

## Community banks are safe and sound

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All of America has been watching intently while both houses of congress have been grappling with the best way to stabilize the financial markets. A deal has finally emerged that not all are happy with but it stands a good chance of helping us through the months ahead to calm the financial storm and navigate through these uncertain times we are in.

It should serve us well to look back and remember what brought us here. For seventy years, since the Great Depression, financial regulation, primarily through the Glass Steagall Act, was the keystone to a sound base for the financial services industry. Early this decade Congress repealed Glass Steagall as part of the modernization of our financial system, and as a result the walls between banking, investments, and insurance were practically eliminated. Wall Street investment banks used these changes to take unquantifiable risks in search of huge profits, and today those business practices have come home to roost in a big way. Using subprime mortgages, financial derivatives no one understands, and high risk leveraging, greed has driven many investment banks and funds to the brink of collapse.

How does this model compare to your local community bank? There are several important differences. A community bank, like Bank of Eastern Oregon, continues to be a highly regulated institution. Both the FDIC and the State Banking Division schedule regular and periodic examinations of community banks. Teams of examiners come directly to the bank for several weeks every eighteen months or sooner and grade us on capital adequacy, liquidity, management, asset quality, and sensitivity to interest rate risk. In addition, banks submit quarterly detailed reports to regulators and have the unenviable task of complying with scores of federal and state regulations, unlike many of our competitors.

Your community bank is highly capitalized and your deposits are insured to certain limits by the Federal Deposit Insurance Corporation. In addition, some banks, such as Bank of Eastern Oregon, can provide additional coverage with repurchase agreements and the CDARS product, extending FDIC insurance to as much as \$50,000,000 per customer.

There is no credit crunch at your community bank. We are ready and willing to loan money to credit-worthy businesses that create jobs in your town and help support all of the other services in your local community.

When you are deciding where to put your hard-earned cash, remember your community bank. We need your deposits to loan funds to farmers, ranchers, main street businesses, and individuals for homes, autos, education, and other consumer needs. Your money is safe. Your money is liquid. Your money is helping complete the business cycle.

Come see your local community bank today.

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