

From: Terry Frydenlund
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To: Comments
Subject: Assessment

I was out of the bank on Thursday and Friday and returned today to the most distressful news that the FDIC has approved an additional 20bp assessment. This assessment will result in a reduction to our profitability by over \$200,000. As a small \$120,000,000 bank in rural Yuma, AZ, needless to say, such a dramatic decrease in profit is cause for great concern. This is after we have already made budget provisions for over a two times increase to our assessment from prior years.

What causes me the greatest concern in this process is the fact that our bank is now paying a very heavy price for the poor judgment and poor operating practices of banks in New York. I am a locally owned and locally operated community bank and choose to stay out of the high risk lines of business that are now causing such poor performance at the money center banks. Further, it appears to me that the government and the regulators are now in bed with the largest banks in the country as they keep getting bigger and bigger. Obviously, this can only occur with the approval of the regulatory bodies. As they grow, the risk profile of the bank and the fund also grow. Why this model acceptable to anyone is beyond me.

Finally, main street banks have, for the most part, continued to reinvest and focus on their communities. We remain well capitalized and generally avoid high risk operating practices. The reward for our efforts continues to be the heavy price we pay for the sins of others. My shareholders are asking me why their return on investment suffers while the government continues to pour money into the Wall Street banks to prop them up. The general feeling here is that they are now paying double: 1) less return on their investment at the bank due to government action, and 2) increased burden on the tax side to pay for the bail out. When will this insanity stop? I hope you will reconsider you action and think more carefully about the impacts you bring to all main street banks like mine.

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