



October 15, 2009

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 Seventeenth Street, N.W.
Washington, D.C. 20429

Attention: Comments

Re: Notice of Proposed Rulemaking on Prepaid Assessments

Dear Mr. Feldman:

MB Financial Bank, N.A. is pleased to provide comments in response to the Federal Deposit Insurance Corporation notice of proposed rulemaking and request for comment on the proposed rule related to the prepayment of assessments.

MB Financial Bank, N. A. is concerned about the financial health of the Deposit Insurance Fund, however the significant impact on the industry and on our bank based upon the method for restoring the fund to health as proposed in the notice is of concern as well.

The health of the Deposit Insurance Fund (DIF) is clearly vital to health of the banking industry. The FDIC and the industry should make it absolutely and undoubtedly clear to the American public that the FDIC, through the DIF, is fully capable of honoring its commitment to America's insured bank depositors. Maintaining the FDIC's "brand image" of an agency that provides a "rock solid" guarantee is essential.

Our comments as requested in the notice are as follows:

- 1) As an alternative to prepaid assessments, should the FDIC meet its liquidity needs by imposing one or more special assessments?

We do not believe that a special assessment unless very large would adequately restore the DIF to financial health and would be only a short term bridge that would provide the DIF with inadequate cash to deal with impending issues in the banking industry. Further it would only lead to future special assessments that would be required to handle institutional issues in the next two years. We do believe that if the proposed rule is implemented that there should be an enforceable commitment that the industry would not be subject to special assessments during the three year period as proposed.

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- 2) Should the FDIC pursue one or more of the other alternatives to the prepaid assessments, such as borrowing from Treasury or the FFB?

The proposed rule in effect creates a non-interest bearing method to gather adequate cash and reserves to deal with the health of the fund. If the proposed rule were to be implemented the DIF should pay interest on this advance at some specified rate (say Fed Funds rate on the unexpended balance) similar to what the DIF would be required to pay the Treasury or other capital resources. The proposed rule would create another non-interest earning asset on the balance sheet of the banks in addition to what is already imbedded in the balance sheets of the institutions.

Borrowing from the U.S. Treasury is not a good option. Doing so would make it appear that the DIF is incapable of insuring depositors without assistance from the U.S. Treasury. Such an appearance would shake the confidence of depositors, a dangerous result for the banking industry, the FDIC, and our economy.

- 3) Should prepaying assessments be voluntary rather than mandatory as currently contemplated, and, if so, how would the FDIC ensure that it receives sufficient cash to fund resolutions of failed insured depository institutions?

We believe that voluntary participation would only lead to a more difficult to manage flow of cash into the DIF and create different rules for different institutions. The accounting treatment for a voluntary assessment process (as proposed it may be treated as prepaid expense) will likely vary and further mask what is a very costly non interest earning asset as proposed..

We do not believe that the voluntary process would lead to adequate cash to handle the prospective industry losses to be incurred by the fund and would only lead to future special assessment to provide the cash needed by the DIF.

- 4) For purposes of calculating the prepaid assessment, should the FDIC estimate the growth in the assessment base at a rate other than 5 percent for 2009, 2010, 2011 and 2012?

The average annual growth rate for insured deposits, as documented by the FDIC in materials evaluated, has varied widely from year to year. The five year average of 5.3% (December over December) may not be as predictive of future growth rates in our current economic environment. Insured deposit growth rates reflect a "flight to quality" for consumers, investors and businesses as the economy soured and the stock market lost value. The opportunity for equity investments, bonds and other monetary instruments with managed risk is not as prevalent in today's economy, but is likely to recover during the next three years where insured deposit growth rates are likely to fall. The "true up" provision within the proposal is a fair provision that should eliminate any wide variances that may occur as a result of consumer and business investment choices.

Should the FDIC use different assessment rate assumptions than those proposed?

Any assumption that is used in an equitable manner is acceptable. The true range of deposit growth will be determined by market forces that will be considered in the quarterly "true up" calculation.

- 5) As proposed, the FDIC would require prepayment of estimated assessments for the fourth quarter of 2009 and for all of 2010, 2011 and 2012 based on its current liquidity needs projections. Should the FDIC require prepayment of estimated assessments over a different period or in installments?

The proposed method used to compute the prepayment amount is fair. The quarterly "true-up" mechanism used for the actual assessment calculation is fair.

- 6) Should the FDIC's Amended Restoration Plan incorporate a provision requiring a special assessment or a temporarily higher assessment rate schedule that brings the reserve ratio back to a positive level within a specified time frame (one year or less) from January 1, 2011, when the FDIC projects industry earnings will have recovered?

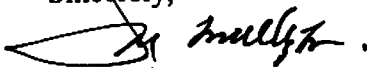
Special assessments are unpredictable events that can cause significant impact on bank earnings with little notice. Increases in special assessment rates, if there is adequate notice, can provide some means to ensure that bank is prepared through delaying capital expenditures or other expenses to handle increased costs associated with the assessment. There is no rush to get the DIF reserve ratio positive. The industry stands behind the fund. Funding the DIF should be counter-cyclical, not pro-cyclical.

Another special assessment, unless very large, would likely not provide the FDIC with resources sufficient to honor its deposit insurance commitment. Therefore, a series of special assessments would be more likely than not, making financial planning less certain for banks and bank stock investors.

We believe that the proposed FDIC plan to replenish the DIF has struck the correct balance between assuring depositor confidence and burdening banks with the expense.

We sincerely appreciate the opportunity to comment on the proposed rule and would be prepared to offer additional or more expanded comments at your request.

Sincerely,



Thomas P. FitzGibbon, Jr.
Executive Vice President
MB Financial Bank
President
MB Financial Bank Community Development Corporation