The Heritage Bank

March 9, 2009

Federal Deposit Insurance Corporation
Suite 800, One Atlantic Center
1201 West Peachtree St., N. E.
Atlanta, GA 30309-3415

RE: Assessments, RIN-3064-AD35

I am writing in reference to the FDIC's recent announcement of a 20 basis point emergency special assessment and the announced premium increase; both will affect financial institutions this year. I will not dispute the importance of maintaining the strength and integrity of the FDIC's insurance fund, but I can't help but question the timing. I'm sure you are aware that banks throughout the country are facing immense earnings pressures. The timing of this assessment could, in many cases, be the straw that breaks the camel's back.

The Heritage Bank opened for business with 250 shares of stock on November 11, 1911 as The Hinesville Bank. Since that time, businesses, schools, churches and organizations of all kinds have depended on the quality banking services of The Heritage Bank. That is why the bank survived the hard years of 1914, 1920, 1921 and the great depression when many banks throughout the nation closed their doors. We currently operate 30 branches in 13 counties throughout the southeast portion of Georgia. The Heritage Bank has total assets in excess of $800 million and we employ over 400 full and part time employees.

Like all banks we have felt the earnings pressures of the current economic downturn. We did not participate in the high risk activities that have caused other banks to fail thereby depleting the FDIC insurance fund. In fact, we were poised to meet the loan demand of our markets and come out of this recession stronger and more profitable than ever.

When we received the FDIC notification on February 27, 2009, it took some of the wind out of our sails. We knew earnings would be lean in 2009 and had tightened the expense strings knowing that if we weathered this storm, we would be better poised for future growth. We did not foresee a 20 basis point special assessment when we were budgeting for this year. That equates to a 1.3 million dollar hit to income and when you add in the rate increase, it could reduce our earnings close to 40%.

Reducing the special assessment to 10 basis points would certainly help but will still adversely impact the bottom line which is already on a downward spiral due to the economic situation. The only areas in which a bank can offset some of this expense is by reducing dividends, salaries, 401K contributions and company paid insurance premiums. Every one dollar that comes out of a bank's capital reduces its ability to lend by ten dollars. It also makes it difficult to posture the bank for growth when so much effort is being used to protect what is left of our earnings.

We stated before that we understand the need for banks to replenish the FDIC fund but question the timing. If this assessment were deferred until the financial industry becomes healthier, it would make more sense. I would encourage the FDIC to make use of their lines of credit this year and extend the period of time allowed to replenish the insurance funds. When some of the current earnings pressures have subsided, the FDIC could then resort to a special assessment.

Since larger banks hold a proportionately larger share of total banking assets, it only seems fair that they have to shoulder more of the special assessment. This could be accomplished if the assessment base was broadened to include total assets (minus tangible assets) versus deposits.

Thank you for your time. If you could help us with this matter, it would be greatly appreciated.

Sincerely,

James M Floyd Jr.

James M. Floyd, Jr.
President, The Heritage Bank
CEO, Liberty Shares, Inc.