

**REALITY CHECK –
Fresh Statistics on the State of
Community Banking in Georgia**

GEORGIA BANKERS ASSOCIATION

President / CEO Conference

October 2 - 4, 2005



Planning Challenges for Directors

- ◆ Assuring the right leadership that fits the company's business plan
- ◆ Confirming risk assessment systems
- ◆ Assessing the company's value to shareholders
 - ◆ Long-term business plan
 - ◆ Current franchise value

Planning Challenges for Executive Management

- ◆ Making disciplined decisions on growth strategies
- ◆ Managing & leveraging capital safely for returns
- ◆ Building the core deposit side of the balance sheet
- ◆ Finding and keeping talented relationship bankers
- ◆ Keeping the infrastructure framework “just right” to cover growth

Fresh Situation Analysis

- ◆ Interest rate environment
- ◆ Georgia real estate trends
- ◆ Market pricing for bank stocks
- ◆ Georgia merger & expansion activity
- ◆ Trends in Georgia deposit gathering
- ◆ Capital planning trends
- ◆ Compensation trends
- ◆ Infrastructure trends

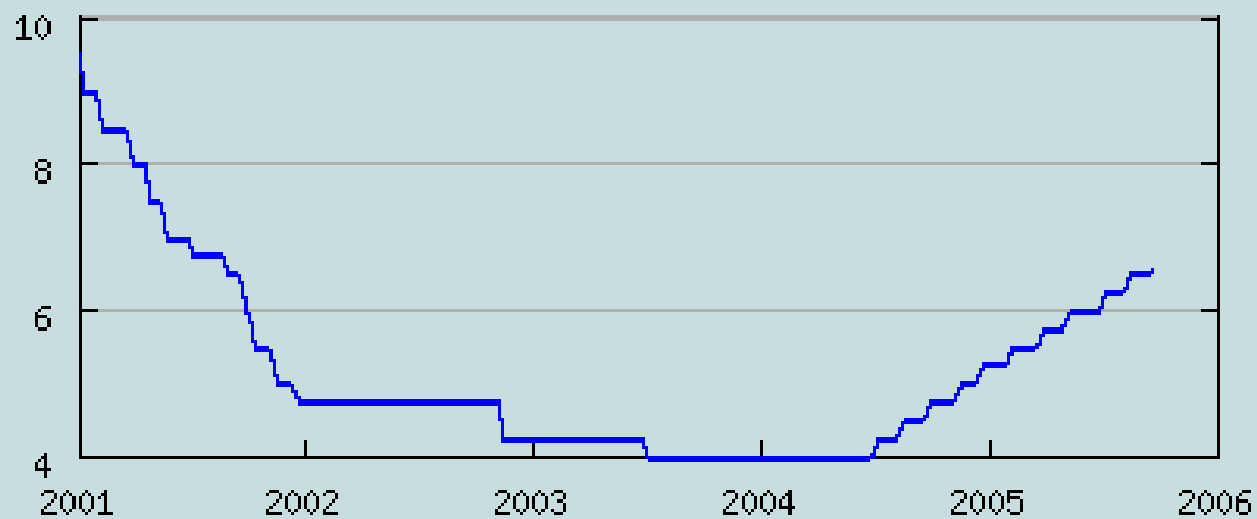
Current Interest Rate Environment

<u>Interest Rate:</u>	Friday 9/30/2005	Thursday 9/29/2005	Month Ago	Prior Yr End	Year Ago	Difference Between Friday 9/30/05 and:	
						Prior Yr End	Year Ago
3-Month T-Bill	3.55	3.54	3.54	2.22	1.71	1.33	1.83
6-Month T-Bill	3.93	3.89	3.79	2.59	2.00	1.34	1.89
1-Year T-Bill	4.01	3.97	3.85	2.75	2.21	1.26	1.76
2-Year T-Note	4.18	4.13	3.97	3.08	2.63	1.10	1.50
3-Year T-Note	4.18	4.13	4.01	3.25	2.89	0.93	1.24
5-Year T-Note	4.18	4.14	4.03	3.63	3.38	0.55	0.76
10-Year T-Note	4.34	4.29	4.16	4.24	4.14	0.10	0.15
30-Year T-Bond	4.53	4.50	4.34	4.86	4.97	-0.33	-0.47
Federal Funds	3.82	3.67	3.52	1.97	1.94	1.85	1.73
Prime Rate	6.75	6.50	6.50	5.25	4.75	1.50	1.75
30-Day LIBOR	3.86	3.80	3.67	2.40	1.84	1.46	1.96
3-Month LIBOR	4.07	4.02	3.86	2.56	2.02	1.51	2.00
6-Month LIBOR	4.23	4.02	4.06	2.78	2.20	1.45	1.82
1-Year LIBOR	4.44	4.17	4.27	3.10	2.48	1.34	1.69

Source: SNL Financial LC

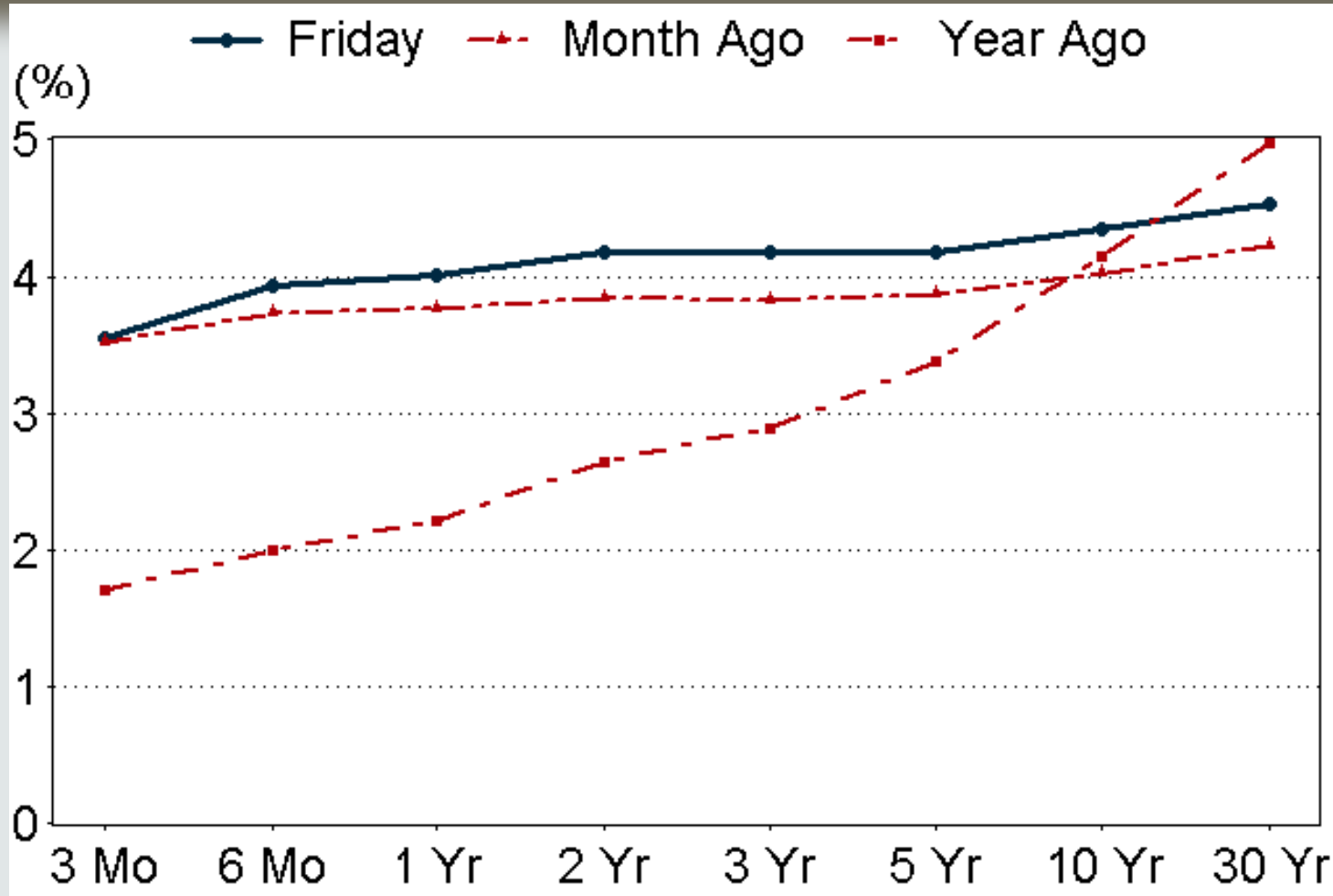
Bank Prime Loan Rate (Percent)

Source: Board of Governors of the Federal Reserve System



2005 Federal Reserve Bank of St. Louis
research.stlouisfed.org

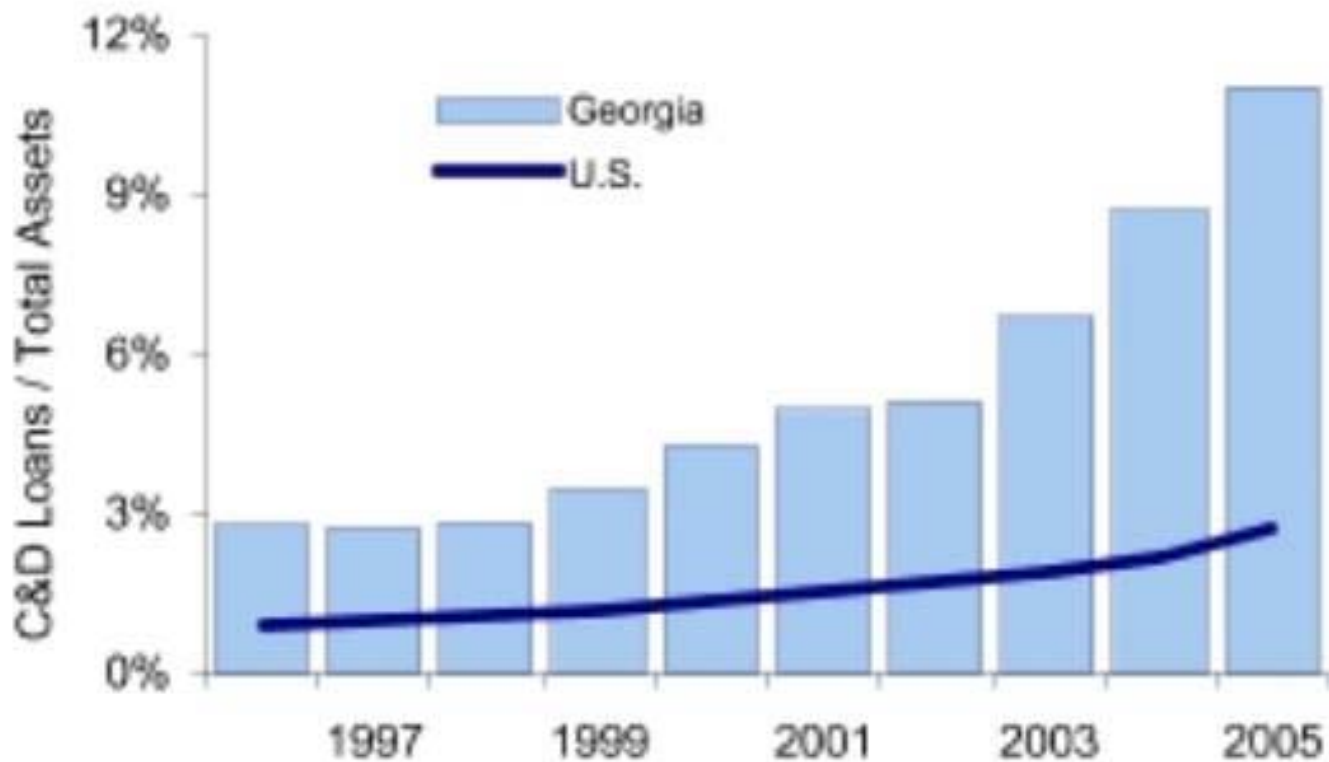
Source: Federal Reserve



Treasury Yield Curve

Source: SNL Financial LC

Chart 2: Construction and Development Lending Surges in Georgia



Source: FDIC, first quarter data.

Hot Housing Markets

GEORGIA COUNTIES

With Over 1,000 Housing Permits Issued during 2004

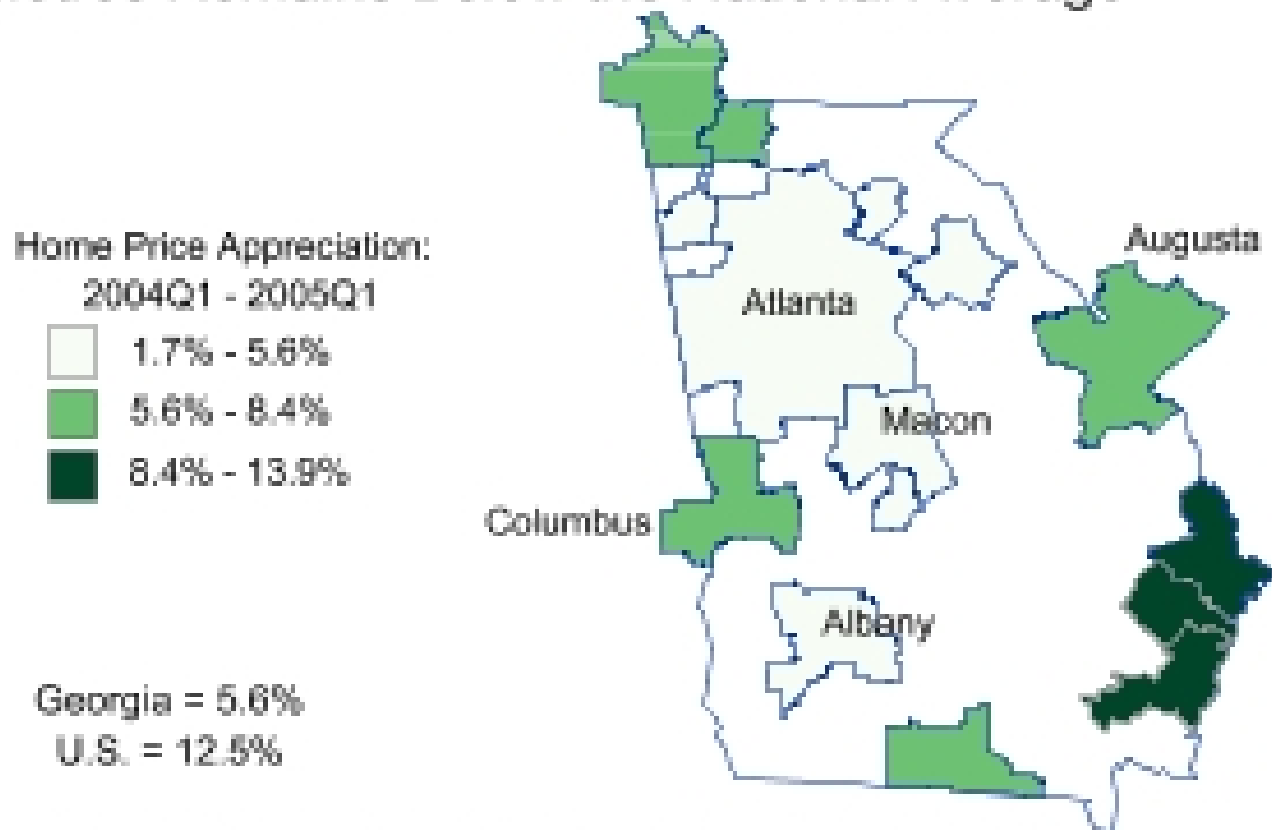
Rank	County	2004 Permits	Rank	County	2004 Permits
1	Fulton	16,921	13	Douglas	1,874
2	Gwinnett	10,464	14	Houston	1,839
3	Cobb	6,889	15	Hall	1,637
4	DeKalb	6,710	16	Chatham	1,511
5	Cherokee	4,065	17	Walton	1,385
6	Henry	3,816	18	Jackson	1,380
7	Paulding	3,100	19	Barrow	1,371
8	Forsyth	3,085	20	Columbia	1,370
9	Clayton	3,015	21	Clarke	1,287
10	Newton	2,405	22	Lowndes	1,181
11	Coweta	1,988	23	Bartow	1,099
12	Carroll	1,920	24	Muscogee	1,093
# Permits in Top Counties		81,405	High Permit Counties		24
Total 2004 GA Housing Permits		105,889	Number of GA Counties		159
% of Permits in Top Counties		76.9%	% of High Permit Counties		15.1%

Source: FDIC

Home Prices Escalate on the Coast

Georgia Metro Area	Home Price Appreciation: 3/2004-3/2005 (%)
Savannah, GA	13.8
Hinesville-Fort Stewart, GA	9.2
Brunswick, GA	8.7
Columbus, GA-AL	8.2
Augusta-Richmond County, GA-SC	7.4
Valdosta, GA	6.5
Dalton, GA	6.4
Chattanooga, TN-GA	5.8
Rome, GA	5.4
Athens-Clarke County, GA	5.4
Atlanta-Sandy Springs-Marietta, GA	4.9
Gainesville, GA	4.5
Albany, GA	4.4
Warner Robins, GA	1.9
Macon, GA	1.8
Source: Office of Federal Housing Enterprise Oversight	

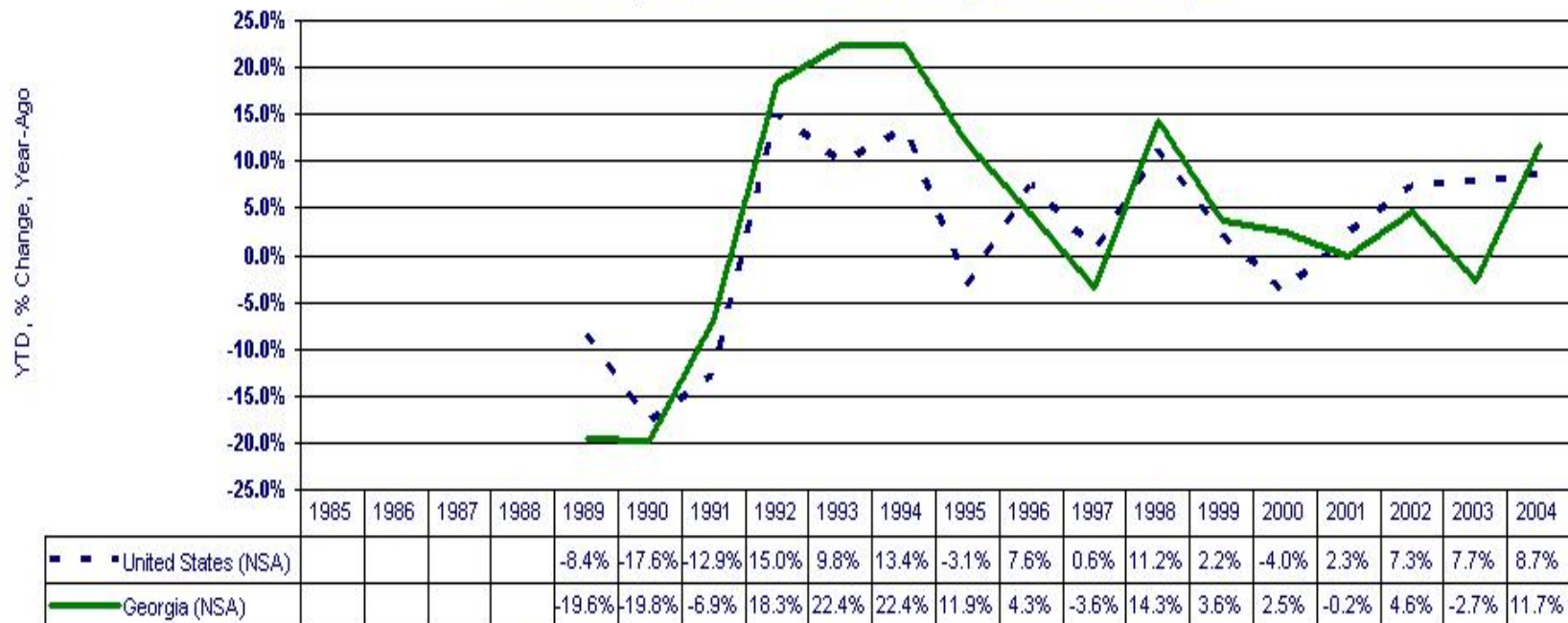
Map 1: Home Price Appreciation in Most Georgia Metros Remains Below the National Average



Source: Office of Federal Housing Enterprise Oversight House Price Index

Georgia New Housing Permits – *Strong 2004 Trend – in spite of rates*

Total Housing Permit Growth, New Privately Owned Units, Georgia



NSA = Not Seasonally Adjusted. Recessions: 4/01 - 11/01, 8/90 - 3/91, and 8/81 - 11/82.

Source: Bureau of Census (Haver Analytics) Created 4/27/2005 7:49:21 AM

Georgia New Housing Permits – 2005 Downturn?



NSA = Not Seasonally Adjusted

Source: Bureau of Census (Haver Analytics) Created 4/27/2005 7:45:19 AM

Challenges Elsewhere

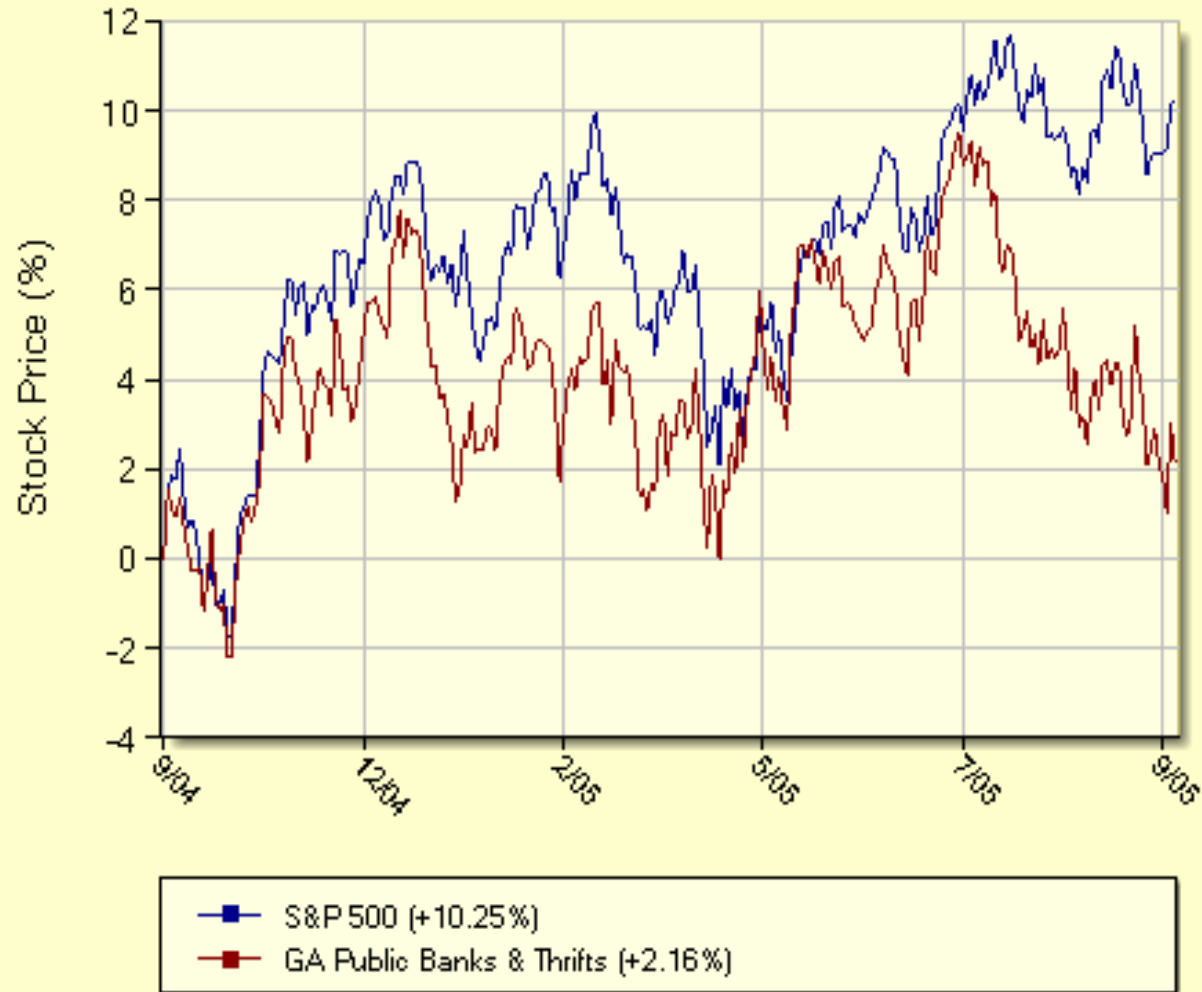
GEORGIA COUNTIES

With 2004 Personal Bankruptcy Rates over 12% (per 1,000 Population)

Rank	County	Bankruptcy %	Rank	County	Bankruptcy %
1	Ware	19.12%	13	Jeff Davis	12.91%
2	Pierce	17.65%	14	Richmond	12.90%
3	Coffee	16.39%	15	Turner	12.77%
4	Taliaferro	16.25%	16	Ben Hill	12.76%
5	Glascocock	15.08%	17	Newton	12.75%
6	Talbot	14.99%	18	Wilkinson	12.73%
7	Peach	14.56%	19	Bibb	12.67%
8	McDuffie	14.31%	20	Warren	12.65%
9	Walker	14.05%	21	Jefferson	12.36%
10	Bleckley	13.71%	22	Berrien	12.29%
11	Troup	13.42%	23	Clinch	12.09%
12	Clayton	12.99%			
GA High Bankruptcy Avg %		13.97%	12%+ Bankruptcy Counties		23
GA 2004 Bankruptcy Avg %		8.60%	Number of GA Counties		159
U.S. 2004 Bankruptcy Avg %		5.32%	% of High Bankruptcy Counties		14.5%

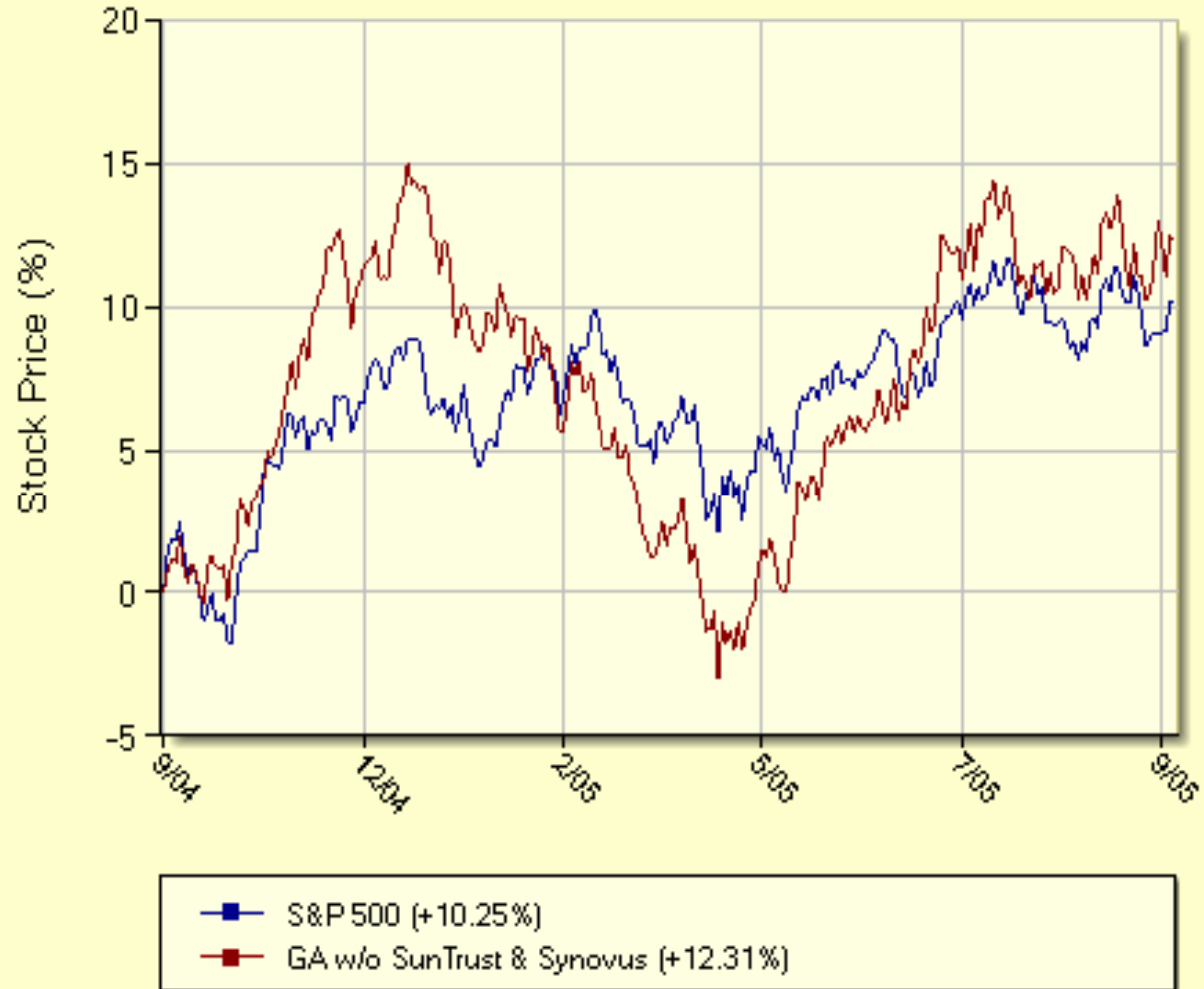
Source: FDIC

S&P 500 - One Year Stock Price Performance



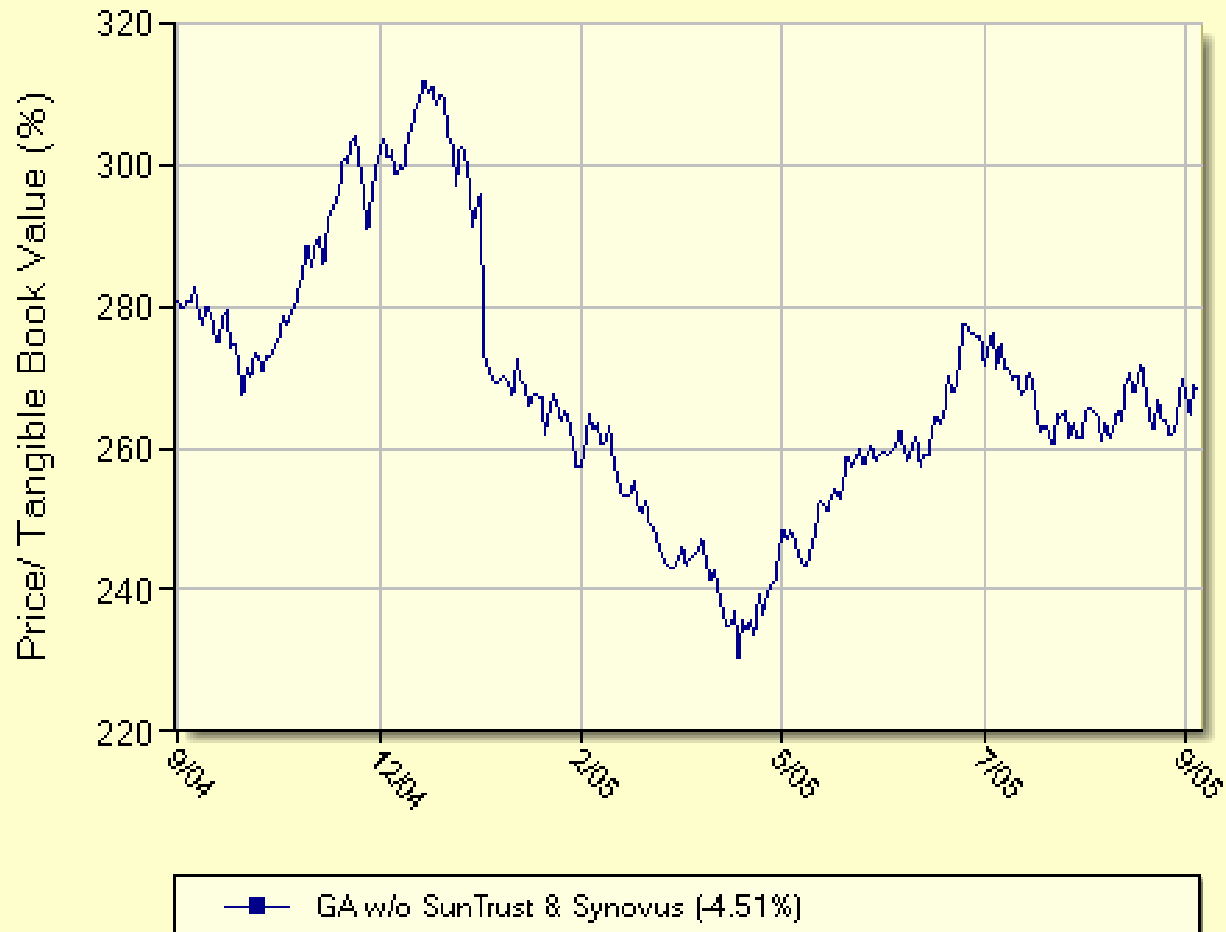
Source: SNL Financial LC

S&P 500 - One Year Stock Price Performance



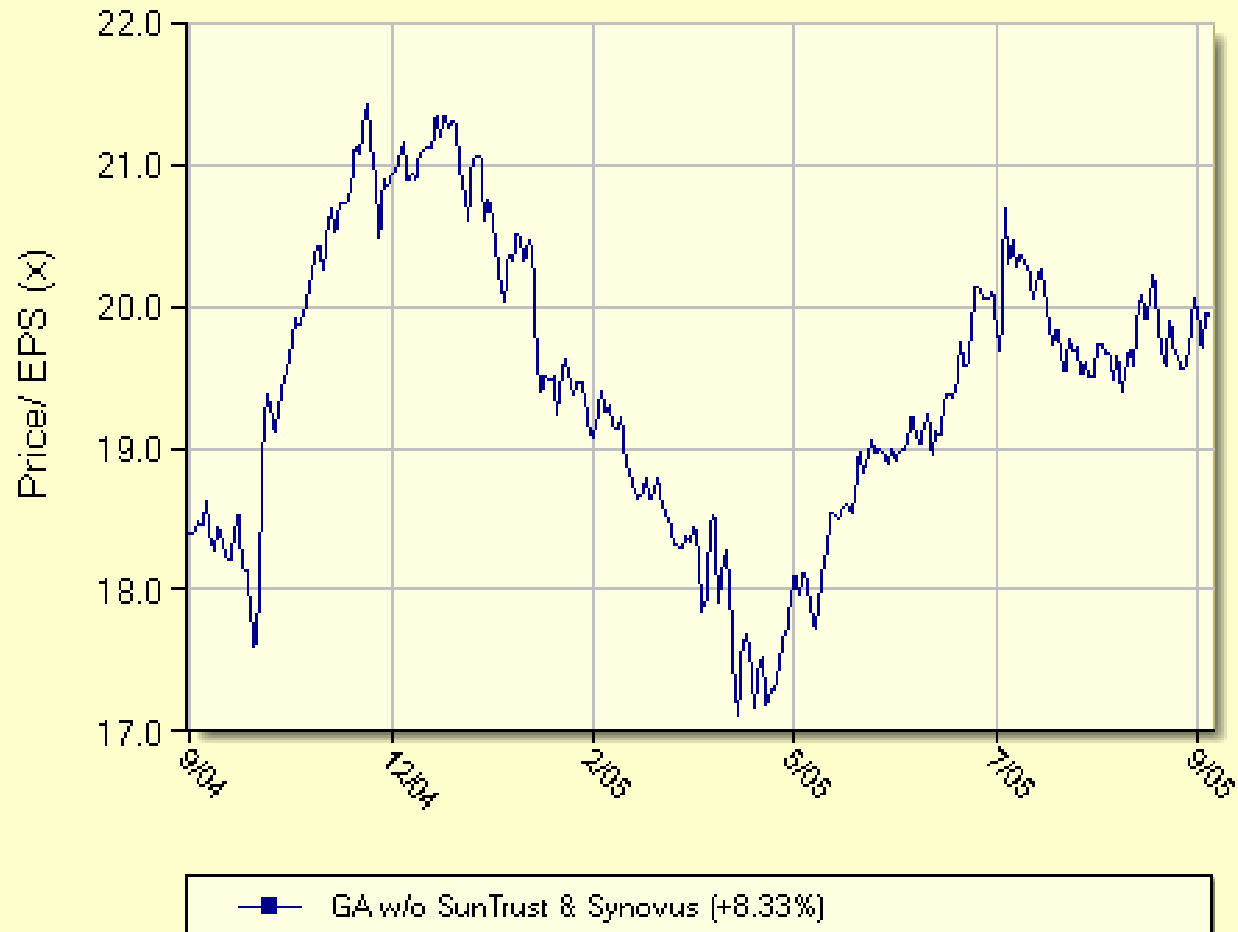
Source: SNL Financial LC

GA w/o SunTrust & Synovus - One Year Price/ Tangible Book Value Performance



Source: SNL Financial LC

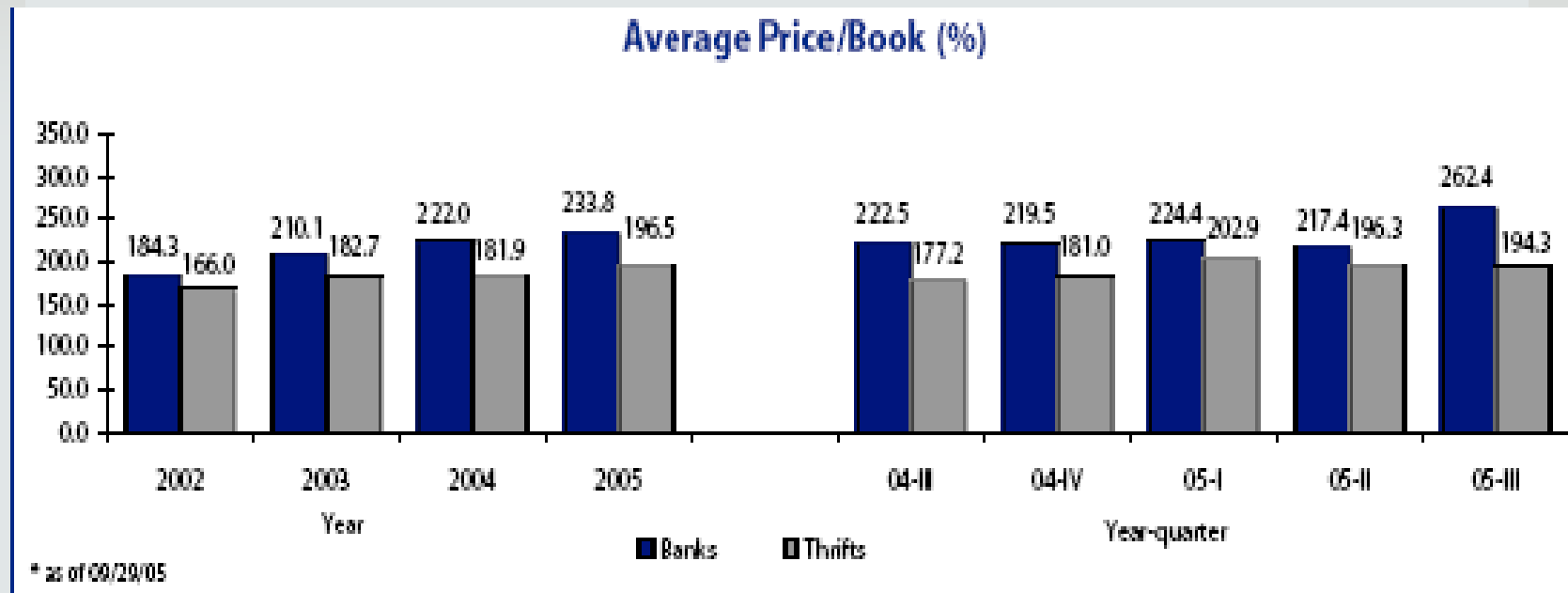
GA w/o SunTrust & Synovus - One Year Price/ EPS Performance



Source: SNL Financial LC

U.S. Merger Pricing Trends

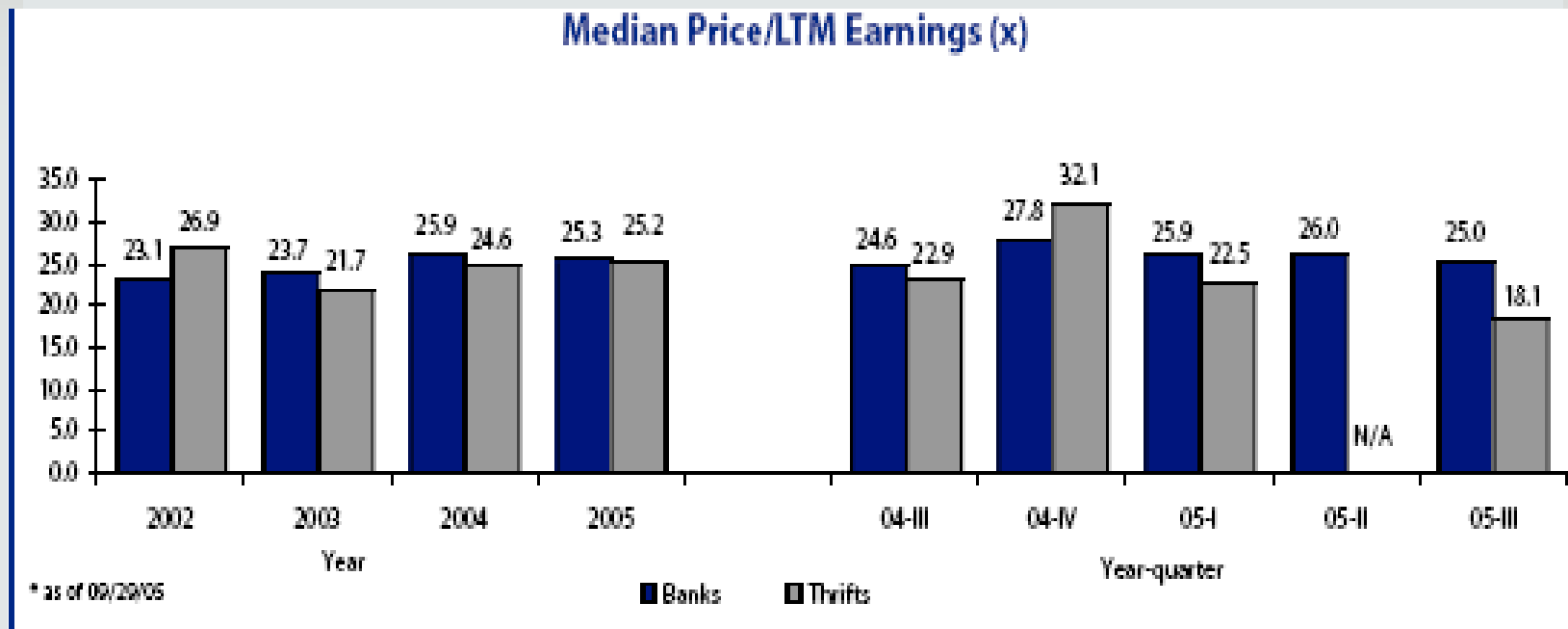
Whole Bank & Thrift Deals 2002-2005



Source: SNL Financial LC

U.S. Merger Pricing Trends

Whole Bank & Thrift Deals 2002-2005



Source: SNL Financial LC

GEORGIA M&A STATISTICS

Whole Transactions by Year

Announce Date- 9/30/1994 - 9/30/2005

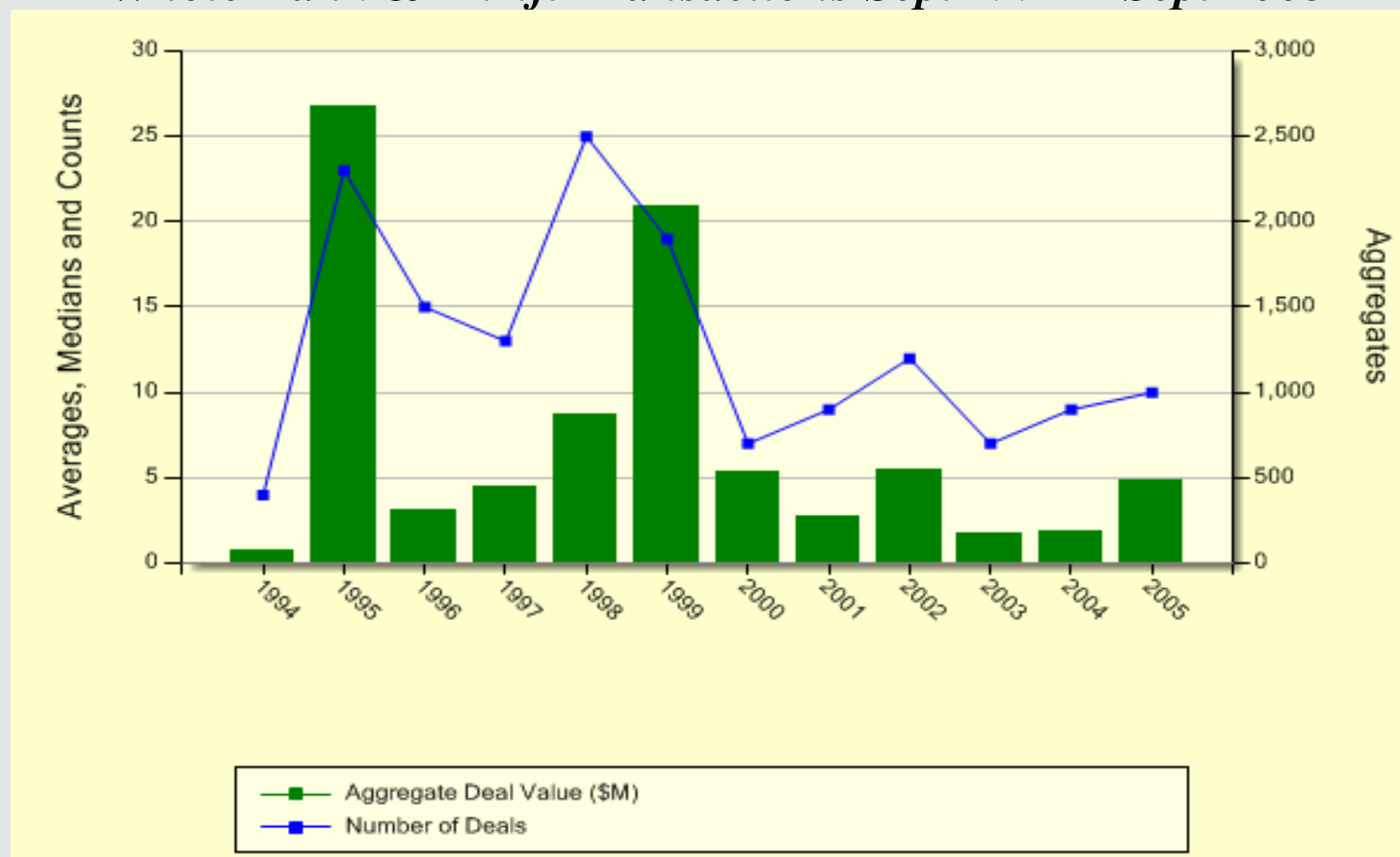
Completed/Pending Transactions

Year	Number of Deals	Aggregate Deal Value (\$M)	Aggregate Total Assets (\$000)	AVERAGE DEAL VALUES		MEDIAN DEAL VALUES	
				Price to Tangible Book Value %	Price to Earnings %	Price to Tangible Book Value %	Price to Earnings %
1994	4	68.8	496,786	159.1	15.9	163.5	14.9
1995	23	2,676.5	12,499,645	185.9	17.9	171.3	16.8
1996	15	309.2	1,579,980	187.8	15.1	183.9	14.7
1997	13	451.6	2,119,430	237.9	19.7	262.0	18.7
1998	25	871.4	2,823,301	325.3	23.5	317.0	23.7
1999	19	2,086.7	6,570,511	281.6	22.5	287.2	21.8
2000	7	532.7	2,104,287	227.6	22.0	252.1	23.0
2001	9	267.2	1,104,295	165.0	26.0	157.6	22.2
2002	12	540.6	2,838,218	216.6	24.6	185.9	25.3
2003	7	169.3	1,162,099	191.5	28.3	267.2	38.0
2004	9	187.7	1,105,480	211.7	22.5	211.2	35.6
2005	10	482.4	2,183,102	236.1	39.6	248.8	60.7

Source: SNL Financial LC

Georgia Acquisition History

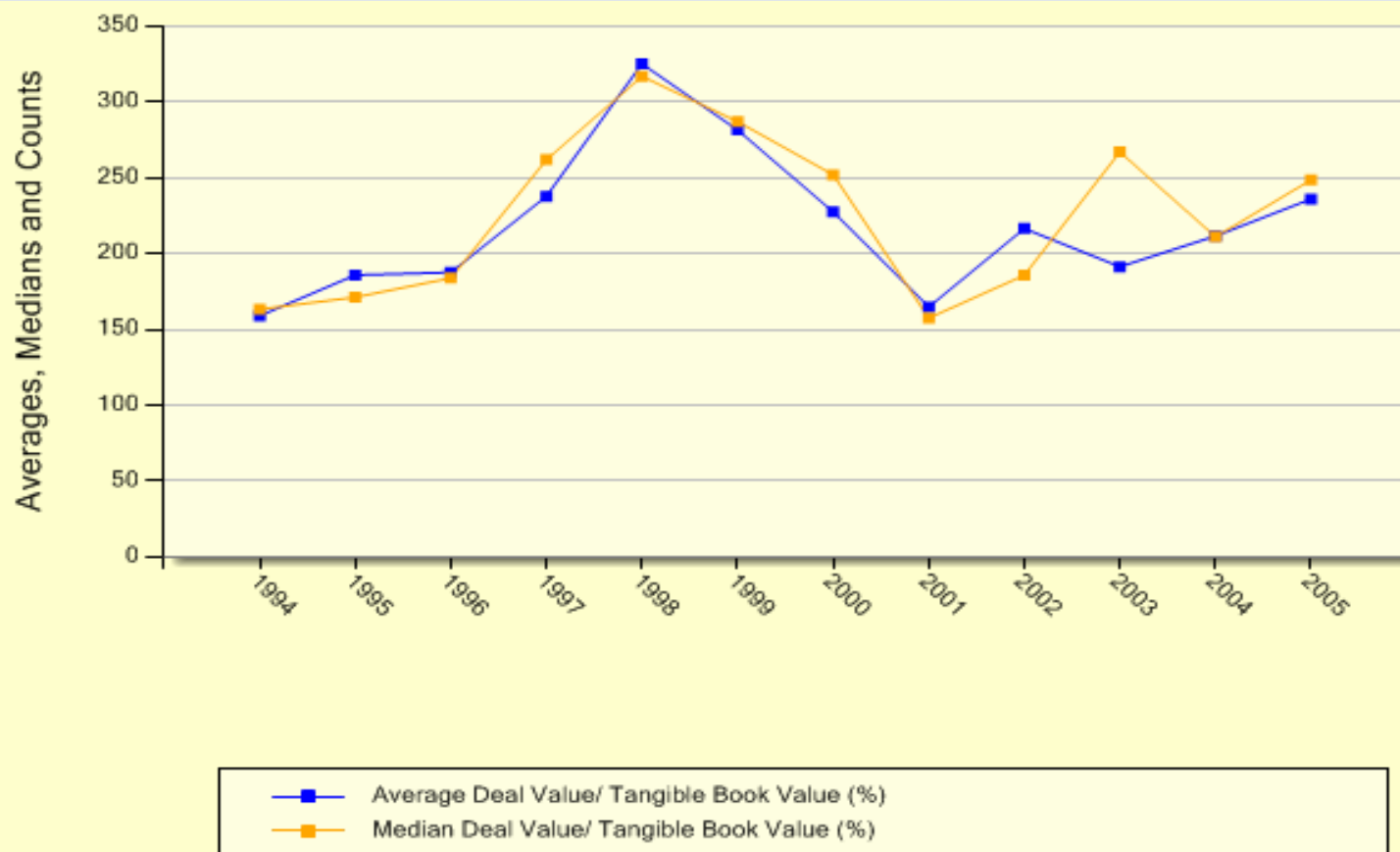
Whole Bank & Thrift Transactions Sept 1994 – Sept 2005



Source: SNL Financial LC

Georgia Acquisition History

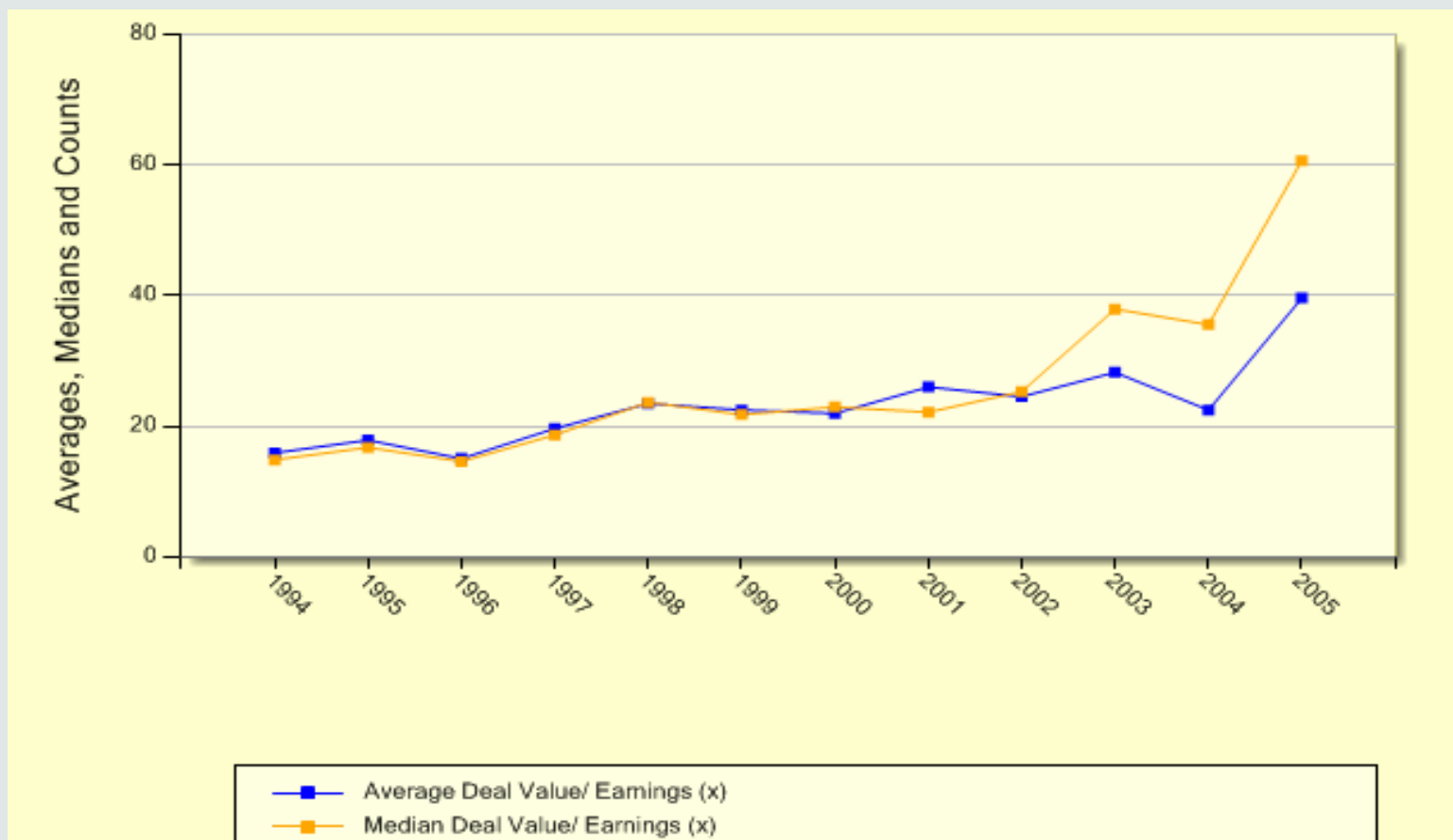
Whole Bank & Thrift Transactions Sept 1994 – Sept 2005



Source: SNL Financial LC

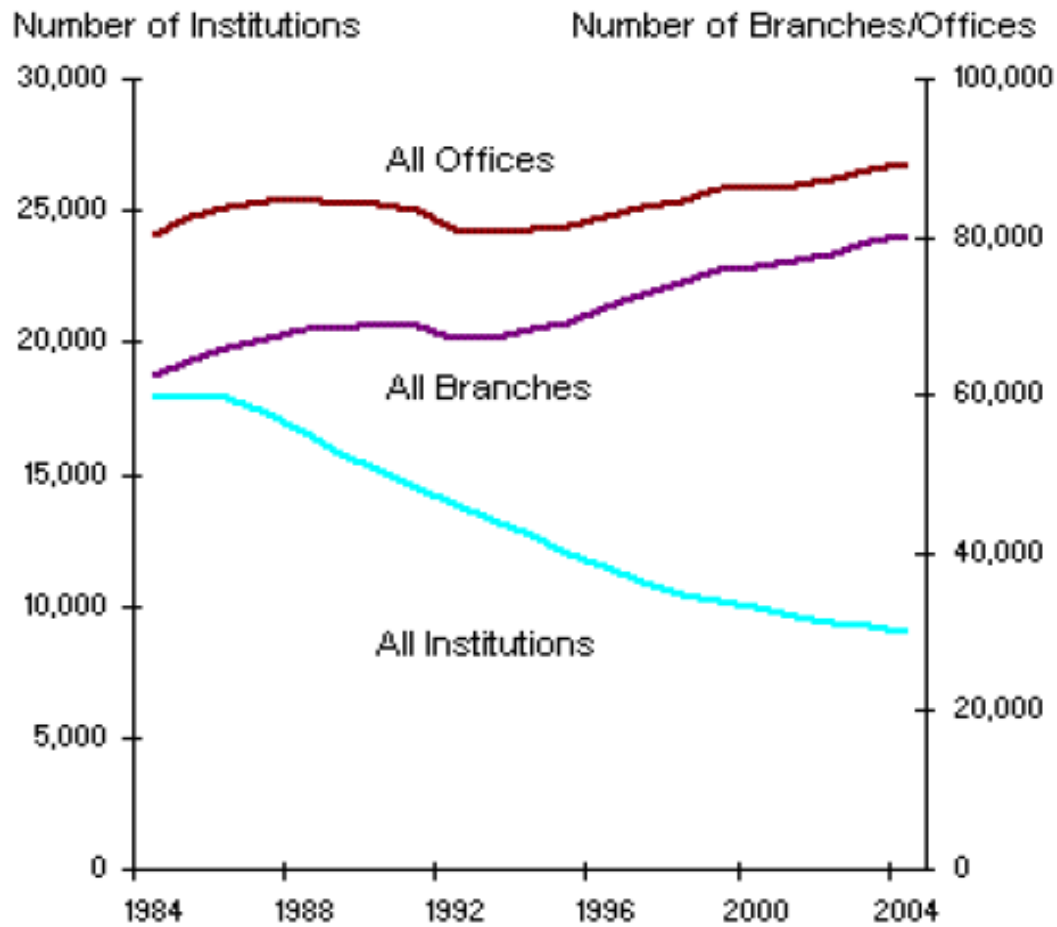
Georgia Acquisition History

Whole Bank & Thrift Transactions Sept 1994 – Sept 2005



Source: SNL Financial LC

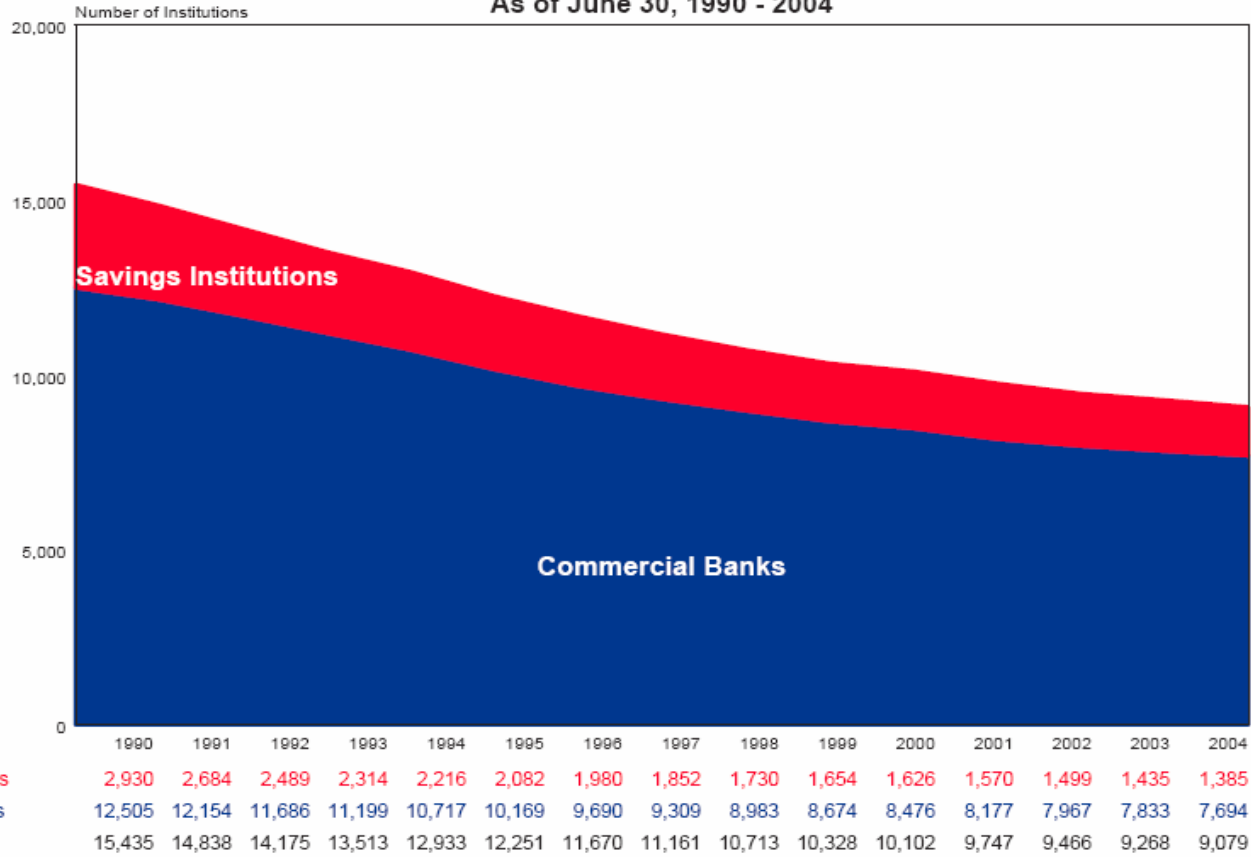
Offices Operated by FDIC-Insured Institutions



Source: FDIC/OTS 2004 Summary of Deposits

Source: FDIC

Number of FDIC-Insured Institutions As of June 30, 1990 - 2004



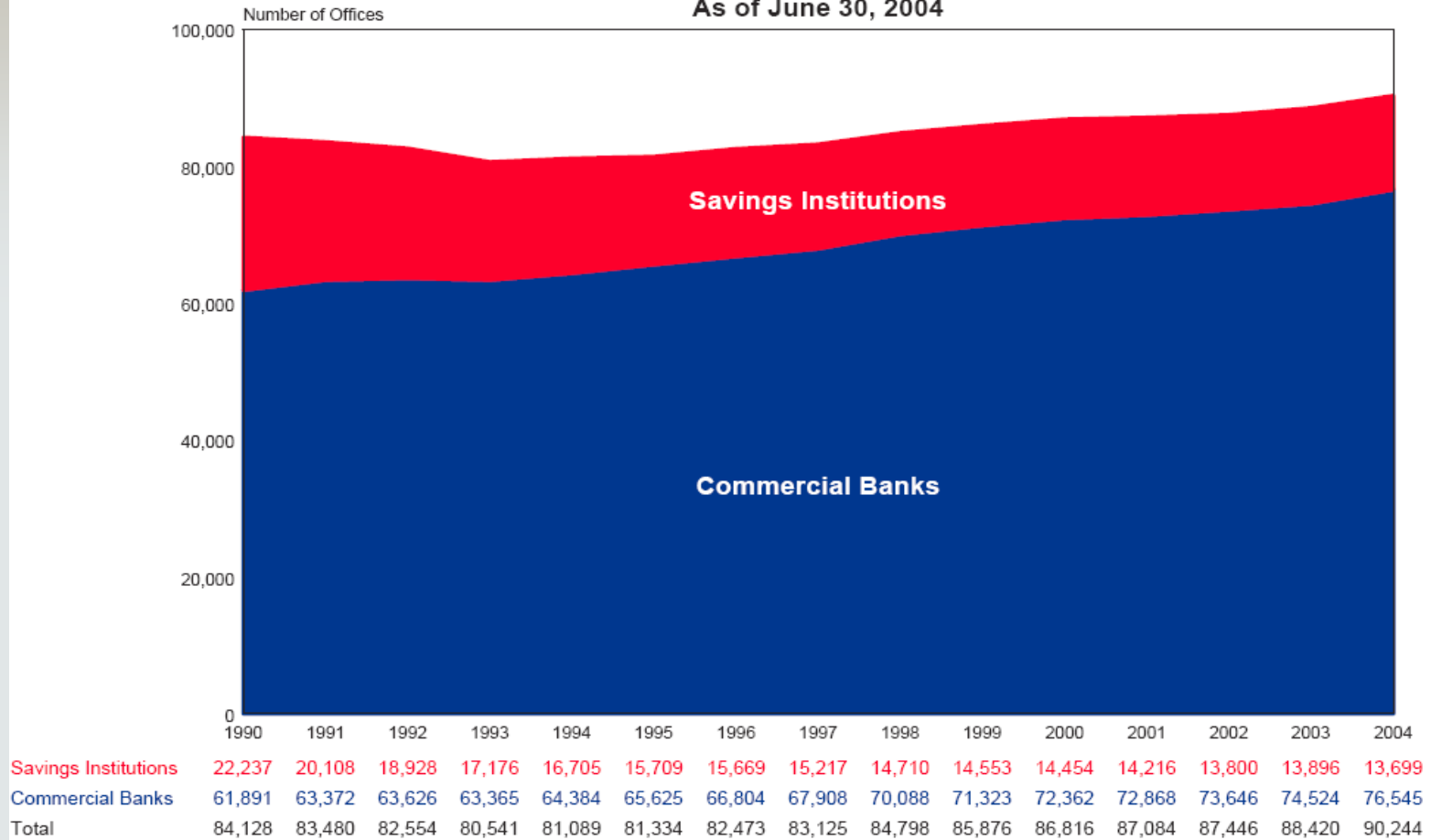
Note: Excludes U.S. branches of foreign banks

Chart - 1

June 30, 2004

Source: FDIC

Offices of FDIC-Insured Institutions As of June 30, 2004



Note: Excludes U.S. branches of foreign banks

Chart - 2

June 30, 2004

Source: FDIC

ANALYSIS OF DEPOSITS PER OFFICE IN THE SOUTHEAST
As of June 30, 2004

	Residents (1)	FDIC Insured (2)		\$ Deposits (3)
		Institutions	Offices	
GEORGIA	8,684,715	368	2,596	132,041,000
ALABAMA	4,500,752	178	1,446	62,424,000
FLORIDA	17,019,068	353	4,897	300,961,000
NORTH CAROLINA	8,407,248	130	2,510	163,898,000
SOUTH CAROLINA	4,147,152	107	1,269	48,085,000
TENNESSEE	5,841,748	233	2,094	90,194,000
AVERAGE	8,100,114	228	2,469	132,933,833
Note: United States	290,809,777	9,256	87,793	5,132,110,000

(1) 2003 Estimate, US Census Bureau

(2) From June 2004 FDIC Summary of Deposits

(3) Deposits balances are in thousands

(4) Includes commercial banks & thrifts, but not credit unions

	Residents Per Office	Residents Per Institution	Average Deposits (3) Per Office	Average Deposits (3) Per Resident
GEORGIA	3,345	23,600	50,863	15
ALABAMA	3,113	25,285	43,170	14
FLORIDA	3,475	48,213	61,458	18
NORTH CAROLINA	3,350	64,671	65,298	19
SOUTH CAROLINA	3,268	38,758	37,892	12
TENNESSEE	2,790	25,072	43,073	15
AVERAGE	3,223	37,600	50,292	16
Note: United States	3,312	31,419	58,457	18

(1) 2003 Estimate, US Census Bureau

(2) From June 2004 FDIC Summary of Deposits

(3) Deposits balances are in thousands

(4) Includes commercial banks & thrifts, but not credit unions

GEORGIA DEPOSITS MARKET SHARE - June 30, 2004 & 2003

Deposits are in (\$000s)

Institution Type	Number of Institutions *	# of Branches	Deposits 2004	Market share (%) 2004	Deposits 2003	Market share (%) 2003
Banking Companies & Banks	266	2,350	\$ 126,362,761	89.0%	\$ 118,202,682	89.1%
Credit Unions **	207	207	\$ 10,609,462	7.4%	\$ 10,158,665	7.5%
Thriffs	18	128	\$ 5,078,674	3.6%	\$ 4,488,109	3.4%
GEORGIA TOTALS	491	2,685	\$ 142,050,897	100.0%	\$ 132,849,456	100.0%

* Includes those institutions with headquarters domiciled outside of Georgia that report deposit-taking offices in Georgia.

Multi-bank holding companies are rolled up and counted as 1 institution.

** Branch count for credit unions shows main offices only. No data available on full branch networks.

Source: SNL Financial LC

CREDIT UNIONS IN GEORGIA - 20 Largest Deposit Holders

Deposits are in (\$000s)

Credit Union Name	Headquartered	Deposits 2004	Market share (%) 2004	Deposits 2003	Market share (%) 2003
1 Delta Employees Credit Union	Atlanta, GA	\$2,206,721	1.55%	\$2,145,153	1.61%
2 Atlanta Postal Credit Union	Atlanta, GA	\$1,287,577	0.91%	\$1,224,748	0.92%
3 Georgia Telco Credit Union	Atlanta, GA	\$855,084	0.60%	\$838,272	0.63%
4 Robins Federal Credit Union	Warner Robins, GA	\$731,284	0.51%	\$657,431	0.49%
5 Associated Credit Union	Norcross, GA	\$677,511	0.48%	\$627,288	0.47%
6 Lockheed Georgia Employees Federal CU	Marietta, GA	\$495,865	0.35%	\$473,296	0.36%
7 Georgia Federal Credit Union	Duluth, GA	\$303,114	0.21%	\$275,556	0.21%
8 Powerco Federal Credit Union	Atlanta, GA	\$162,245	0.11%	\$156,727	0.12%
9 State Farm Southern Federal CU	Duluth, GA	\$156,844	0.11%	\$148,368	0.11%
10 TIC Federal Credit Union	Columbus, GA	\$155,841	0.11%	\$157,172	0.12%
11 CDC Federal Credit Union	Atlanta, GA	\$151,294	0.11%	\$144,840	0.11%
12 Southern Federal Credit Union	Fayetteville, GA	\$125,909	0.09%	\$121,110	0.09%
13 State Employees Credit Union	Atlanta, GA	\$124,256	0.09%	\$121,215	0.09%
14 Coca-Cola Company Family Federal CU	Atlanta, GA	\$112,668	0.08%	\$94,267	0.07%
15 Maco Educators Federal Credit Union	Woodstock, GA	\$109,454	0.08%	\$103,641	0.08%
16 AFLAC Federal Credit Union	Columbus, GA	\$99,752	0.07%	\$87,961	0.07%
17 Glynn Teachers Federal Credit Union	Brunswick, GA	\$92,633	0.07%	\$92,857	0.07%
18 Midsouth Federal Credit Union	Macon, GA	\$84,064	0.06%	\$78,873	0.06%
19 Emory Federal Credit Union	Decatur, GA	\$81,649	0.06%	\$82,834	0.06%
20 Coosa Valley Federal Credit Union	Rome, GA	\$81,407	0.06%	\$80,150	0.06%
Totals for Top 20 Georgia Credit Unions		\$8,095,172	5.71%	\$7,711,759	5.80%

Source: SNL Financial LC

Capital Planning Trends

- ◆ Subchapter S elections
- ◆ “Going Private” restructurings
- ◆ Availability of capital & leveraging choices
- ◆ Use of Trust Preferred Securities
- ◆ Managing to Total Risk-Based Capital ratios

Compensation Trends

- ◆ More corporate governance on executive packages
- ◆ More performance standards to earn L/T & S/T rewards
- ◆ FAS123 (r) stock option expensing
- ◆ Shortfall hits on defined benefit plans

Infrastructure Trends – *Corporate Evolution*

- ◆ Corporate administration – roles & costs
- ◆ The right level of field autonomy
- ◆ Charter retention or branch network
- ◆ Corporate identity, names, branding
- ◆ Degree of divisional specialization
- ◆ Organization chart - chain of command evolution

Infrastructure Trends – *Specific Developmental Needs*

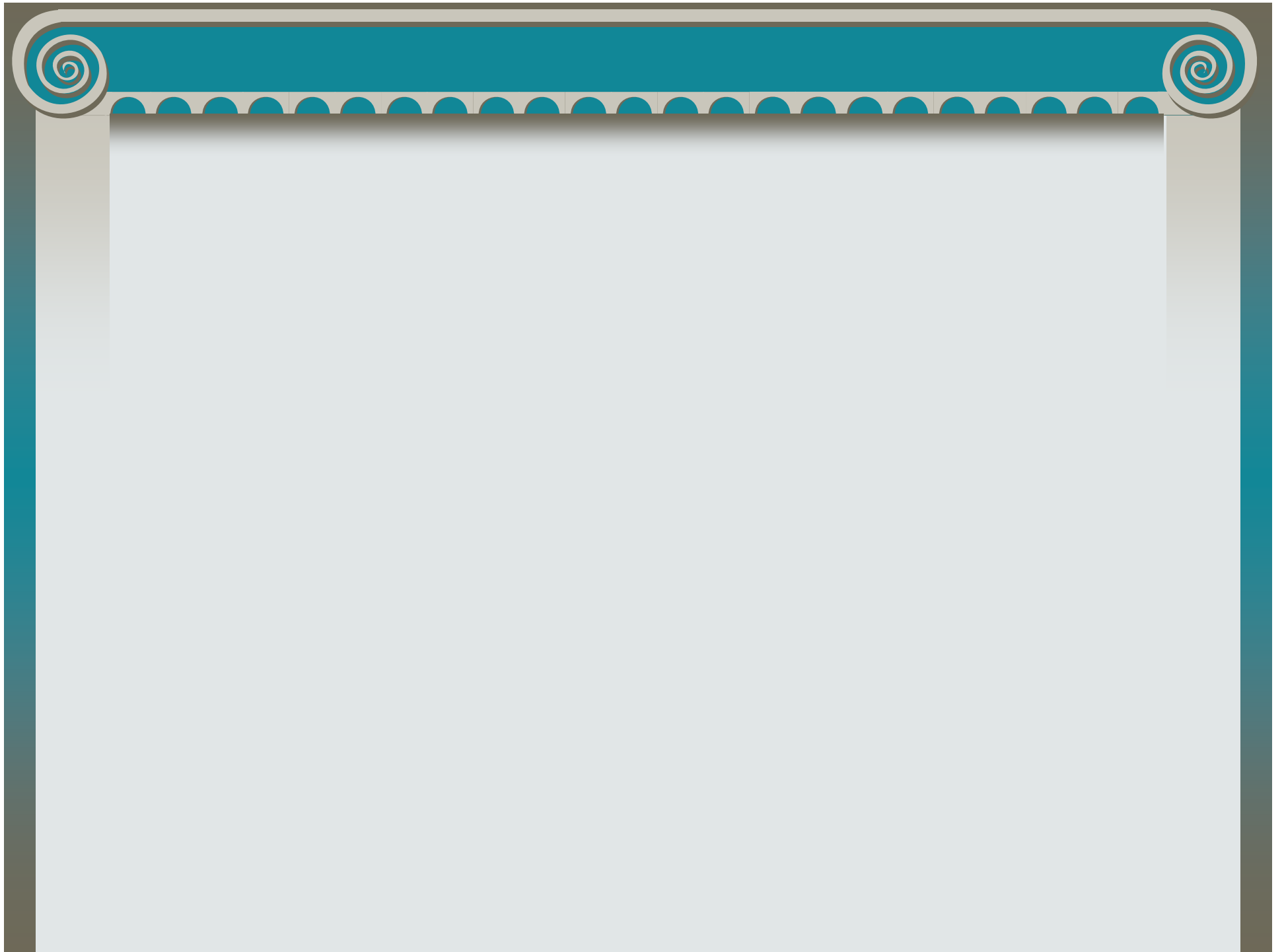
- ◆ The right people in the right places
- ◆ CEO's roles, time allocation & direct reports
- ◆ Evolving a risk management framework
- ◆ Separating loan production & loan administration
- ◆ Leadership for retail coordination
- ◆ Skill sets of CFO & financial staff

**Thank you.
Enjoy your day!**



Elaine H. Demarest, CPA
Demarest Strategy Group
P. O. Box 5949
Hilton Head Island, SC 29938
(843) 686 5044

Acknowledgement of data resource for various tables in this material:
[SNL Financial LC](#), One SNL Plaza, PO Box 2124, Charlottesville, Virginia 22902



SUPPLEMENTAL GEORGIA PEER SORTS

GEORGIA BANKERS ASSOCIATION

President / CEO Conference

October 2 - 4, 2005



Georgia Commercial Bank Peer Group Sorts

27	Banks with Assets of \$500 Million or More
114	Banks with Assets from \$150 to \$500 Million
143	Banks with Assets of \$150 Million or Less
33	De Novo Banks (Less than 3 years old at 9/30/05)
317	Georgia's "Community Banking" Environment
10	<i>Deleted SunTrust, Bank of America GA, The Bankers Bank, Columbus Bank & Trust, and 6 other credit card or special purpose banks</i>
327	Georgia's Total Number of Commercial Bank Charters

Financial Data - 6/30/05	Over \$500 Million	\$150 - \$500 Million	Under \$150 Million	De Novos
Number of Banks	27	114	143	33
Percentage of Peer Sam	8.5%	36.0%	45.1%	10.4%
Total Assets (\$1000s)	25,911,101	29,677,024	11,902,349	2,457,769
Average Asset Size	959,670	260,325	83,233	74,478
Percentage of Peer Sam	37.0%	42.4%	17.0%	3.5%

Margin Trends....

Yield on Earnings

<u>Assets %</u>	2001	2002	2003	2004	YTD 2005
Over \$500 Million	8.45%	6.83%	6.13%	5.99%	6.37%
\$150 - \$500 Million	8.34%	6.99%	6.13%	6.01%	6.38%
Under \$150 Million	8.34%	7.12%	6.28%	6.05%	6.43%
De Novos			4.96%	5.54%	6.41%

Cost of Funding %

	2001	2002	2003	2004	YTD 2005
Over \$500 Million	4.07%	2.55%	1.93%	1.78%	2.19%
\$150 - \$500 Million	3.93%	2.51%	1.85%	1.64%	2.02%
Under \$150 Million	3.99%	2.60%	1.93%	1.63%	1.89%
De Novos	0.00%	0.00%	1.72%	1.89%	2.42%

Net Interest Margin

	2001	2002	2003	2004	YTD 2005
Over \$500 Million	4.38%	4.28%	4.20%	4.21%	4.18%
\$150 - \$500 Million	4.41%	4.48%	4.28%	4.37%	4.36%
Under \$150 Million	4.35%	4.52%	4.35%	4.42%	4.54%
De Novos			3.24%	3.65%	3.99%

Balance sheets heat up....

Construction & Dev. leads the way

<u>Loans / Deposits %</u>	2001	2002	2003	2004	2005
Over \$500 Million	92.8%	94.6%	99.0%	101.1%	100.7%
\$150 - \$500 Million	85.3%	87.1%	88.3%	92.0%	92.0%
Under \$150 Million	75.0%	77.8%	77.9%	80.0%	83.2%
De Novos			80.8%	88.0%	88.6%

<u>Construction & Development Loans / Total Loans %</u>	2001	2002	2003	2004	2005
Over \$500 Million	19.9%	22.2%	25.9%	30.7%	33.2%
\$150 - \$500 Million	16.7%	17.6%	20.5%	24.9%	27.5%
Under \$150 Million	7.1%	9.1%	11.3%	13.6%	15.4%
De Novos		8.4%	27.6%	29.8%	34.0%

Risk profiles rise relative to capital...

Loan reserves holding for now...

Total Risk-Based

Capital Ratios

	2001	2002	2003	2004	2005
Over \$500 Million	11.69%	11.59%	11.56%	11.40%	11.22%
\$150 - \$500 Million	13.11%	12.98%	12.64%	12.30%	12.08%
Under \$150 Million	15.63%	15.64%	15.30%	14.87%	14.83%
De Novos		39.62%	34.06%	19.80%	17.92%

Loan Loss Reserves /

Loans

	2001	2002	2003	2004	2005
Over \$500 Million	1.35%	1.38%	1.35%	1.31%	1.27%
\$150 - \$500 Million	1.34%	1.38%	1.39%	1.36%	1.38%
Under \$150 Million	1.52%	1.54%	1.58%	1.54%	1.52%
De Novos			1.15%	1.16%	1.16%

Liquidity tightens...

Noncore funding accelerates

<u>Liquidity Ratio %</u>	2001	2002	2003	2004	2005
Over \$500 Million	11.90%	11.74%	9.55%	7.59%	8.11%
\$150 - \$500 Million	17.14%	16.50%	14.85%	12.36%	12.25%
Under \$150 Million	24.65%	22.59%	22.89%	20.69%	17.85%
De Novos			38.34%	23.95%	23.11%

<u>Brokered Deposits / Total Deposits</u>	2001	2002	2003	2004	2005
Over \$500 Million	3.33%	4.65%	6.08%	10.41%	10.71%
\$150 - \$500 Million	2.40%	3.70%	4.53%	8.07%	9.24%
Under \$150 Million	0.73%	1.19%	1.35%	2.73%	3.74%
De Novos		13.09%	14.41%	14.88%	15.85%

One of our core competencies...
At risk to credit unions?
At risk to Wal-Mart?

Service Charges on
Deposits / % of Avg
Assets

	2001	2002	2003	2004	2005
Over \$500 Million	0.50%	0.50%	0.46%	0.45%	0.37%
\$150 - \$500 Million	0.57%	0.58%	0.56%	0.54%	0.48%
Under \$150 Million	0.62%	0.62%	0.59%	0.58%	0.52%
De Novos			0.04%	0.13%	0.13%