



August 30, 2012

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

Office of the Comptroller of the Currency  
250 E Street, SW  
Mail Stop 2-3  
Washington, DC 20219

Robert E. Feldman  
Executive Secretary  
Attention: Comments/Legal ESS  
Federal Deposit Insurance Corporation,  
550 17th Street, N.W.  
Washington, D.C. 20429

Re: Basel III Capital Proposals

Ladies and Gentlemen:

Thank you for the opportunity to provide comment on the Basel III proposals that were recently approved by the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.

Vantage Bank of Alabama is a \$75 million Community Bank located in southern tip of the Appalachian Mountains. Being the only community bank based in Albertville, Alabama, we serve approximately 3,000 customers with lending and deposit options.

As the Chief Executive Officer of Vantage Bank of Alabama, I want to urge the Federal Reserve Board, Office of the Comptroller of the Currency, and Federal Deposit Insurance Corporation to exempt community banks from the proposed implementation of Basel III in the United States and to allow community banks to continue operating under Basel I capital regulations.

Basel III was originally planned to apply only to the largest banks and imposing these complex and excessive capital standards will pose a major unwarranted hardship on Vantage Bank as well as other Community banks that did not engage in the reckless behavior that contributed to the recent financial

The complex and excessive capital standards required by Basel III will force community banks to hire new compliance staff, compute complex risk weights for residential mortgages, and limit their loan offerings to meet the requirements.

Main Street communities need their community banks. Without the services provided, lending will be limited and the credit availability will shrink, therefore slowing down the Nation's economic recovery.

Additionally, the new rules will significantly alter the capital treatment of mortgage-servicing assets, deferred tax assets, and trust-preferred securities, requiring community banks to make major changes to their financial statements.

Including accumulated other comprehensive income (AOCI) as regulatory capital will dramatically increase regulatory capital volatility and require community banks to hold capital substantially in excess of regulatory requirements.

I believe the cost to community banks would be substantial if the Basel III proposals are passed. The communities need their Community Banks, and the Community Banks do not need Basel III. I truly believe that the impact of the implementation of Basel III on Community Banks will be a damaging to the banks growth and profitability and will slow the economic recovery for the smaller communities. Again, thank you for the opportunity to make comments and express my views concerning this industry changing issue.

Sincerely,

  
Lowell D. Galloway  
President & Chief Executive Officer

Cc: John Harrison  
Superintendent of Banks  
Alabama State Banking Department