



November 5, 2008

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

Re: Notice of Proposed Rulemaking - Deposit Insurance Assessment

Dear Mr. Feldman:

On behalf of S Bank, I would like to submit the following comments regarding the Federal Deposit Insurance Corporation's proposed rule concerning deposit insurance assessments.

As a small community bank (just under \$200 million), our institution has limited access to sources of cost effective funding. We rely on FHLBank advances as a critical tool for managing our balance sheet. Our business plan is, and has been consistent with the efforts of Congress and regulatory agencies to reinforce confidence in the nation's financial system. Statistically speaking we have one of the higher loan to asset ratios (greater than 80%) in our peer group while maintaining usually an incredible low delinquent loan ratio (at or near 0%) in this same peer group. One of the major reasons we are able to accomplish this feat is due to our ability to obtain FHLBank advances as a means of funding.

Under this proposal our financial institution, which generally exceeds 15 percent of domestic deposits will be unfairly impacted as a result of increased F.D.I.C. premiums. As of this writing we have approximately \$43.5 million in advances from the F.H.L.B. Our domestic deposits are approximately \$132 million, thus we are well above the 15% threshold under discussion. Interestingly at December 31, 2007 we had in excess of \$62 million in advances with a domestic deposit base of approximately \$119 million. But as you can see we have significantly reduced our advances (\$19 million or nearly 30%), and increased our deposit base for the first ten months of this year. These advances play a critical role in the strategic plan for our institution. Just to finish 2008 statistical information, we have already surpassed 2007 earnings through three

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quarters of 2008 and have maintained the highest rating possible from our most recent F.D.I.C. examination as it pertains to asset quality.

With all due respect Mr. Feldman, we could not have achieved these accomplishments without the availability of these advances from the FHLBank. Should this proposal be implemented, not only will our operating costs increase, but also the impact from interest rate "bidding wars" from our financial competitors could have a severe negative impact on both our earnings and capital growth. Penalizing our institution and those other financial institutions who like us, judiciously and effectively use these advances, truly seems counter to what our economy needs at this critical time in our country.

Therefore, Mr. Feldman, I respectfully request that this policy not be adopted as the impact on our institution, and similar community banks throughout this country would truly impact our ability to continue the lending capacity which we have had so much success with and what we are being asked to continue to do from all levels of our government.

Sincerely,

A handwritten signature in black ink that reads "Donald P. Gill". The signature is fluid and cursive, with the first name "Donald" being the most prominent part.

Donald P. Gill
President and Chief Executive Officer

cc: S Bank Board of Directors
Michael A. Jessee, President, F.H.L.B. Boston
Daniel Forte, President, Massachusetts Bankers Association