From: Armstrong, Sherrell [mailto:SArmstrong@firstcitizens-bank.com]
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To: WebMaster
Subject:

As a community banker, I was most confused by the 20-cent special assessment on the nations 8,000 community bankers. As I watched with interest the congressional discussions concerning the TARP funds (which we do not participate in), the underlying theme seemed to be providing a mechanism that would provide bank capital and in the process unfreeze the credit markets. Lender confidence is the key to making sure available credit is improved in the markets and will probably do more for our current economic situation than extending the debt of this country $800 billion. I stated improved because we have never stoped lending despite the media's reporting otherwise. However, the special assessment is a direct drain of funds available to loan, increases the bank's cost of funds, reduces profitability to restore capital, and probably most important increases the community banker's hesitancy to provide needed capital.

While community banks understand that they will be responsible for rebuilding the deposit insurance fund despite the fact that we have maintained a concervative banking philosophy. We refused to give into the temptations of the high returns related to sub prime lending and complex financial products. We stuck to the basic fundamentals of banking that we have been taught and hopefully will provide to the next generation of bankers. While we have definitely been impacted by the downturn in the economy, we continue to be profitable and maintain capital well in excess of the regulatory minimums. If the rebuilding of the deposit insurance fund could be spread over a longer period of time, community banks like First Citizens National Bank could continue to be in the business of making prudent loans to borrowers that will make our economy strong again.

Your consideration is greatly appreciated.

Sherrell W. Armstrong
Executive Vice President