



SBC SUPER SLEUTH

BANK STABILITY IN THE ECONOMIC RECESSION

With the economy and banks in the news so much lately, many people are concerned about the financial stability of their bank and the safety of their money. With that in mind, I went to State Bank of Countryside (SBC) to get more information about these topics. Here is what I found out...

SSS – In these economic times, should I be worried about my bank?

SBC – Most banks have been around for decades and will be around for many more. It's highly unlikely that your bank will fail. Also, the Federal Deposit Insurance Corporation (FDIC) protects depositors against the loss of their insured deposits if a FDIC-insured bank or savings association fails. If a bank did fail, depositors would continue to have uninterrupted access to their money. Since the creation of the FDIC, no depositor has ever lost a single penny of FDIC-insured funds.

SSS – Are banks the safest place to put my money?

SBC – Yes. In a FDIC-insured bank such as State Bank of Countryside, your deposits are protected up to \$250,000* per depositor. However, this is not necessarily your limit. Depending on who your beneficiaries are, how you title your accounts, and what types of accounts you have, you may be entitled to much more FDIC insurance. Please see a Financial Counselor at any SBC location to discuss your FDIC insurance possibilities.

SSS – Are banks lending money?

SBC – Banks are continuing to lend money. In fact, during the latter part of 2008 business loans expanded by 12 percent and consumer loans by 9 percent. In general, when economic conditions are robust, banks extend credit more freely. When economic conditions are poor, banks extend credit less freely. Most banks are taking steps to limit risk in the current economic environment, so they have tightened lending standards. People with a good

credit history will continue to have access to mortgage, credit card and other types of loans. That's why it's important to monitor your credit report and maintain a good credit history.

SSS – What's the difference between an investment bank like Lehman Brothers and traditional banks such as State Bank of Countryside?

SBC – Traditional banks take deposits for checking and savings accounts from consumers and businesses. These deposits are insured by the FDIC for up to \$250,000* per depositor and possibly more in some cases. These banks lend this money to consumers and companies for things like automobiles, homes, and business equipment. An investment bank's primary purpose is to facilitate the sale of stocks and bonds. The firm operates as advisors and agents for companies that want to raise capital, often by issuing more stock or other securities. Investment banks are not FDIC-insured.

SSS – I heard that State Bank of Countryside is participating in the FDIC's Transaction Account Guarantee Program. Is that true?

SBC – Yes. State Bank of Countryside pays to be a part of the Transaction Account Guarantee Program, which runs through December 31, 2009. Under this program, all non-interest bearing checking accounts (both business and personal) are fully insured by the FDIC, with no balance limitations. Coverage under the Transaction Account Guarantee Program is in addition to, and separate from, the coverage available under the FDIC's general deposit insurance rules. State Bank of Countryside's Best Ever Checking accounts are not covered under this additional insurance program, but are still insured for the Basic limit under FDIC Deposit Insurance Coverage. For more details about the FDIC's Transaction Account Guarantee Program, please contact one of our Financial Counselors.

SSS – Well that is certainly some great information. I'm very pleased and relieved to know that my money is safe and that banks will get through these tough times.

* On October 3, 2008, FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009.



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UPDATE

THE FAMILY OWNED BANK FOR FAMILIES AND THEIR BUSINESSES



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TOM'S THOUGHTS

by Thomas P. Boyle, President

Traditional Banking... The Engine for Economic Recovery

As a community banker, I'm very proud of how our industry, represented by institutions such as State Bank of Countryside, has navigated the frequently fierce economic headwinds that have hit families and their businesses across the country. Though the economy is no longer the cushion of reliability, we are still continuing to support our local economy and our clients.

We are measured by our local involvement, our tenure, and our careful approach to lending. The foundation of community banking can be captured in one word: **TRUST.**

Thousands of traditional banks like ours have established deep-rooted and trusted relationships with their clients. This confidence is reinforced by the fact that banking is one of the most highly regulated industries in the United States.

Our regulators – and our own principles for sound banking – require that we have significant capital and reserves – that is, rainy-day funds for tough economic times. This is a bank's first line of defense to cover any losses. In fact 98 percent of banks are classified as "well-capitalized," which is the highest designation given by bank regulators.

Federal Deposit Insurance Corporation (FDIC) insurance provides an additional backstop. The FDIC protects depositors against the loss of their insured deposits if in the event a FDIC-insured institution fails. The bottom line is no customer has ever lost a penny in FDIC-insured deposits.

We are tested in the marketplace every day to demonstrate our responsiveness to the needs of our local communities. Banks that do not serve the credit needs of their entire community do not prosper. It's not surprising then that the banking industry – alone in its extensive documentation of community service – excels at satisfying community credit needs. That's why community banks are known as both community lenders and community leaders.

As leaders, we are central to our local economies, just as our community's prosperity is central to our own success. Many banks like ours have been operating in their communities for decades, and they expect to remain there for decades more. This strong relationship between banks and their communities helps both thrive during the good times and endure during challenging ones.

The nation's community banks are in a position of strength. We are the engine of economic recovery, the foundation for rebuilding the national economy through each and every local community we serve. No one wants a strong economy more than we do. We are in business to lend money – to make good loans to good borrowers. *(continued on next page)*

SECOND
QUARTER
2009

TOM'S THOUGHTS *(continued)*

Although banks have increased their lending during the recession to help small businesses and consumers, demand for loans overall will remain down until the recession turns the corner. Businesses are going to have to see an increase in demand before they have a need for new capital. And consumers will not want to spend – whether for houses or cars – until we begin to see new jobs being created and the unemployment rate decline.

Our economic recovery will take time but the recession *will* end. When businesses and consumers are ready, we will be here. As always, we will evaluate the risks to be taken, exercising reasonable and prudent caution. Our standards might be a little higher than before but, make no mistake; we are in the business to lend money.

I recently attended a conference where Rep. Barney Frank (D. MA) made the statement, “If traditional community banks underwrote all mortgages the US economy would not be in the current predicament.” He means that community bankers know their communities and clients best. Community banking is a big part of the solution to our present recession.

This is the role of community banks across the country, and here at home with State Bank of Countryside.
We are the family owned bank for families and their businesses.

WHO PAYS FOR FDIC INSURANCE?

The Federal Deposit Insurance Corporation (FDIC) was created in 1933 to preserve and promote public confidence in the U.S. financial system by insuring deposits in banks and thrift institutions. The FDIC protects depositors against the loss of their insured deposits if a FDIC-insured bank or savings association fails. FDIC insurance covers all types of deposits including deposits in checking, NOW, and savings accounts, money market deposit accounts and certificates of deposit (CDs).

The FDIC does not receive funds from federal taxes or any government entity. **In fact, the FDIC is funded by the very banks they insure.** In order to provide FDIC insurance to its customers, banks pay quarterly premiums to the FDIC insurance fund. The FDIC uses the funds it collects from these premiums to cover the deposit amounts of failed member banks. Banks currently pay anywhere from five cents to forty-three cents for each \$100 of insured deposits for FDIC insurance.

“Since the start of FDIC insurance, no depositor has lost a single cent of insured funds as a result of a bank failure.”

The FDIC determines the amount of the premium for each bank by the balance of insured deposits and by categorizing each member institution as “Well Capitalized,” “Adequately Capitalized,” or “Undercapitalized.” The greater the risk the institution poses for the FDIC, the higher the premium cost for that member. Currently, State Bank of Countryside is categorized as “Well Capitalized” by the FDIC.

Since the start of FDIC insurance, no depositor has lost a single cent of insured funds as a result of a failure. For more information about the FDIC, visit www.fdic.gov or call toll-free at **1-877-ASK-FDIC** (1-877-275-3342).



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SBC Online STATEMENTS

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FDIC AWARDS STATE BANK OF COUNTRYSIDE

On March 18, the Federal Deposit Insurance Corporation (FDIC) Chicago Community Affairs team recognized **State Bank of Countryside** and **Jose Muñoz**, *Assistant Vice President of Commercial Lending*, as leaders in the Alliance for Economic Inclusion (AEI) during 2008 for the successful implementation of State Bank of Countryside's Citizenship Micro Loan Program. State Bank of Countryside was awarded the **Alliance for Economic Inclusion Leadership Star Award** for financial services at the Semi-Annual AEI Summit.

Due to a severe decline in Citizenship applications since a 62% fee increase in 2007, State Bank of Countryside has stepped forward to offer Micro Loans to Citizenship applicants. The Bank's mission is to provide financing for the application fee and other fees associated with the application process, in order to help people in the community fulfill the American Dream of Citizenship and eventually home ownership.

Since the program's launch in July 2008, State Bank of Countryside has assisted over thirty Legal Permanent Residents with their applications for Citizenship. For more information about State Bank of Countryside's Citizenship Micro Loan Program, please contact Jose Muñoz at **708-485-9940**.

"State Bank of Countryside has stepped forward to offer Micro Loans to Citizenship applicants."

Jose Muñoz, AVP of Commercial Lending (right), receives the AEI Leadership Star Award from Lee Bowman, FDIC National Coordinator for Community Affairs.

