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First Community Bank
MEMBER FDIC

October 15, 2012

Federal Deposit Insurance Corporation

Board of Governors of the Federal Reserve System

Office of the Comptroller of the Currency

First Community Bank has $340 million in assets and at this time has approximately $52 million in AFS securities. Gains and losses in AFS portfolios happen primarily as a result of interest rate movements as opposed to changes in credit risk. How should our bank deal with this proposal, especially when interest rates rise again? Will we have to create an additional capital buffer as a cushion during value fluctuations? If so, **we are taking resources from customer needs and bank growth.** This proposal could cause a number of banks to sell all or part of their AFS portfolios. Have federal regulators considered what impact this will have on the markets for those securities? We are concerned about how this proposal might impact our asset liability function and our liquidity and contingency funding plans.

We are a community bank and, as such, should not be thrown into the "mark-to-market" frenzy that has consumed other segments of the financial services industry. This same change was proposed a few years back and then scraped.

The most likely result of this proposal will be an increase in employee time to monitor our AFS portfolio. This may also require us to purchase software to stay in compliance. **Both would lead to less time to service our customers.** We report our unrealized gain or loss on the Consolidated Reports of Condition and Income for a Bank (known as Call Report). This should be acceptable.

Sincerely,

Sheree Lewis

Sheree Lewis, EVP

First Community Bank

416 North Water

Corpus Christi, TX 78401

October 16, 2012

Office of the Comptroller of Currency

Federal Reserve Board

Federal Deposit Insurance Corporation

Re: Basel III

Having been with community banks in excess of twenty-five years and witnessing the regulatory burden expand exponentially, particularly in recent years, I would request that serious consideration be given before implementation of yet another requirement that will adversely impact banks such as ours.

Basel III, as proposed will impose requirements for the collection of new and complex data, including on existing loans that is likely going to require community banks such as us to invest in new software and /or hire third parties to provide services for compliance. Neither option will result in better service to our customers or increased opportunity for local business and individuals to obtain needed credit. These potential costs serve only to reduce earnings and/or capital and increase compliance costs while reducing our ability to provide credit availability in our community.

Community banks serve a vital role in our economy and the increasing regulatory burden, with related compliance costs, is likely to lead to more consolidation within the industry and thereby reduce the availability of much needed credit to the businesses and individuals traditionally served by banks such as ours.

Sincerely,

Miles Graham
Exec. Vice President
First Community Bank
Corpus Christi, Texas 78418

1 Community Bank
MEMBER FDIC

October 15, 2012

Federal Deposit Insurance Corporation

Board of Governors of the Federal Reserve System

Office of the Comptroller of the Currency

Our bank has $340 million in assets and 130 employees. We are laboring in an environment involving increased regulatory scrutiny in compliance exams and the new burdens being placed on us by the Dodd-Frank Act. Our compliance costs have increased significantly over the last 10 years.

It appears that this proposal will require all banks to collect new and often granular information in order to calculate risk weight assets with existing loans NOT being grandfathered. The complexity of the data requests most likely means that we will also have to install new software systems and/or look for third parties to provide them. **None of these requirements will allow us to help our customers in our community.** The compliance costs will pull money out of capital and earnings rather than help our borrowers.

The increasing cost of compliance for community banks is leading to more consolidation in our industry. Basel III, as proposed, will only accelerate this trend.

From our perspective, **community banks still serve a vital function in our economy**. It would be a shame if these new international capital requirements help lead to their demise.

Sincerely,

Sheree Lewis

Sheree Lewis, EVP

First Community Bank

416 North Water

Corpus Christi, TX 78401