EVANS BANK

David J. Nasca
President and Chief Executive Officer

March 31, 2009

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 20429

Re: Opposition to Rin 306A-AD35
FDIC Special Assessment pursuant to 12 CFR Part 327

Dear Mr. Feldman:

This letter is submitted on behalf of Evans Bank, N.A. in response to the interim rulemaking published in the March 4, 2009 Federal Register referenced above.

As a community bank in New York State, Evans Bank appreciates the necessity of maintaining a strong deposit insurance system; however, a 10 or 20 basis point increase will have a significant negative impact on profitability and capitalization at a point in time when community banks are most critical in the delivery of financial services to an ailing economy. Should the proposed 20bp increase take effect in 2009, Evans Bank's premiums will have increased approximately $998,900 from 2008, reflecting a total premium of approximately $1,152,500 or 16.5% of our 2008 pre-tax earnings. This increase is more than 26 times our 2007 deposit insurance premium, which was somewhat impacted by deposit insurance credits. The resulting reduction in earnings will make it more difficult to build capital, which translates into fewer dollars to loan within the communities we serve.

There is a tremendous unfairness in targeting banks that did not participate in the types of risky practices that contributed to the current economic collapse being experienced by some major financial institutions, which are "too big to fail." Troubled institutions are able to use TARP funds to pay any increased assessments, but Main Street banks are ultimately going to pay by increasing costs to Main Street customers. This increase is particularly crippling at a time when there is a heightened loan demand. Loss of capital based on the payment of increased premiums is detrimental to increased demand for funding.

To reverse the disproportionate burden the proposed assessment creates, the FDIC must consider a range of options, including:

- Any special assessment, and all future assessments, should be based on total assets (minus tangible capital) of an insured institution, not its domestic deposits. The amount of assets that a bank holds is a more accurate gauge of an institution's risk to the Deposit Insurance Fund than the amount of its deposits.
- Systemic-risk premiums applied to large banks with assets in excess of $20 billion. This premium should be large enough to pay for the substantial risk of insuring these "too-big-to-fail" institutions;
- Assessment increased from 7 year time frame and spread over a longer period of time;
- Sale of troubled assets owned by the FDIC to an aggregator bank;
- Use of the FDIC's borrowing authority with Treasury to provide additional funding while spreading the cost of the insurance over a longer period of time;
- Establishment of a special assessment, with a three year sunset, in the form of a prepaid asset funded up front by banks. Allow banks to expense the prepaid asset over a period of 7 years.

I urge the FDIC to explore all alternatives for funding the Deposit Insurance Fund in lieu of a special assessment that will affect Evans Bank's ability to foster economic recovery in our community.

Thank you in advance for your consideration.

Best Regards,

David J. Nasca

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