



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

RE: Deposit Insurance Assessments and Federal Home Loan Bank advances RIN
3064-AD09

Dear Mr. Feldman,

The First State Bank of Beardstown is pleased to provide comments in response to the Federal Deposit Insurance Corporation notice of proposed rulemaking and request for comment on deposit insurance assessments. Specially, I wish to address the FDIC's request for comment on whether FHLB advances should be included in the definition of volatile liabilities and assess higher rates on these "volatile liabilities".

By the nature of FHLB advances does not appear they should be considered as "volatile deposits or liabilities". FHLB advances are based upon a pre-dined, understood by the parties, based on current market rates. Unlike retail deposits, FHLB advances are not impacted simply because of a significant market interest rate change that more than offsets the underlying withdrawal penalty. Again, unlike retail deposits, FHLB advances have a set duration and there is no repositioning of funds from long term to short term and visa-versa, like there is in retail deposits.

While certain large institutions can look to the market for funding, perhaps on a far more volatile basis, for these type of markets typically do not provide long-term and stable sources of wholesale funds. Unless the capital markets, FHLB advances for community such as ours have proven to be a very stable source of funding and quite useful in managing seasonal loan demands.

I am of the opinion that deposit insurance premiums should be based on measurable individual institution's actual risk profile, taking into account an institution's supervisory rating and capital ratios. Assessing premiums based on the source of balance sheets under the assumption that the source may become volatile, when actual historical experience in the case of FHLB advances have been both very stable and cost effective means for a community bank to raise funds.

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It has been my understanding that Congressional intent is clear with respect to ensuring that any risk based assessment proposals not materially affect advances, such as the FHLB advances used by community banks. I am of the opinion any FDIC assessment of FHLB advances, under the concept of volatile liabilities will materially impact on our bank's willingness to use this source to fund temporary loan demand and residential mortgage loans. Potentially, any deposit assessment may need to be passed on to the consumer in the form of higher fees and interest rates.

I urge the FDIC not include FHLB advances in any definition of volatile liabilities or impose a deposit insurance assessment on "secured liabilities" or other wholesale funding sources.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joe C. Steiner'. The signature is written over a horizontal line and includes a large, circular flourish on the left side.

Joe C. Steiner
President

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