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September 20, 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
RIN 3064-AD09

Dear Mr. Feldman:

I appreciate the opportunity to comment relative to the Federal Deposit Insurance Corporation's proposed changes to the Deposit Insurance Assessments (12 CFR Part 327). I agree that deposit insurance premiums should be based on an institution's actual risk profile, taking into account an institution's supervisory rating and capital ratios. I further agree that supervisory ratings represent perhaps the best single measure of a depository institution's risks. Accordingly, we believe supervisory ratings should be given more weight than the six financial ratios.

I strongly disagree with the use of volatile liabilities/gross assets as a financial ratio in the computation of deposit insurance assessment rates. A depository institution with a greater ratio of "volatile liabilities" on its balance sheet, per se, does not pose any additional risk to the deposit insurance fund than does an institution with a lower such ratio. How many banks in the modern era have failed solely as a result of illiquidity? Institutions engaged in risky activity should have higher premiums than their more conservative counterparts regardless of whether the funding comes from advances, deposits or other sources. Many depository institutions have supplemented their funding needs with wholesale funding vehicles (i.e. brokered deposits), and they will be unfairly penalized by the inclusion of the volatile liabilities/gross assets ratio in the computation of deposit insurance assessment rates.

If volatile liabilities/gross assets must be considered in the computation, I strongly oppose the inclusion of Federal Home Loan Bank (FHLBank) advances as volatile liabilities. We oppose this proposal since FHLBanks are highly stable institutions and their advances are verifiably low-risk. Enacting this rule would be harmful to FHLBank member institutions and could actually increase exposure and risk to the FDIC.

FHLBank advances are not a volatile liability. They are a key component of liquidity for institutions like ours. They come with set, predictable terms allowing efficient balance

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sheet management. Unlike deposits, advances do not diminish when market forces or consumer habits change.

Discouraging banks from borrowing from FHLBanks would be counterproductive to reducing risks for the FDIC. FHLBank advances ensure available, cost-effective liquidity, manage interest-rate risk, as well as fund loan growth. This would result in fewer loans, reduced profits, and higher liquidity and interest-rate risk.

Again, I appreciate the opportunity to offer the above comments relative to this very important matter.

Sincerely,

Robert S. Tissue
Sr. Vice President & Chief Financial Officer