

Montana *independent* Bankers

April 24th, 2023

The Honorable Martin J. Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Dear Chairman Gruenberg:

I am the Executive Director of the Montana Independent Bankers Association (MIB). MIB represents Montana's state-chartered community banks. Not one of MIB's member banks have assets over \$15 billion, and none of MIB's members have in any way caused or been responsible for losses to the Deposit Insurance Fund, either in 2023 or in any previous year.

MIB's members were encouraged by your recent testimony before the Senate Banking and House Financial Services Committees. As you know, during that hearing you recognized the FDIC's discretion to design the special assessment in a way that recognizes the types of entities that benefit from the systemic risk exception as well as economic conditions and effects on others in the industry.

Given that MIB's member banks are managed in a responsible, risk-appropriate manner, MIB requests that the Federal Deposit Insurance Corporation (FDIC) use that current authority under the Federal Deposit Insurance (FDI) Act to exempt all community banks with assets below \$25 billion from any special assessment levied on the banking industry to cover losses to the Deposit Insurance Fund (DIF) from the recent failures of Silicon Valley Bank (SVB) and Signature Bank of New York. And, we encourage you to do so immediately in order to provide


assurances to Montana depositors that they will not be paying for poor management decisions of non-Montana institutions.

Further, MIB's member banks applaud the White House for issuing a Fact Sheet indicating strong support for ensuring that "the costs of replenishing the DIF after these recent failures are not borne by community banks." MIB urges you to consider the White House's comments when determining the specifics of the special assessment.

Time has shown again and again that Montana's community banks did not benefit from the systemic risk exemption; and, as such, MIB's members must not bear the burden of paying the estimated \$23 billion loss to the fund. The size, rapid growth, and excessive risk of SVB and Signature Bank of New York are not reflective of the community banks in the Treasure State. Community banks operate under a completely different model based on personalized relationships, sound underwriting and risk management that protects our customers and communities across the state.

MIB believes that community banks under \$25 billion in assets should be exempt from any special assessment to cover the losses of SVB or Signature Bank. Community banks are already experiencing a 2-basis point increase in FDIC assessments for 2023 which for many well capitalized community banks increased their assessments by more than 50 percent. If any assessment increase is warranted, such assessment should be imposed on the institutions that pose the most risk to the DIF—not Montana's locally owned, community banks.

Sincerely,


James Brown, Esq.
Executive Director

CC: Travis Hill, Vice Chairman, FDIC
Michael J. Hsu, Acting Comptroller of the Currency and Director, FDIC
Rohit Chopra, Director of the Consumer Financial Protection Bureau and Director, FDIC
Johnathan McKernan, Director, FDIC