



## FEDERATION OF AMERICAN CONSUMERS AND TRAVELERS - NEWS RELEASE -

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### Is Your Bank In Trouble?

EDWARDSVILLE, IL, September 13, 2010 - Vicki Rolens, managing director for the Federation of American Consumers and Travelers (FACT), has issued a notice to members urging them to check the strength of their respective banks.

“The FDIC currently has 775 banks on its ‘Problem Bank’ list,” says Rolens, “and already this year more than 100 banks have failed.”

She adds: “Unfortunately, the FDIC doesn’t include the names of the banks which are in danger of failing; it includes only how many banks are on the list. This means that the consumer is pretty much on his or her own to discover whether his or her deposits are safe.”

Rolens says there are various formulas for determining a bank’s soundness.

One such formula divides a bank’s non-performing assets by its tangible common equity and loan-loss reserves. (*A non-performing asset* is any asset which isn’t producing income. Commercial loans which are more than 90 days overdue and consumer loans which are more than 180 days overdue generally fall into this classification. *Tangible common equity* is equity capital less goodwill and intangibles. *Loan loss reserve* is a valuation reserve against a bank’s total loans on the balance sheet, representing the amount thought to be adequate to cover estimated losses in the loan portfolio.)

Another, simpler, idea is to check the asset-to-liability ratio. In essence, a bank can best be counted on to meet its obligations if what it *owns* exceed what it *owes*.

Rather than trying to obtain and wade through a bank’s financials, says Rolens, there are a number of helpful Web sites. They furnish the names of banks which -- using one formula or another -- are considered to be in danger of failing. “These lists are often free,” she reports, “and can be found by plugging ‘Bank Watch List’ or something similar into your favorite search engine.

“At the very least,” she concludes, “a few minutes of research now can give you peace of mind. At most, it can alert you to the fact that your funds may be in jeopardy so you can take corrective steps before it’s too late.”

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This news release has been issued by the Federation of American Consumers and Travelers (FACT), a consumer organization formed under the not-for-profit corporation laws of the District of Columbia in 1984. FACT serves more than 1 million consumers nationwide. Additional information on FACT may be found in the Encyclopedia of Associations, and by visiting the association's Web site ([www.usafact.org](http://www.usafact.org)). Informative, unbiased news bulletins are regularly disseminated by FACT to help its members remain current on matters which might seriously impact their lives. The association does not offer support to -- and does not receive support from -- any political party or movement. In addition to publishing consumer-related reports, the association provides more than 30 benefits for its members, ranging from medical insurance and dental discounts to prescription drug savings and scholarships. FACT’s administrative office is located at 318 Hillsboro Avenue, Edwardsville, IL 62025

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