



**SECURITY
BANK**

Banking for Generations.

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September 8, 2006

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 Seventeenth Street, N.W.
Washington, D.C. 20429

Attention: Comments

Re: Deposit Insurance Assessments and Federal Home Loan Bank Advances
RIN 3064-AD09

Dear Mr. Feldmann:

Security Bank is a relatively small (under \$200 million) savings bank located in Springfield, Illinois. We rely on Federal Home Loan Bank advances as a source of liquidity and as a tool for assisting us in managing our interest rate risk.

In this very "over-banked" community, interest rates on deposits are above market compared to metropolitan areas like Chicago, as well as smaller towns in Illinois. At a seminar recently, we were told that Springfield has more banks per capita than any other community in Illinois outside Chicago. While we can't attest to the accuracy of that statement, we can attest to the competition we feel from deposit rates of 6% on short-term certificates, a rate recently offered by a credit union in town.

As a somewhat traditional thrift, we strive to meet the demands of the community in providing mortgage loans, consumer loans, and small business loans. Without an extensive branch network, demand deposits are hard to attract. Our principal funding sources for meeting our community needs are in the form of certificates of deposit and Federal Home Loan Bank advances. For us, in this community, FHLB advances are many times a cheaper funding source than using depositor funds. It also allows us to lock in longer terms on our liabilities—something consumers have been very unwilling to do when short-term rates exceed long-term rates.

Net interest margins are already tight in this yield curve environment. Increasing our borrowing costs (a certain result of your proposal) will only decrease our ability to lend funds for home loans and, ultimately, hurt the community.



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Mr. Robert E. Feldmann
Federal Deposit Insurance Corporation
Page 2

We urge the FDIC not to include Federal Home Loan Bank advances in the definition of volatile liabilities or to impose a deposit insurance premium assessment on “secured liabilities.”

Sincerely,

A handwritten signature in black ink, appearing to read "Carol J. Radtke". The signature is fluid and cursive, with a large initial "C" and "R".

Carol J. Radtke
Senior Vice President
Chief Financial Officer
Security Bank