

# THE FIRST NATIONAL BANK OF BALLINGER

Member FDIC

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October 18, 2012

Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, D.C. 20551

Office of the Comptroller of the Currency  
250 E Street, S.W.  
Mail Stop 2-3  
Washington, D.C. 20219

Robert E. Feldman  
Executive Secretary  
Attention: Comments/Legal ESS  
Federal Deposit Insurance Corporation,  
550 17<sup>th</sup> Street N.W.  
Washington, D.C. 2429

RE: BASEL III Capital Proposals

Ladies and Gentlemen:

BASEL III proposals are a very complex new capital scheme and should not include community banks such as The First National Bank of Ballinger. These new capital proposals are an unnecessary and very costly regulatory burden for us and the community banking industry. We are very aware of the importance of adequate levels of capital and currently monitor our capital ratios on a daily basis. I do not feel that it is necessary for community banks to have a redefined capital adequacy calculation that will affect our industry for many years in the future.

Our future business plan is no different than it has been since the beginning of our bank in 1886. We will serve our community and our area. However, with a sweeping change such as proposed by BASEL III, we will not be able to operate the bank as we have for the past 126 years. The business plan will change and lending to some of our local long time customers will be jeopardized with higher cost of borrowing and in some cases a diminished availability of credit and banking services to consumers, small businesses and local governments.

The community bankers are already overwhelmed by government regulation and BASEL III adds much more. I feel the logical thing to do is to exempt all but those large complex, international banking institutions from these burdensome and counterproductive capital rules.

Sincerely,



Greg W. Schwertner  
President/CEO