

## BANK ADVISORY

### FDIC Reports Lower Losses, Continued Loan Problems for Florida Banks

#### Our Financial Institutions Team

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##### Dear clients and friends:

Banks based in Florida lost a combined \$2.0 billion in 2009, compared with a loss of 2.8 billion in 2008, according to data released on February 23 by the **Federal Deposit Insurance Corporation**. The smaller losses were attributable partly to declines in interest expense and in non-interest expense.

The **FDIC Quarterly Banking Profile** also showed continued high levels of non-current loans and loan loss provisions.

Florida-based banks' ratio of non-current loans to total loans declined from 8.16 percent on September 30, 2009 to 7.86 percent on December 31, 2009. Nationally, that ratio rose from 4.95 percent to 5.37 percent over the three months. The latest national number is the highest in the report's 26-year history.

During 2009's fourth quarter, Florida-based banks added \$1.2 billion and the national industry added \$61.1 billion to loan loss reserves.

In a **press release**, the FDIC said its "Problem List" of banks increased from 552 on September 30, 2009 to 702 on December 31, 2009. It does not identify those banks, which have **CAMELS ratings** of 4 or 5 the two lowest under that system.

The FDIC Deposit Insurance Fund had a negative balance of \$20.9 billion at the end of 2009, compared with a negative \$8.2 billion on September 30, 2009. The FDIC ended the year with a contingent loss reserve of \$44 billion to cover losses on expected bank failures.

If you would like additional information on the FDIC reports, please do not hesitate to contact us at (305) 373-5500.

Sincerely,



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