



1303 J Street, Suite 600, Sacramento, CA 95814-2939 T: 916/441-7377 F: 916/441-5756

Fact Sheet: Safety and Soundness of the California Banking Industry

Most banks are well capitalized and prepared for economic fluctuations

- Banks are well-positioned to handle economic downturns, and if necessary, absorb losses.
- Customers' deposits are protected by FDIC insurance. Not one penny of insured savings has ever been lost by a customer of a federally insured bank. The FDIC insurance fund has more than \$13 billion in assets available to protect depositors.
- The FDIC has temporarily raised its coverage amount from \$100,000 to \$250,000 per depositor per insured bank through Dec. 31, 2013. Congress is currently considering legislation, supported by the CBA that would make the increase permanent.
- Many banking institutions in California are also paying an additional deposit premium in order to provide the FDIC's unlimited insurance coverage for non-interest bearing checking accounts.
- Banking's capital and loan loss reserves serve as a "rainy day fund" to cover credit losses – is near historic highs. In fact, capital levels at California banks are at or near all-time highs, with double the amount of capital today as compared to the last significant economic downturn in the early 1990's.

Regulation and supervision of bank risk is improving

- Bank performance data is collected quarterly and continually monitored by a primary regulator, which for a nationally chartered bank is the Office of the Comptroller of the Currency and state chartered bank, the California Department of Financial Institutions and the FDIC.
- Onsite examinations are conducted every 12 to 18 months or more frequently if warranted.
- The regulators have also fortified examination practices and encourage bankers to focus on the quality of enterprise-wide risk management.

Bank management has responded with deepened integrated risk management commitment

- Banks have increasingly put enterprise-wide risk management processes in place, increased the use of sophisticated risk-management procedures, and implemented strong systems of checks and balances.
- Advances in collecting data and benchmarking performance, identifying key risk indicators and controlling operational risks all contribute to the sound, active management of a bank's operations.

For more information on the safety and soundness of California banks, please contact Beth Mills at 916/438-4413 or bmills@calbankers.com.

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