



ESTABLISHED 1912

PEOPLES EXCHANGE BANK

MEMBER F. D. I. C.

www.pebank.com

5 March 2009

Mr. Robert Feldman, Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 204294

Dear Mr. Feldman:

Peoples Exchange Bank strongly opposes the proposed “one-time” Special Assessment of 20 basis points, or 20 cents on every \$100 of every insured institution’s assessment base, which amounts to an across-the-board assessment without consideration of risk or effect.

Our institution certainly understands the need for a strong, viable and ongoing Insurance Fund, but we do not feel that this method of securing that fund is prudent. Although we understand the urgency of the situation, our industry cannot afford additional policy mistakes at this time. Paying out 20% or more of the expected profits for 2009 leaves the bank with little ability to cope with other economic emergencies. The FDIC has suggested that putting a risk factor into this Special Assessment rate would cause troubled banks to fail. That may be true, but imposing this Special Assessment without a risk factor could result in much worse – it could cause strong banks to weaken significantly.

This added stress on community banks’ earnings will be a drain on liquidity and could negatively impact our ability to maintain staff, leaving valuable employees without a job, causing a further strain on the economy. Our bank is a strong bank. Kentucky banks are strong banks. We have a long and impressive history of doing the business of banking in a responsible and conservative way. There are many other states and communities across the country just like us. How many times can the strong, well-managed institution be looked to for shoring up those that were not responsible before the entire system collapses.

We implore the FDIC to work with the industry leaders, legislators, other regulatory bodies and others to develop another way to restore the Insurance Fund.

Sincerely,


C. Beach, Jr.
Chairman

P.O. BOX 127
BEATTYVILLE, KY 41311
606 464-3631
FAX 606 464-8857

P.O. BOX 398
STANTON, KY 40380
606 663-9500
FAX 606 663-9567

101 N. MAIN STREET
WINCHESTER, KY 40391
859 744-9400
FAX 859 744-2300

223 E. MAIN STREET
GEORGETOWN, KY 40324
502 868-8860
FAX 502 868-8057

212 APPERSON HEIGHTS
MT. STERLING, KY 40353
859 498-2008
FAX 859 498-2031