
From: Joe Kesler [mailto:JKesler@fnbmontana.com]

Sent: Thursday, March 05, 2009 11:22 AM

To: Comments

Subject: Assessments, RIN 3064-AD35

Ladies and Gentlemen,

I am writing to comment on the recently proposed increases in FDIC coverage. I am the President and CEO of First National Bank of Montana, a \$286,000,000 institution. Our estimate of the impact on our institution is an increase of over 400% or approximately \$630,000 in additional premium charges in 2009. Our holding company made approximately \$1,500,000 last year so you can easily see the dramatic impact your proposal will have on our bottom line.

I would like to encourage you to reconsider this drastic step. It will punish good community bank's like ours that had nothing to do with the current economic crisis. We will be forced to find major cuts in our expense structure in order to pay for this assessment that may not be in the long term best interests of our company or the communities and customers we serve. We will be forced to make cutbacks that will impact our donations and business investments that would be good for our local economies. We will have to consider layoffs in our company as a way to pay for this unexpected and unbudgeted cost.

None of these alternatives is attractive to me, but your actions, if not amended, will force us and many other banks like this one to take similar actions that will not help bring about an economic recovery.

I'm sure you know how important community banks are in serving the vital interests of small businesses . Our organization currently has an "outstanding" rating in the area of Community Reinvestment as judged by the OCC. We are focused on serving small business customers and our communities and our rating reflects that commitment. Does it make sense to lower the profitability of our bank and the banking industry as a whole so dramatically with your increased assessment knowing that it will negatively impact our bank's capital structure and our ability to serve our customers? This reduced capital strength will have a direct impact on our ability to put additional loans on our books given the risk based capital rules. This does not seem to be good public policy or even pass the common sense test in the current environment.

I would appreciate your reconsideration of this proposal and encourage you to tap into one of the alternative sources available to you to meet the FDIC's current funding problems. Thank you for your consideration.

Joe Kesler
President and Chief Executive Officer
First National Bank of Montana