



DIFFERENTIATING COMMUNITY BANKS

LARGE BANK FAILURES DOMINATE HEADLINES AND CREATE POLICY RISK:

On March 10, Silicon Valley Bank (SVB), the 16th largest bank in the nation with \$213 billion in assets, was closed by its regulator in response to the abrupt withdraw of deposits amid concerns about the bank's liquidity. SVB was vulnerable, in part, due to its rapid growth and heavy concentration in high tech startups. Just two days later, contagion from the failure of SVB led to a run on deposits and closure of Signature Bank of New York, another bank with a concentrated balance sheet. These two high-profile bank failures sparked a media frenzy and launched a debate in Washington, creating policy risk for the community banking industry.

SHIELDING COMMUNITY BANKS FROM THE FALLOUT

Since the SVB failure, the focus of ICBA's advocacy has been to ensure the policy response does not affect community banks, which must be exempt from a planned Deposit Insurance Fund (DIF) special assessment and from any new regulatory burdens. We are encouraged that the White House has called on the FDIC to exempt community banks from a DIF special assessment. Treasury Secretary Janet Yellen and FDIC Chairman Marty Gruenberg have made encouraging comments about the need to ensure the health of the community banking industry.

MESSAGE FOR YOUR MEMBERS OF CONGRESS

- Community banks are stable, resilient, and financially strong. According to the FDIC's most recent Quarterly Banking Profile, community bank asset quality is favorable, total deposits are stable, and capital ratios remain strong.
- The community bank business model, based on sound lending and conservative risk management, stands in sharp contrast to SVB and Signature Bank, which served high risk industries.
- Community banks shouldn't have to pay for the mistakes of larger and riskier entities, and federal policy should not pick winners and losers in the banking system.
- Community banks must be exempt from any special assessment to replenish the DIF and any new regulatory burden in response to the failure of SVB and other large banks.