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October 20, 2009

Robert E. Feldman, Executive Secretary
Attention: Comments, Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

RE: OCC Docket ID OCC–2009–0013
RE: Proposed Interagency Guidance – Correspondent Concentration Risks

This letter is in response to the request for comment on the Proposed Interagency Guidance – Correspondent Concentration Risk.

As a Director of First National Bankers Bankshares, Inc. with subsidiary banks, including Arkansas Bankers' Bank in Little Rock, Arkansas, First National Bankers Bank in Baton Rouge, Louisiana, First National Bankers Bank, Alabama in Birmingham, Alabama, and Mississippi National Banker's Bank in Ridgeland, Mississippi, we are fully committed to ensuring that our respective practices for identifying, monitoring, and managing correspondent concentration risk with financial institutions are appropriate. We believe that additional guidance from the federal regulatory agencies in this area is timely given the uncertain economic environment all financial institutions are experiencing. That being said, the proposed guidance, while well intentioned, appears to be potentially much more specific and restrictive than Regulation F which provides flexibility to financial institutions in establishing and maintaining risk management programs for their correspondent banking relationships.

As currently proposed, the guidance suggests that loan participations and syndications be included in monitoring of credit exposures to correspondents. We believe this to be inappropriate given that loan participations are approved and executed between financial institutions on an arms length basis and that the credit exposure is to the borrower involved and not the correspondent bank. While monitoring the number and aggregate amount of loan participations purchased or sold to any one correspondent may be a prudent practice, suggesting that a certain dollar figure of participations purchased or sold be added to the aggregate dollar amount of credit exposure appears unreasonable. We recommend that this reference be removed.

The proposed guidance also mentions liability concentrations and funding exposures of 5% of an institution's total liabilities having posed elevated risk to recipient institutions. This reference is vague and could lead to wide variations of interpretation of its applicability between bankers and regulators related to its applicability. We recommend that this reference be removed.

Additionally, funding concentrations limitations should be excluded from the proposed guidance due to inconsistency and lack of disclosure. The funding concentration limitation lacks sufficient discussion on relevant issues. For example, the guidance does not distinguish large depositors form the long-term secured advances from the Federal Home Loan Bank system. Each of these sources has its own strengths and weaknesses that cannot be addressed with a one-size-fits-all limitation. Funding concentration should be addressed in a guidance that is more appropriate to funding rather than correspondent concentration limits.

Thanks for the opportunity to comment on this important proposed Regulation.

Sincerely,

Odean Busby

Odean Busby,
Chairman & CEO