



# FRANKLIN BANK & Trust Company

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March 25, 2009

Robert Feldman  
Executive Secretary  
Federal Deposit Insurance Corp.  
550 17<sup>th</sup> Street N.W.  
Washington, DC 20429

RE: Assessments RIN 3064-AD35

Dear Mr. Feldman,

As a community bank with approximately \$300 million in assets, the additional regular and special assessments proposed by the FDIC board will be very detrimental to our institution. The additional premiums will result in an after-tax charge of approximately \$575,000. This equates to approximately three months after-tax earnings based upon 2008 net income. That is counterproductive to the Regulator's and Treasury's requests for banks to extend additional credit. Using the "total risk based" well-capitalized formula our bank will be prevented from extending \$5,700,000 in additional credit during 2009 because of these additional assessments.

We would strongly urge the FDIC to consider several alternatives to the special assessment including: (1) A systemic risk premium for the large banks which are now subject to the "stress test rules" (these are the institutions that caused a majority of the banking problems). (2) Amortization of these special and subsequent special assessments over a period of 7-10 years. This appears to better match the "cyclical nature" of industry problems and the associated expenses thereof. (3) Consider a preferred equity purchase in the FDIC by its member institutions in the ratio of their proposed premiums. This offering could even exceed the amount needed to equal the 20 basis point proposed assessment. This would further demonstrate the FDIC/Bank partnership. (4) A different calculation of the assessment based upon total assets adjusted by a reduction of tangible capital. This would place our bank on a more "equal plane" with the larger institutions which have considerably more access to wholesale funding alternatives than our bank.

Your consideration of our bank as well as our community bank counterparts in this matter is greatly appreciated.

Respectfully,

Gary Broady  
President/CEO

GB/ss

MEMBER FDIC