BANK of BOLIVAR
"Your Community Bank"

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September 2, 2015

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

Re: Federal Deposit Insurance Corporation Notice of Proposed Rulemaking (RIN 3064–AE37)

Dear Mr. Feldman:

Bank of Bolivar is headquartered in Bolivar, Missouri, a town of approximately 10,000 people. Our market includes southwest Missouri so that population number increases significantly when you include our branch network. We have $229,133,000 in assets and five branches located in Bolivar, Springfield and Fair Grove.

We are part of a reciprocal deposit placement network. We have found reciprocal deposits to be an important source of funding. In particular, we have used the CDARS program to retain deposits in our bank that would otherwise go elsewhere. In all cases, these are deposits from existing customers that want to maintain their deposit relationship with a bank they know and trust. By retaining these funds, we are able to continue to make loans in the markets we serve. Although we have not used it extensively, it is a very beneficial service to provide to our customers.

We appreciate the opportunity to comment on the Federal Deposit Insurance Corporation (FDIC) Notice of Proposed Rulemaking (NPR) proposing changes to the FDIC's deposit insurance assessment regulation for small banks. In particular, we would like to comment on how this proposal would affect reciprocal deposits.

In short, we strongly urge the FDIC to continue to separate the treatment of reciprocal deposits from that of traditional brokered deposits in setting assessments. We feel reciprocal deposits represent a stable source of core funding that do not present the risks and other characteristics of traditional brokered deposits. The separate treatment of reciprocal deposits from that of traditional brokered deposits in the current assessment system, recognizes the differences between the two types of deposits.

When it established the current system in 2009, the FDIC recognized that reciprocal deposits "may be a more stable source of funding for healthy banks than other types of brokered deposits and that they may not be as readily used to fund rapid asset growth." Further, as the FDIC's proposal itself points out, the premium assessment for an institution is supposed to reflect the risks posed by its assets and liabilities. We feel those risks must be specific and should be measurable.

We feel that reciprocal deposits do not present the level of risks and concerns that are present with traditional brokered deposits. On the contrary, our reciprocal deposits come from local customers that have multiple relationships in most cases at our bank. Reciprocal deposit interest rates are based on local rates and established by us. Our experience is that reciprocal deposits "stick" with the bank. For all these reasons, they add to our bank's franchise value.

The FDIC in its proposal as presented would penalize banks that use them by, in effect, taxing them. Such a tax would be unnecessary and unfair. The FDIC's proposal would punish our bank for using one of the few tools we have to compete against the mega-banks doing business in our area. Again, we strongly urge you to retain the current system's exclusion of reciprocal deposits from the definition of "brokered" for assessment purposes. So that we do not have to revisit this issue later, we also strongly urge the FDIC to support legislation to explicitly exempt reciprocal deposits from the definition of brokered deposit in the Federal Deposit Insurance Act.

Sincerely,

Brad Gregory
President

CC: The Honorable Claire McCaskill
The Honorable Roy Blunt
The Honorable Billy Long
The Honorable Martin J. Gruenberg