

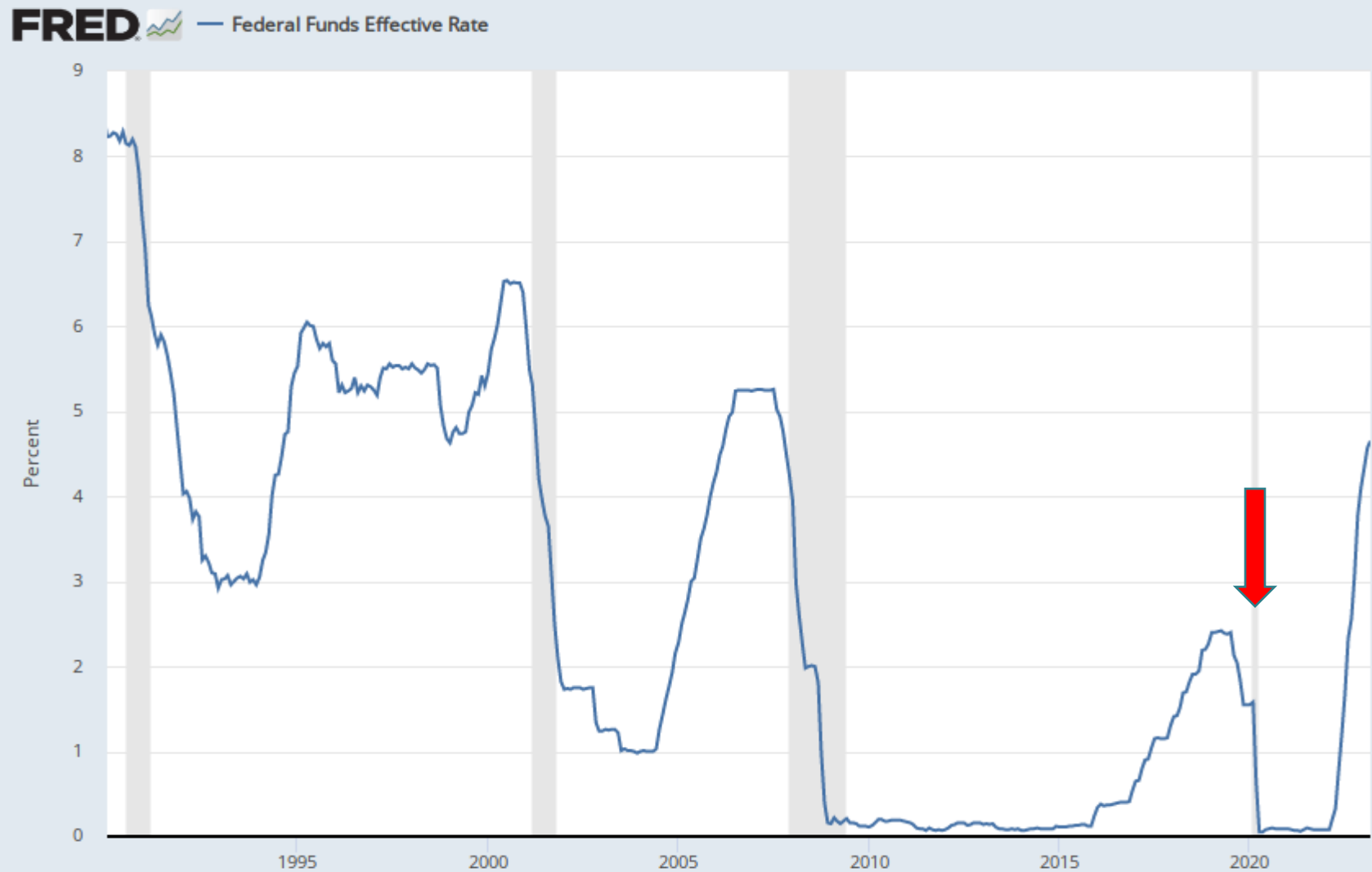
Scott D. Coup

Know Your Bank

Agenda

- How did we end up in this predicament?
 - Perfect storm of economic conditions
 - Role of the Federal Reserve
 - Excess Inventory (Deposits)
- What are uninsured deposits?
- What are the common characteristics of the closed banks?
- Questions to ask my bank.
- As a business owner, how can I be proactive?

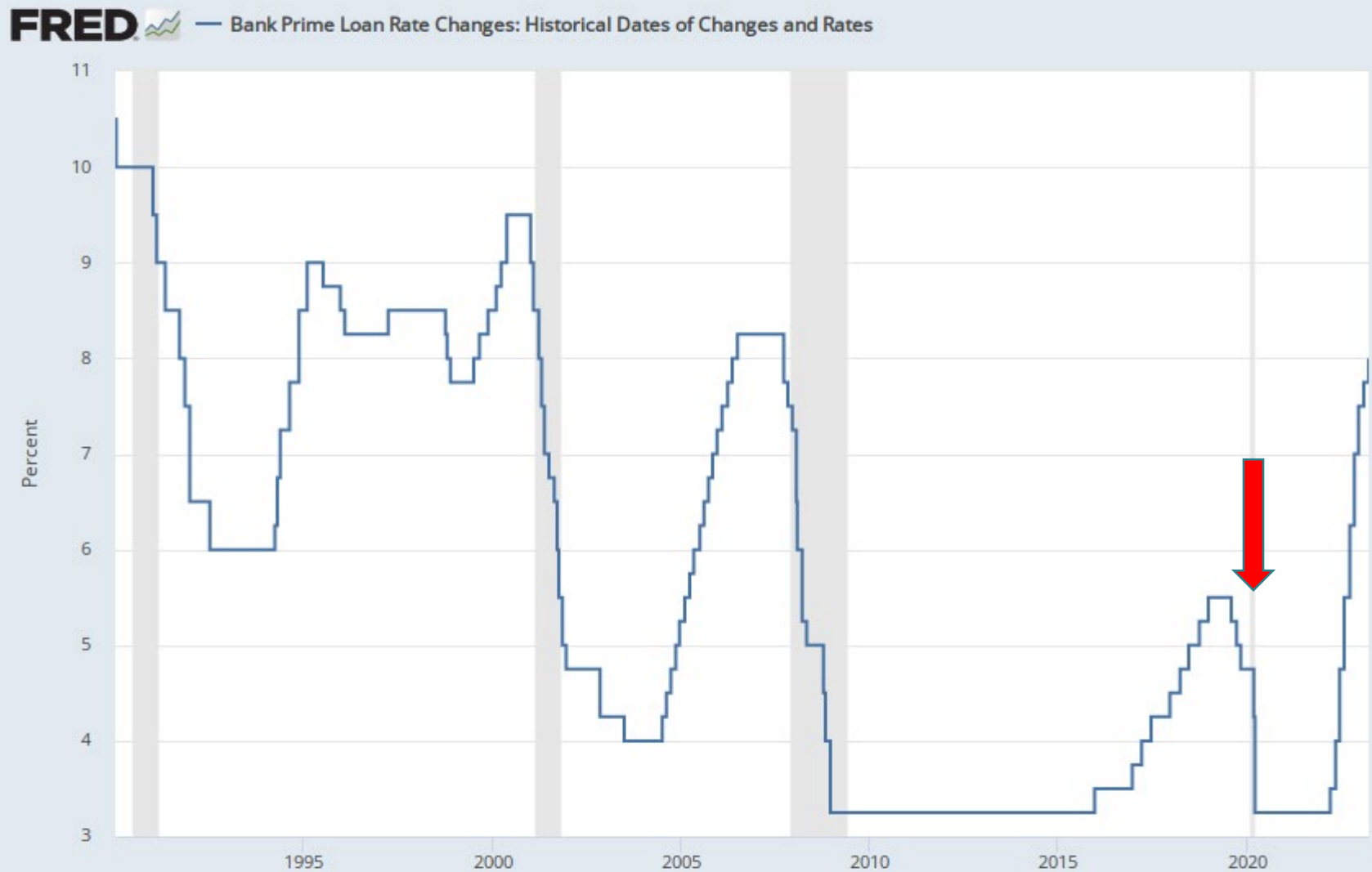
Federal Funds Recent History



Source: Board of Governors of the Federal Reserve System (US)

[myf.fred/g/12Tas](https://myf.fred.stlouisfed.org/g/12Tas)

Prime Rate Recent History



Source: Board of Governors of the Federal Reserve System (US)

[myf.fred/g/12T9x](https://myf.fred.stlouisfed.org/g/12T9x)

Inflation – Target Growth of 2%

12-Month Percent Change

Series Id: CUUR0000SA0L1E

Not Seasonally Adjusted

Series Title: All items less food and energy in U.S. city average, all urban consumers, not seasonally adjusted

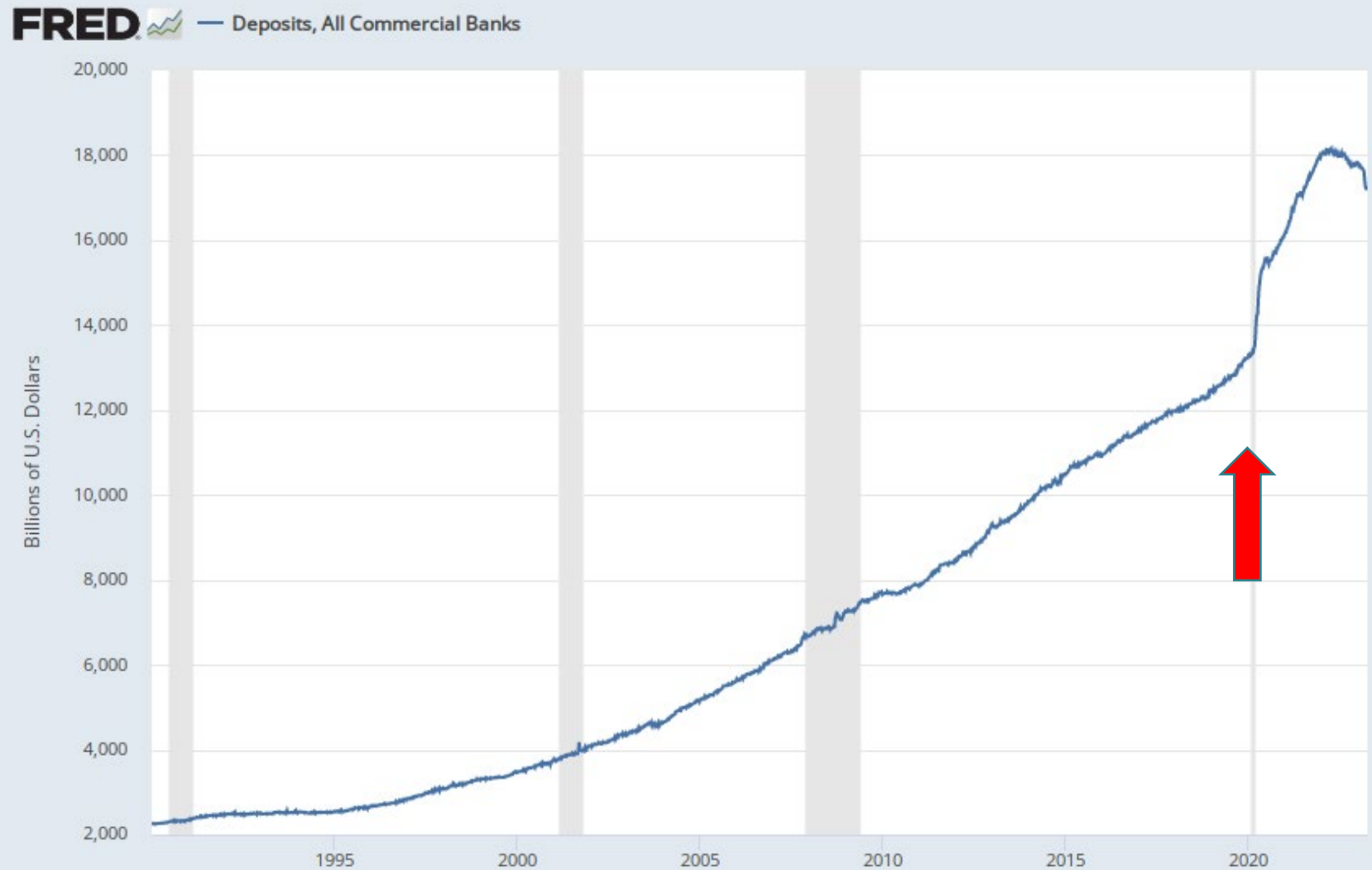
Area: U.S. city average

Item: All items less food and energy

Base Period: 1982-84=100



Deposits - Inventory of Banks

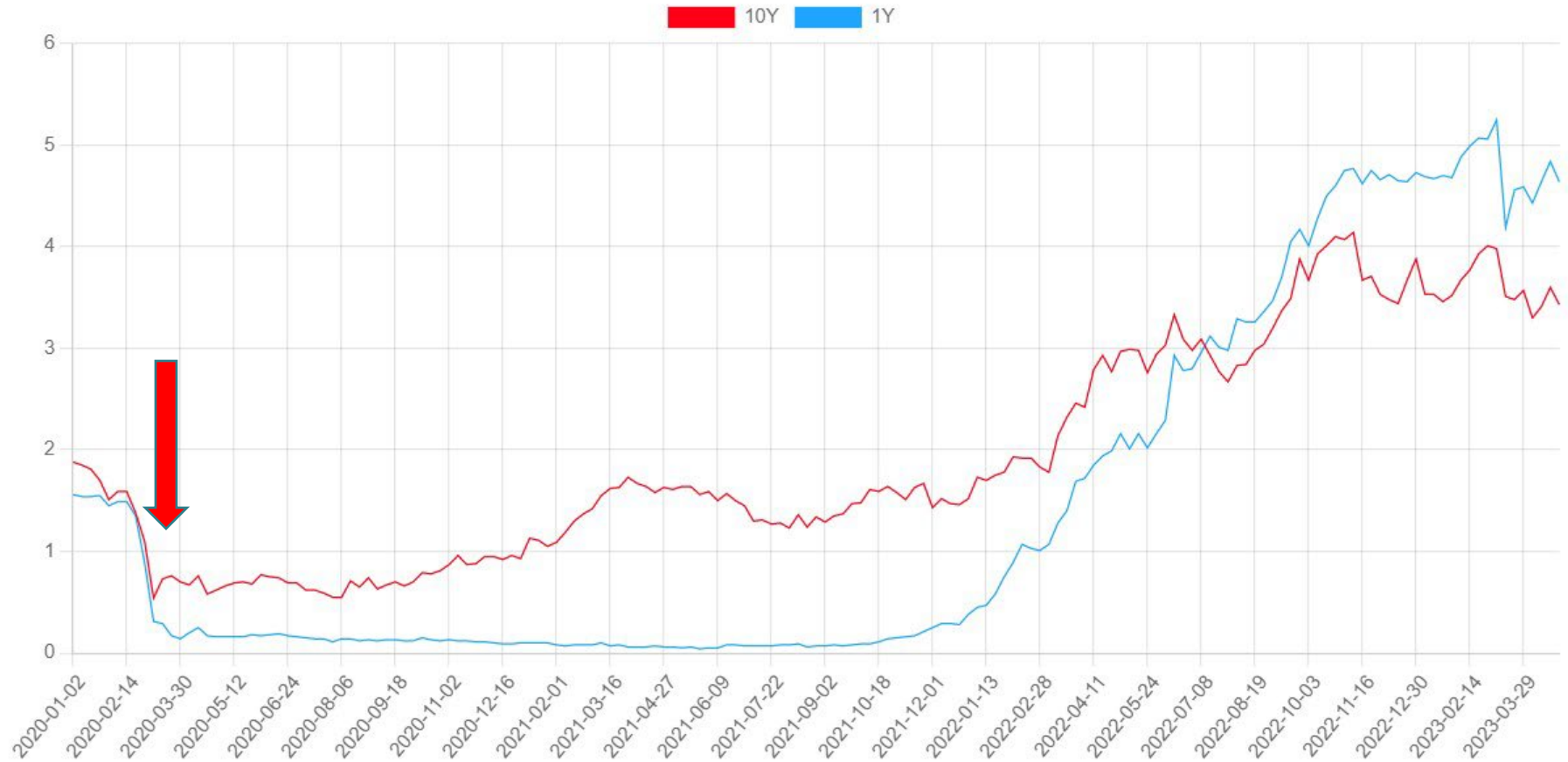


Source: Board of Governors of the Federal Reserve System (US)

myf.fred.org/g/12T9D

Deposits – Invest in Loans or Bonds

Date Range: 1/2/2020 to 4/26/2023



What is an Uninsured Deposit?

FDIC Insurance – The standard insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category.

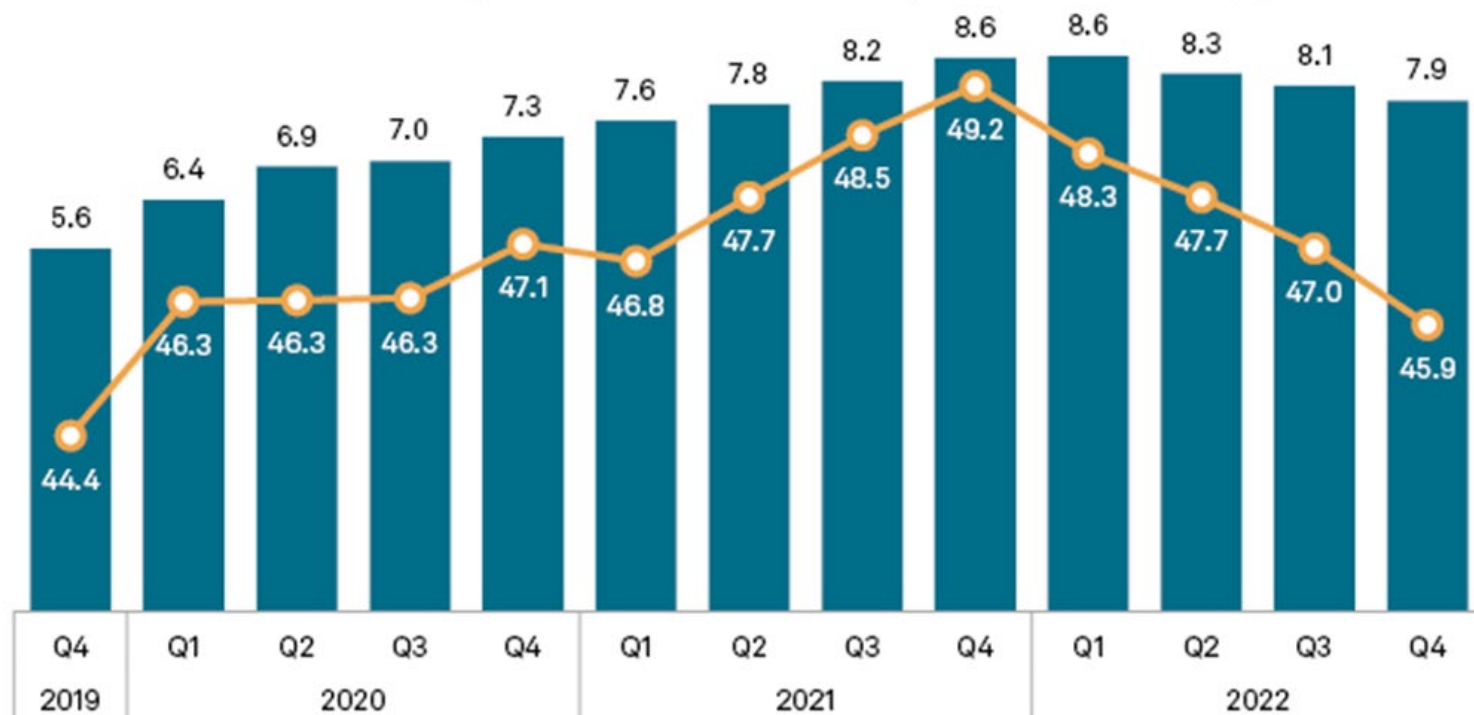
EDIE can help - [FDIC: Electronic Deposit Insurance Estimator \(EDIE\)](#)

Uninsured deposits are those deposits greater than \$250,000 per depositor, per insured bank, for each account ownership category. It can be both business and personal accounts.

Uninsured deposits at US banks



■ Uninsured deposits before exclusions (\$ trillion)
—○— Uninsured deposits before exclusions/total deposits minus exclusions (%)



Recent Bank Closures

- Silverlake Bank - based in California. One of two main banks to focus primarily on Cryptocurrency (crypto). Voluntary liquidated the bank due to regulatory pressure. The bank will sell its securities portfolio to cover the deposits.
- Silicon Valley Bank – based in California. 2nd Largest bank failure in U.S. history. Primary focus on Tech and Venture Capital. Concentration of deposits and large percentage of uninsured depositors. Rapid deposit growth.
- Signature Bank – based in New York. 3rd Largest bank failure in U.S. history. Primarily focused on real estate lending and 2nd bank to focus primarily on the crypto industry. Rapid deposit growth.

Questions to Ask My Bank

- How has the bank performed financially the last 2-3 years?
- How does the bank rank against its peer group? Ask for details in at least capital and profitability.
- Does the bank have any concentrations of lending or deposits?
- Have you experienced rapid growth in the last 3-5 years? If so, in what areas?
- What resources do you have for deposits over the insured amount?

Educate Yourself – Know Your Bank

- Not all banks are the same.
 - Use social media and media outlets as resources but form your own opinion.
 - Who is loaning money in your industry and your region? Ask other business owners.
 - Every bank's financial information, public or private, is available online. www.ffiec.gov
 - Utilize bank rating companies (ex. Bauer Financial) and reviews (ex. Google) to further educate yourself.
 - Have your cash flow projections or budget ready to discuss with your banker.
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- If your banker can't answer your financial questions about their bank, find a new banker.