



Community Bankers Association of Georgia
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June 15, 2009

Dear Wall Street Journal Editor:

We want to express our disappointment with the recent article "Failed Banks Dot Georgia's Vista" by reporters Damian Paletta and Dan Fitzpatrick. Clearly it is a fact that the banking environment in Georgia is tough right now and that a number of banks in Georgia are struggling due to the slumping economy. It is also a fact that a number of bank failures have resulted from this tough environment.

The concern we have with the article is that, with the use of convenient sound bites (i.e. partial and/or out of context quotes from trade association and regulatory officials), it seems to imply that there are serious safety and soundness concerns with almost all banks in Georgia. Clearly that is not the case. Over 92% of the banks in the state are "well-capitalized," which is the highest capital category under the federal regulatory capital standards. Certainly these are difficult times, however housing inventories are declining and most bankers are successfully managing through the problems resulting from the current recession. Further, Georgia remains an attractive place for businesses to locate as evidenced by the recent announcement that NCR will move its corporate headquarters to Georgia.

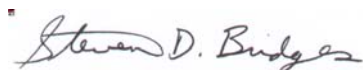
The article also seems to imply that the current banking problems in Georgia are partially the result of an "imbalance" in the regulatory system. In fact, the article states that one cause of the banking problem in Georgia is "the division of power between state and federal regulators," and indicates that problems could resurface with Georgia banks at the next economic downturn due to this division of power. This statement seems to imply that state and federal regulators in Georgia work at cross purposes with each other, which is indicative of a lack of understanding of how the state and federal bank regulatory system works in regard to state chartered banks.

Before a state chartered bank in Georgia may open for business, it must receive approval for its charter from the Georgia Department of Banking and Finance and approval for deposit insurance from the Federal Deposit Insurance Corporation. The process for these approvals, while coordinated, is conducted on a totally independent basis by the respective agencies. Further, despite your implication otherwise by the use of another convenient sound bite from State Commissioner Braswell, the due diligence process for these approvals is quite thorough and rigorous on the part of both the state banking department and the FDIC and a major part of that due diligence process for both agencies is determining the potential viability of a new bank in the proposed market. Finally, there is full cooperation and coordination between state and federal regulators in the supervision of state chartered banks, after they are approved and later opened. There is a

continuous sharing of supervisory information on state chartered banks between the state and the FDIC. The respective agencies attend each others meetings with bank Boards, share each others examinations reports and other updates on banks and almost always enter into administrative actions against troubled banks on a joint basis, regardless of which agency initiated the action. There simply is no working at cross purposes.

The current banking environment in Georgia is tough due to the current recession. However, the convenient use of sound bites to provide an impression that most of the banks in the state are seriously troubled and that the fact that they are troubled is the result of a "division of power between state and federal regulators" is misguided. It serves to generate a sensationalized story, but it does not contribute to a true understanding of the current banking situation in Georgia and how it may have occurred.

Sincerely,

A handwritten signature in black ink that reads "Steven D. Bridges". The signature is written in a cursive style with a small red square mark above the first letter 'S'.

Steve Bridges
Executive Director of Legislative & Regulatory Affairs