, the reliability of your proposal is seriously questionable. In fact, I doubt seriously any field bank examiner would believe your proposal is wise.

- We're concerned about how prudential regulators, in our case the (Oklahoma State Banking Department, and the Federal Reserve) will ultimately review our processes because of the difficulty in back-testing our estimates.

- Recognizing losses at the outset of the booking of a loan, but not recognizing interest income to offset these losses is unnecessarily punitive, especially for banks our size. Again to my opening comments about *"finishing off community banks."* Additionally, it makes NO SENSE! We have NEVER lost money on the vast majority of loans we book. In fact, I doubt even banks that have been closed lost money on every loan they made or even the majority of loans they made. So why would we book a loss on a loan the day we make the loan? This is crazy. I don't make loans to lose money!

- More capital will be required, even though our current capital stands at a very strong level. Our shareholder is already complaining about the return on equity. This proposal will require more capital and thus less return on equity, resulting in less interest from the public to own stock in a bank. Again, you are "finishing us off" with this new proposal.

  Tier 1 leverage ratio 13.13%

  Tier 1 risk-based capital 20.95%

  Total risk-based capital 22.20%

Please, you need to understand, your plan will cause undue pressure on banks that serve communities and small businesses. We are deeply concerns about this proposal. This proposal is hugely detrimental to community banks and will cause more problems not less.

I have spent nearly 40 years in banking and over 35 in lending or executive management. I have turned 3 banks on the brink of failure around. Your proposal makes NO SENSE to me as an experienced banker and an expert at dealing with troubled insitutions.

Please feel free to get in touch with me with any questions or concerns.

Sincerely,

Ross Alan Hill

Founder, President and CEO

Bank2

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