

# Texas Department of Banking

## Press Release

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### Texas State Banks Holding Strong

Date: October 1, 2008

The Texas economy and the Texas banking system continue to show strength and resiliency in the wake of economic stresses nationwide, according to Interim Banking Commissioner Bob Bacon. “Citizens that have their FDIC insured deposits in Texas state-chartered banks need not worry about whether their money is safe,” he said.

As of June 30, 2008, Texas’ state-chartered institutions reflected a healthy core capital ratio of 9.02% as compared to a 7.58% position for all commercial banks nationwide, and the loan loss reserve for state-chartered banks is good at 1.17% of total loans. “The single most important precaution that a depositor can take to sleep better at night is to keep deposits within the FDIC insurance limit,” Bacon said. Since formation of the FDIC insurance fund in 1934, no FDIC insured depositor has suffered a loss. Customers who want to learn more about structuring deposit accounts to maximize FDIC insurance coverage will find useful information on the [FDIC website](#) .

The resiliency of the Texas banking system can be traced in part to the refusal of state-chartered institutions to participate to any great extent in subprime lending that was so popular several years ago. As a result, Texas banks are not beset with the avalanche of past due and foreclosed home loans being experienced in other parts of the country. “A few pockets of pain exist in Texas as a result of higher than normal foreclosures and past due loans, mainly in residential construction and development, but these are isolated cases that are not representative of the state as a whole,” Mr. Bacon said . “Texas bankers should be recognized and congratulated for remembering the banking crisis in the 80’s and 90’s and adhering to safe and sound banking practices today.”

Regarding recent news coming out of Washington D.C., federal regulatory agencies and Congressional leaders are continuing the effort to craft a program that calms Wall Street, but does not forget Main Street. “Although progress may be slow, the size of the financial rescue effort dictates the need for caution and perseverance. We must all remember that our leaders today are writing history for the next 50 years,” says Bacon. “I am confident that they will reach a workable solution soon.