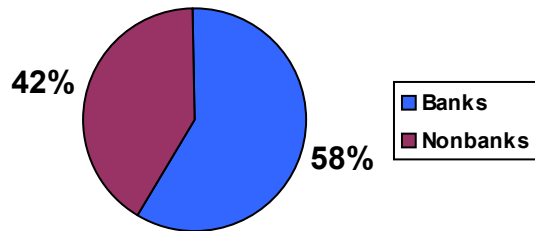
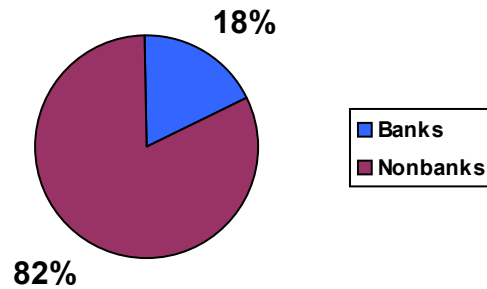


No depositor has ever lost a penny of FDIC insured deposits

Residential Mortgage Lending in CO - 2006



Residential Mortgage Foreclosures in CO - 2006



Banks have **better lending standards** and thus fewer foreclosures

- Banks & affiliates account for 58% of residential mortgage lending, but only 18% of foreclosures in Colorado – banks try to make sure the borrower in fact can repay the loan
- Conversely, nonbanks make 42% of mortgage loans, but have 82% of foreclosures

### REGULATORY REFORM

Congress is considering a variety of regulatory reforms. We have concerns; some of the proposals have missed the target. For example the proposed Consumer Financial Protection Agency would add yet another layer of regulation to banks, and actually exempts nonbanks whose looser lending practices helped cause much of last fall's turmoil and who are now unregulated or lightly regulated.

The reforms need to be focused on nonbanks.

### Colorado Bankers Association

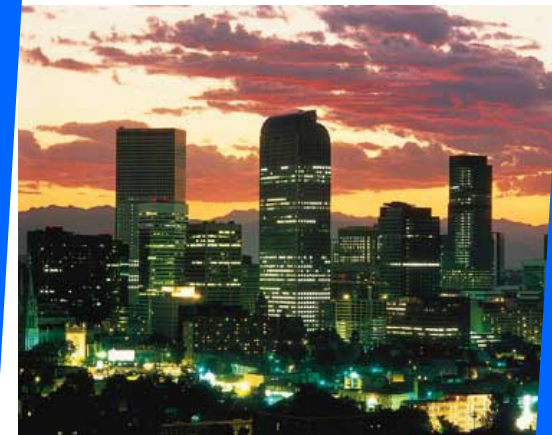
140 E 19th Ave  
Suite 400  
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[www.coloradobankers.org](http://www.coloradobankers.org)  
(Members)

[www.financialinfo.org](http://www.financialinfo.org)  
(Consumer/Public)



**COLORADO  
THE BANKERS  
ASSOCIATION**

## Status of Colorado Banks



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(Consumer/Public)

# Status of Colorado Banks

## STATUS OF COLORADO BANKS

As in the past, banking will return to better performance data but for now the necessary and difficult process of recognizing loan losses and cleaning up balance sheets continues to be reflected in the industry's bottom line.

As of 6/30/09 FDIC reported 98% of the 8,305 banks in the U.S. are **well capitalized** (the highest possible rating), with 1.5% adequately capitalized, and .5% undercapitalized. Nationally banks have \$1.4 trillion in capital, and another \$211 billion in U.S. banks in reserves for potential loan losses. The ratio of bank capital has **doubled** since the last crisis in 1990.

## TARP

The **TARP** program involved the government buying stock in banks to provide them capital. Some banks voluntarily sold stock to the government, others were forced. This investment (often erroneously called a bailout) has **earned the U.S. Treasury 16%** on an annualized basis from the banks that have been allowed to fully repay the funds.

Troubled banks are the exception, not the rule.

- At 6/30/09 FDIC listed 416 **troubled banks** nationwide (5% of the 8,195 banks in the U.S.); they held \$300B in assets (2.2% of the industry's \$13.3T assets); there were 1,496 on the list in 1990.
- Only FDIC/regulators know who is "troubled."

Since 1982, 87% of "troubled" banks have worked their **way back to health** with extra attention

- Like a patient gets in a hospital
- Those 87% never failed

