

February 13, 2009

Special Inspector General – TARP
1500 Pennsylvania Avenue, NW; Suite 1064
Washington, D.C. 20220

Dear Mr. Barofsky,

In response to your letter dated February 6, 2009 to Rick Whitsell, CEO of Fresno First Bank, please accept the following as our response to your questions:

1. a. (b) (8) [REDACTED], it is our intent to use the additional capital to fortify our balance sheet in these uncertain economic times. The additional capital will allow our bank to continue to provide loans and other banking services to our local community in a safe and sound manner. We believe this use of capital is consistent with the FDIC and U.S. Department of Treasury's desire for banks to increase the flow of financing to U.S. businesses and consumers and to support the U.S. economy.

(b) (4) [REDACTED]

[REDACTED] This growth is good for our bank, its shareholders, and good for our local economy as well. The loans we provide will create jobs which benefit not only the individuals directly employed but our broader community as these individuals frequent other local businesses, pay taxes and contribute to the local good.

While the current economic downturn may persist for several quarters, Fresno First Bank we will continue to do its part to stimulate the local economy while building a safe, strong and profitable bank providing products and customer service which are of the uppermost quality.

1.b. In terms of segregation, other than the Treasury's preferred equity capital contribution that is tracked and reported separately as a component of our total capital on our balance sheet, the actual cash received is being employed in a manner consistent with all of our other cash assets we derive from customer deposit accounts and our shareholders contributed capital. There is a saying that "cash is fungible" which I believe is correct in all banks.

1.c. On December 30, 2008 we received preliminary approval from the Treasury Department subject to closing within 30 days. On January 23rd we closed the transaction with Treasury and received \$1.968 million in additional capital. Since January 1, we have

increased our loans outstanding by \$6.8 million which is a 10.4% increase in our total loans outstanding.

1.d. One of our goals at Fresno First Bank is to make sure we grow in a safe and sound manner and maintain capital levels at "Well Capitalized" levels (b) (4)

The additional capital from the TARP program has allowed our bank to continue lending and expanding our banking services in our local community, which was the intent behind our original application for TARP funds. Our loan growth results to date in 2009, discussed above, demonstrate that intent.

Attached is a balance sheet with our year to date progress. As you will see, both loans and our capital position have increased. Also attached is an internal e-mail sent to our staff discussing the Bank's receipt of TARP capital and what we intend to do with it. We believe the email is consistent with our stated intent of increasing safe and sound lending while maintaining "well capitalized" status.

2. Being a small bank with only 20 employees and two senior executive officers, the executive compensation issues for Fresno First Bank are not as complex as many of the larger recipients of TARP funds. It is our intent to fully and completely comply with all provisions of the executive compensation limitations. To that end, we are currently undertaking a comprehensive review of our compensation arrangements for compliance with TARP, our compensation committee will soon meet with our chief risk officers to conduct the required review of our incentive compensation arrangements, and following those two matters we will amend all our compensation arrangements to the extent necessary to comply with the applicable limitations. It is our present intent to submit all of the required certifications in a timely manner, and we see no reason that our compliance will be delayed.

I hereby certify the accuracy of all statements, representations and supporting information provided in this response, with such certification subject to the requirements and penalties set forth in Title 18, United States Code, Section 1001.

Very truly yours,

Richard Whitsell
President and CEO

Daily Balance Sheet Highlights

(Dollar Values in Thousands)

Description	Balance	Dec 31, 2008	Change
	Feb 12, 2009	Balance	YTD
1 ASSETS:			
7 Total Cash and Due from Banks	(b) (4)	4,900	(b) (4)
9 Fed Funds Sold		815	
11 Time Deposits in Other Financial Institutions		4,006	
12 Total Cash and Cash Equivalents		9,721	
13			
21 Total Investment Securities		28,009	
22			
23 Loans:			
29 Total Commercial		46,622	
33 Total Agricultural		3,655	
39 Total RE 1-4 Family		12,748	
45 Total Consumer		2,134	
47 Total Loans		65,159	
49 Deferred Loan Fees, Net of Costs		(86)	
55 Allowance for Credit Losses		(1,426)	
57 Loans, Net of Allowance		63,646	
58			
62 Assets Held for Sale		0	
64 Non-Marketable Equity Securities FHLB		245	
87 Premises and Equipment, Net		1,060	
93 Total Accrued Int. and Other Assets		792	
94			
95 Total Assets		103,473	
96			
97 LIABILITIES & SHAREHOLDERS' EQUITY:			
98			
99 Deposits:			
105 Total Checking		27,420	
107 Savings		18,885	
111 Total Money Market		13,245	
117 Certificates of Deposit		29,857	
121 IRAs		1,558	
123 Total Deposits		90,964	
124			
125 Short Term Borrowings		0	
128			
136 Total Other Liabilities		607	
138 Total Liabilities		91,571	
139			
140 Shareholders Equity:			
147 Total Equity		11,653	
148 Accumulated Other Comprehensive Income (Loss)		249	
149 Total Equity, Net		11,902	
150			
151 Total Liabilities & Equity		103,473	

Outstanding loan growth so far in 2009

Additional Capital from TARP


Fresno First Bank Receives U.S. Treasury Department Investment

This morning we completed a transaction with the U.S. Department of Treasury and received \$1,968,000 in new capital through the issuance of preferred stock. The Treasury Departments investment was authorized under the Emergency Economic Stimulus Act of 2008, the (“EESA”), designed to provide capital to “good” banks in an effort to stimulate the flow of credit in the U.S. economic system. Our intention is to use these funds to continue growing our bank and providing loans primarily to local businesses and individuals.

Why did we seek this investment?

Beginning in the summer of 2008 the Board and management undertook a strategic planning process that included a long range projection of where we would like to be in the next 10 years. Part of this process was to set growth goals for Fresno First Bank. As you are all aware, the growth we experienced this last year was outstanding. Assets increased over 62%, deposits were up more than 82% and loans increased a whopping 89%. The growth goals the Board has set for Fresno First Bank going forward are not quite this aggressive, but our goal is to continue to grow at a very rapid rate.

With this in mind we sat down and calculated the capital we would need to support this growth and maintain our capital ratios at “well capitalized” levels. As you probably are aware all banks are required to maintain a certain level of capital compared to their assets and our goal is to always be considered “well capitalized”. (b) (4)




Along came the EESA.

When the Treasury announced this program and the terms under which they would invest in banks, we immediately began to analyze the cost and ramifications of participating in this program. In today’s economic environment the normal methods of raising additional capital have either disappeared entirely or become extremely expensive. After careful analysis and healthy debate, we determined that raising capital through participation in this program was not only going to help simulate the economy, but was also the cheapest source of capital we could acquire which ultimately means it is the best financial decision we could make for our shareholders. A double win!

Why this is the furthest thing from a “Bailout”

The press loves to refer to this program as the “Bailout”. This has created the perception in a lot of people that only troubled banks are receiving these funds. This is completely untrue. While some of the larger banks and brokerages receiving funds from this program have reported problems with loans and mortgage backed securities, the regional and community banks being considered for these funds are among the better, safer, financial institutions. Let’s face it the Treasury is not going to invest in a small bank if they think they will lose their investment. We are a perfect example of this.

As you know, the current web of economic problems has its roots in billions of dollars of subprime mortgage loans originated by mortgage companies, investment banks, thrifts and some commercial banking companies over the past few years. Fresno First Bank has never engaged in originating or purchasing subprime mortgage loans and has none of these subprime securities in its investment portfolio (b) (4)



What we will do with this new capital.

As mentioned above, we will continue to lend and grow in our target local market. With this capital we can grow loans by approximately \$20 million which we intend to do this year. This growth is good for our bank, its shareholders, and good for our local economy as well. The loans we provide will create jobs which benefit not only the individuals directly employed but our broader community as these individuals frequent other local businesses, pay taxes and contribute to the local good.

While the current economic downturn may persist for several quarters, Fresno First Bank we will continue to do its part to stimulate the local economy while building a safe, strong and profitable bank providing products and customer service which are of the uppermost quality.

As always if you have any questions please feel free to drop by or give me a call.

Steve



FRESNO FIRST BANK

March 18, 2009

Special Inspector General – TARP
1500 Pennsylvania Avenue, NW; Suite 1064
Washington, D.C. 20220

Dear Mr. Barofsky,

Fresno First Bank's Compensation committee has reviewed Senior Executive Officer compensation arrangements as required of companies receiving CPP funds (No later than ninety (90) days following the closing of our TARP transaction, or April 23, 2009).

Please accept the attached certification from Fresno First Bank's Compensation Committee.

Sincerely,

Steve R. Canfield
Executive Vice President – Chief Financial Officer

cc: (b) (6) – Reitner, Stuart & Moore
SIGTARP.response@do.treas.gov



FRESNO FIRST BANK
EXECUTIVE COMPENSATION CERTIFICATION
COMPENSATION COMMITTEE CERTIFICATION

The compensation committee certifies that it has reviewed with senior risk officers the SEO incentive compensation arrangements and has made reasonable efforts to ensure that such arrangements do not encourage SEOs to take unnecessary and excessive risks that threaten the value of the financial institution.

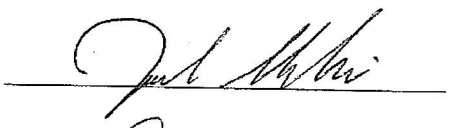
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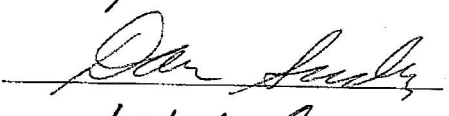
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