

November 14, 2008

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

RE: RIN 3064-AD35 – Notice of Proposed Rulemaking on Risk-Based Assessments

Dear Mr. Feldman:

First National of Nebraska, Inc. appreciates the opportunity to comment to the Federal Deposit Insurance Corporation's ("FDIC") proposed changes to deposit insurance assessment.

First National of Nebraska, Inc. ("FNN") is a Nebraska-based interstate financial holding company. Its principal subsidiaries include First National Bank of Omaha, First National Bank and Trust Company of Columbus, First National Bank (North Platte), Platte Valley State Bank and Trust Company, The Fremont National Bank and Trust Company, First National Bank of Kansas, First National Bank South Dakota, Castle Bank, N.A. and First National Bank (Fort Collins).

FNN strongly encourages the FDIC to exclude from the definition of brokered deposits those deposits received through a network on a reciprocal basis. We understand the FDIC's concern that brokered deposits are being used by many financial institutions to fund rapid asset growth thereby increasing the risk to the deposit insurance funds. However, deposits received through a network on a reciprocal basis do not have the same characteristics as brokered deposits and should not be included in the definition of brokered deposits.

All of FNN's subsidiary banks are members of the Promontory Interfinancial Network and offer the CDARS Reciprocal service which, in addition to being a service valued by our customers, is also a highly stable source of funding for our banks. The CDARS Reciprocal deposits have all of the characteristics of classic core deposits – funds from local customers who generally reinvest their funds when their CDs mature. These are not out-of-market deposits or "hot money." In fact, the overwhelming majority of the CDARS deposits originate from customers located within twenty-five miles of our branches.

Traditional brokered deposits originate from third parties whose customers are seeking to place funds at the highest rate available. It is a national market and banks must "pay up"

to be included. In contract, our local customers use CDARS so that they can continue their relationships with our banks. Their goal is to ensure that the funds placed in our institutions are insured. In the absence of CDARS, our customers might turn to deposit brokers or internet rate boards, which could damage the valuable customer relationship we have worked to maintain and increase the level of volatile, high interest rate deposits that concern the FDIC.

The Notice points out that Call Reports include CDARS deposits within brokered deposits. It would be a simple matter for our banks to separately report their CDARS holdings if this would allow the exclusion of CDARS Reciprocal deposits from the brokered deposit definition.

In conclusion, we encourage the FDIC to exclude CDARS deposits from the proposed rule's definition of brokered deposit. We appreciate the opportunity to provide our comments. If you have any questions, please do not hesitate to contact Maureen O'Connor at 402-633-3106 or me at 402-633-3908.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nick Baxter', with a stylized flourish at the end.

Nick Baxter  
Senior Vice President