

September 9, 2015

Via Federal Express

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

RE: Federal Deposit Insurance Corporation of Proposed Rulemaking (RIN 3064-AE37)

Dear Mr. Feldman:

We are pleased to submit our comments on the Notice of Proposed Rulemaking (“NPR”) regarding proposed changes to the deposit insurance assessment system for small insured depository institutions.

I am the Chairman & CEO of the Centreville Savings Bank, a mutual savings bank chartered by the State of Rhode Island and located in West Warwick, RI. We have \$1,027,846 in assets and 7 branches. We are deemed a small insured depository institution for purposes of the NPR. The Federal Deposit Insurance Corporation (“FDIC”) NPR would establish a new assessment formula based on a number of new or modified factors including an FDIC-developed statistical model estimating the probability of failure in three years, updated financial ratios, elimination of certain risk categories for established small banks and financial ratios to determine assessment ratios for small banks. We recognize and appreciate that FDIC’s efforts to craft an assessment formula that better reflects risk and also enable the Deposit Insurance Fund (“DIF”) to reach a designated reserve ratio of 1.15% by 2020.

FDIC’s proposal is complex one and we are commenting only on one relatively narrow facet, the treatment of reciprocal deposits. As proposed Centreville as a well-capitalized and sound bank would not be directly impacted by the brokered deposit adjustment. Nonetheless, we are concerned that the proposal may have a chilling effect on the availability of reciprocal deposits across the broader spectrum of bank users which may adversely impact our ability to continue to use reciprocal deposits as a stable funding tool.

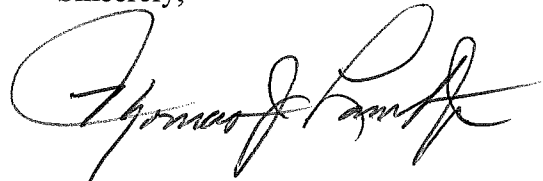
We operate in mature communities with an elderly demographic in a number of our markets who in many cases are less inclined to grow savings. For that reason, we have found that prudent use of reciprocal deposits has worked well with certain other forms of wholesale funding such as Federal Home Loan Bank advances.

The proposal would include reciprocal deposits within the current definition of brokered deposits and assume, in effect, that they operate and function similarly. We believe they are distinct products. Funds received from brokers are rate sensitive. Funds received via reciprocal deposits are less rate sensitive and in our bank are viewed as core deposits. As an example of how efficiently reciprocal deposits have performed, we point out that the CDARS program has made extensive and successful use of reciprocal deposits and has not to our knowledge been a risky or destabilizing factor in the funding mix of the institutions utilizing them.

In short, we respectfully suggest that FDIC reconsider its proposal with respect to equating reciprocal deposits with brokered deposits and revert to the original language in its definition of brokered deposits which excludes reciprocal deposits.

We very much appreciate the opportunity to comment on this important proposal.

Sincerely,

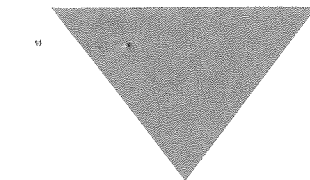


Thomas J. Lamb, Jr.
Chairman & CEO
Centreville Bank

cc:

The Honorable John Reed
728 Hart Senate Office Building
United States Senate
Washington, D.C. 20510

The Honorable Sheldon Whitehouse
530 Hart Senate Office Building
United States Senate
Washington, D.C. 20510



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The Honorable James Langevin
109 Cannon House Office Building
United States House of Representatives
Washington, D.C. 20515

The Honorable Martin J. Gruenberg
Chairman
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550 17th St., NW
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