From: Merlin Henkel [mailto:mhenkel@vabusinessbank.com]
Sent: Tuesday, September 12, 2006 6:16 PM
To: Comments
Subject: RIN 3064-AD09 Assessments

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

re: RIN 3064-AD06 Designated Reserve Ratio

Dear Mr. Feldman:

Virginia Business Bank appreciates the opportunity to comment on the proposed rules contained in the above.

As a "de Novo" established in February, 2006 and opened for business in April, 2006, Virginia Business Bank raised substantial capital, developed a comprehensive business plan, recruited an outstanding Board of Directors and is managed by an experienced team of bankers.

While we have yet to have our first examination, our management has been involved in bank leadership before and would strongly urge you to assess the bank on the merits of our own ratings. While history shows a greater risk of failure for young banks than older ones, that failure rate certainly is a result of many factors (most of which are contained in the CAMEL ratings), not just the age of the Bank. Regulators are charged with assessing management, systems, Board supervision and strategic planning and I suggest that these reviews should have greater weight.

Secondly, I ask you to consider a DRR at the lower end of the range established by Congress. The banking industry is stronger than ever, a factor of lessons learned as well as better supervision and supervisory tools. The FDIC should set the DRR closer to 1.15 and increase the ratio as necessary over several years to minimize the impact of sudden increase in premiums.

Thank you for your consideration.

Sincerely,

Merlin A. Henkel
President and CEO
Vieginia Business Bank