

# Banking CONDITIONS

*Providing Tenth District insights on regional and national banks*

## Third Quarter 2023 Banking Conditions

By Mary Bongers

*The Federal Reserve Bank of Kansas City dedicates staff to monitor banking trends nationally and across our seven-state region.*

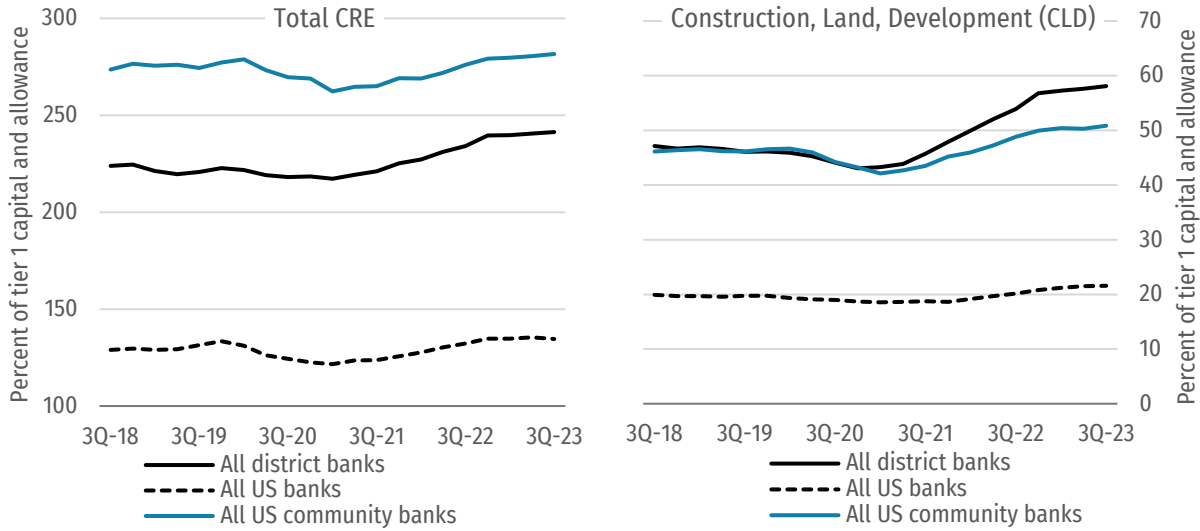
The composition of Tenth District (District) bank balance sheets continues to change though overall asset size remains flat (see Chart C3). During the third quarter, loan growth continued, albeit at a slower rate (see Chart C9), totaling 1.7 percent quarter-over-quarter. Commercial real estate (CRE) lending has seen the most growth (see Chart C4), resulting in increasing concentrations across the District (see Supplemental Chart 1). At September 30, 2023, total CRE loans as a percent of Tier 1 capital and allowances totaled 241 percent, the highest level since the 2009 concentration of 248 percent. As the size of loan portfolios in relation to total assets is recovering from pandemic-era lows (see Chart C6), liquid assets continue to decline (see Chart D7). The liquid asset ratio totals 13.5 percent (see Chart D9), its lowest level since 2008 when the ratio totaled 12.2 percent. Much of the decline during the year is attributable to an increase in pledging of securities to boost borrowing capacity, though that trend stabilized in the third quarter. Further, securities continue to be impacted by large levels of unrealized losses on securities, which increased during the quarter, totaling an aggregate 31.5 percent of Tier 1 capital (see Supplemental Chart 2).

Funding profiles also continue to shift, characterized by declining core deposits that have been replaced by more costly borrowing options. The majority of District banks (73 percent) have seen core deposit runoff year-over-year, while wholesale and noncore funding have increased rapidly (see Charts D10 and D12). In the third quarter, time deposits saw the largest increase, followed by Federal Home Loan Bank (FHLB) and other borrowings. Additionally, capital levels continue to increase. Capital growth outpaced nominal asset growth during the quarter, benefitting the Tier 1 Leverage ratio (see Chart A2). Risk-based capital ratios also increased despite rising risk-weighted asset levels. However, the tangible common equity ratio declined to 7.1 percent, hindered by unrealized losses.

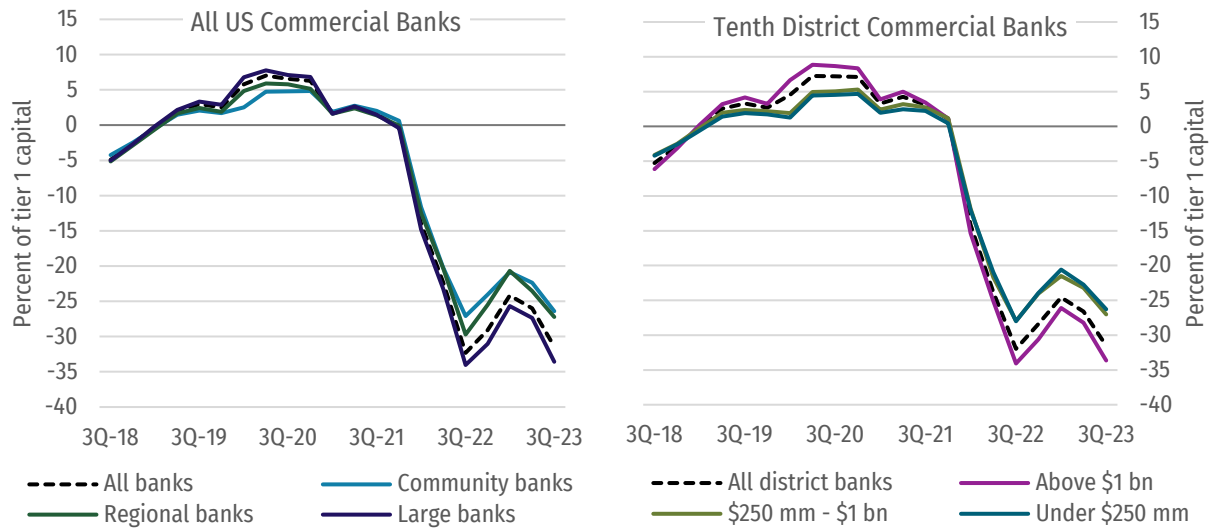
Earnings metrics have weakened across banks, primarily impacted by compressing net interest margins (NIM). The District ROAA totaled 1.1 percent during the quarter, down from 1.3 percent at the same period last year (see Chart A3). The majority of District banks experienced declining margins in the third quarter, with the exception of the smallest banks (see Chart A11). NIM compression is attributable to a rapidly rising cost of funds, which is at a 15-year high and has increased at the fastest pace in modern banking history. Funding costs are impacted by intensified deposit pricing pressure, as well as changing funding mix, and are especially elevated among the largest District banks. However, strong interest income has prevented further declines in the NIM (see Chart A13). Yields on earning assets have increased to the highest level since 2008, benefitting from loan growth and rising interest rates. Other earnings metrics—namely, noninterest items—remain steady, though provision expenses and charge-offs have increased among the larger District banks (see Charts B2-B3). Additionally, some banks are beginning to realize losses on underwater bonds, with 22 percent of District banks recognizing some amount of losses year-to-date.

Asset quality metrics remain sound in the District, though there are few signs of deterioration. Noncurrent and nonaccrual loans have increased slightly, though remain well below historical norms (see Chart B5). Most notably, consumer past due levels continue to increase, and C&I past due loans have begun to rise (see Chart B8). At larger District banks, allowance for credit loss levels have correspondingly increased in anticipation of credit deterioration and now total 1.4 percent of loans.

**Supplemental Chart 1. CRE Lending Concentrations**



**Supplemental Chart 2. Unrealized Gains/Losses on Securities**



Note: Unrealized positions reflect the difference between fair value and amortized cost on available-for-sale and held-to-maturity securities.

*Mary Bongers is a risk specialist in the Division of Supervision and Risk Management at the Federal Reserve Bank of Kansas City.*

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### Wholesale Funding Ratios

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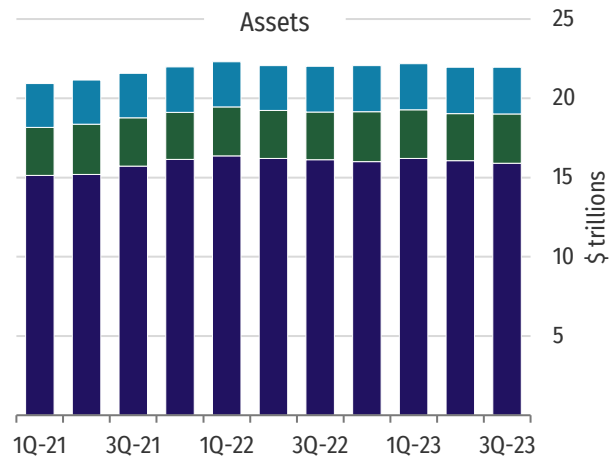
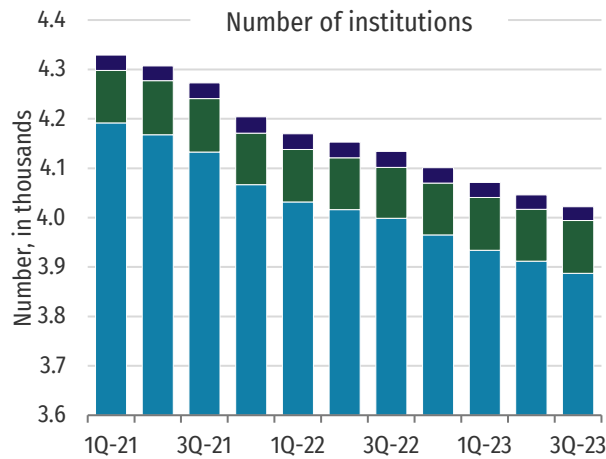
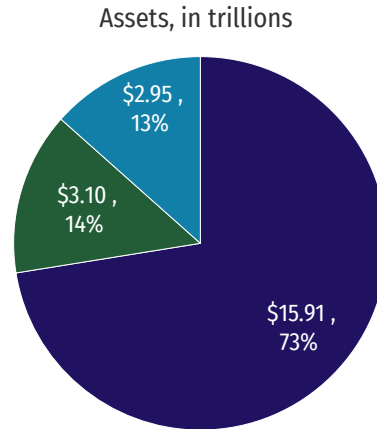
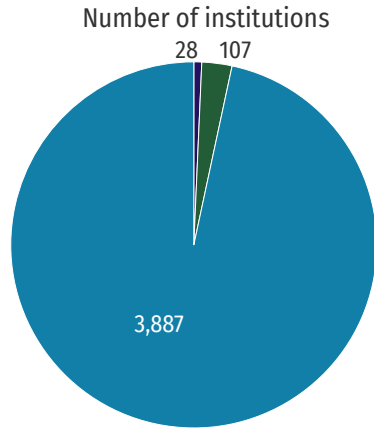
[Tenth District Commercial Banks](#)

## Select Ratios by Tenth District State

# Banking Institutions Overview

## All U.S. Commercial Banks

Large banks    Regional banks    Community banks

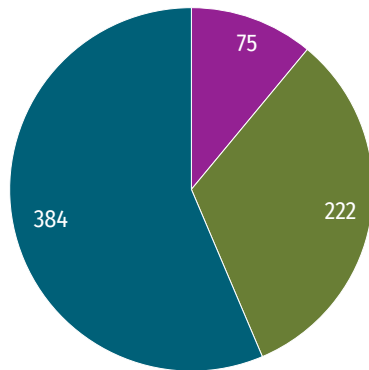


# Banking Institutions Overview

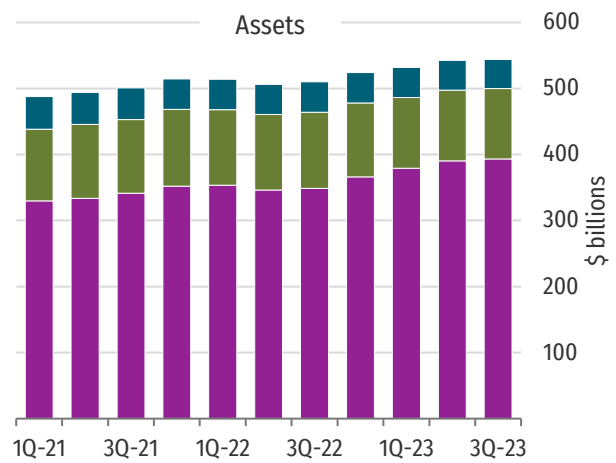
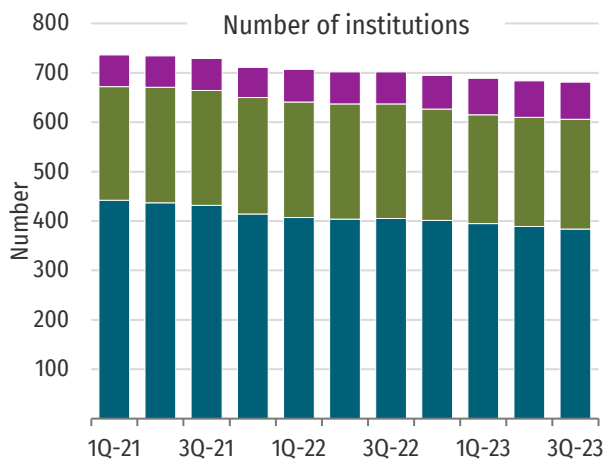
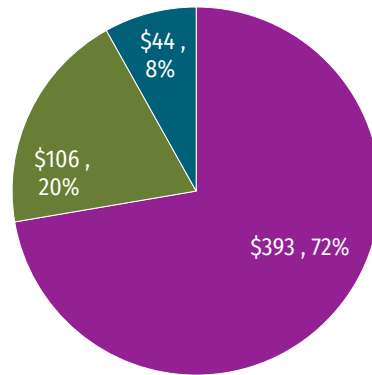
## Tenth District Commercial Banks

Above \$1 bn    \$250 mm - \$1 bn    Under \$250 mm

Number of institutions



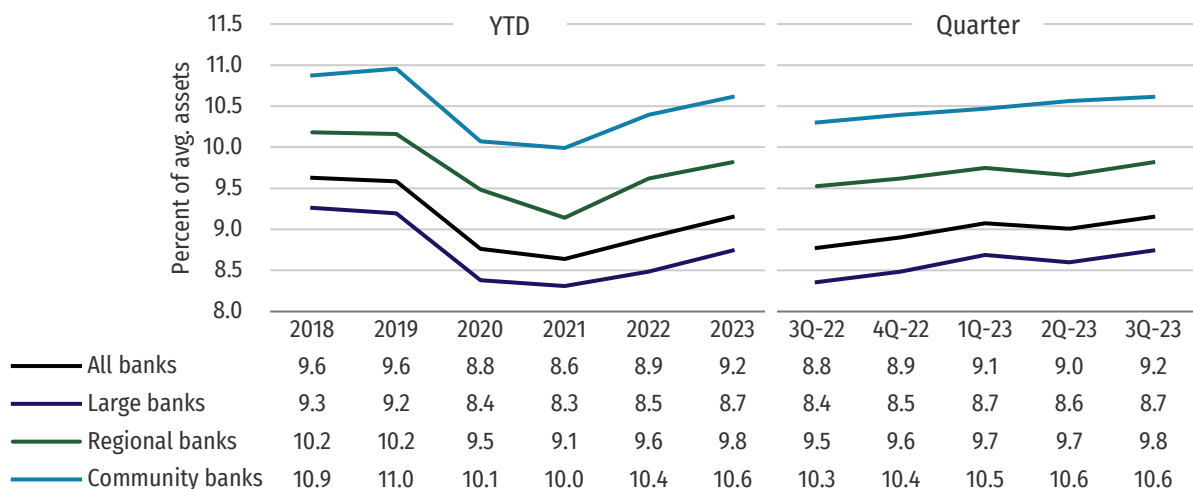
Assets, in billions



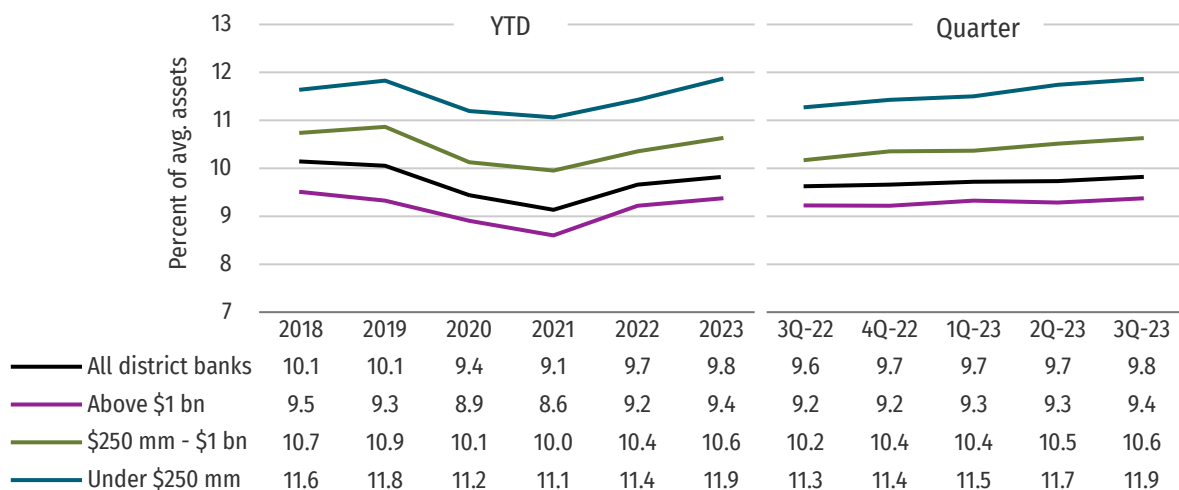
## A. Capital and Earnings

- Declining net income is primarily the result of compressing margins, as the increase in cost of funds again outpaced the increase in asset yields.
- Capital accretion and minimal growth of total assets has benefitted the Tier 1 Leverage ratio.

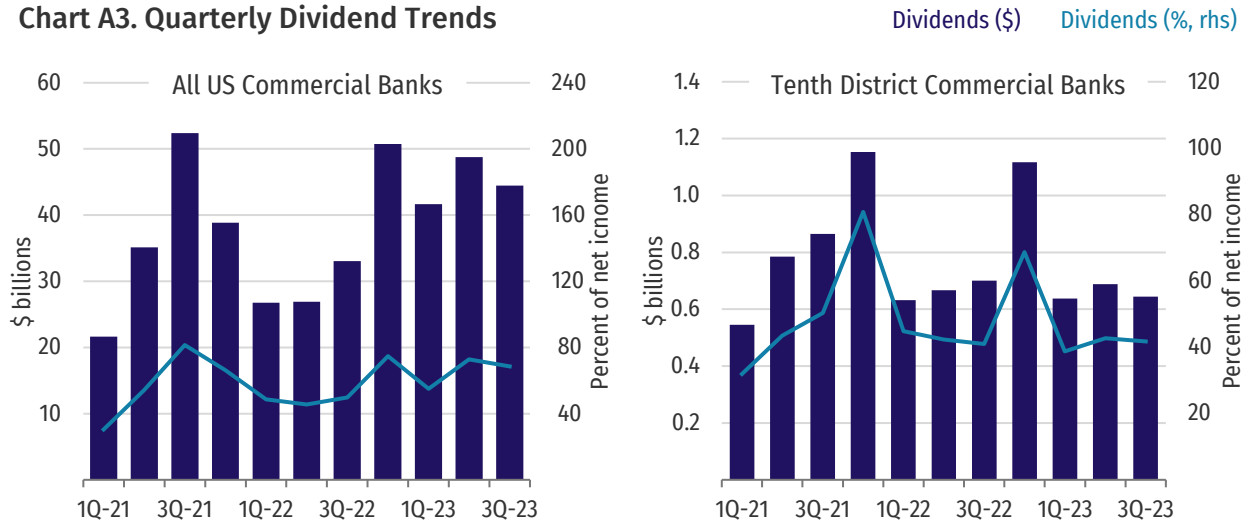
**Chart A1. Leverage Ratio, All U.S. Commercial Banks**



**Chart A2. Leverage Ratio, Tenth District Commercial Banks**



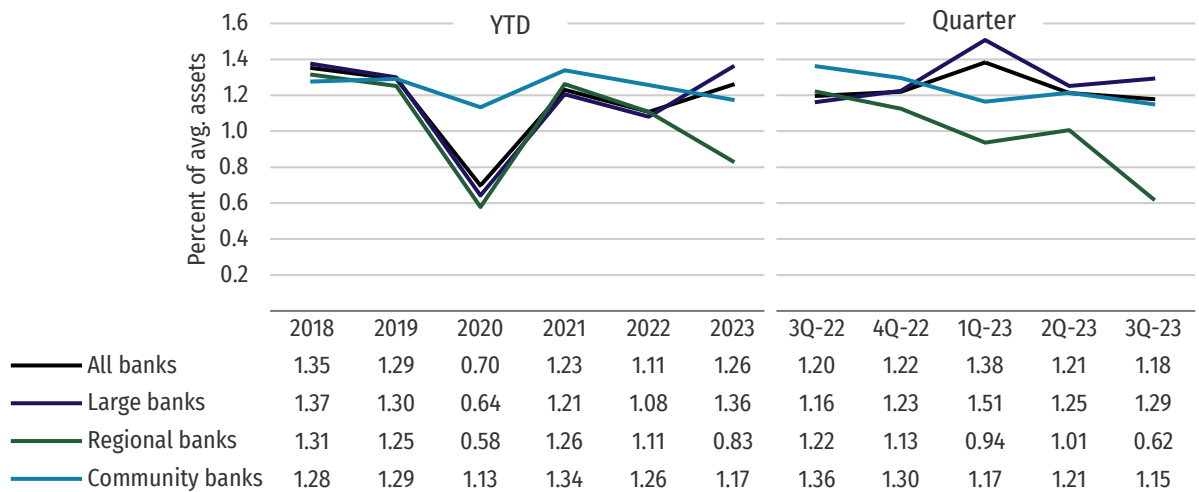
**Chart A3. Quarterly Dividend Trends**



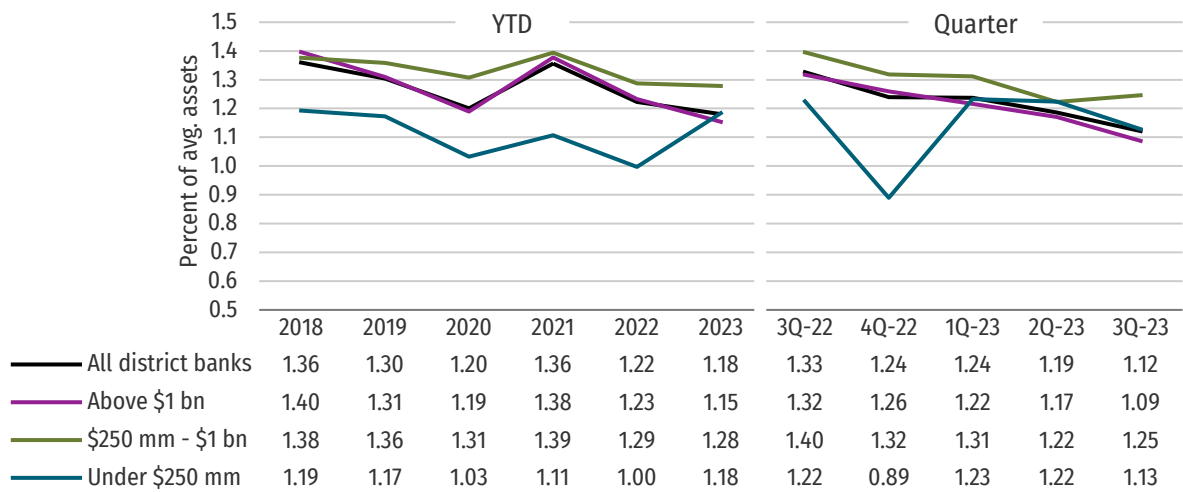
**Chart A4. Return on Average Assets Summary**

	All US Commercial Banks				y/y change	q/q change	Tenth District Commercial Banks				y/y change	q/q change
	4Q-20	4Q-21	4Q-22	3Q-23			4Q-20	4Q-21	4Q-22	3Q-23		
Net interest income	2.53	2.29	2.64	2.97	▲ 0.17	▲ 0.01	3.22	3.00	3.17	3.25	▼ (0.14)	▼ (0.03)
Noninterest income	1.38	1.34	1.25	1.38	▼ (0.03)	▼ (0.07)	1.30	1.16	0.96	0.92	▼ (0.05)	▼ (0.04)
Total revenue	3.91	3.64	3.88	4.35	▲ 0.15	▼ (0.06)	4.52	4.16	4.14	4.17	▼ (0.20)	▼ (0.07)
Provisions	0.64	(0.14)	0.20	0.34	▲ 0.09	▼ (0.05)	0.40	0.02	0.14	0.20	▲ 0.03	▲ 0.03
Noninterest expense	2.43	2.25	2.27	2.42	▲ 0.07	▼ (0.02)	2.77	2.53	2.50	2.56	▲ 0.05	▼ (0.00)
Total expenses	3.07	2.11	2.47	2.75	▲ 0.17	▼ (0.07)	3.17	2.55	2.64	2.75	▲ 0.09	▲ 0.02
Pre-tax operating income	0.83	1.53	1.41	1.59	▼ (0.02)	▲ 0.01	1.35	1.61	1.50	1.42	▼ (0.28)	▼ (0.09)
<b>Net Income</b>	<b>0.70</b>	<b>1.23</b>	<b>1.11</b>	<b>1.26</b>	<b>▼ (0.02)</b>	<b>▼ (0.04)</b>	<b>1.20</b>	<b>1.36</b>	<b>1.22</b>	<b>1.18</b>	<b>▼ (0.20)</b>	<b>▼ (0.06)</b>

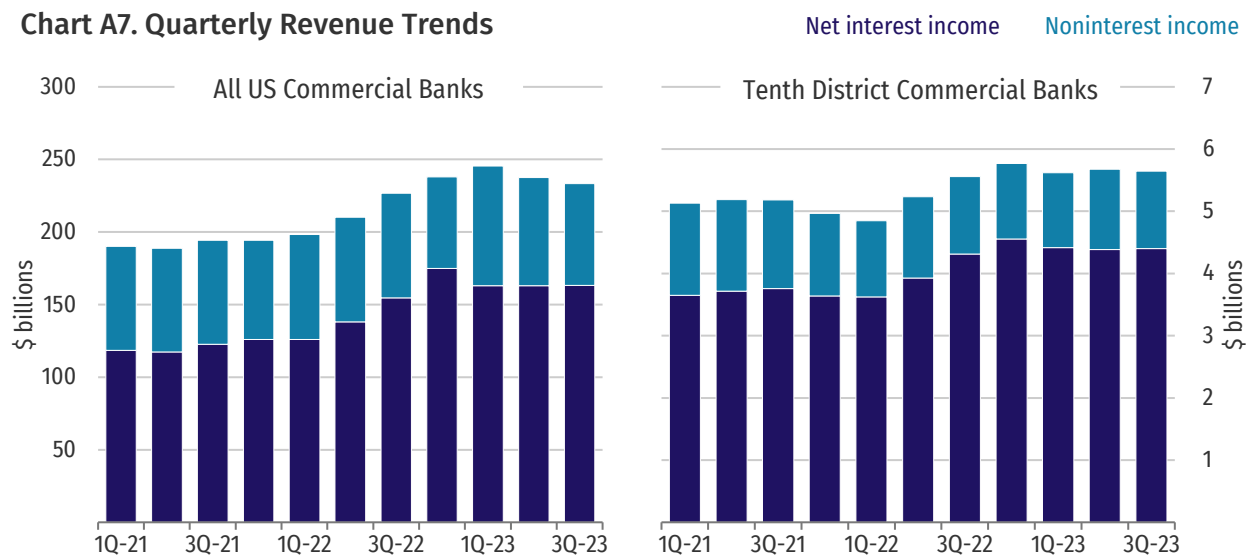
**Chart A5. Return on Average Assets, All U.S. Commercial Banks**



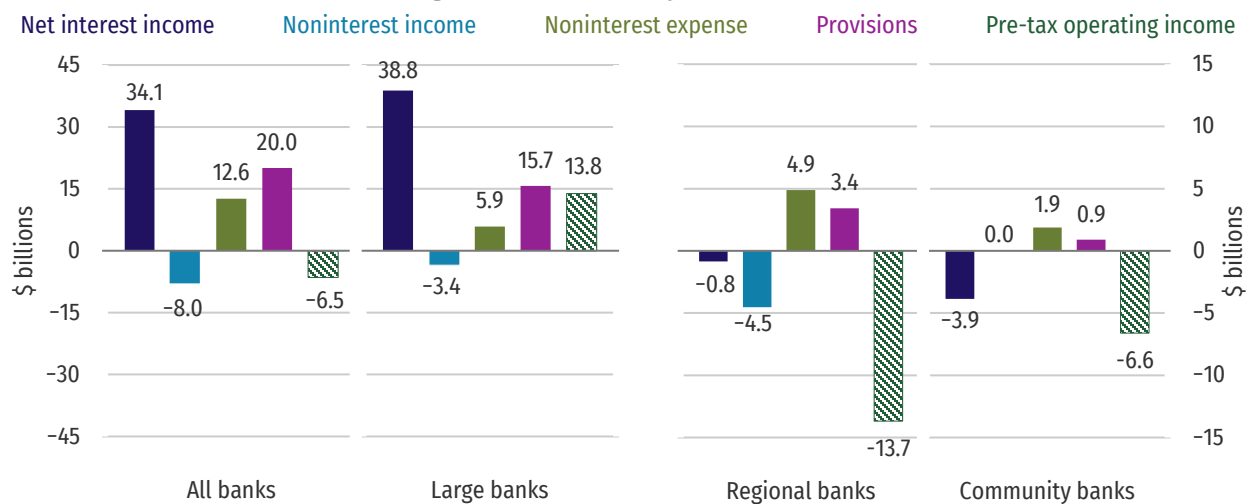
**Chart A6. Return on Average Assets, Tenth District Commercial Banks**



**Chart A7. Quarterly Revenue Trends**

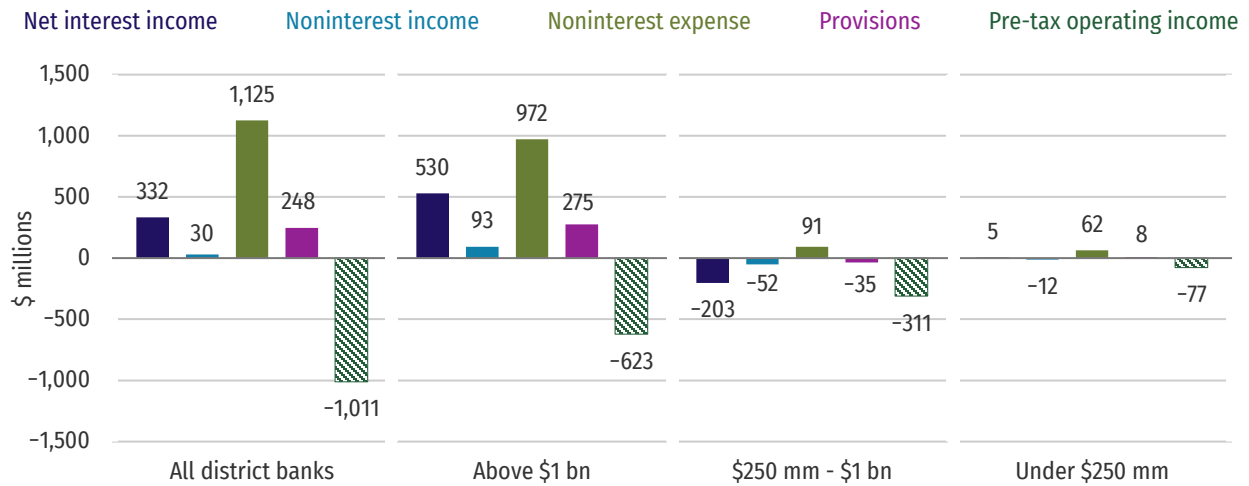


**Chart A8. Year-Over-Year Change in Income & Expense Items, All U.S. Commercial Banks**

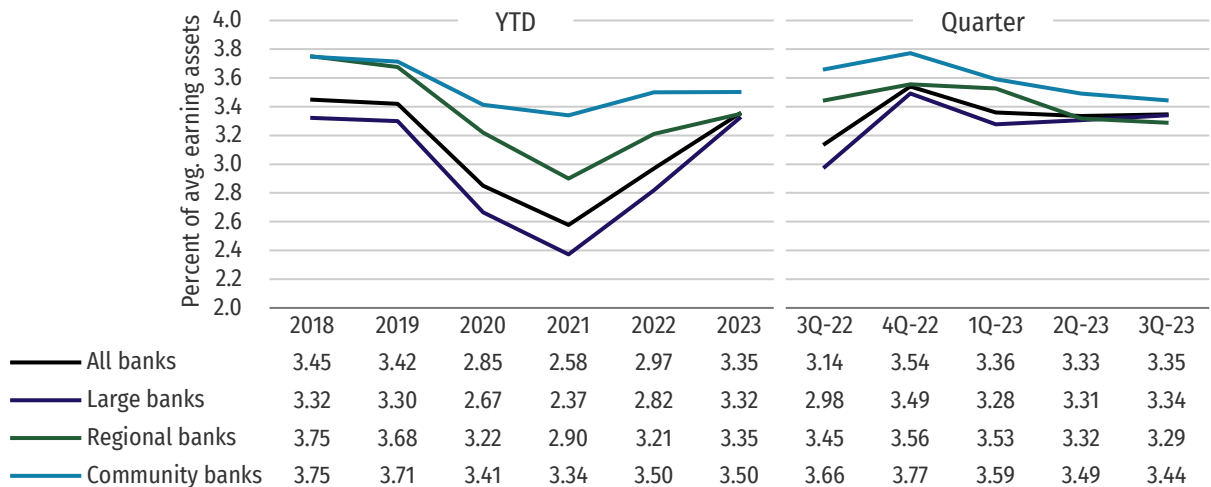




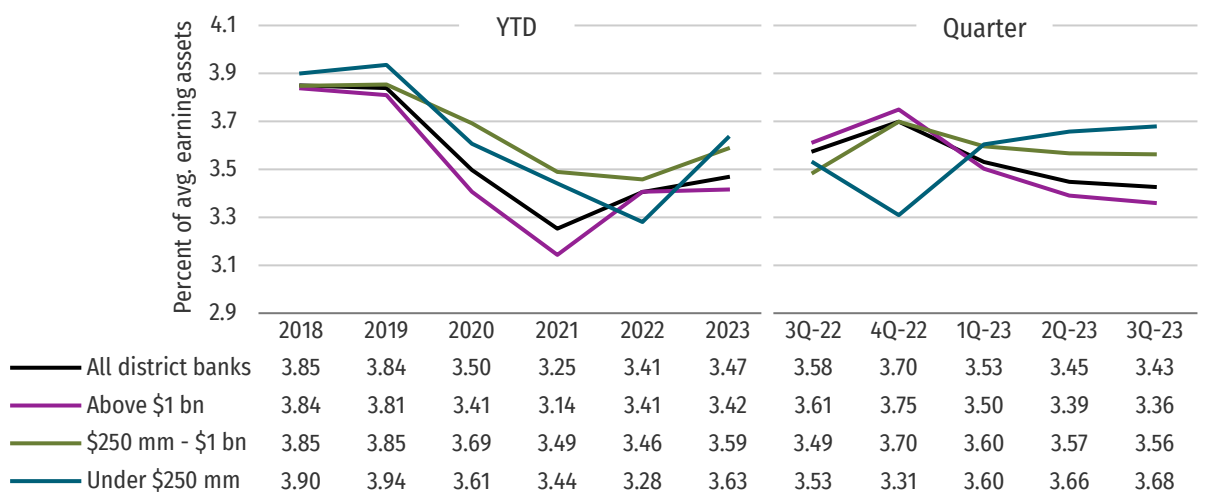
**Chart A9. Year-Over-Year Change in Income & Expense Items, Tenth District Commercial Banks**



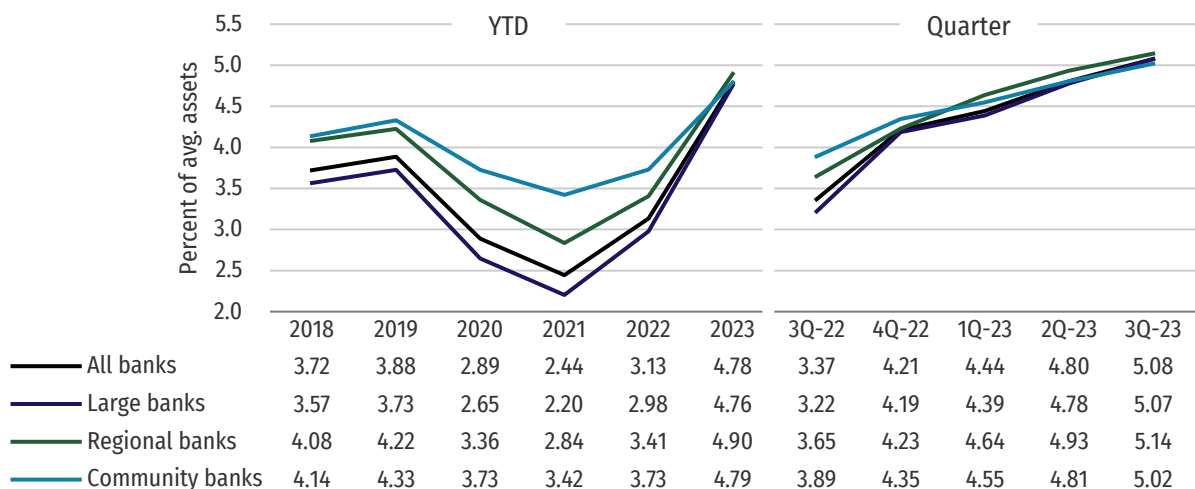
**Chart A10. Net Interest Margin, All U.S. Commercial Banks**



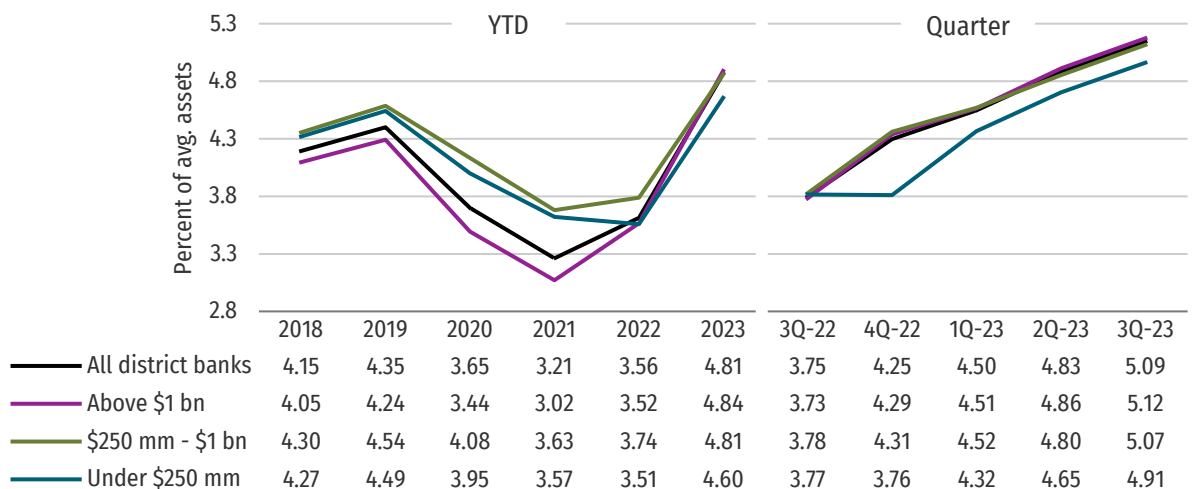
**Chart A11. Net Interest Margin, Tenth District Commercial Banks**



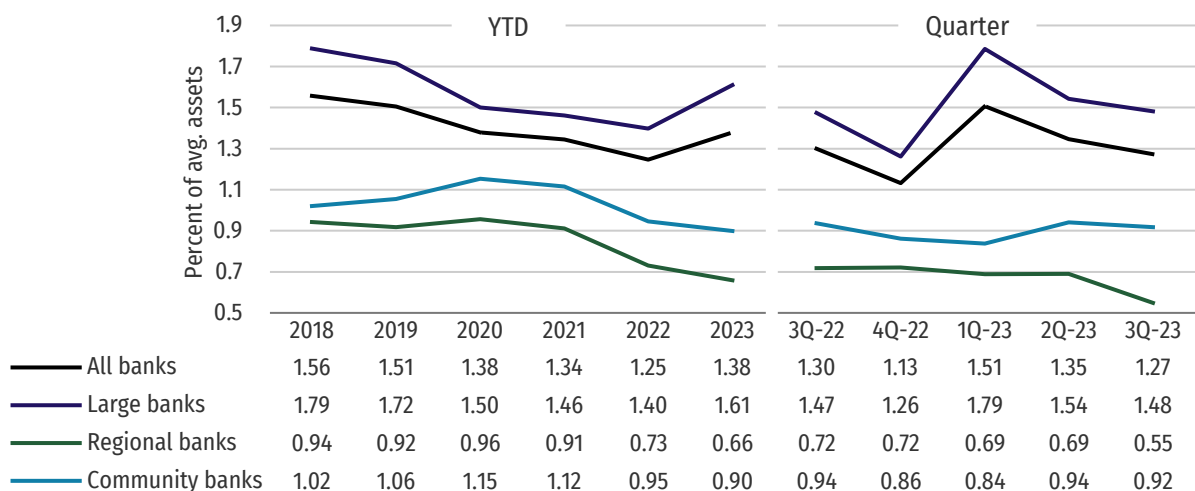
**Chart A12. Interest Income, All U.S. Commercial Banks**



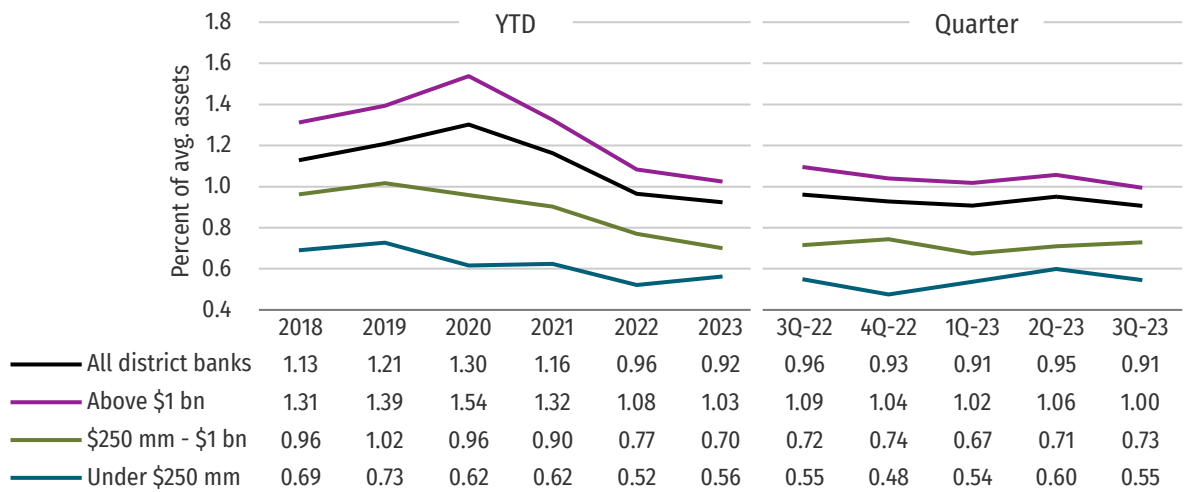
**Chart A13. Interest Income, Tenth District Commercial Banks**



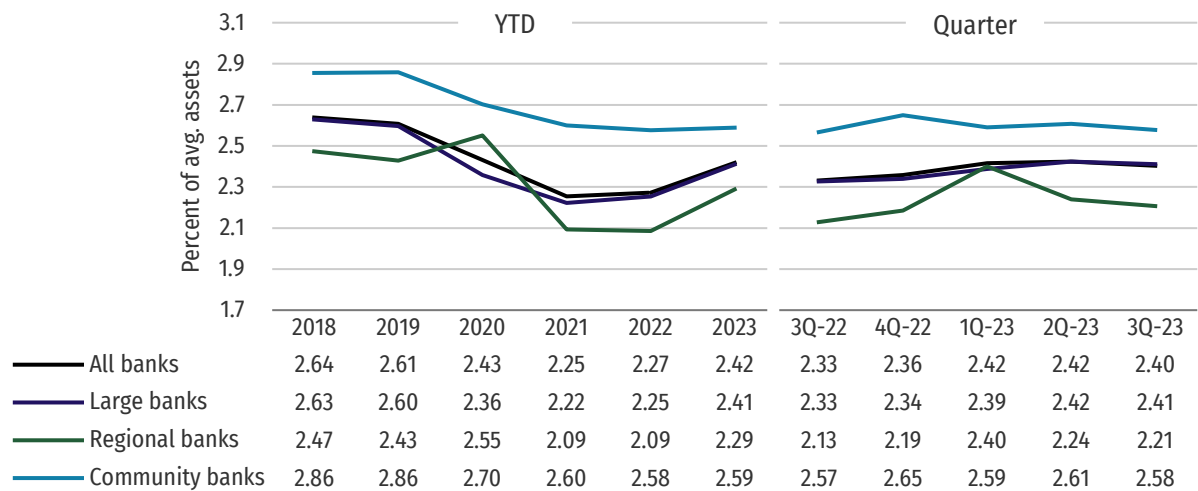
**Chart A14. Noninterest Income, All U.S. Commercial Banks**



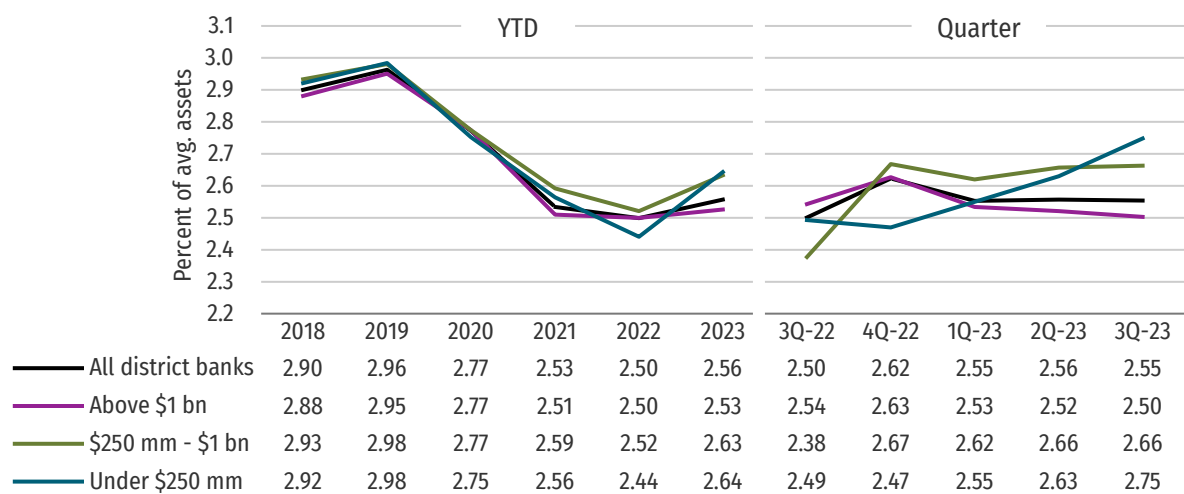
**Chart A15. Noninterest Income, Tenth District Commercial Banks**



**Chart A16. Noninterest Expense, All U.S. Commercial Banks**



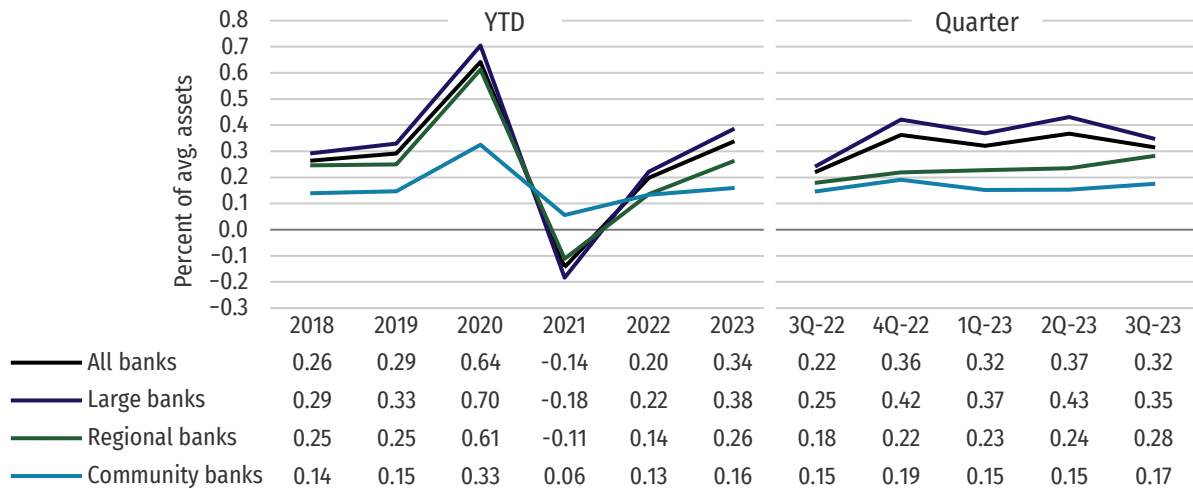
**Chart A17. Noninterest Expense, Tenth District Commercial Banks**



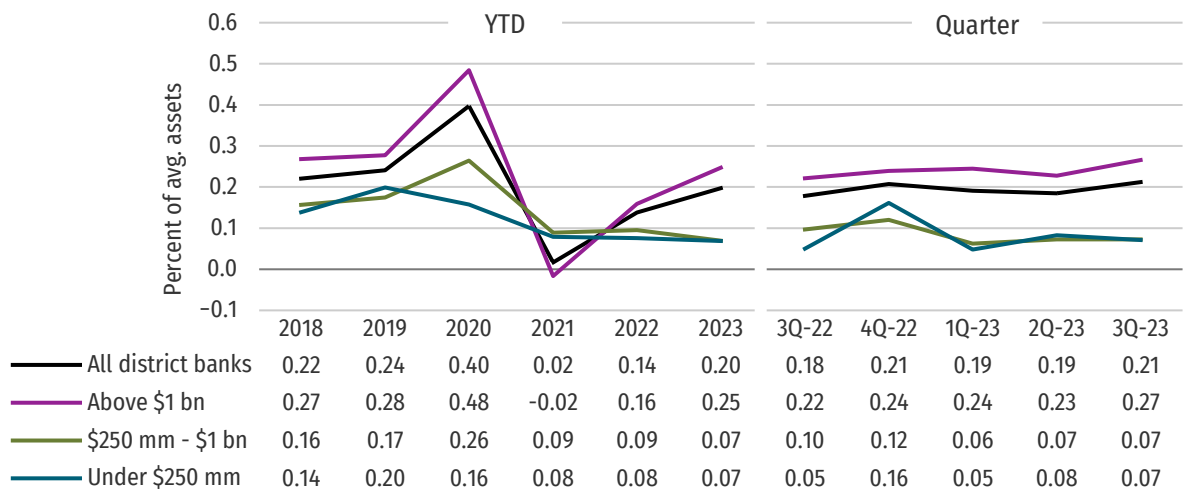
## B. Loan Loss Reserves and Credit Conditions

- Problem assets remain low relative to historical performance but show some signs of stress across few loan types.
- Charge-offs are increasing, though remain below nationwide loss rates.

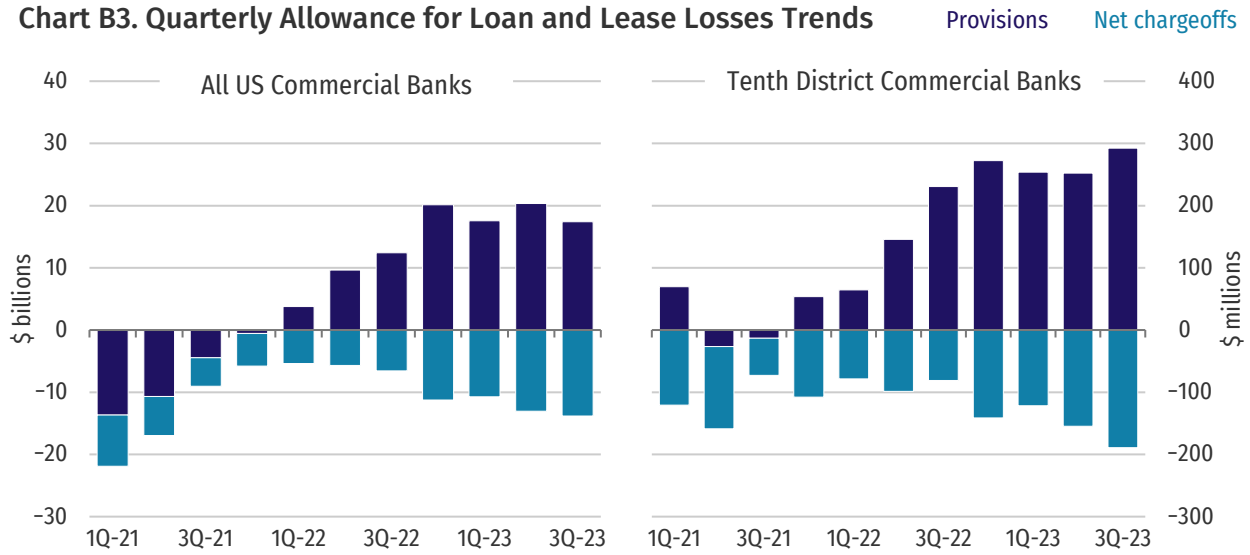
**Chart B1. Loan Loss Provisions, All U.S. Commercial Banks**



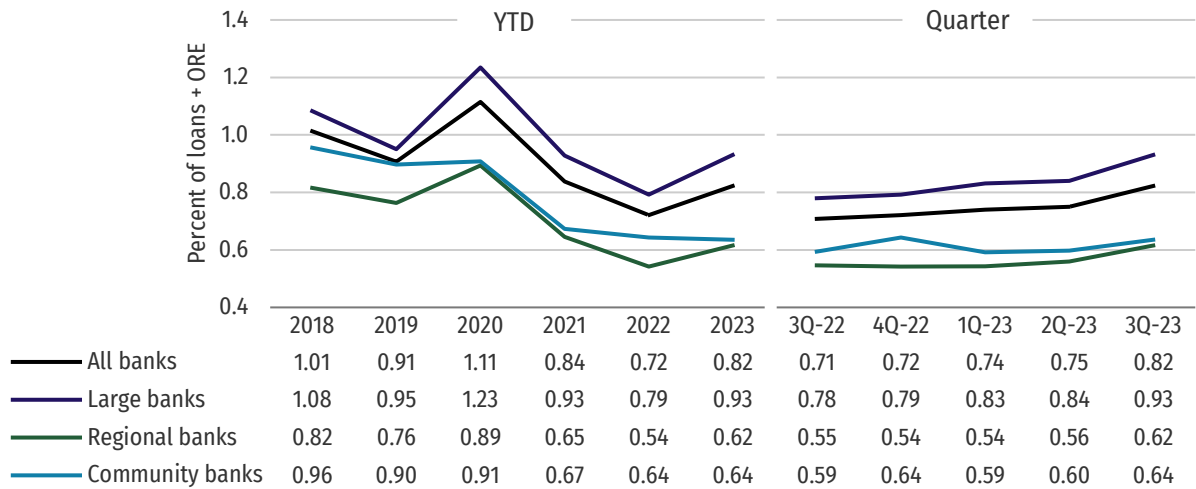
**Chart B2. Loan Loss Provisions, Tenth District Commercial Banks**



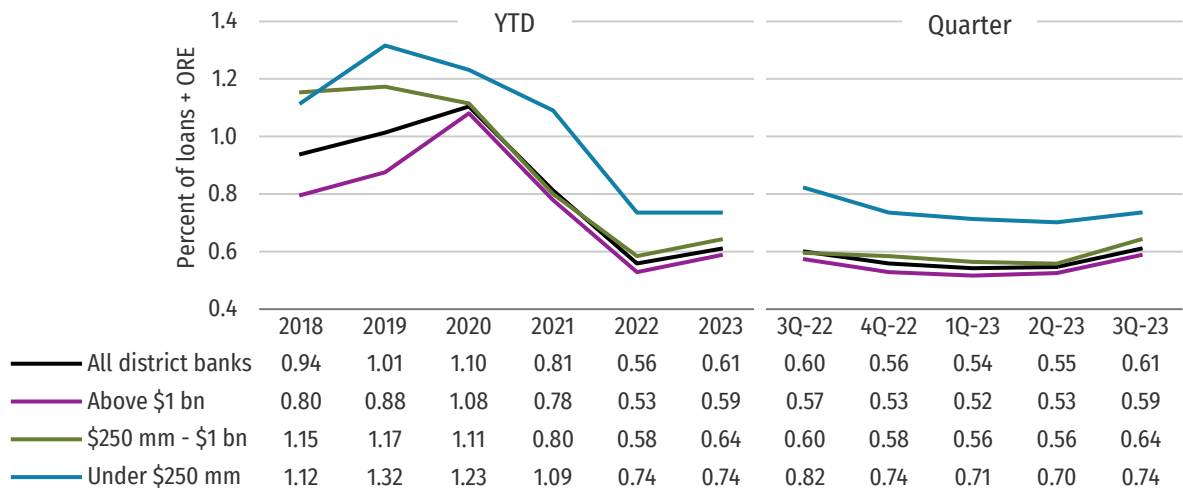
**Chart B3. Quarterly Allowance for Loan and Lease Losses Trends**



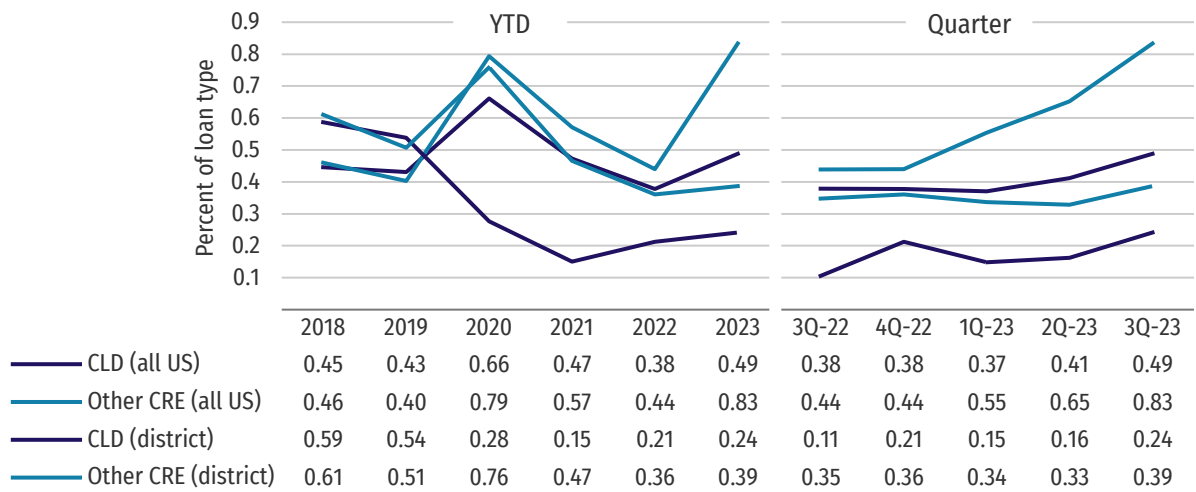
**Chart B4. Problem Assets, All U.S. Commercial Banks**



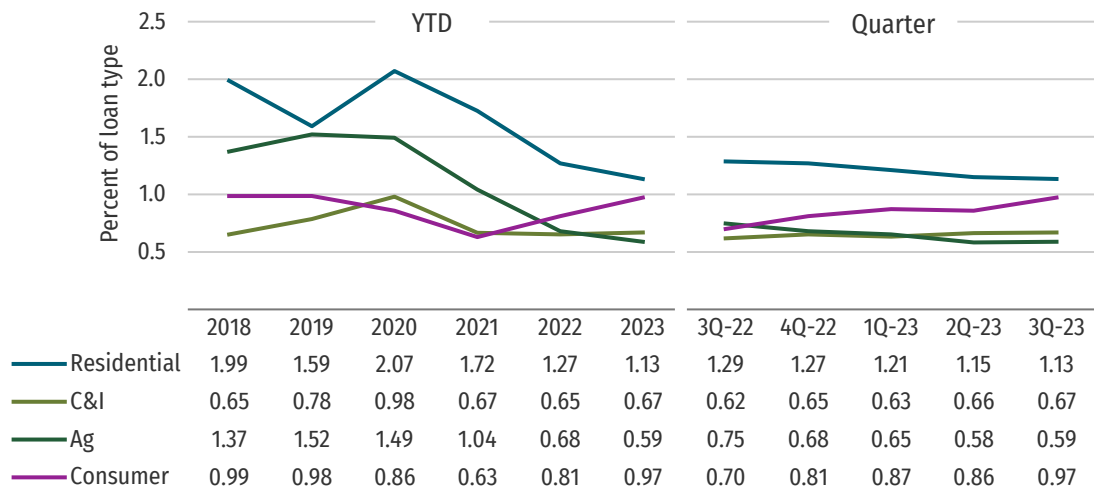
**Chart B5. Problem Assets, Tenth District Commercial Banks**



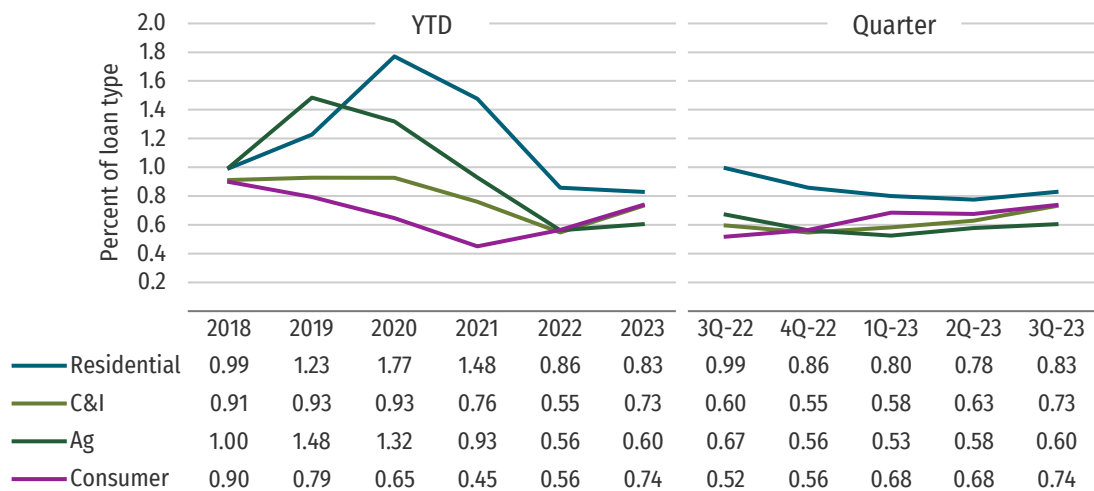
**Chart B6. Noncurrent CLD and CRE Loans**



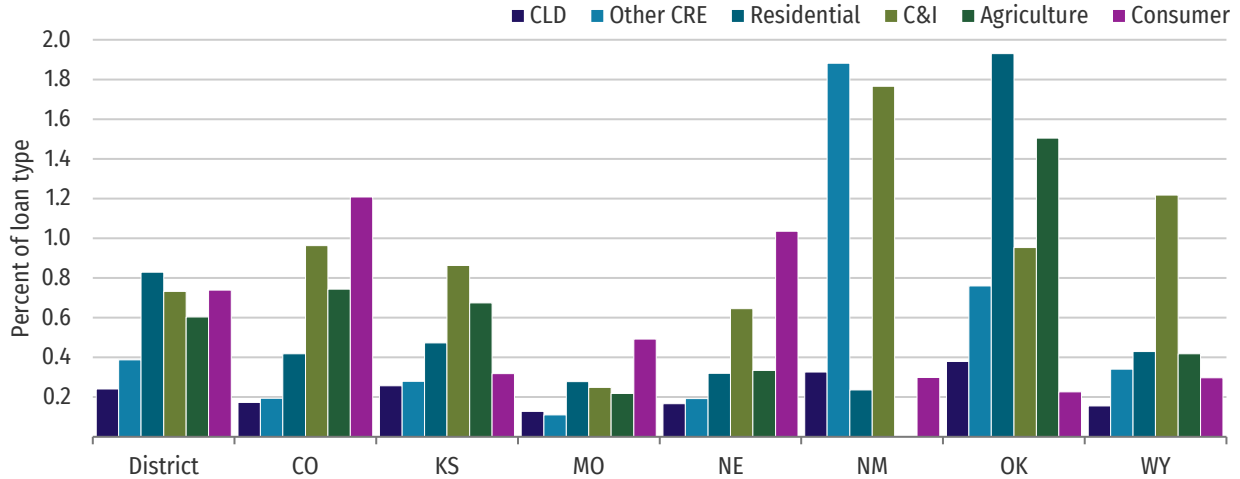
**Chart B7. Noncurrent Loans by Other Loan Types, All U.S. Commercial Banks**



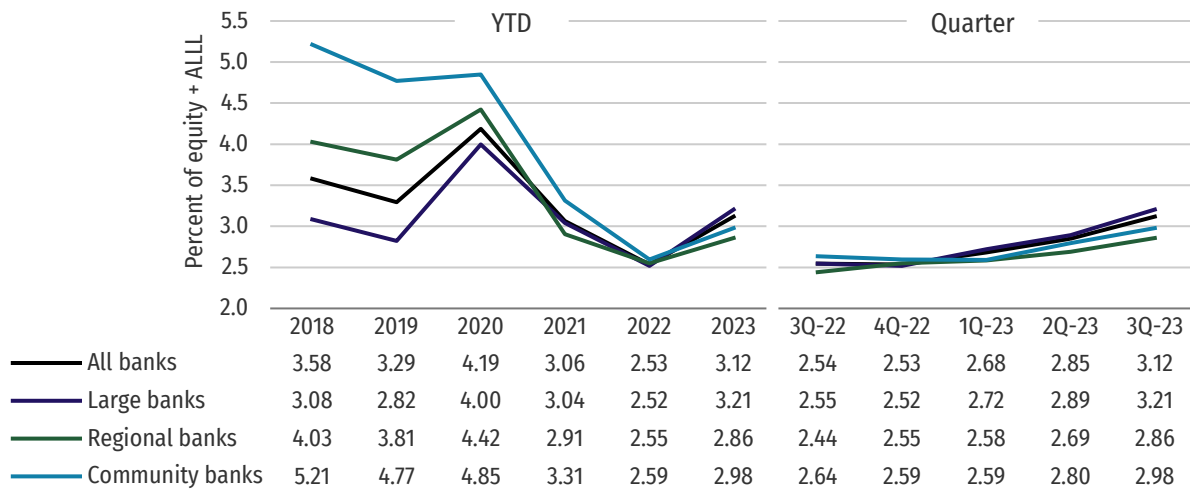
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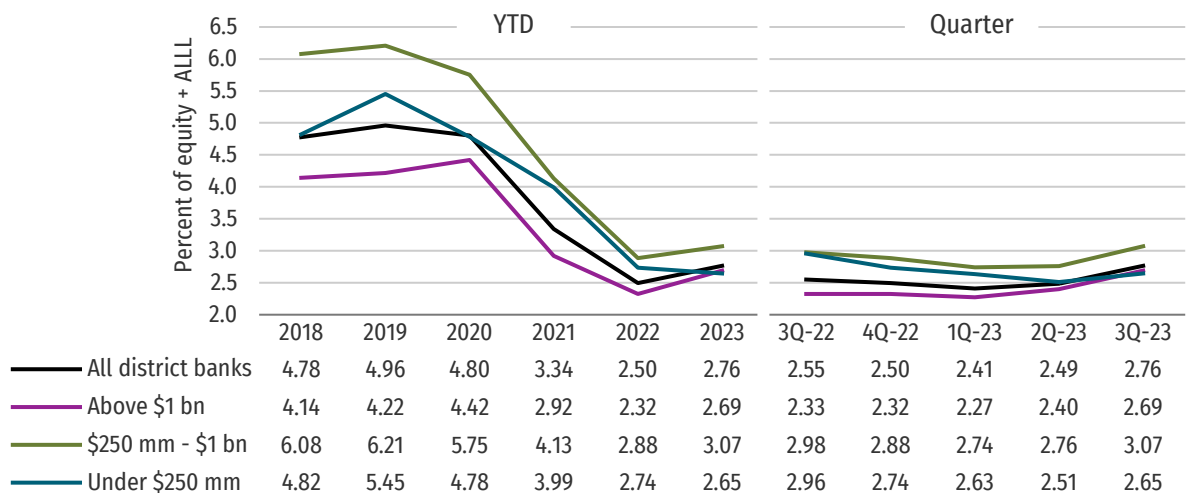
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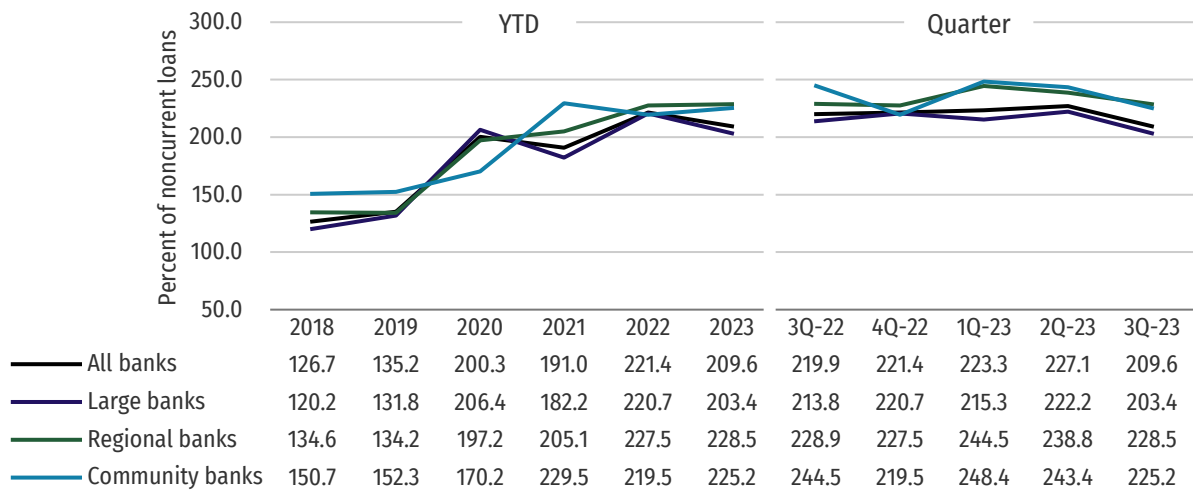
**Chart B10. Texas Ratio, All U.S. Commercial Banks**



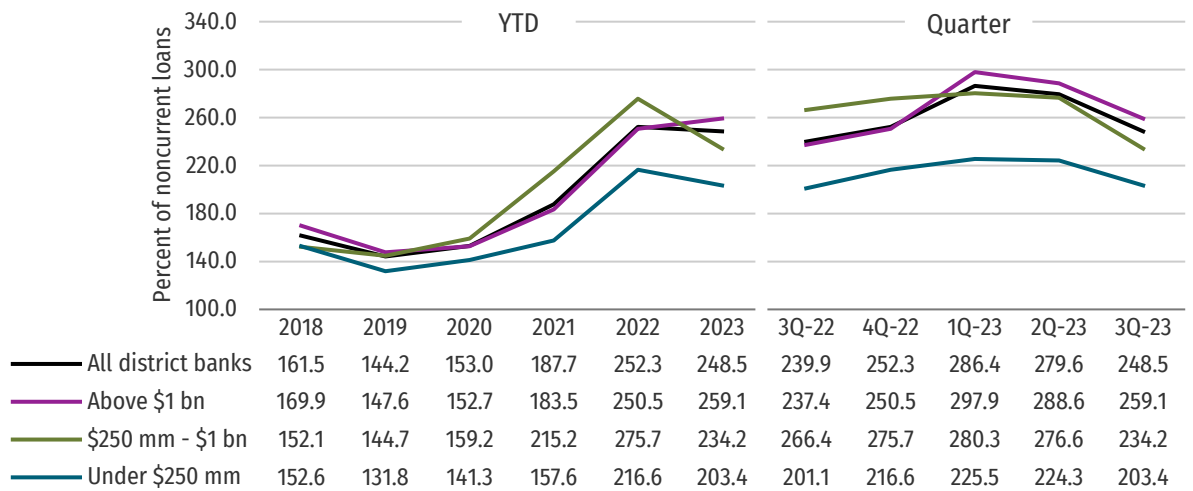
**Chart B11. Texas Ratio, Tenth District Commercial Banks**



**Chart B12. Coverage Ratio, All U.S. Commercial Banks**



**Chart B13. Coverage Ratio, Tenth District Commercial Banks**

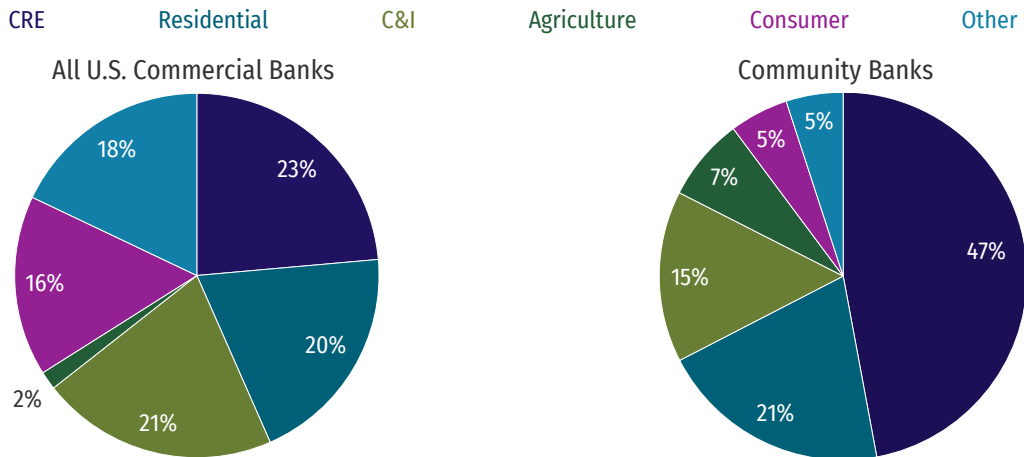




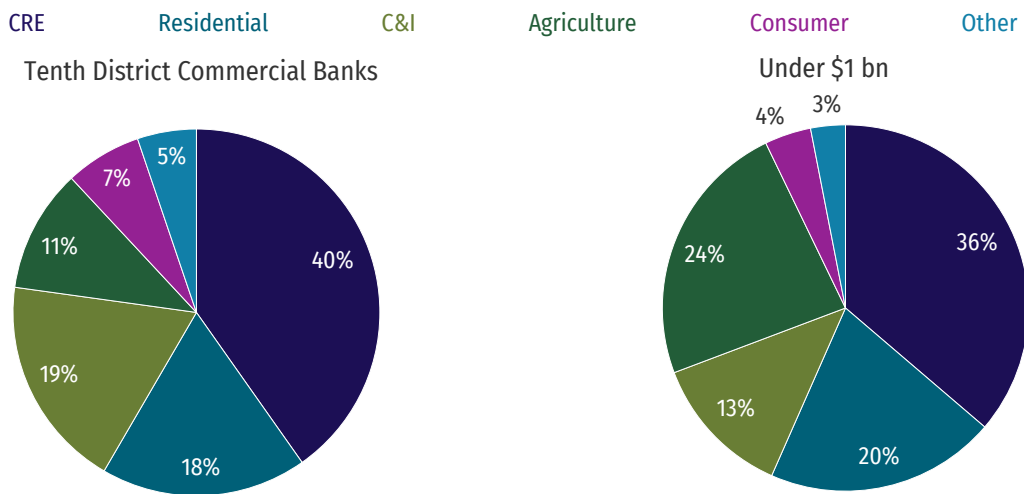
## C. Balance Sheet Composition

- Balance sheet composition continues to shift with increasing loan portfolios, declining liquid asset levels, runoff in core deposits, and greater reliance on wholesale funding.

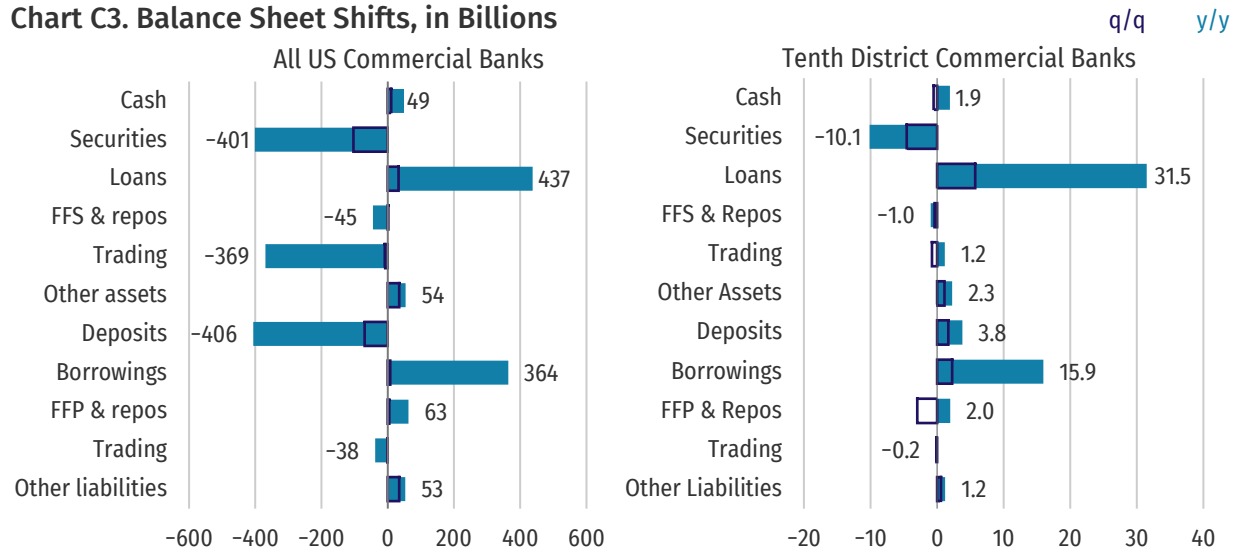
**Chart C1. Loan Portfolio Breakdown, All U.S. Commercial Banks**



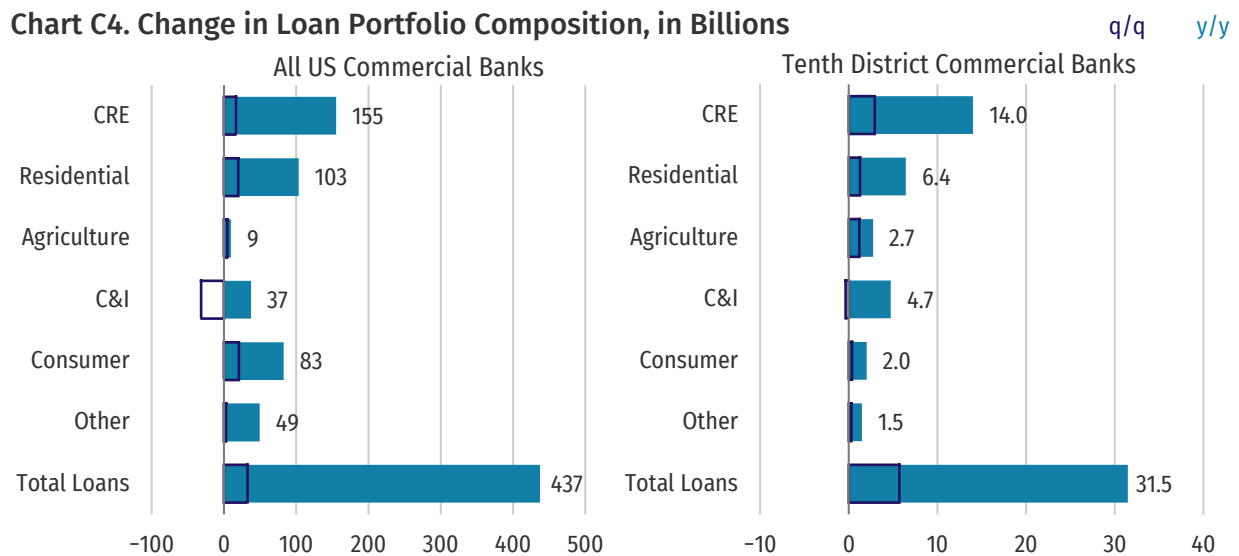
**Chart C2. Loan Portfolio Breakdown, Tenth District Commercial Banks**



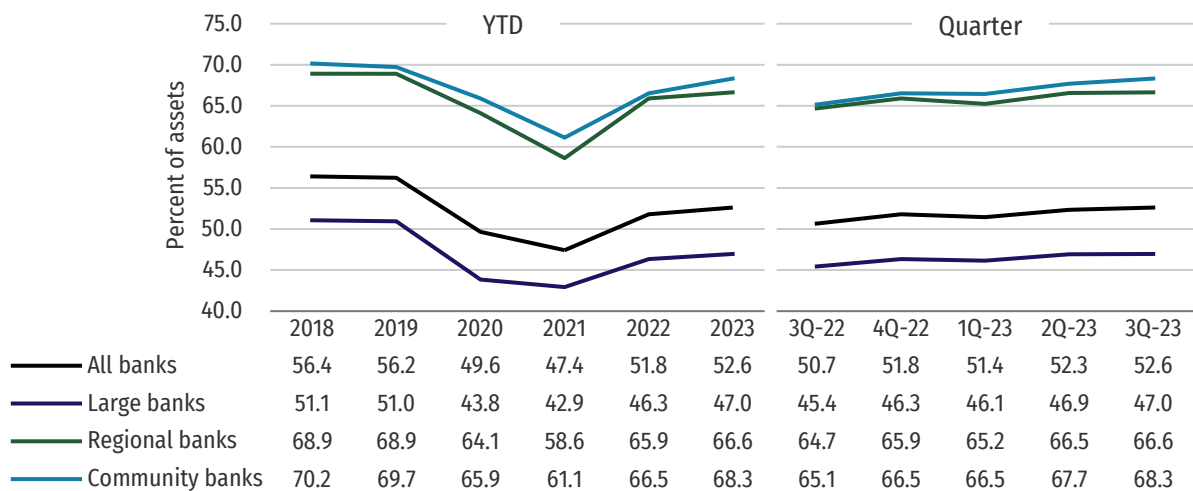
**Chart C3. Balance Sheet Shifts, in Billions**



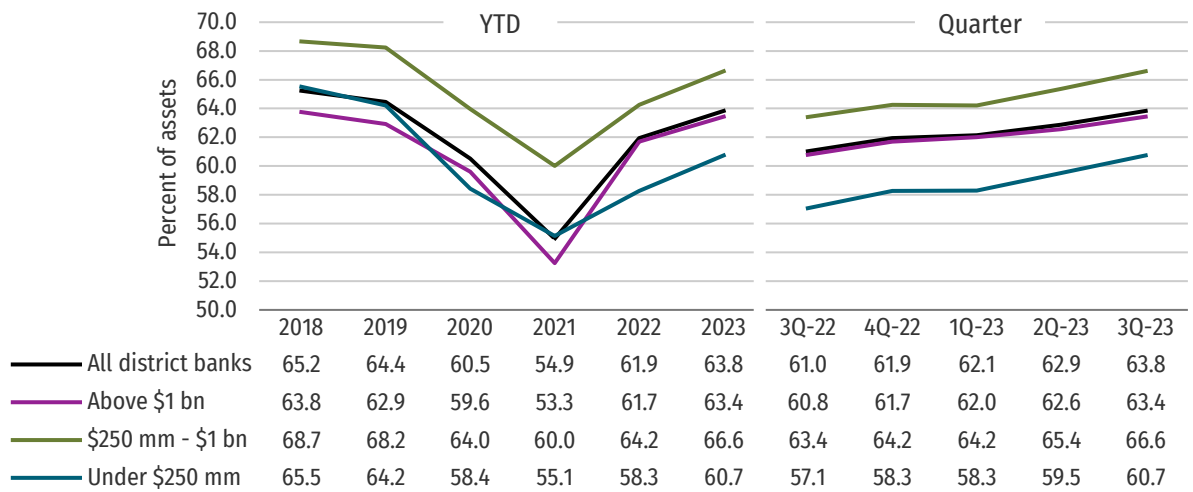
**Chart C4. Change in Loan Portfolio Composition, in Billions**



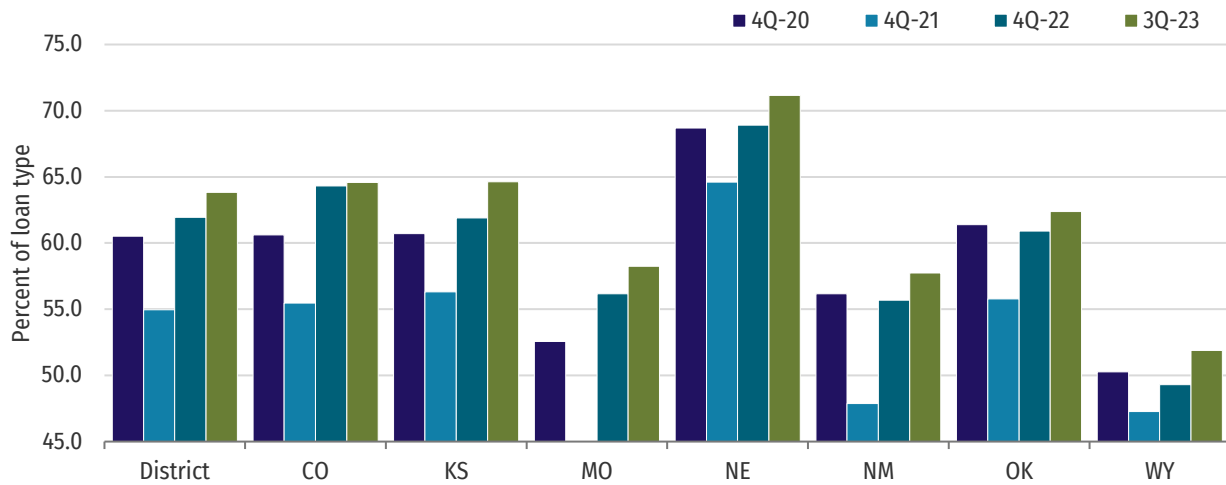
**Chart C5. Loans to Assets, All U.S. Commercial Banks**



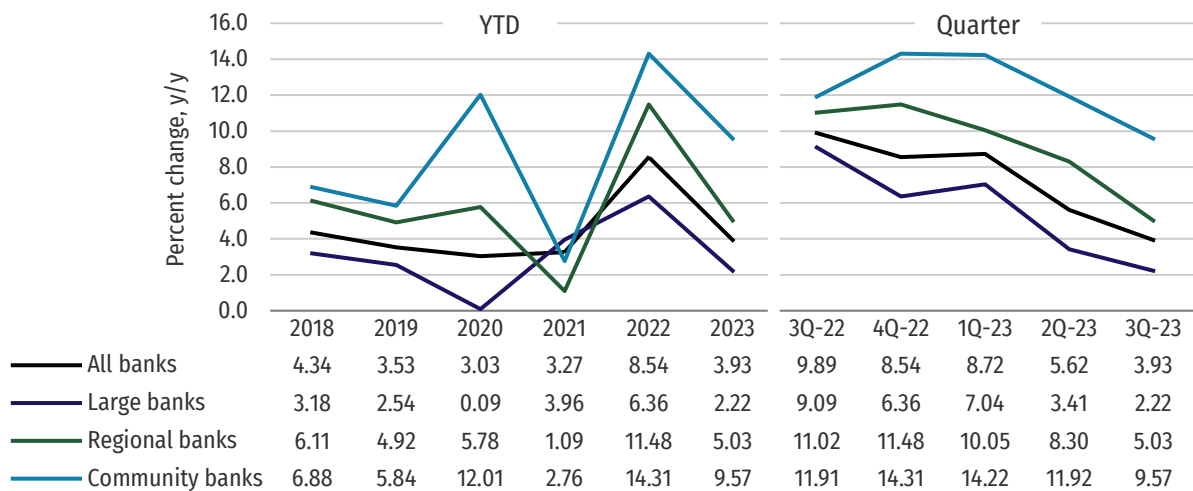
**Chart C6. Loans to Assets, Tenth District Commercial Banks**



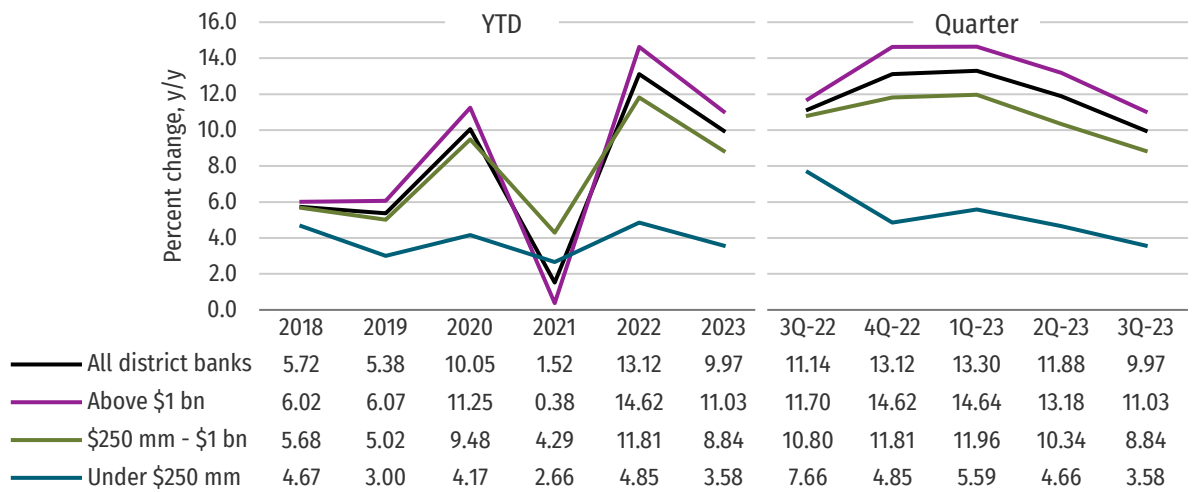
**Chart C7. Loans to Assets, Tenth District States**



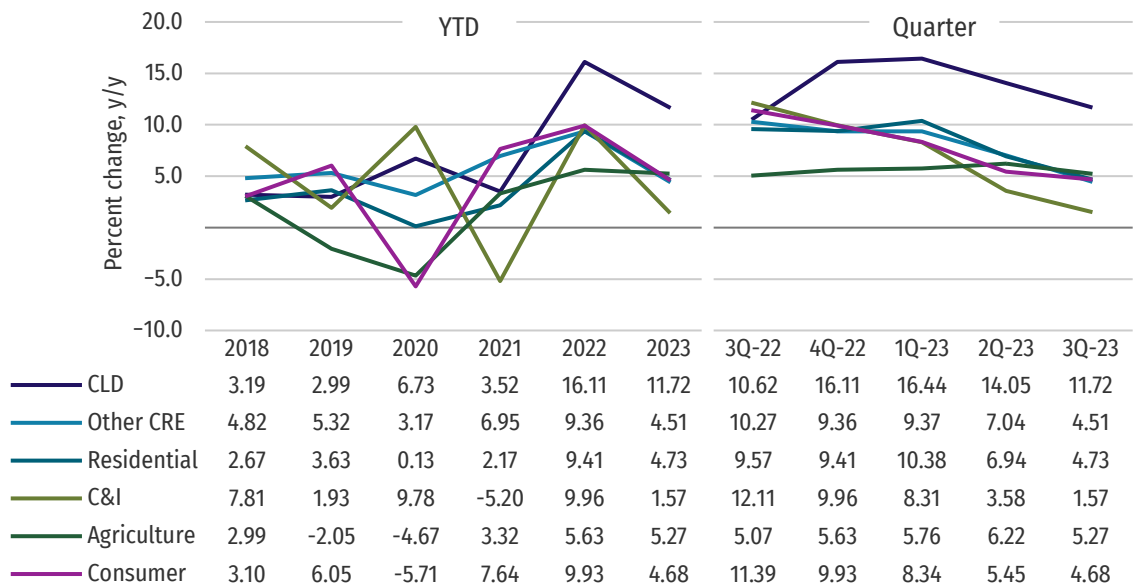
**Chart C8. Year-Over-Year Loan Growth, All U.S. Commercial Banks**



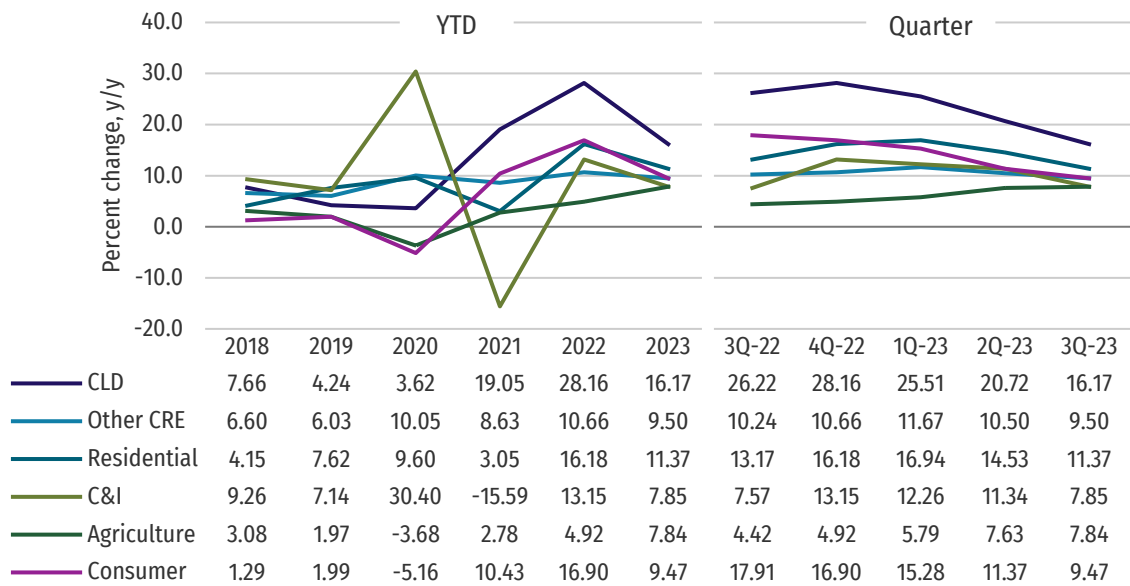
**Chart C9. Year-Over-Year Loan Growth, Tenth District Commercial Banks**



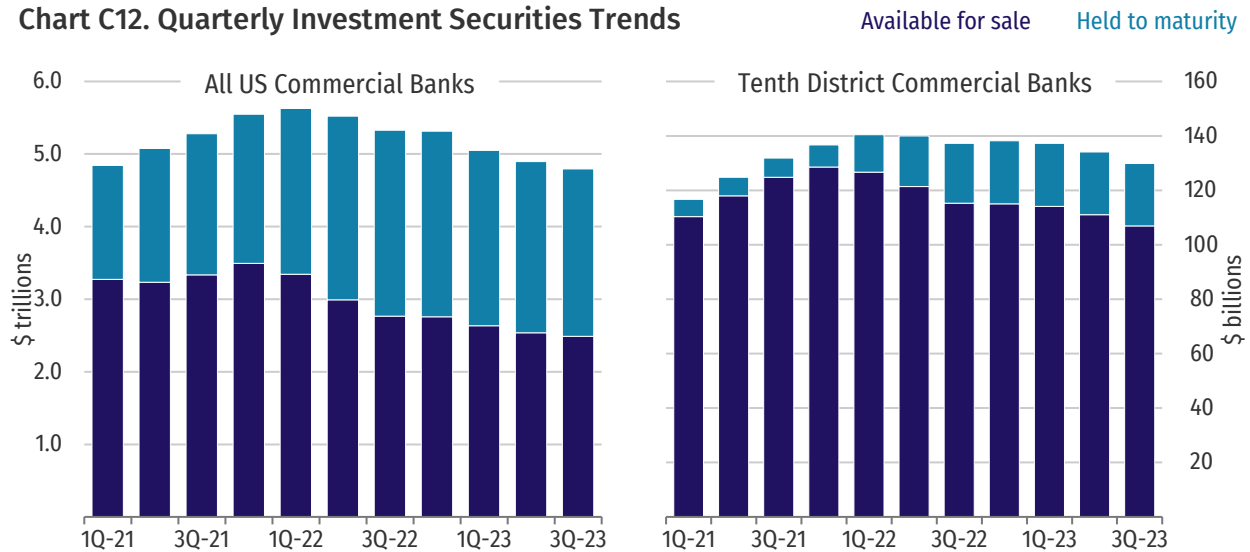
**Chart C10. Year-Over-Year Loan Growth by Loan Type, All U.S. Commercial Banks**



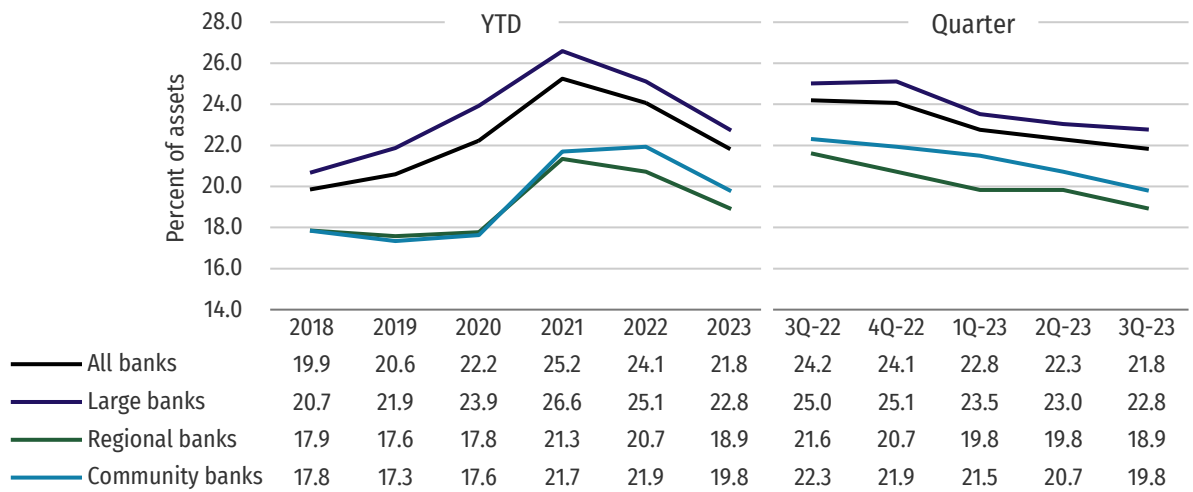
**Chart C11. Year-Over-Year Loan Growth by Loan Type, Tenth District Commercial Banks**



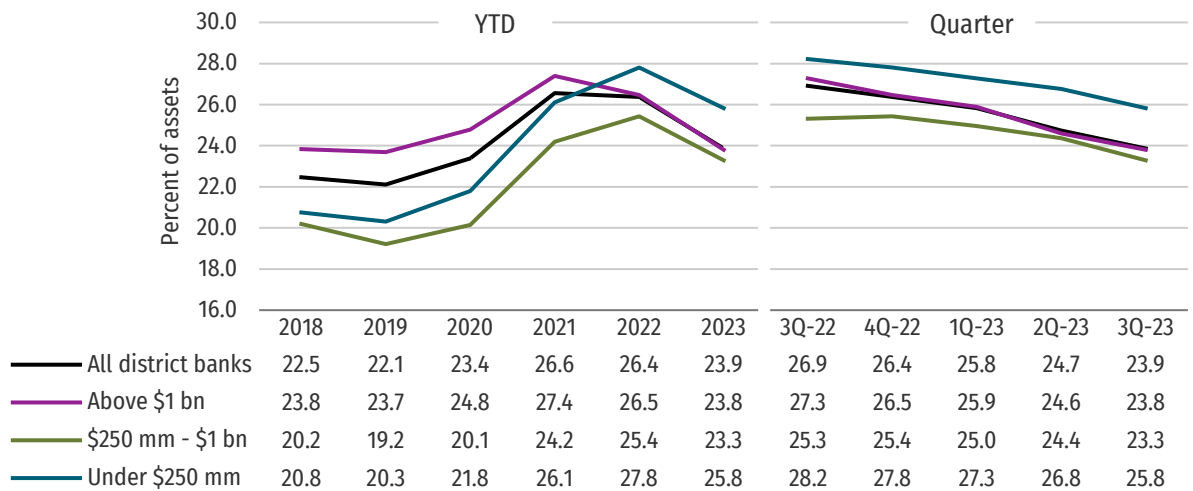
**Chart C12. Quarterly Investment Securities Trends**



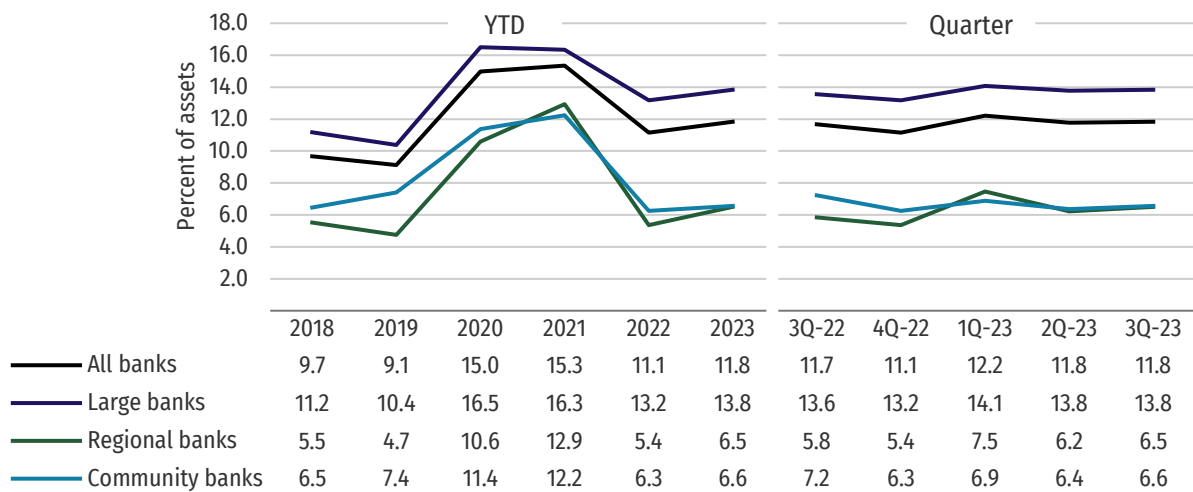
**Chart C13. Investment Securities, All U.S. Commercial Banks**



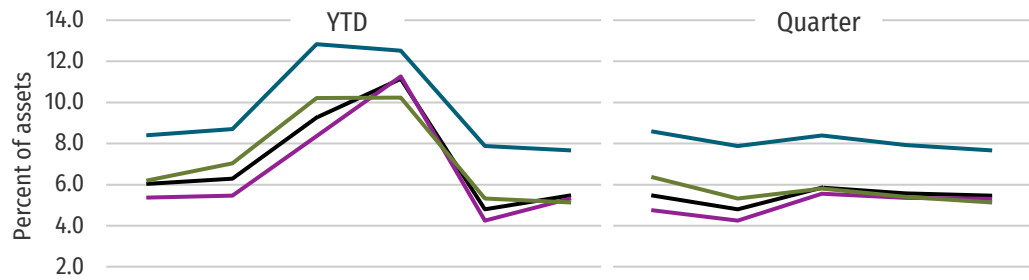
**Chart C14. Investment Securities, Tenth District Commercial Banks**



**Chart C15. Cash and Reserve Holdings, All U.S. Commercial Banks**



**Chart C16. Cash and Reserve Holdings, Tenth District Commercial Banks**

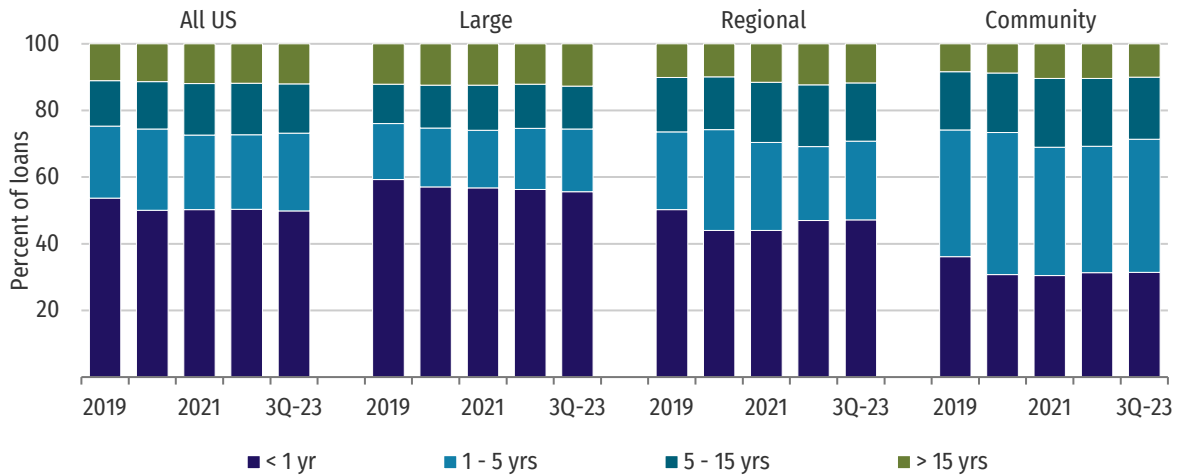


	2018	2019	2020	2021	2022	2023	3Q-22	4Q-22	1Q-23	2Q-23	3Q-23
— All district banks	6.0	6.3	9.3	11.1	4.8	5.5	5.5	4.8	5.8	5.6	5.5
— Above \$1 bn	5.4	5.5	8.4	11.3	4.2	5.3	4.8	4.2	5.6	5.4	5.3
— \$250 mm - \$1 bn	6.2	7.0	10.2	10.2	5.3	5.1	6.4	5.3	5.8	5.4	5.1
— Under \$250 mm	8.4	8.7	12.8	12.5	7.9	7.7	8.6	7.9	8.4	7.9	7.7

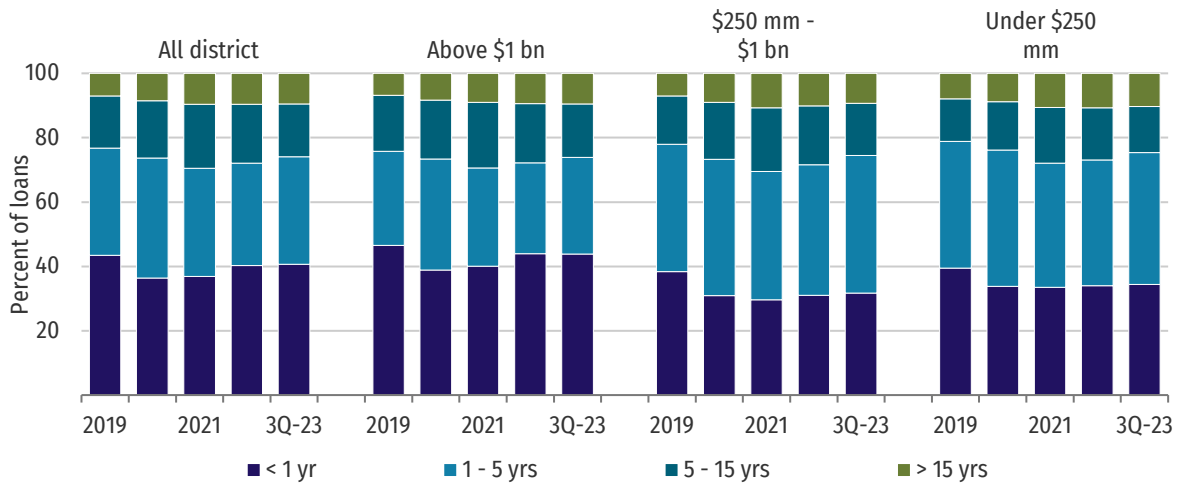
## D. Maturity and Funding

- The liquid asset ratio decreased further across District banks, and the liquidity of securities is further hindered by high levels of unrealized losses.
- Banks continue to rely on wholesale funding in response to loan growth and deposit runoff.

**Chart D1. Loan Portfolio Maturity & Repricing Distribution, All U.S. Commercial Banks**

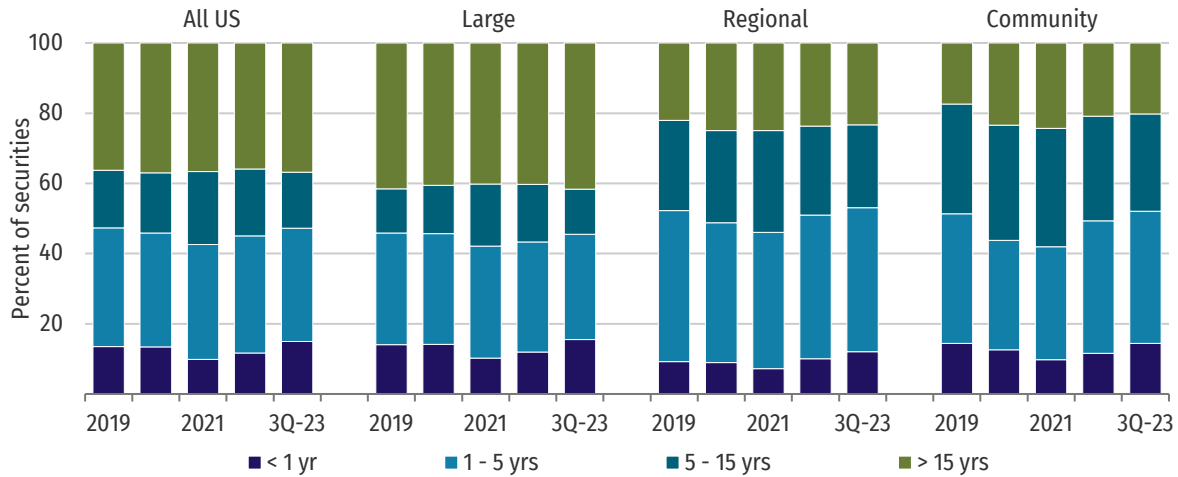


**Chart D2. Loan Portfolio Maturity & Repricing Distribution, Tenth District Commercial Banks**

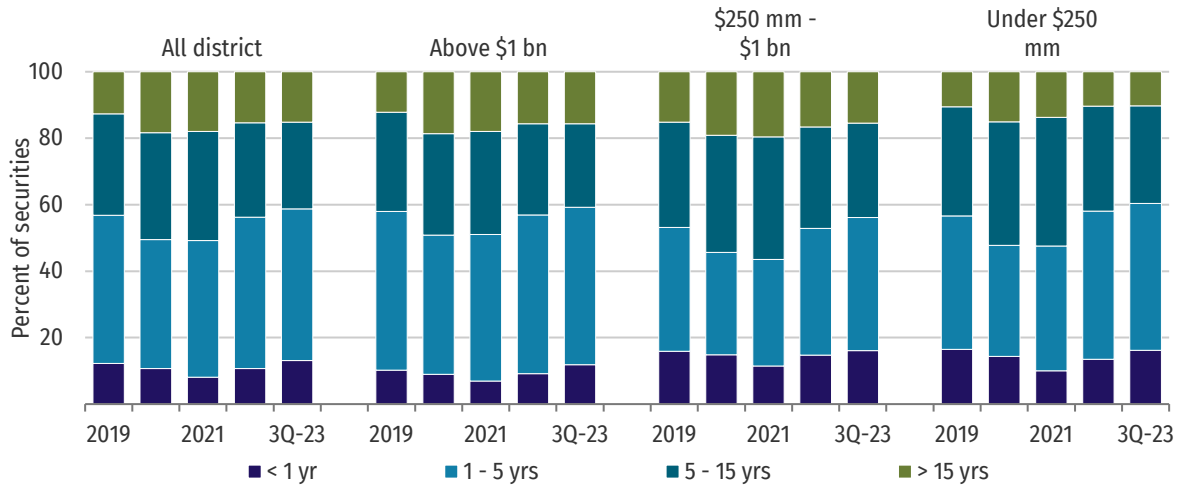




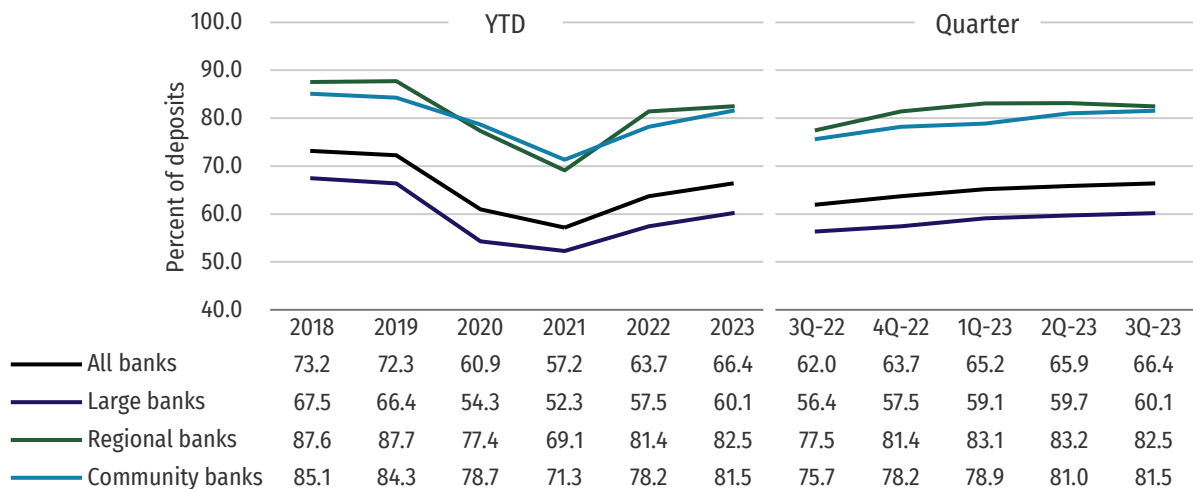
**Chart D3. Securities Maturity & Repricing Distribution, All U.S. Commercial Banks**



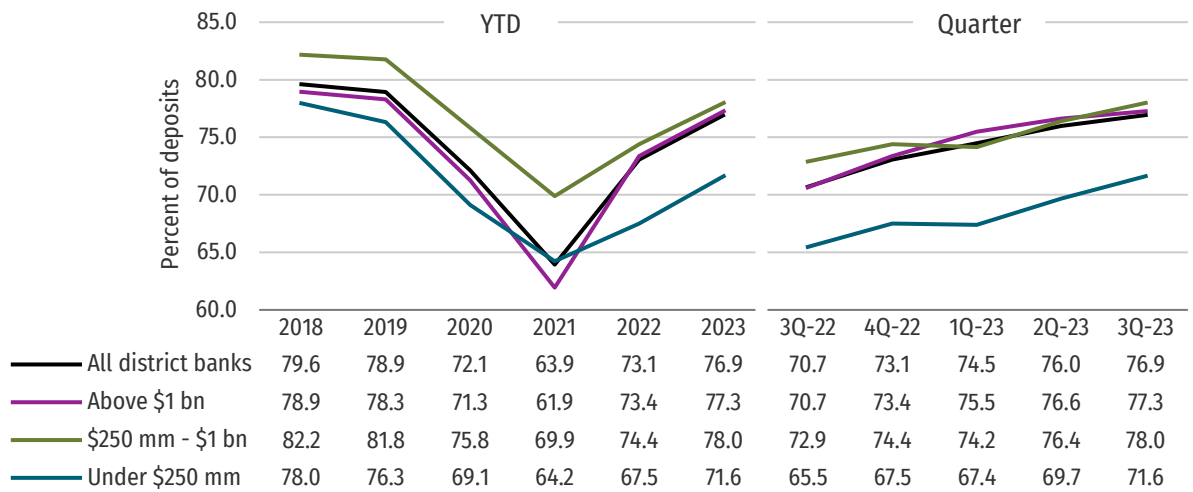
**Chart D4. Securities Maturity & Repricing Distribution, Tenth District Commercial Banks**



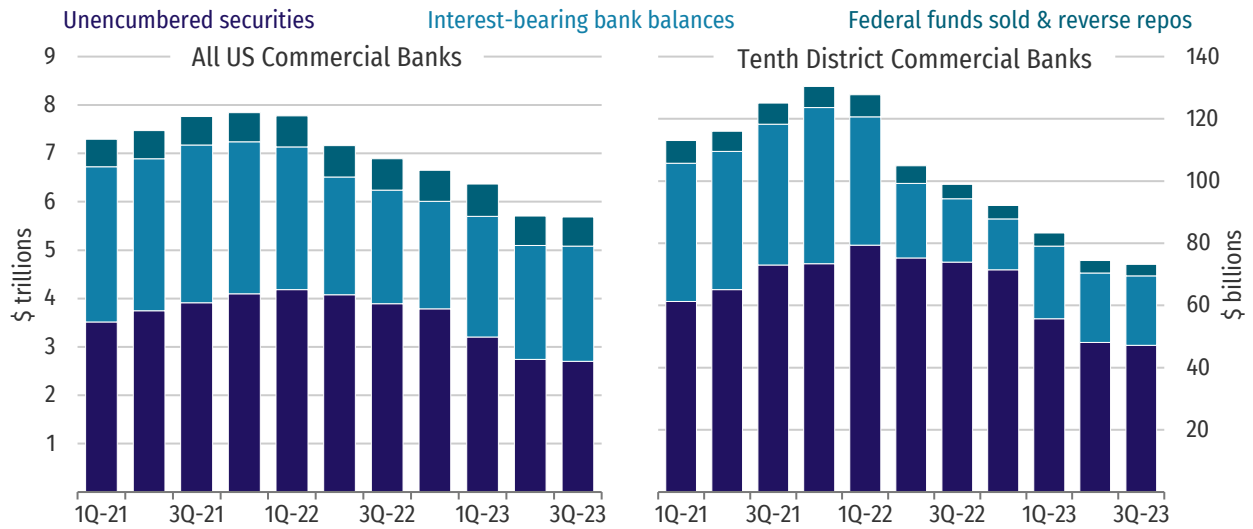
**Chart D5. Loan-to-Deposit Ratios, All U.S. Commercial Banks**



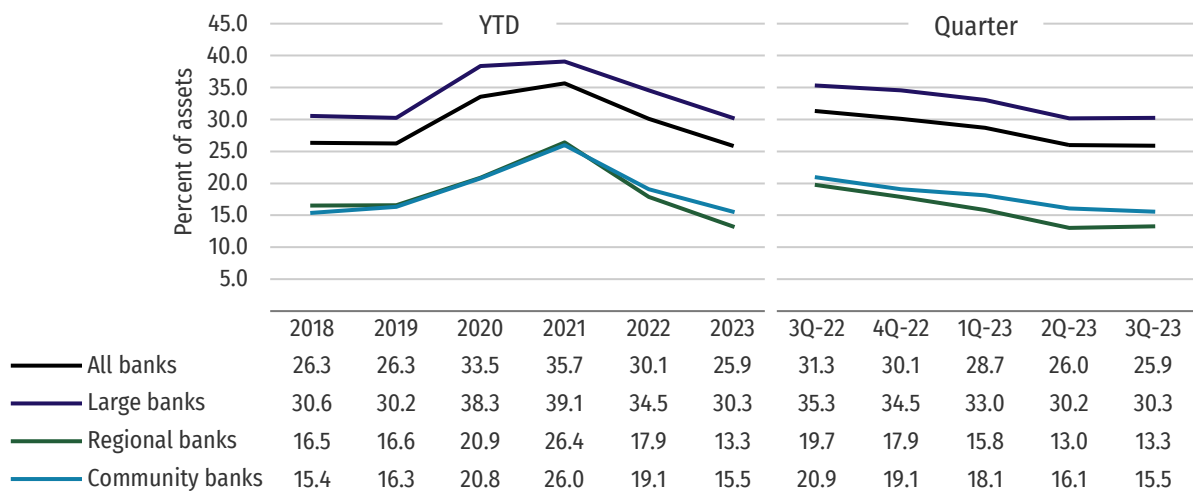
**Chart D6. Loan-to-Deposit Ratios, Tenth District Commercial Banks**



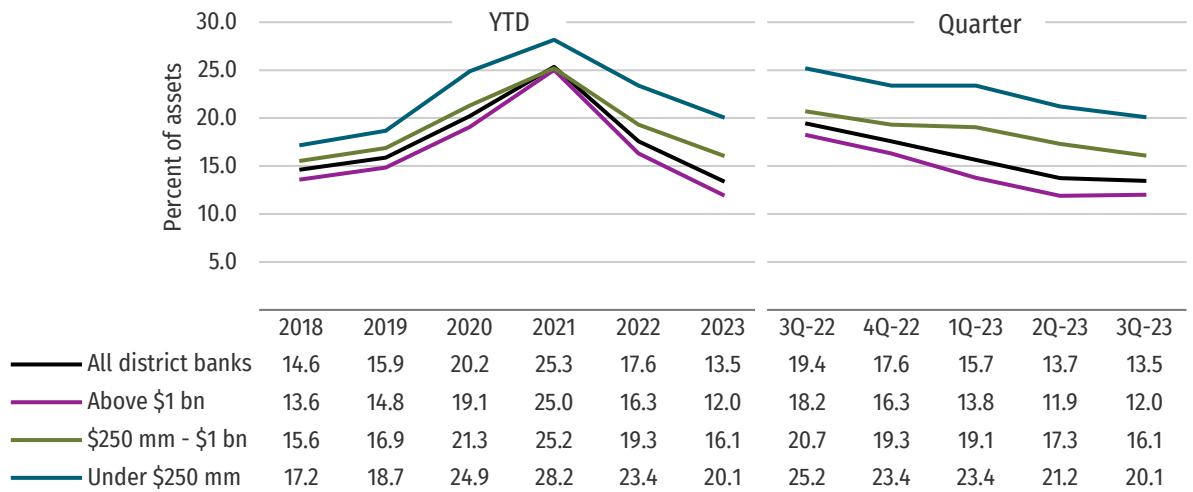
**Chart D7. Quarterly Liquid Asset Trends**



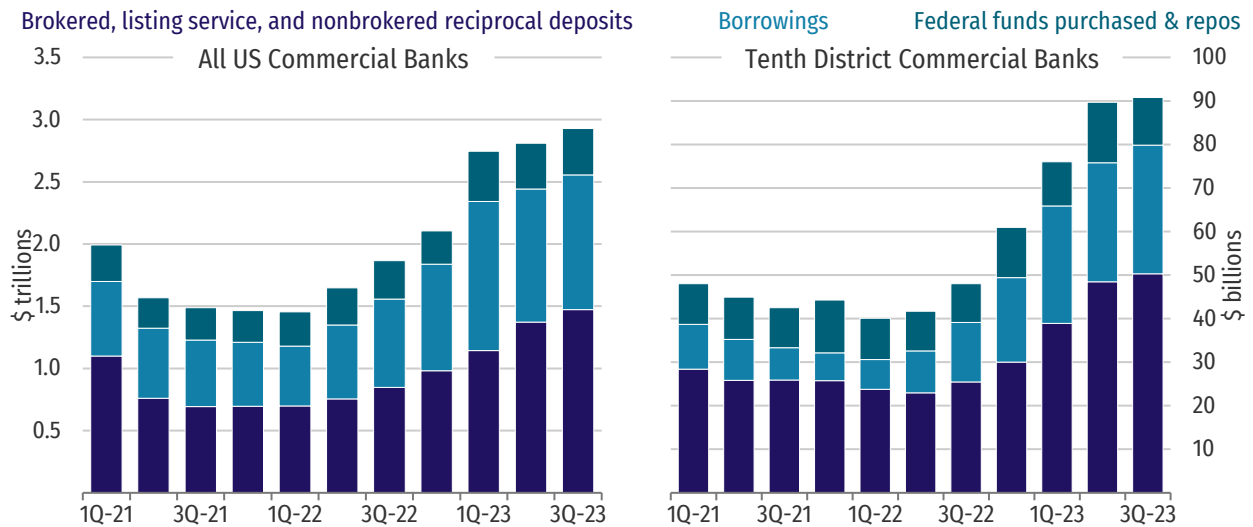
**Chart D8. Liquid Asset Ratios, All U.S. Commercial Banks**



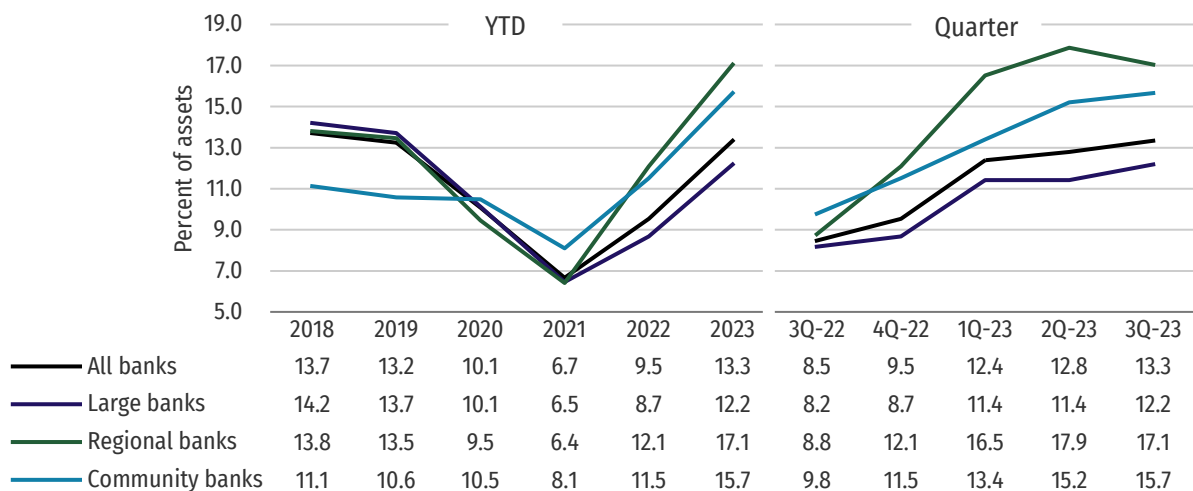
**Chart D9. Liquid Asset Ratios, Tenth District Commercial Banks**



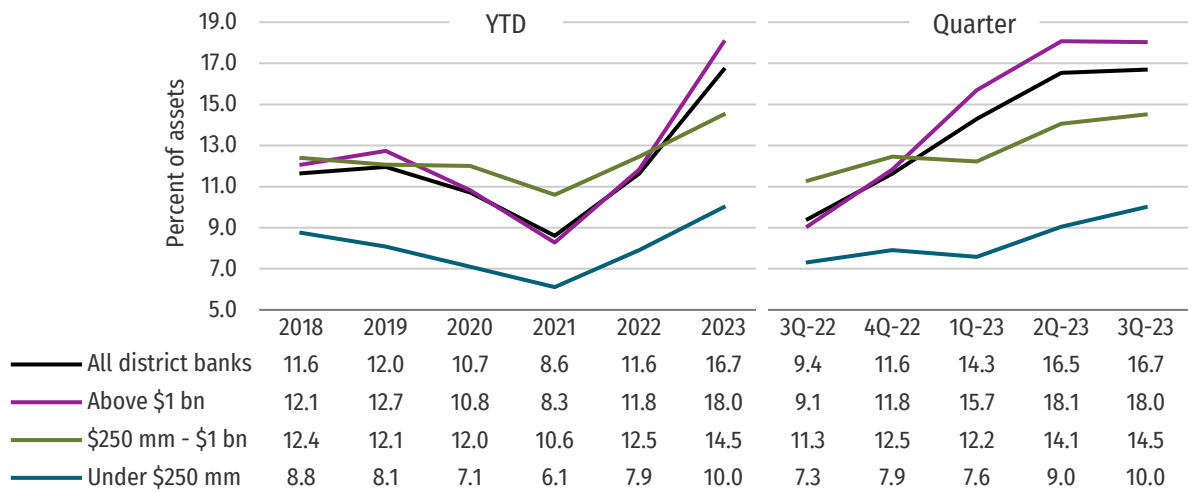
**Chart D10. Quarterly Wholesale Funding Trends**



**Chart D11. Wholesale Funding Ratios, All U.S. Commercial Banks**



**Chart D12. Wholesale Funding Ratios, Tenth District Commercial Banks**



## Select Ratios by Tenth District State

	Colorado		Kansas		Missouri		Nebraska		New Mexico		Oklahoma		Wyoming	
	3Q-23	3Q-22	3Q-23	3Q-22	3Q-23	3Q-22	3Q-23	3Q-22	3Q-23	3Q-22	3Q-23	3Q-22	3Q-23	3Q-22
<b>Overview<sup>1</sup></b>														
Number of Commercial Banks <sup>2</sup>	64	65	196	203	203	211	145	147	28	31	176	178	24	26
Total Assets	\$101,900	\$85,072	\$81,085	\$79,172	\$238,783	\$230,216	\$102,075	\$94,604	\$14,017	\$16,785	\$149,597	\$139,633	\$9,147	\$10,600
Total Loans	\$65,802	\$52,957	\$52,395	\$48,060	\$157,720	\$145,512	\$72,626	\$64,766	\$7,691	\$8,496	\$93,302	\$85,272	\$4,746	\$5,590
Total Deposits	\$87,239	\$75,917	\$68,726	\$67,737	\$202,067	\$199,992	\$84,252	\$79,428	\$12,210	\$15,144	\$119,982	\$120,032	\$8,199	\$9,787
Equity Capital	\$7,967	\$5,996	\$6,754	\$6,488	\$19,859	\$18,390	\$8,994	\$8,620	\$980	\$1,102	\$13,703	\$12,614	\$614	\$684
Problem Assets	\$307	\$152	\$287	\$266	\$544	\$423	\$333	\$300	\$61	\$50	\$992	\$989	\$23	\$20
<b>Earnings<sup>3</sup></b>														
Banks With Losses	4.69%	6.15%	1.53%	2.96%	1.97%	3.32%	2.07%	1.36%	0.00%	0.00%	3.41%	2.25%	4.17%	3.85%
Return on Average Assets	1.16%	1.20%	1.11%	1.20%	1.35%	1.26%	1.08%	1.30%	1.74%	1.52%	1.29%	1.21%	1.04%	1.11%
Net Interest Income to Average Assets	3.11%	3.06%	3.09%	3.03%	3.18%	2.88%	3.86%	3.69%	3.81%	3.27%	3.25%	3.01%	2.92%	2.86%
Provisions to Average Assets	0.07%	0.09%	0.08%	0.04%	0.11%	0.06%	0.63%	0.35%	0.20%	0.02%	0.10%	0.06%	0.04%	0.04%
Loan Losses to Average Loans	0.05%	0.03%	0.06%	0.05%	0.07%	0.08%	0.65%	0.29%	0.23%	0.00%	0.04%	0.07%	0.12%	0.01%
<b>Asset Quality<sup>4</sup></b>														
Problem Assets to Total Loans + OREO	0.47%	0.29%	0.55%	0.55%	0.34%	0.29%	0.46%	0.46%	0.80%	0.58%	1.06%	1.16%	0.47%	0.36%
Noncurrent CLD	0.17%	0.07%	0.26%	0.08%	0.28%	0.25%	0.17%	0.11%	0.14%	0.01%	0.38%	0.17%	0.16%	0.04%
Noncurrent Other CRE	0.19%	0.21%	0.28%	0.32%	0.26%	0.23%	0.19%	0.21%	0.98%	0.51%	0.76%	0.60%	0.34%	0.23%
Noncurrent Residential	0.42%	0.16%	0.47%	0.46%	0.25%	0.23%	0.32%	0.32%	0.41%	0.50%	1.93%	2.79%	0.43%	0.23%
Noncurrent C&I	0.96%	0.51%	0.86%	0.91%	0.34%	0.22%	0.65%	0.58%	0.85%	0.59%	0.95%	0.83%	1.22%	0.88%
Noncurrent Farm	0.75%	0.55%	0.41%	0.49%	0.20%	0.24%	0.22%	0.42%	0.00%	0.00%	1.05%	1.08%	0.79%	0.69%
Noncurrent RE Farm	0.74%	0.63%	0.87%	0.78%	0.34%	0.36%	0.46%	0.74%	1.14%	0.32%	1.80%	1.52%	0.17%	0.48%
<b>Other Financial Ratios</b>														
Coverage Ratio	264.34%	433.24%	273.05%	292.83%	380.56%	466.42%	497.66%	358.64%	205.47%	310.18%	125.15%	118.59%	301.80%	437.60%
Leverage Ratio	9.20%	8.83%	10.67%	10.49%	9.51%	9.25%	10.10%	10.28%	9.92%	9.11%	9.80%	9.60%	10.47%	9.70%
Tangible Equity Capital to Total Assets	6.00%	5.59%	7.14%	7.00%	7.21%	6.88%	7.82%	8.20%	6.64%	5.93%	7.91%	7.72%	6.26%	6.01%
Noncore Funding to Total Assets	14.65%	6.01%	16.86%	11.38%	12.88%	8.10%	18.23%	10.41%	10.73%	5.91%	17.20%	8.41%	13.51%	8.28%

<sup>1</sup> Balance sheet items shown in millions.

<sup>2</sup> Includes all commercial banks located within each state.

<sup>3</sup> Income statement items shown as year-to-date. Average assets are calculated by using the average of YTD average assets.

<sup>4</sup> Problem assets consist of loans 90+ days past due, in nonaccrual status, and other real estate owned (OREO). Noncurrent loans consist of loans 90+ days past due or in nonaccrual status.

## Appendix

- The appendix provides technical notes and definitions of the financial ratios presented in this report. Questions or comments relating to this report may be directed to [KC.SRM.SRA.DistrictBankingConditions@kc.frb.org](mailto:KC.SRM.SRA.DistrictBankingConditions@kc.frb.org).

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### Technical Notes:

The population of banks included in this report is limited to commercially chartered state member, nonmember, and national banks. The Tenth District encompasses organizations headquartered in western Missouri, Kansas, Nebraska, Oklahoma, Colorado, Wyoming, and northern New Mexico.

All financial metrics presented in this report are weighted averages. Banks are grouped into asset categories based on total assets reported as of each financial date. For purposes of this report, large banks include banks with total assets greater than \$100 billion, regional banks include banks with assets between \$10 billion and \$100 billion, and community banks include banks with assets of less than \$10 billion. Assets are measured as of each financial date. Charts that present growth rates and changes in balance sheet levels are merger-adjusted consistent with the process that FDIC analysts use to account for mergers.<sup>1</sup>

Items from the Reports of Income are reported on a calendar year-to-date (YTD) basis by financial institutions. Ratios utilizing these items are calculated differently when presented as YTD versus quarterly. For YTD calculations, items are annualized based on values reported calendar YTD and divided by an average of the balance sheet item(s) reported for each quarter YTD. For quarterly calculations, items are annualized based on values reported for the quarter and divided by the balance sheet item(s) for that quarter.

<sup>1</sup> Merger-adjusted calculations add the assets and liabilities of acquired institutions to the acquiring institutions in previous periods. The analysis treats acquired and acquiring institutions as if the merger had already occurred by the beginning of the period being analyzed (Breitenstein and Thieme 2019).

### References

Breitenstein, Eric C., and Derek K. Thieme. 2019. "Merger-Adjusting Bank Data: A Primer." *FDIC Quarterly*, vol. 13, no. 1, pp. 31–49.

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### Glossary of Terms:

#### Agriculture Loans

The sum of loans secured by farmland (including farm residential and other improvements) and loans to finance agricultural production and other loans to farmers.

#### Allowance for Loan & Lease Losses (ALLL)

The purpose of the ALLL is to reflect estimated credit losses within a bank's portfolio of loans and leases. Estimated credit losses are estimates of the current amount of loans that are probable that the bank will be unable to collect given the facts and circumstances since the evaluation date (generally the balance sheet date).

#### Assets

The sum of cash and balances due from depository institutions, securities, federal funds sold and securities purchased under agreements to resell, loans and leases (net of unearned income and the

allowance for loan and lease losses), trading assets, premises and fixed assets (including capitalized leases), other real estate owned, investments in unconsolidated subsidiaries and associated companies, direct and indirect investments in real estate ventures, intangible assets, and other assets.

#### Cash and Reserve Holdings

The sum of interest-bearing balances (including time certificates of deposit not held for trading) and noninterest-bearing balances, currency and coin (includes cash items in process of collection and unposted debits).

#### Commercial and Industrial (C&I) Loans

Loans for commercial and industrial purposes to sole proprietorships, partnerships, corporations, and other business enterprises, which are secured (other than by real estate) or unsecured, single-payment or installment.

**Commercial Real Estate (CRE)**

The sum of CLD and other CRE.<sup>2</sup>

**Construction and Land Development Loans (CLD)**

Construction, land development, and other land loans. Includes 1–4 family residential construction loans and other construction loans and all land development and other land loans.

**Consumer Loans**

Loans to individuals for household, family, and other personal expenditures. Includes credit cards, other revolving credit plans, automobile loans, and other consumer loans (includes single payment and installment loans other than automobile loans, and all student loans).

**Coverage Ratio**

The ALLL divided by noncurrent loans.

**Earning Assets**

The sum of interest-bearing balances due from depository institutions, investment securities, federal funds sold and securities purchased under agreements to resell, loans and leases (net of unearned income and the allowance for loan and lease losses), and trading assets.

**Equity Capital**

The sum of perpetual preferred stock (including surplus), common stock and surplus, retained earnings, accumulated other comprehensive income, and other equity capital components, less treasury stock.

**Interest Income**

The sum of interest and fee income on loans, income from lease financing receivables, interest income on balances due from depository institutions (including interest income on time certificates of deposit not held for trading), interest and dividend income on securities, interest income from trading assets, federal funds sold and securities purchased under agreements to resell, and other interest income.

**Investment Securities**

The sum of the amortized cost of held-to-maturity securities and fair value of available-for-sale debt securities.

**Leverage Ratio**

Tier 1 capital divided by total assets for the leverage ratio. Total assets for the leverage ratio include quarterly average assets less deductions from common equity tier 1 capital and other deductions to total assets for leverage capital purposes.

**Liquid Asset Ratio**

The sum of interest-bearing balances, federal funds sold, securities purchased under agreements to resell, and unencumbered securities divided by total assets. Unencumbered securities include total securities net of pledged securities.

**Loan Loss Provisions**

Adjustments (charges or credits) to the ALLL level to reflect management's current estimate of expected credit losses.

**Loans to Assets**

Total loans and leases held for investment and held for sale (less unearned income) divided by total assets.

**Loan-to-Deposit Ratio**

Total loans and leases held for investment and held for sale (less unearned income) divided by total interest-bearing and noninterest-bearing deposits.

**Net Interest Margin (NIM)**

Interest income net of interest expense divided by average earning assets.

**Nonaccrual Loans**

Loans and lease financing receivables that are required to be reported on a nonaccrual basis because (a) they are maintained on a cash basis due to a deterioration in the financial position of the borrower, (b) payment in full of interest or principal is not expected, or (c) principal or interest has been in default for 90 days or longer, unless the obligation is both well secured and in the process of collection.

**Noncurrent Loans**

Loans past due 90 days or more and still accruing and nonaccrual loans.

**Noninterest Expense**

Salaries and employee benefits, expenses of premises and fixed assets (net of rental income), goodwill impairment losses, amortization expense and impairment losses for other intangible assets, and other noninterest expense.

**Noninterest Income**

The sum of income from fiduciary activities, service charges on deposit accounts, trading revenue, income from securities-related and insurance activities, venture capital revenue, net servicing fees, net securitization income, net gains (losses) on sales of loans and leases, other real estate owned, and sales of other assets, and other noninterest income.

**Other Commercial Real Estate (CRE)**

Loans secured by multifamily (5 or more) residential properties, owner-occupied nonfarm nonresidential properties, and other nonfarm nonresidential properties, and loans to finance commercial real estate, construction, and land development activities (not secured by real estate).

#### **Other Loans**

The sum of loans to foreign governments and official institutions (including foreign central banks), obligations (other than securities and leases) of states and political subdivisions in the U.S., loans to nondepository financial institutions, loans for purchasing or carrying securities (secured and unsecured), all other loans and lease financing receivables.

#### **Other Real Estate Owned (OREO)**

Other real estate owned.

#### **Problem Assets**

Loans past due 90 days or more and still accruing, nonaccrual loans, and OREO divided by total loans plus OREO.

#### **Residential Loans**

Loans secured by 1–4 family residential properties. Includes revolving, open-end loans secured by 1–4 family residential properties and extended under

lines of credit, closed-end loans secured by 1–4 family residential properties secured by first or second liens.

#### **Restructured Loans**

Loans and lease financing receivables that have been restructured or renegotiated because of a deterioration in the financial position of the obligor but remain in compliance with the modified terms of the restructuring.

#### **Return on Average Assets (ROAA)**

Net income (loss) attributable to bank divided by average assets. See technical notes for year-to-date and quarter calculations.

#### **Revenue**

Net interest income and noninterest income.

#### **Texas Ratio**

Restructured loans, nonaccrual loans, and OREO divided by equity capital plus the ALLL.

#### **Wholesale Funding Ratio**

Federal funds purchased and securities sold under agreements to repurchase, brokered deposits, deposits obtained using deposit listing services that are not brokered deposits, nonbrokered reciprocal deposits, Federal Home Loan Bank advances, and other borrowings divided by total assets.

<sup>2</sup> Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) is a memorandum item on the call report and are reported C&I or other loans of Schedule RC-C, Part I. This item is excluded as part of Other CRE when presented on charts with the C&I or other loan categories to avoid double counting of this item in the loan type groupings.