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Resource Guide
Stability in the Banking System

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Stability in Georgia's Banking System

The closure March 10 of Silicon Valley Bank and closure March 12 of Signature Bank, New York, have raised questions about the overall stability of the banking system. Here are some notes to help members answer questions they may get from customers and local leaders.

- Georgia's banks remain a source of strength. Capital and liquidity levels remain strong.
- National leaders have been quick to act and emphasize the overall stability and strength of the nation's banking industry.
  - Regulators acted Sunday to protect ALL depositors of Silicon Valley bank and Signature Bank, as well as established a process to make available additional funding to eligible depository institutions to help assure banks have the ability to meet the needs of all their depositors. This action will bolster the capacity of the banking system to safeguard deposits and ensure the ongoing provision of money and credit to the economy.
  - FDIC Chairman Martin Gruenberg said last week, "The industry remains well–capitalized and highly liquid."
  - Friday, Treasury Secretary Janet Yellen expressed full confidence in banking regulators to take appropriate actions in response and noted that the banking system remains resilient and regulators have effective tools to address this type of event. Here's a link to her statement.
  - Former FDIC chairman Sheila Bair, who headed FDIC during the Great Recession has been quoted over the weekend saying Silicon Valley Bank is a unique situation and there's no worry of spillover into the industry as a whole. She referenced higher capital levels, greater liquidity, and more diverse portfolios held by traditional banks.

How Bank Customers are Protected by FDIC Insurance

- Banks and the FDIC are committed to doing what it takes to protect customer deposits. This is fundamental to public trust and confidence in our financial system.
- No one has lost a penny of FDIC-insured deposits, including during the Great Depression after the FDIC was formed and during the Great Recession this century.
- The FDIC insures up to $250,000 in eight separate account categories per depositor per bank. The FDIC is completely funded by the banking industry.
- The FDIC insurance fund stood at an all-time high of $124.5 billion as of June 2022.
- The FDIC has a $100 billion line of credit with the U.S. Treasury, which would, by law, have to be repaid by the banking industry if ever used. The banking industry is well capitalized.
- For Customers: Here's access to FDIC resources about deposit insurance: https://www.fdic.gov/resources/deposit-insurance/
- Here's how to determine whether your deposits are protected by FDIC insurance: https://edie.fdic.gov/
- We encourage customers to talk to their banker with any questions. There are ways to structure accounts to maximize coverage. This is a good discussion to have at any time.

Georgia Bank Performance Overview

FDIC recently released fourth-quarter 2022 industry performance numbers, and the news was good for the 147 banks headquartered in Georgia. Loan growth and continued strong credit quality are particularly encouraging signs that Georgia's economy is holding up in an uncertain environment, and bank performance reflects that.

In 2022 compared to 2021:

- Loans grew by 10.35%
- Deposits were down by 2%
- Assets grew by 1%
- Earnings grew by 2.6%
- Noncurrent loans declined slightly

The chart below is from FDIC's release and compares the banks headquartered here with their peers around the country.

PERFORMANCE RATIOS (YTD, %)	All Georgia Insured Institutions 12/31/2022	All U.S. Insured Institutions 12/31/2022
Yield on Earning Assets	3.95	3.50
Cost of Funding Earning Assets	0.38	0.55
Net Interest Margin	3.57	2.95
Net Charge-Offs to Loans & Leases	0.09	0.27
Credit-Loss Provision to Net Charge-Offs	221.91	159.84
Net Operating Income to Average Assets	1.39	1.13
Retained Earnings to Average Equity	9.42	4.98
Pretax Return on Assets	1.75	1.40
Return on Assets	1.38	1.12
Return on Equity	14.38	11.83
Percent of Institutions with Earning Gains	73.47	56.25
Net Loans & Leases to Total Assets	68.68	50.98
Reserve Coverage Ratio	270.76	217.55
Noncurrent Loans & Leases to Total Loans & Leases	0.42	0.73
Core Deposits to Total Liabilities	85.10	76.63
Equity Capital to Total Assets	9.31	9.34
Leverage (Core Capital) Ratio	9.89	8.98