



# First Community Bank

March 17, 2009

Mr. Robert E. Feldman, Executive Secretary  
Attn: Comments, Federal Deposit Insurance Corp.  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429

RE: FDIC Interim Rule (RIN 3064-AD35)

Dear Mr. Feldman:

As background, our organization, First Community Bank, was founded in 1995 and is now approximately \$650 million in total assets, with 11 banking offices in the midlands of South Carolina. Our primary funding source has been core deposits, with some limited Federal Home Loan Bank borrowings and a very nominal amount of brokered certificates of deposit (CDs). Our asset quality has remained strong, with non-performing assets at 39 basis points, we believe we compare very favorably to the industry. However, we are not immune to the effects of the recent financial crisis and subsequent recession. Last year, we experienced a \$14 million write-off when the United States Treasury Department placed Freddie Mac into conservatorship. In November of 2008, under the Capital Purchase Program, we were funded in the amount of \$11.3 million, with the support of our primary bank regulator, the Office of the Comptroller of the Currency.

The purpose of this letter is to provide you with information about the impact the proposed 20 basis points special assessment would have on our organization. This would represent a cost of approximately \$900,000 to us, which would be in addition to the 100% increase in FDIC insurance premiums previously announced. In total, this combination would increase our cost by nearly \$1.2 million in 2009, as compared to 2008, and represents a 25%, after tax, reduction in operating earnings, as compared to 2008.

Simultaneously, we are being asked to build our capital levels and make credit more readily available to local businesses and consumers. All of this serves to work in direct conflict with each objective.

While we understand and support the need for a viable deposit insurance fund, we would ask you to consider the following:

• Those financial institutions that represent a substantial systemic risk to the overall financial system should be asked to bear more of the burden of restoring the deposit insurance fund to appropriate levels. This is consistent with the concept of matching the benefit and the cost. The current proposal unfairly penalizes community banks.

- We encourage the FDIC to use a risk-based pricing methodology in establishing any special assessment amount. The concept of risk-based premiums, whereby higher risk banks pay higher premiums, is consistent with fundamental insurance pricing methodologies.
- We urge the FDIC to coordinate with all regulatory bodies to calculate the cumulative effects of the increasing regulatory burden and that future examinations acknowledge the impact that actions, such as the one contemplated, have on earnings and capital.

In conclusion, we respectfully request that you withdraw your proposed special assessment and develop a revised deposit insurance fund restoration plan that incorporates the above concepts and that is not punitive to the community banks, such as First Community Bank, that did not contribute to the issues faced by the FDIC today.

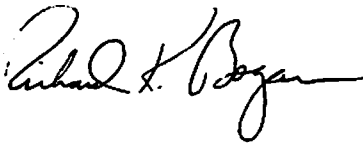
Respectfully submitted,



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Board of Directors



Michael C. Crapps  
President and CEO  
Board of Directors




Dr. Richard K. Bogan  
Board of Directors



Thomas C. Brown  
Board of Directors



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Board of Directors

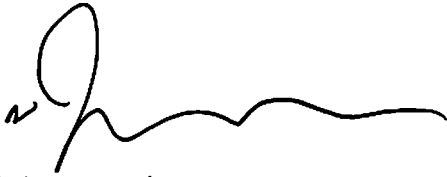
Dr. O. A. Ethridge  
Board of Directors



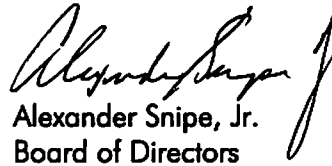

Dr. George H. Fann, Jr.  
Board of Directors



J. Thomas Johnson  
Board of Directors



W. James Kitchens  
Board of Directors

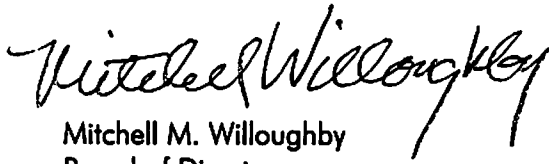


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