BANKERS' BANK

November 17, 2008

Robert E. Feldman, Executive Secretary
Attn: Comments
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Re: RIN 3064-AD35

Dear Mr. Feldman:

Bankers' Bank is pleased to have the opportunity to comment on the proposed rulemaking to raise premiums in order to recapitalize the insurance fund and to change the risk-based premiums classification system. Bankers' Bank is one of 20 bankers' banks in the nation that in the aggregate serves over 6,000 of the nation's community banks. We are concerned that excessive fees on sources of liquidity will restrict the resources that we and our customers could put to better use in our communities.

A strong FDIC insurance fund is important to maintaining depositor confidence, and Bankers' Bank supports changes to the premium calculation that truly reflect the risk of loss to the FDIC. However, we do have concerns with the proposal. The aggressive recapitalization as proposed would significantly raise premium assessments to return the insurance fund to more than 1.25 percent of insured deposits in five years. The Federal Deposit Insurance Reform Act requires the FDIC to rebuild the fund to 1.15 percent in five years and allows for a longer period when there are "extraordinary circumstances." There is no question that current economic conditions qualify as extraordinary circumstances.

In light of the current economic environment and the potential costs associated with the Temporary Liquidity Guarantee Program through 2009, it would be more prudent to establish a new premium schedule after 2009 or at a minimum, set premium rates substantially less than what is proposed. In addition, the FDIC should utilize its extraordinary circumstance authority to extend the time period to rebuild the insurance fund from five years up to ten years to limit undue financial burden on insured depository institutions.

We are also concerned that the proposal is particularly punitive to banks that use Federal Home Loan Bank (FHLB) advances. FHLB advances are a stable, low cost source of funding for our customers when sources of funding are not available elsewhere. The FDIC should not discourage good, stable sources of funding that can be used to mitigate interest rate risk by match-funding. We believe banks that have safe and sound portfolios should not be unfairly penalized and agree that riskier institutions should bear a greater share of the assessments.

Once again, Bankers' Bank appreciates the opportunity to comment on this proposed ruling.

Sincerely,

Ronald L. Slater
President & CEO

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