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**From:** Joye Hunt [mailto:joye.hunt@pbkbank.com]  
**Sent:** Friday, March 27, 2009 11:41 AM  
**To:** Comments  
**Subject:** effect of the special assessment on PBK Bank

With all due respect, I am writing once again to make sure you fully understand the negative impacts the proposed FDIC special assessment and increased rates will have on PBK Bank.

If the 20 basis point special assessment happened today, we would be charged \$206,000.00 which is approximately 33% of our net-after tax earnings last year.

You have also suggested future special assessments of 10 basis points prior to the end of the year which would be an additional \$103,000.00 expense to our bank or another 16% of our net-after tax earnings last year.

We don't believe in borrowing from the FHLB, but you have allowed so many banks to pay outrageous rates on deposits that when FHLB announced some really special rates, we took advantage of those rates and borrowed \$4,500,000.00 because their funding was cheaper than we could get it locally through deposits. Your special assessment on our borrowings will cost us \$4,500.00 after the fact. We have the liquidity to pay these borrowings in full, but FHLB is going to charge us a penalty of approximately \$382,000.00 to pay the borrowings in full so both of you have us trapped and obviously the \$4,500.00 is cheaper than a \$382,000.00 penalty.

All of this is on top of the increased normal cost of the assessments. One year ago, our FDIC insurance cost \$2,724.99 for the first quarter. This quarter our FDIC insurance cost us \$20,029.27. That's an increase of 735.02%. If you annualize it, that's another \$69,217.12.

When you add every aspect of the proposed FDIC insurance costs together, there is a total potential charge to our bank of approximately \$423,500 which is more than half of our profit last year and an annualized increase of 3885.34% over the first quarter last year.

In addition, because of the reduction to our earnings, our cost of insurance will increase so it's a never ending negative cycle.

We have spent many sleepless nights since your announcement on 02-27-09 trying to figure out how we're going to do this, and as a result, our board voted at our March board meeting to immediately freeze all wages, freeze all hiring, eliminate all bonuses, eliminate all dividends to our shareholders, cut our directors fees by 30%, cut our advertising and community sponsorship budget in half, take away one day off from every employee, eliminate our custodians, rebid all repair and maintenance expenses, eliminate all subscriptions, drop the small amount of mileage reimbursement we have to \$0.25/mile, & eliminate any expense that is not mission critical. This sounds like drastic actions to me, but it will take all of this and more to cover the proposed \$423,500 assessment this year especially if you required us to accrue this on our June 30, 2009 financials.

This is going to have an extremely negative impact on our communities who depend on us to spend money in the community and to sponsor events. It is going to have an extremely negative impact on our employees who don't make a lot of money and have little to no disposable income. Most of these employees make less than \$10.00/hour. It should also be noted that our entire payroll for the entire bank is less than the normal salary or bonus of some of the folks who put our country and our banking system in this mess.

It is our hope and prayer that you will read this and realize the negative impact that this is going to have on our bank, our homes, our families, and our communities and that you will look for other

ways to raise the money needed in the FDIC fund such as selling bonds where we can book an asset instead of an expense. We could buy a \$500,000 FDIC bond with a 3% interest rate, book it as an asset and have a small return on the asset with the asset to be repaid as the fund built back up. Wouldn't that be a much better solution than forcing our entire banking system into more failure.

Thank you for taking the time to read this. We are highly concerned especially when we didn't do anything to create this mess.

Joye Hunt  
SVP-CFO  
PBK Bank