FCWB
First Capital West Bankshares, Inc.
2020 Grand Avenue, Suite 201
Laramie, WY 82070

October 3, 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 issued for public comment by the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.

First National Bank of Wyoming is a community bank with the main bank in Laramie, Wyoming and offices in Cheyenne, Wyoming and Fort Collins, Colorado. Whereas the economy has been difficult over the last few years, our bank remains well capitalized. We have concerns regarding the proposed Basel III capital requirements. Many of the provisions of Basel III were designed to address the large banks and the highly leveraged activities that they were involved with. However, these changes will have an impact on us as a community bank.

The first area of concern is regarding the accumulated other comprehensive income calculation in capital. In our current low interest rate environment, we have large gains in our securities portfolio that would add to capital under Basel III. If interest rates increased, these gains would be eliminated and obviously reduce our capital. Whenever interest rates adjusted rapidly, it would be difficult to do capital planning under Basel III. We have intentionally stayed with a short duration in our portfolio to minimize the impact on the value of equity with changes in interest rates, but to have this included as a component of capital is a concern to us. We do not have the sophistication or staff to utilize hedging activities and would hope that community banks would be excluded from including accumulated other comprehensive income from the capital calculations.

The calculations required for measuring all of the risk weights in the various asset categories proposed will be onerous for small community banks. Increasing the risk weights for second liens will also have an impact on the customers in the markets that we operate. We have had very few losses in these types of loans and to discourage banks from making these loans due to increased capital requirements will harm the borrowers that utilize this product. Also having higher risk weights for balloon loans may force banks to take higher interest rate risk by fixing the rate for longer term on mortgage loans.

We are a Sub S corporation. Thus the capital conservation buffers are a concern since the taxes are paid by shareholders. As previously indicated, we are well capitalized and this should not be an issue. We would never pay a distribution for taxes that would reduce us below the minimum capital levels but some Sub S banks might be forced to drop below the conservation buffer levels to meet tax payments. Accordingly, we would recommend that there be exceptions and that the conservation buffer levels be suspended when there is taxable income to the shareholders and a distribution for taxes be allowed.

These are just some of our concerns and in summary, the Basel III capital requirements should not be applied to community banks and the continued use of the current Basel I framework for computing capital should be utilized. The current framework is workable for community banks and allows us to continue to support our communities through small business lending and loans to consumers.

Thank you for your consideration.

Sincerely;

Daniel G. Furphy
President
First Capital West Bankshares, Inc.