AMERICAN BANK OF COMMERCE
ESTABLISHED 1962

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VICE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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March 30, 2009

Mr. Robert E. Feldman

Executive Secretary

FDIC

The Federal Deposit Insurance Corporation was created by Congress in 1933 to restore public confidence in the nation's banking system. By design, the FDIC receives no federal tax dollars – insured financial institutions fund its operations. According to 12 CFR Par 327, "... the FDIC has significant authority to borrow from the Treasury to cover losses,". The FDIC views the Treasury Line of Credit as available to cover unforeseen losses. Had the FDIC anticipated this current financial meltdown, premiums could have been increased much earlier than now. Premium rates have not risen and the Deposit Insurance Fund is being depleted at an accelerated pace. I believe the financial industry meltdown we are all suffering through today was in fact "unforeseen"! Therefore, borrowing from the Treasury, should be a primary consideration. Instead, Banks are being assessed an emergency special assessment of 10 to 20 basis points.

When the Troubled Asset Relief Program (TARP) was rolled out, it had a component in the program called the Capital Purchase Program (CPP). This was a component of TARP whereby the Federal Government purchases convertible preferred stock in financial institutions in need of additional capital. This, in an effort to strengthen the financial institutions, and encourage renewed lending. Rightfully so, the CPP program, injecting Capital in Capital challenged Banks, allows for a protracted payout period. As I understand the CPP program, the recipients Banks have between three to 10 years to pay back the funds (or buy back the preferred stock).

As an independent community Bank serving our communities in a responsible way since 1962, American Bank of Commerce chose not to participate in the CPP program because we are well capitalized and did not need the additional capital, yet to support our industry, we are being asked to re-fund the Deposit Insurance Fund. It seems unfair for well managed banks to pay the same premium as those banks receiving funds from the CPP program, but I understand the rules of being a participant insured by the FDIC, however I urge you to consider more reasonable funding options, such as: reduce the special assessment and spread its cost over 10 years. I would rather the payout period for re-funding the Deposit Insurance Fund, be extended over several years, similar to the CPP program.

While there is clearly stress in other parts of our nation in the community banking industry, the vast majority of the cause of this mess as well as the risk lies squarely at the feet of the "too-big-to-fail" banks and the irresponsible behavior of other sectors in the financial services business. We understand the importance of a healthy FDIC fund, but we believe this particular solution is unacceptable. American Bank of Commerce did not profit from the excesses of the past, and shouldn't have to shoulder a pro-rata share of the costs to pay for others' bad behavior. American Bank of Commerce continues to have healthy earnings & healthy growth. This special assessment is a significant and unexpected cost to our bank that will have a devastating impact on earnings. In addition, the assessment will have a very direct and detrimental impact on the Capital of American Bank of Commerce.

In your announcement, the question was raised, "Should FDIC assessments, including emergency special assessments, take into account the assistance being provided to systemically important institutions?" Absolutely! If the systemically important institutions need the assistance, by all means loan them the money (which CPP effectively does), but ask them to pay a greater proportionate share of the assessment!

I believe we are in a time of crisis in Banking today. A situation which evidently none of us could foresee. Even if all banks have to pay a proportionate share, I propose the FDIC Reserve Fund be immediately replenished by means of borrowing from the Treasury, and participant Banks be allowed to replenish the fund through an increased rate structure over an extended period of time.

David M. Harmon, CEO

American Bank of Commerce,

Texas and Colorado

Cc: Christopher L. Williston, CAE

President and CEO

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