

From: Harold Miles [mailto:hmiles@bankofadvance.com]  
Sent: Wednesday, November 25, 2009 4:55 PM  
To: Comments  
Subject: Proposed Guidance-Correspondent Concentration Risk

Mr. Robert E. Feldman, Executive Secretary, FDIC

This letter is written in response to the request for comment on the proposed guidance address correspondent concentration risk. The Bank of Advance is a community bank with \$227 million in assets located in Advance, Missouri. For a number of reasons we rely heavily on the services and support provided to us by our banker's bank and other correspondent providers. These relationships are critical to our bank and have become so central to our daily operations that unnecessary disruptions to them would severely hurt our ability to effectively serve our customers.

Bank of Advance does support the concept of effectively monitoring and managing risks related to correspondent bank relationships. For many years the terms of Regulation F have successfully guided us in this effort. A 25% limitation will create an undue hardship for our organization. We encourage you to consider a 50% threshold if both parties are "well capitalized" as defined by Reg F. Suddenly this doesn't seem to be good enough as we are now being confronted with another wave of excessive and complex regulatory burdens.

As a matter of common practice many community banks buy or sell loan participations through their correspondent bank. This practice is similar in nature to the large shared credit arrangements that exist between the largest banks in the country. This practice is a way to enhance and, often times, diversify community bank loan portfolios. The proposed guidance implies that these participations would be included in calculations used to determine gross credit exposure to our correspondent. We don't believe this inclusion is justified and urge you to remove the loan participation language from the calculation or, at least, clarify it.

We believe that the guidance is excessive and unnecessarily complex. The risk assessment process should encourage an appropriate balance of sound decision making without relying exclusively on rigid quantitative measures. Our bank has been able to successfully manage multiple correspondent relationships for years without this additional and excessive burden.

Bank of Advance appreciates the opportunity to respond and hopes that you consider our comments before issuing your final guidance.

Sincerely,

Harold M. Miles  
President  
Bank of Advance  
Advance, Missouri