



AMERICAN NATIONAL BANK OF TEXAS

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March 11, 2009

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street N.W.
Washington, D.C. 20429

Reference: Assessments, RIN 3064-AD35

Dear Mr. Feldman,

This letter is in reference to the proposed FDIC's special assessment on our Bank, and its affect on our communities.

The American National Bank of Texas is a \$2 billion asset bank based in north central Texas. The Bank was founded in 1875, and has weathered 17 Panics, Depressions, and Recessions during its long history. The Bank has been a member of the FDIC since the FDIC was founded in 1934.

Number 18 is proving to be as difficult; if not even more so than any of the previous 17. Forces beyond our influence and control greedily wrecked our financial industry, and subsequently our economy. The American National Bank of Texas is a conservative community bank that carefully managed our affairs. We recognized the extremely risky behavior of larger banks, and other non-member financial service businesses, as it was happening. We felt that their behavior was not prudent and that it would lead to significant problems, and we were right!

We now find that our organization is required to pay for their failures through a special assessment. The 20 basis points proposed would cost the Bank \$3.122 million before tax and \$2.029 million after tax. Given our 2009 budget of \$11.215 million, the charge would reduce our net-income by over 18%.

This injustice is in addition to the 2009 increase already assessed. Last year, our Bank's FDIC assessment was \$1.378 million. Even without the special assessment, the premium increased by 98% to \$2.733 million for 2009. If the 20 basis point special assessment is charged, our Bank's FDIC insurance for 2009 will increase by a total of 325% over what was paid in 2007.

We believe that there are more equitable ways to deal with the short fall in the insurance fund. The assessment should be based upon total assets, instead of domestic deposits. This would shift more of the burden to the larger bank's that control a larger portion of the nation's total assets. Since these institutions participated in the folly that has created the problems, we think that their sharing a greater portion of the assessment is reasonable.

We also believe that the burden should be shifted more to the Bank's that pose a systemic risk to the system. Since greater risks are posed by larger systemically important institutions, they should pay for more of the required assessment. We do operate under a "to big to fail" system. Since those Bank's that fall into that class are taxing the resources of the fund more, they should pay more of the assessment.

Other options for funding the deposit insurance fund should be explored. These include using existing authority to borrow from Treasury, issuing debt to the public, or using current authority to borrow from the banking industry.

In the event that it is determined that the best option to fund the deposit insurance fund is by the special assessment, we feel that the accounting rules should be changed to allow for the amortization of the assessment over a reasonable number of years. Community bank's should not be forced to solve problems caused by others if it puts the community bank in peril. We did not get our insurance fund in this mess overnight, and it will take us longer than one year to work out of it.

Thank you for considering other options for resolving this problem other than an immediate 20 basis point assessment. If we are forced to accept such a charge we will find ourselves in the position of looking for sources to make up for the \$2 million in earnings shortfall. For our Bank it will likely be accomplished by restricting lending, reducing community development, or reducing other expenses by cutting either employees or programs. More than likely it would require that we execute a combination of several of these strategies to achieve the needed results.

Times are tough in Texas. If our Bank is forced to accept the charge and execute strategies to protect capital, our communities will suffer and the hope for recovery will be delayed.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Messer", with a long horizontal line extending to the right.

Robert R. Messer
Executive Vice President/CFO
American National Bank of Texas