

# STATE BANK OF DRUMMOND

Member FDIC

September 13, 2006

Mr. Robert E. Feldman  
Executive Secretary  
Federal Deposit Insurance Corporation  
550 Seventeenth Street, N.W.  
Washington, D. C. 20429

Attention: Comments

Re: Deposit Insurance Assessments and Federal Home Loan Banking Advances  
RIN 3064-AD09

Dear Mr. Feldman:

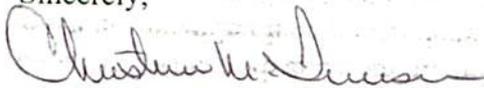
The State Bank of Drummond would like to provide a comment in response to the FDIC's notice of proposed rulemaking and request for comment on whether FHLB advances should be included in the definition of volatile liabilities. Also, the Bank would like to comment on whether or not higher assessment rates should be charged to institutions that have significant amounts of secured liabilities.

Our institution has maintained that FHLB advances are not considered a "volatile liability". These advances are merely an extension of credit with predefined terms to assist during either heavy loan demand or a seasonal decline in deposits. These advances are more easily controlled with a more predictable duration than most deposits. The use of these advances is very important to the State Bank of Drummond, a small community bank that has limited resources for other forms of secured liabilities. This source of funding is stable and reliable and an important tool in managing liquidity and interest rate risk. The relationship with the Federal Home Loan Bank and financial institutions has worked well for many years.

Deposit insurance premiums should be based on the bank's actual risk profile, taking into account the institutions supervisory rating and capital ratios. Any bank that engages in riskier activities should pay a higher premium.

The State Bank of Drummond strongly recommends the FDIC to not include FHLB advances in their definition of volatile liabilities or to impose a deposit insurance premium assessment on secured liabilities.

Sincerely,



Christine M. Iverson  
President & CEO