May 15, 2020

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington DC 20429

Re: Comment on Proposed Rulemaking re Mitigating Assessment Effect of Participation in the PPP

Ladies and Gentlemen:

Thank you for the opportunity to comment on the proposed rule ("Proposal"). We are leaders of ANB Bank, a $2.7 billion family and employee-owned community bank serving individuals and small businesses in Colorado, Wyoming and Kansas.

We respond to Question 5 in the Notice of Proposed Rulemaking:

> *The FDIC invites comment on the reasonable and possible alternatives described in this proposed rule. Should the FDIC consider other reasonable and possible alternatives?*

The PPP was designed so that banks of all sizes could and would, without risk or penalty, support this important national economic rescue program. **However, the FDIC is proposing assessment relief only on those banks that chose to fund the loans via the Fed's wholesale funding facility. We believe this is arbitrary and is not in keeping with national objectives.**

Regardless of how PPP loans are funded, whether via deposits or wholesale liquidity options such as the PPPLF, participation in the PPP requires banks to expand their liabilities in all but the rarest of circumstances.

- For example, ANB Bank has funded over $265MM in PPP loans for its customers via credit to their deposit accounts with us. To date, given the uncertainties around forgiveness and other issues, many borrowers have been hesitant to rapidly spend the funds. Collectively, this has resulted in a ten percent expansion of our liabilities, and therefore our assessment base. However, as a conservatively managed bank with substantial liquidity, we do not need to borrow from the PPPLF to fund the expected borrower spend-down of the proceeds; instead, we will manage liquidity internally. And yet, under the Proposal, ANB Bank would suffer a roughly ten percent increase in Q2 assessments while less well-managed banks that must rely on the PPPLF for funding will be held essentially harmless.

- It is also worth noting that banks such as ANB Bank that fund the PPP loans with deposits instead of wholesale PPPLF funding do not increase the FDIC's risk at all, since the offsetting assets are fully SBA-guaranteed.

Therefore, as a reasonable, possible and appropriate alternative for banks that do not participate in the PPPLF, we recommend that:

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- Since the Proposal would eliminate average loans pledged to the PPPLF from the assessment base of participants:
    - The FDIC correspondingly exclude the average balance of PPP loans from the assessment base of non-participants.

- Since the Proposal would eliminate the quarter-end balance of loans pledged to the PPPLF from the ratios used for the assessment rate:
    - The FDIC correspondingly exclude the quarter-end balance of PPP loans from those same ratios for non-participants.

Conclusion

All too often, regulatory actions taken during the 2008-09 financial crisis disadvantaged small community banks compared to larger, more wholesale-funded banks.

To date, in this crisis, the community banks have issued vastly more than their proportionate share of PPP loans on behalf of the nation's small businesses. We ask that the FDIC not penalize those banks for stepping up to the plate. We therefore ask the FDIC to instead adopt the recommendations above.

Sincerely,

Koger L. Propst	Susan M. Sturm
Chief Executive Officer	Chief Financial Officer