



## OKLAHOMA BANKERS ASSOCIATION

July 16, 2008

### Safety and Soundness Issues

- First and foremost, ***nothing is safer than money in the bank!*** Deposits are insured by the Federal Deposit Insurance Corporation in amounts up to \$100,000 for individual depositors, and up to \$250,000 for retirement accounts. (*Note: There are a number of ways to make certain deposits over \$100,000 are also insured.*)
- The Oklahoma economy is performing well.
- Oklahoma banks hold more than \$5 billion in capital at 3/31/08, and are well-positioned to withstand any downturn in the state's economy, something that's not foreseen in any current economic forecast for the state.
  - Capital serves as a buffer against potential losses a bank may suffer;
  - In Oklahoma at 3/31/08, core capital stood at 9.24 percent of total assets for all commercial banks. For banks less than \$100 million in total assets, the percentage was even higher at 11.31 percent.
  - Nationwide total capital for commercial banks stood at nearly \$1.5 Trillion.
- Oklahoma banks have continued to experience solid, strong loan growth as the state's economy continues to expand, primarily because of energy exploration and development.
- The sub-prime mortgage problem has been largely confined to a handful of states where speculative excesses rather than sound lending practices ruled the day. Oklahoma is not one of those states. The states in which these and related real estate problems are concentrated include FL, CA, AZ, NV and GA.
- Oklahoma banks are strongly capitalized and well-positioned to handle any downturn in the state's economy, something that is not foreseen in any economic forecasts;
- Over the past twenty-five years regulation and supervision of bank operations, and particularly risk management, has improved dramatically.
  - Federal laws adopted in 1989 and 1991 have worked to strengthen and improve banking regulation across the nation;
  - The Oklahoma State Banking Department is one of the premier state banking regulatory agencies in the country.
- Commissioner Mick Thompson has maintained the Department's focus on proper risk management systems throughout his sixteen year tenure, and has consistently monitored the activities and condition of more than two-thirds of the state's banks.
- At 3/31/08 noncurrent loans and leases compared to total loans stood at 1.33 percent; Return on assets stood at 1.33 percent; return on equity stood at 14.51 percent; and the loss reserve compared to total noncurrent loans and leases stood at 86.68 percent.
- The percent of unprofitable institutions at 3/31/08 in Oklahoma was 3.94 percent of the state's 254 commercial bank charters.