



The Bank of Bennington

*Welcome*

September 20, 2006

Mr. Robert E. Feldman  
Executive Secretary  
Federal Deposit Insurance Corporation  
550-17<sup>th</sup> Street  
Washington, D.C. 20429

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Re: FDIC assessments and FHLB advances

Dear Mr. Feldman:

Like many of our community bank peers, The Bank of Bennington relies on FHLB advances to provide both liquidity and funding for growth.

We operate in a local economy that, while growing moderately, regularly supplies less deposit funding than we require. We believe our bank's mission is to provide loans for residential housing and small business needs. Consequently, we take advantage of FHLB advances to keep the flow of funds available to our communities.

Having operated with this business strategy for some time, we have found that FHLB advances are less volatile than consumer deposits. They are available continuously and offer a much wider range of maturities and structures than the consumer/depositor is willing to accept. FHLB advances consequently also allow us to manage our interest rate risk straightforwardly, with reasonably predictable results.

Assessing a risk-based premium on advances would represent an additional charge to earnings, our only source of capital growth as a mutual institution. It would also be a disincentive for us to meet our mission as lender, to which we are committed and upon which our communities depend. Therefore I respectfully urge you to strike the proposal under consideration. Thank you.

Sincerely,

  
Gerald M. Keneally  
President and CEO