

OKLAHOMA STATE BANKING DEPARTMENT

And

THE OKLAHOMA BANKERS ASSOCIATION

NEWS RELEASE

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Oklahoma Banks Remain Safe and Sound

In response to the most recent news for the need of a government bailout to assist the nation's largest financial institutions and Wall Street firms, Oklahoma Banking Commissioner Mick Thompson issued the following statement:

“In contrast to the unrest and failures that have plagued Wall Street firms as well as banks in other states, Oklahoma’s financial institutions remain strong. During the years that preceded this latest financial crisis, Oklahoma’s community banks remained committed to their Main Street customers and avoided the types of investments and lending practices that have caused problems for Wall Street.”

Commissioner Thompson explained that those Oklahoma bankers who survived the savings and loan crisis in the 1980s were better-positioned to recognize the unsafe and unsound mortgage lending practices causing these most recent failures. Oklahoma bankers are also benefiting from strong energy prices and Oklahoma’s lower unemployment rate.

With respect to the plans announced in Washington for a bailout of investment banks and very large retail banks—which have far greater culpability in the mortgage crisis—Commissioner Thompson sent a letter to the Oklahoma Congressional delegates urging them to keep Oklahoma’s community banks in mind when fashioning the bailout. He reminded them that a bailout of the large Wall Street firms should not result in a competitive disadvantage for America’s community institutions. For example, if Congress authorizes the insurance of money market mutual funds, any coverage should be subject to the same limits and industry funding requirements imposed on insured depositories. Also, to ensure that larger financial institutions do not immediately use all of the proposed appropriation of \$700 billion, a certain reserve or specific program should be designated for purchasing any distressed assets of community banks.

“Oklahoma community banks have served as a source of strength during this period of economic turmoil. They have provided local market stability by providing continued access to financial services and have met the needs of small and medium-size businesses. As Congress moves rapidly to craft a solution of significant magnitude, it must not create undue economic pressures on community banks by allowing the larger institutions to rid themselves of troubled assets then offer their products at a competitive advantage, knowing that Congress has underwritten any increased risk that they incur.”

Oklahoma Bankers Association Chairman and State Banking Board member Bradley W. Krieger agrees with Commissioner Thompson that any Congressional effort to deal with problems created by Wall Street must not be allowed to penalize Oklahomans or Oklahoma banks because they didn't cause the problems.

“We need to remember that nothing is safer than money in the bank,” Krieger said. “Banks in Oklahoma remain solid and continue to serve the needs of Oklahomans every day. Any proposal that penalizes our state's citizens or the banks that serve them is simply not acceptable.”

Thompson and Krieger agree that Congress cannot just ignore main streets across Oklahoma and the rest of the country. Krieger said, “Our banks didn't cause this problem. We're willing to help work through the mess that's been created for us by the Wall Street crowd, but Oklahomans should not be penalized by whatever solution is finally proposed.”