From:	Mike Gargaro <MGargaro@citizensfirstbank.net>
Sent:	Friday, July 21, 2023 3:27 PM
To:	Comments
Subject:	[EXTERNAL MESSAGE] May 22, 2023 - Special Assessments Pursuant to Systemic Risk Determination - Notice of Proposed Rulemaking; Comment Request (RIN 3064-AF93)

[redacted]

Mr. James P. Sheesley
Assistant Executive Secretary
Attention: Comments—RIN 3064-AF93
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Dear Mr. Sheesley:

I am writing today in response the FDIC's request for comment on the current FDIC proposal to exempt community banks under $5 billion from the special assessment following the systemic risk determinations announced after the failure of Silicon Bank (SVB) and Signature Bank, New York (SBNY).

This letter is in support of the FDIC proposed rule and the community bank exemption. I feel that community banks should not have to be penalized for the actions of these larger and riskier institutions.

My current role is the CFO of Citizens First Bank, a $300 million community bank in West Central Wisconsin, with offices in Centerville, Holmen, Sparta, Trempealeau, Viroqua and Viola, WI. At Citizens First Bank, we provide consumers and business customers real estate, installment, agricultural loans; and multiple FDIC Insured deposit products. In addition, we serve many non-profit and municipal customer's deposit and lending needs. We value our local bank deposits and need them to remain viable and be able to redeploy those deposits into our local communities, which in turn keeps them vibrant and growing.

After working in the community banking industry since 1992, it is very refreshing to see that the FDIC's proposal is cognizant that true community banks are indeed valuable and viable organizations. Community banks do know their customer base and are able to respond to balance sheet fluctuations without adding systemic risk to the banking system.

Our deposit base is significantly different from SVB and SBNY, as we do not rely on the volume of uninsured deposits as these two failed banks did. They both had uninsured deposits in the 90% of their deposit base. We are closer to 10% and it is not in a tech industry or any one specific industry, but intentionally diversified.

If the special assessment were to be applied to all banks, our Bank would see our FDIC deposit assessment increase 583% in less than one year (this includes the 66% increase we have already seen this year in the base FDIC rate increase). This would create significant pressure on our Net Income and would require us to pass this increased operating expense on to our customers in the form of higher loan rates and/or lower deposit rates; and cutting of expenses, which would most likely be in the form or personnel. All three items would have significant pressure on our reputation risk as well in our communities.

In closing, I would like to thank the FDIC for avoiding a “one-size” fits all approach to the special assessment and encourage the FDIC to approve the final rule as proposed, excluding community bank under $5 billion from the special assessment related to the failures of SVB and SBNY as proposed.

Thank you,

Mike Gargaro, CFO
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