

# Websites that show Financial Soundness Opinions for U.S. Banks

Researched and presented to the Lexington Computer Club by Gary Patrick

March 21, 2012

There are multiple websites on the internet that will show you, free of charge, a financial soundness opinion for banks located in the United States. This presentation shows four sites, by saved screenshots, as examples how one connects to this information. Typically, one types in the name of a bank (and the location, by state); the site searches its database, and presents you a selection screen to resolve any ambiguity. (Sometimes you need to select the state in which the bank is incorporated, rather than the bank branch location you may have given). Then the site shows you that rating organization's opinion.

The four sites I selected are: (and the links given should be active for your web browser)

Weiss Ratings. Although Weiss Ratings has a website that is quite detailed explaining its measures of financial soundness, one would have to register and pay to see its ratings of banks, insurance companies, and foreign sovereign debt. There is a backdoor way to see Weiss's ratings for U.S. Banks, at <http://www.thestreet.com/bank-safety/index.html> . Slides #2 though #5 show you the Weiss criteria, and thestreet.com user interface.

DepositAccounts.com <http://www.depositaccounts.com/> has four measures, Texas Ratio, the time-trend of the Texas Ratio, Deposit Growth, and Capitalization. Each of these is explained in the rating result display for a particular bank. Slides #6 and #7 illustrate.

Bauer Financial: <http://www.bauerfinancial.com/home.html>. The user interface is shown in slide #8.

Bankrate.com: <http://www.bankrate.com/rates/safe-sound/ssPromo.aspx> is shown in Slide #9 (this page actually is reached from a panel "Safe & Sound Ratings" at lower left on bankrate.com).

As a litmus test to compare how discriminating these sites are, I prepared a chart of the ratings for most of the banks that have retail branches in Lexington, immediately below (Slide #2). It appears that Weiss is the toughest grader, followed by Bankrate.com.

(Be aware this chart is a snapshot of the rankings in early March, subject to change. There is no plan in place to update this slide set.)

Table of Deposit Safety Ratings of Banks (although customer accounts are protected by FDIC insurance)						
Banks with branches in Lexington, MA	Weiss Rating:	depositaccounts.com: Measures are:			Bauer Financial .com	Bankrate .com (see detail link, "memo")
		Overall , & Deposit Growth	Texas Ratio and Trend	Capitalization		
Bank of America, Charlotte, NC	D, for CA, OR, NC, RI	4*overall 5* dep gro	3* TR & chg	5*	3*	3*
Boston Private Bank & Trust, Boston, MA	C+	4*,5	4,2;	4*	4*	4*
Brookline Bank, Brookline	B	5*, 5	5,3;	5*	5*	4*
Cambridge Savings Bank	C+	5*, 5	5,3;	4*	5*	4*
Cambridge Trust Co.	B+	5*, 5	5,3;	3*	4*	4*
CitiBank, Sioux Falls, SD	C -	5*, 5	5,5;	5*	4*	4*
Citizens Bank (which?)						
Eagle Bank	C -	4*, 2 (-10M	5,3;	4*	5*	4*
East Cambridge Savings	C	4*, 2	5,3;	4*	5*	4*
Eastern Bank, Boston	B -	5*, 5	5,3:	5*	5*	4*
TD Bank, Wilmington, DE	C	5*, 5	5,3;	5*	4*	4*
TD Bank USA, NA, Maine	B	-	-	-	4*	3*
Sovereign Bank, PA	D -	5*, 5	4,4;	5*	4*	4*
Watertown Savings Bank	B -	4*, 2	5,5;	3*	5*	4*

**Weiss Ratings issues Financial Strength Ratings on more than 19,000 financial institutions including banks, credit unions, life and annuity insurers, health insurers, and property and casualty insurers, as well as the debt of 47 sovereign nations with the following scale:**

- A = excellent
- B = good
- C = fair
- D = weak
- E = very weak
- + = the upper third of each grade range
- = the lower third of each grade range

### Weiss Ratings of Banks, Thrifts, and Credit Unions

The primary components of the Weiss Financial Strength Rating are as follows:

- **Capitalization Index** gauges capital adequacy in terms of each institution's cushion to absorb future operating losses under various potential business and economic scenarios as they may impact the company's net interest margin, securities' values, and the collectability of its loans.
- **Asset Quality Index** measures the quality of the company's past underwriting and investment practices based on the estimated liquidation value of the company's loan and securities portfolios.

- **Profitability Index** measures the soundness of the company's operations and the contribution of profits to the company's financial strength. The profitability index is a composite of five sub-factors: 1) gain or loss on operations; 2) rates of return on assets and equity; 3) management of net interest margin; 4) generation of noninterest-based revenues; and 5) overhead expense management.
- **Liquidity Index** values a company's ability to raise the necessary cash to satisfy creditors and honor depositor withdrawals.
- **Stability Index** integrates a number of sub-factors that affect consistency (or lack thereof) in maintaining financial strength over time. Sub-factors include 1) risk diversification in terms of company size and loan diversification; 2) deterioration of operations as reported in critical asset, liability, income and expense items, such as an increase in loan delinquency rates or a sharp increase in loan originations; 3) years in operation; 4) former problem areas where, despite recent improvement, the company has yet to establish a record of stable performance over a suitable period of time; and 5) relationships with holding companies and affiliates.

Weiss Ratings maintains an open-door policy to rated companies and accepts input via mail, fax, phone, or personal visits. If a company feels it has significant additional information it wants to bring to our attention which is not addressed in the quarterly financial statements, it is invited to provide that information at any time. However, we reserve the right to publish ratings expressing our opinion of a company's financial stability based exclusively on publicly available data and our own internally developed standards for safety.

## Rating Definition

- A Excellent.** The institution offers excellent financial security. It has maintained a conservative stance in its business operations and underwriting practices as evidenced by its strong equity base, top-notch asset quality, steady earnings, and high liquidity. While the financial position of any company is subject to change, we believe that this institution has the resources necessary to deal with severe economic conditions.
- B Good.** The institution offers good financial security and has the resources to deal with a variety of adverse economic conditions. It comfortably exceeds the minimum levels for all of our rating criteria, and is likely to remain healthy for the near future. Nevertheless, in the event of a severe recession or major financial crisis, we feel that this assessment should be reviewed to make sure that the company is still maintaining adequate financial strength.
- C Fair.** The institution offers fair financial security, is currently stable, and will likely remain relatively healthy as long as the economic environment avoids the extremes of inflation or deflation. In a prolonged period of adverse economic or financial conditions, however, we feel this company may encounter difficulties in maintaining its financial stability.
- D Weak.** The institution currently demonstrates what we consider to be significant weaknesses which could negatively impact depositors or creditors. In an unfavorable economic environment, these weaknesses could be magnified.
- E Very Weak.** The institution currently demonstrates what we consider to be significant weaknesses and has also failed some of the basic tests that we use to identify fiscal stability. Therefore, even in a favorable economic environment, it is our opinion that depositors or creditors could incur significant risks.
- F Failed.** The institution has been placed under the custodianship of regulatory authorities. This implies that it will be either liquidated or taken over by another financial institution.
- +** **The plus sign** is an indication that the institution is at the upper third of the letter grade rating.
- **The minus sign** is an indication that the institution is at the lower third of the letter grade rating.
- U Unrated Institutions.** The institution is unrated due to insufficient data at the time its rating was updated.



This unlabeled blank space is for entering a bank name

## Financial Strength Ratings for Banks

State:

optional filters

Rating:  or higher

reset

more pages to see all of Massachusetts

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Bank	Rating
Athol Savings Bank -- <i>Athol, MA</i>	B-
Boston Trust & Investment Mgmt -- <i>Boston, MA</i>	A-
Bristol County Savings Bank -- <i>Taunton, MA</i>	B-
Brookline Bank -- <i>Brookline, MA</i>	B
Cambridge Trust Co -- <i>Cambridge, MA</i>	B+
Cape Ann Savings Bank -- <i>Gloucester, MA</i>	B-
Colonial Federal -- <i>Quincy, MA</i>	B-
Commerce Bank & Trust -- <i>Worcester, MA</i>	B
Country Bank -- <i>Ware, MA</i>	B-
Eastern Bank -- <i>Boston, MA</i>	B-

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## Financial Strength Ratings for Banks

State:    
  
 Rating:

<< first < prev 1 next > last >>

Bank	Rating
TD Bank USA -- <i>Portland, ME</i>	<b>B</b>

<< first < prev 1 next > last >>

editor's comment: The other TD Bank is in Wilmington, DE, and has a "C" rating.

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Type in a bank name here, and click "Search." Resolve ambiguities below.

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www.bankofamerica.com



**Bank of America**  
101 South Tryon Street  
Charlotte, NC 28255  
1.800.900.9000  
www.bankofamerica.com



**Bank of America**  
101 South Tryon Street  
Charlotte, NC 28255  
1.800.900.9000  
www.bankofamerica.com

**BMW Bank of North America**  
2735 East Parleys Way  
Salt Lake City, UT 84109  
  
www.bmwusa.com



**Bank of America**  
101 South Tryon Street  
Charlotte, NC 28255  
1.800.900.9000  
www.bankofamerica.com

**Shinhan Bank America**  
330 Fifth Avenue, 4th Floor  
New York, NY 10001  
1-877-828-7422

Citibank, National Association (Sioux Falls, SD)

FDIC Certificate #	<a href="#">7213</a>
BankRate Report	<a href="#">View</a>
Year Established	1812
Employees	200245
Primary Regulator	OCC

Overall Score:

5 out of 5



Example of the bank report you get on depositaccounts.com

Assets and Liabilities

Assets	\$1.30 trillion
Loans	\$553.30 billion
Deposits	\$870.66 billion
Equity Capital	\$152.01 billion
Loan Loss Allowance	\$25.96 billion
Unbacked Noncurrent Loans	\$11.99 billion
Real Estate Owned	\$1.19 billion

Historic Data - September 2010

Assets	\$1.21 trillion
Equity Capital	\$126.26 billion
Loan Loss Allowance	\$19.95 billion
Unbacked Noncurrent Loans	\$19.77 billion
Real Estate Owned	\$1.43 billion

Profit Margin - Quarterly

Net Interest Margin	3.92%
Return on Assets	0.87%
Return on Equity	7.42%
Interest Income	\$41.16 billion

Texas Ratio



The Texas Ratio is an indicator of how much funds a bank has available compared to the total value of loans considered at risk. As of September 30, 2011 Citibank had \$13.18 billion in non-current loans and owned real-estate with \$177.98 billion in equity and loan loss allowances on hand to cover it. This gives Citibank a Texas Ratio of 7.40% which is excellent. Any bank with a Texas Ratio near or greater than 100% is considered at risk.

Texas Ratio Trend



The Texas Ratio for Citibank decreased significantly from 15.35% as of September 30, 2010 to 7.40% as of September 30, 2011, resulting in a positive change of 51.78%. This indicates that the balance sheet and financial strength for Citibank has improved significantly in recent periods.

Deposit Growth



In the past year, Citibank has increased its total deposits by \$73.31 billion, resulting in 9.19% growth for the year. A strong track record of growth is an indicator of consumer confidence and the bank's ability to strengthen its balance sheet. The growth Citibank has shown is excellent.

Capitalization



Both FDIC and NCUA consider capitalization levels of banks and credit unions to be of high importance. Higher capitalization allows for a greater buffer when cover loans that may fail in the future. Citibank has \$1300.67 billion in assets with \$177.98 billion in equity, resulting in a capitalization level of 13.68%, which is excellent.

You are here: [Home](#) >> [Lookup Star Ratings](#)

An example of the bank report you get on BauerFinancial.com.

**FIND YOUR BANK** (Click here to find your Credit Union)

Search Again    State:     Institution:     Search!

Scroll down to view 2 matches.    [Explanation of star-ratings](#)

Star ratings current as of February 21, 2012 based on September 30, 2011 financial data. [Why are the dates different?](#)

**The Star-Rating applies to all branches.**  
**Location listed is the headquarters as provided by the FDIC.**

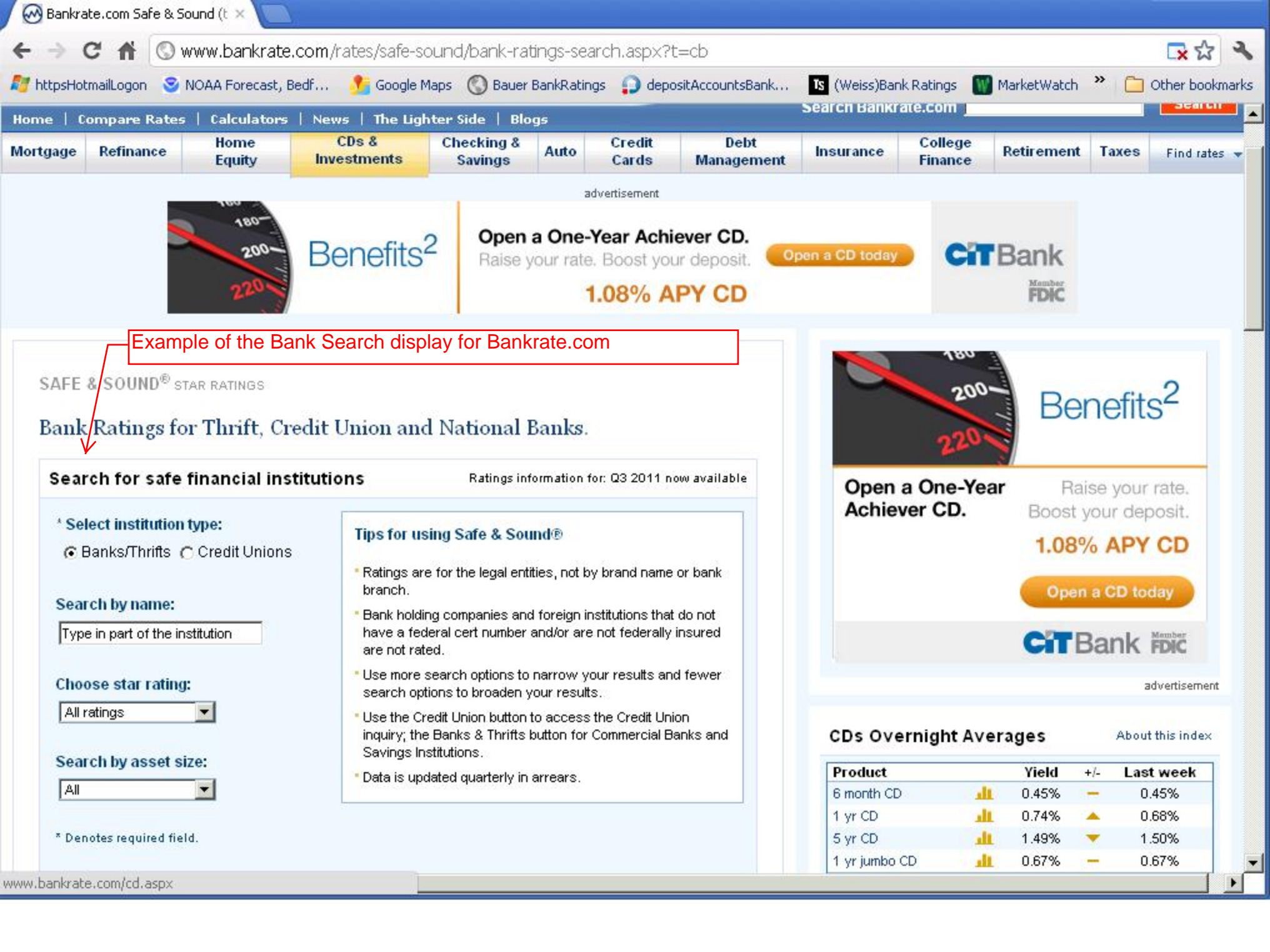
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[How it works](#)

STAR RATING	INSTITUTION: click any button below to view reports now	
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<b>Available Reports:</b>	<input type="button" value="Highlights"/> <input type="button" value="Summary"/> <input type="button" value="Analytical"/> <input type="button" value="LLAMAS"/>	
★★★★★	<a href="#">Cambridge Trust:</a> Cambridge, MA	<input checked="" type="checkbox"/> <a href="#">TELL ME MORE</a>
<b>Available Reports:</b>	<input type="button" value="Highlights"/> <input type="button" value="Summary"/> <input type="button" value="Analytical"/> <input type="button" value="LLAMAS"/>	

[editor's comment: Highlights report costs \$10; Summary report costs \$20; Analytical report costs \$40 per institution. Contents of these are explained if one clicks on the "tell me more" button.]





Example of the Bank Search display for Bankrate.com

SAFE & SOUND® STAR RATINGS

## Bank Ratings for Thrift, Credit Union and National Banks.

### Search for safe financial institutions

Ratings information for: Q3 2011 now available

#### Select institution type:

Banks/Thrifs  Credit Unions

#### Search by name:

Type in part of the institution

#### Choose star rating:

All ratings

#### Search by asset size:

All

\* Denotes required field.

#### Tips for using Safe & Sound®

- Ratings are for the legal entities, not by brand name or bank branch.
- Bank holding companies and foreign institutions that do not have a federal cert number and/or are not federally insured are not rated.
- Use more search options to narrow your results and fewer search options to broaden your results.
- Use the Credit Union button to access the Credit Union inquiry; the Banks & Thrifts button for Commercial Banks and Savings Institutions.
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### CDs Overnight Averages

About this index

Product	Yield	+/-	Last week
6 month CD	0.45%	—	0.45%
1 yr CD	0.74%	▲	0.68%
5 yr CD	1.49%	▼	1.50%
1 yr jumbo CD	0.67%	—	0.67%