Louisiana Community Banks:

An Analysis of Recent Performance

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Abstract

The recent turmoil in the banking sector of the U.S. economy has caused many people to question the viability of the banking system. More recently, with the news being inundated with reports regarding the proposed bailout of the major banks on Wall Street, people have become increasingly nervous regarding the safety of their money in their deposit accounts. Anecdotal evidence suggests this fear has rippled throughout the economy, even down to the local level and the banks in everyone's hometown. This paper presents an objective analysis of the community banks in the state of Louisiana in an effort to provide readers with a clear picture of the recent trends in the performance of the local banks and their current condition based on the banks' financial statements. The basis of the analysis is a set of commonly reported financial ratios considered key indicators for community banks (Gilbert and Sierra, 2003), and the data are taken from reports filed with the Federal Financial Institution Examination Council (FFIEC). The time frame for the study is January 2005 to March 2008, and the data set includes all commercial banks in Louisiana with total assets of 1 billion dollars or less.

JEL Codes: G01, G21

1. Introduction

On February 20, 2009, a CNNMoney.com article began as follows: "If it's Friday, there must be a bank failing somewhere across the country. For five consecutive weeks, industry regulators have seized control of a bank after the market closed on Friday, bringing the total number of failed banks so far this year to 14." (See Ellis, 2009). The article went on to explain that 25 banks failed in all of 2008, and the "overwhelming majority" of those failures were smaller community banks.[1] All of this recent turmoil has caused many people to question the viability of the banking system.

More recently, with the news being inundated with reports regarding the proposed bailout of the major banks on Wall Street, people have become increasingly nervous regarding the safety of the money in their own deposit accounts. Anecdotal evidence suggests this fear has rippled throughout the economy, even down to the local level and the banks in everyone's hometown. This paper, presents an objective analysis of the community banks in the state of Louisiana in an effort to provide a clear picture of the recent trends in the performance and condition of the Louisiana community banks. All data is taken from banks' financial statements as filed with the Federal Financial Institution Examination Council (FFIEC).

The basis of the analysis is a set of commonly reported financial ratios considered key indicators for community banks. (See Gilbert and Sierra, 2003). The time frame for the study is January 2005 to December 2008.[2] We define Louisiana community banks as all commercial banks in Louisiana with total assets of 1 billion dollars or less. The banks are further partitioned into three size groups based on total assets. The first size group includes banks with total assets

[1] Interestingly, of the 39 banks that have failed between 2008 and February 2009, 14 were in California and Georgia (8 and 6, respectively), and 4 were in Florida. Banks in these three states, therefore, accounted for almost half of the failed banks during this time period.

[2] The paper will be updated with quarterly financial statements as the data are released.

of 100 million dollars or less. The second size group is the set of banks with total assets greater than 100 million dollars and less than or equal to 500 million dollars. The third size group includes banks with assets of greater than 500 million dollars, but less than or equal to 1 billion dollars. The data was drawn from the FDIC Call and Income reports for each quarter during the study period. The following two banks were dropped from the analysis because they were extreme outliers: Omni Bank of Baton Rouge, and National Independent Trust Company.

2. Components of the Analysis

Each bank was evaluated on the basis of profitability, liquidity risk, credit risk, and capital risk measures of the condition and performance of the bank. Towards this end, multiple ratios were calculated for each bank within each size group for each quarter of the study period. Due to space constraints, only the average year-end values, standard deviation, maximums and minimums are reported for each ratio (for each size group).

Profitability

Often, one of the first questions asked about bank performance inquires whether the banks are profitable. In order to assess the profitability of the banks, ratios for the Return on Assets (ROA), Return on Owners' Equity (ROE), Net Interest Margin (NIM), Net Noninterest Margin (NNIM), Net Operating Profit Margin (NOPM), and Net Profit Margin (NPM) were calculated for each bank in each group.

Table 1: Return on Assets

	Year	Assets ≤100M	\$100M<Assets≤ 500M	\$500M<Assets≤\$1B
mean	2005	0.0112	0.0099	0.0069
sd		0.0097	0.0058	0.0059
min		-0.0158	-0.0110	-0.0036
max		0.0657	0.0280	0.0143
n		62	61	10
mean	2006	0.0129	0.0127	0.0138
sd		0.0083	0.0063	0.0044
min		-0.0138	-0.0105	0.0082
max		0.0378	0.0258	0.0248
n		56	68	12
mean	2007	0.0129	0.0129	0.0120
sd		0.0126	0.0056	0.0049
min		-0.0227	-0.0019	0.0035
max		0.0741	0.0268	0.0197
n		46	74	15

Table 2: Return on Equity

	Year	Assets ≤100M	\$100M<Assets≤ 500M	\$500M<Assets≤\$1B
mean	2005	0.1083	0.1118	0.0899
sd		0.0937	0.0755	0.0755
min		-0.1637	-0.1805	-0.0494
max		0.5226	0.2980	0.1781
n		62	61	10
mean	2006	0.1216	0.1420	0.1807
sd		0.0815	0.0697	0.0774
min		-0.1323	-0.0272	0.0973
max		0.2786	0.2975	0.3945
n		56	68	12
mean	2007	0.1163	0.1362	0.1392
sd		0.1014	0.0632	0.0711
min		-0.1598	-0.0231	0.0247
max		0.4630	0.2979	0.2969
n		46	74	15

Table 3: Net Interest Margin

	Year	Assets ≤100M	\$100M<Assets≤ 500M	\$500M<Assets≤\$1B
mean	2005	0.0415	0.0394	0.0386
sd		0.0076	0.0127	0.0045
min		0.0228	0.0188	0.0299
max		0.0706	0.1247	0.0452
n		62	61	10
mean	2006	0.0428	0.0420	0.0435
sd		0.0080	0.0140	0.0064
min		0.0211	0.0190	0.0361
max		0.0653	0.1305	0.0587
n		56	68	12
mean	2007	0.0419	0.0406	0.0449
sd		0.0070	0.0080	0.0176
min		0.0192	0.0215	0.0238
max		0.0596	0.0755	0.1010
n		46	74	15

Note: Net interest margin is calculated as the ratio of (interest income - interest expense) / total assets.

Table 4: Net Operating Profit Margin

	Year	Assets ≤100M	\$100M<Assets≤ 500M	\$500M<Assets≤\$1B
mean	2005	0.0154	0.0158	0.0170
sd		0.0091	0.0073	0.0039
min		-0.0081	0.0000	0.0101
max		0.0657	0.0535	0.0217
n		62	61	10
mean	2006	0.0164	0.0185	0.0201
sd		0.0078	0.0086	0.0055
min		-0.0127	-0.0102	0.0104
max		0.0379	0.0551	0.0298
n		56	68	12
mean	2007	0.0159	0.0173	0.0186
sd		0.0115	0.0057	0.0090
min		-0.0097	0.0053	-0.0009
max		0.0741	0.0316	0.0403
n		46	74	15

Note: Net operating profit margin is calculated as the ratio of ((interest income + noninterest income) - (interest expense + noninterest expense)) / total assets.

Table 5: Net Profit Margin

	Year	Assets ≤100M	\$100M<Assets≤ 500M	\$500M<Assets≤\$1B
mean	2005	0.1687	0.1605	0.1076
sd		0.1265	0.0881	0.0878
min		-0.2431	-0.1521	-0.0509
max		0.7179	0.3895	0.2086
n		62	61	10
mean	2006	0.1780	0.1724	0.1791
sd		0.1284	0.1050	0.0465
min		-0.4197	-0.3951	0.1185
max		0.5340	0.3489	0.2698
n		56	68	12
mean	2007	0.1709	0.1751	0.1469
sd		0.1362	0.0713	0.0558
min		-0.3150	-0.0245	0.0387
max		0.6604	0.3352	0.2101
n		46	74	15

Note: Net profit margin is calculated as the ratio of net income / (interest income + noninterest income).

Table 6: Net Noninterest Margin

	Year	Assets ≤100M	\$100M<Assets≤ 500M	\$500M<Assets≤\$1B
mean	2005	-0.0261	-0.0237	-0.0216
sd		0.0092	0.0086	0.0040
min		-0.0489	-0.0712	-0.0289
max		0.0213	-0.0087	-0.0154
n		62	61	10
mean	2006	-0.0265	-0.0236	-0.0233
sd		0.0072	0.0081	0.0056
min		-0.0506	-0.0754	-0.0342
max		-0.0118	-0.0140	-0.0153
n		56	68	12
mean	2007	-0.0260	-0.0233	-0.0262
sd		0.0112	0.0056	0.0116
min		-0.0583	-0.0512	-0.0606
max		0.0213	-0.0141	-0.0151
n		46	74	15

Note: Net noninterest margin is calculated as the ratio of (noninterest income - noninterest expense) / total assets.

Summary of Profitability

Overall, the average profitability numbers for community banks in Louisiana through year end 2007 appear to be quite acceptable. While it is noted that there are firms in each size category and by each measure that turn in a less than stellar performance, overall the picture for profits is not too bad. A closer look at each of the measures reveals several specific observations.

The size group for the banks with less than 100 million dollars in assets (Group 1) had the highest profit numbers based on ROA over the three years. However, they also had the highest relative variation as measured by the coefficient of variation. The size group of banks over 100 million and less than 500 million in assets (Group 2) had similar returns to assets as the smallest group, but only half the relative volatility. The last group, the largest by asset size (Group 3), had the highest average ROA of all the groups in 2006 and the lowest in 2005. Yet, as a group, the largest banks had the lowest relative volatility.

When we measure profitability with ROE, we see that Group 1 had the lowest ROE and the greatest relative volatility, while Group 3 had the highest ROE and a lower relative volatility. Group 2, on the other hand, performed reasonably well and had the lowest relative volatility based on this measure.

Other profit measures of interest were the net interest margin and net non interest margin for the banks. The NIM was relatively stable for size Group 1 and Group 2. The largest banks, Group 3, demonstrated the largest increase in NIM. Group 3 had the lowest relative volatility in two of the three years with the notable exception of 2007, while the smallest banks had very low volatility that declined in 2007. The Net non-interest margin was negative for all size groups as expected. Furthermore, this measure was very stable on average over time and across size groups. What was noteworthy was both Group 1 and Group 3 saw a dramatic upward move on the relative volatility measure for NNIM in 2007. Further review of the data will be required to identify potential causes of this increase.

The final measures of profitability considered were net operating profit margins (NOM) and net profit margins (NPM). The NOM for Group 1 was stable during the first two years of the study period, but turned sharply upward in relative volatility in 2007. Group 2 was not quite as stable on average, and also showed a decline in relative volatility. Group 3 had the highest average NOM, but also showed an increase in the relative volatility. Still, the relative volatility of the NOM for Group 3 is far below that reported for the smallest banks.

The net profit margin (NPM) for the smallest banks looked the best on average, and also had the most volatility. Group 2 turned in some very solid numbers (only slightly lower than Group 1) and with significantly lower volatility. Group 3 had a tremendous range in values, from the lowest on average in 2005 to the highest in 2006. This groups' measure also demonstrated substantial swings in relative volatility over the three years.

While we have observed some clear distinctions in the performances of the different size groups, it is worth noting that overall, the community banks in Louisiana performed reasonably well from a profitability perspective.

Capital Risk

The Federal government has injected billions of dollars of capital into the nation's banks on the premise that banks would be otherwise unable to raise capital in the private markets. While some banks may face such difficulties raising private capital on their own, there is mounting evidence that some financial institutions did not require additional capital from the Federal government. In fact, on February 27, 2009, Iberiabank Corp of LA became the first to give back the TARP money it had received (i.e, bought back the $90 million in shares from the Treasury).[3] To determine the capital position of the banks, we used the following two measures, Equity Capital to Total Assets (ECTA), and Equity Capital to Risky Assets (ECRA).[4]

By examining the equity capital to total asset ratio (ECTA) for each of the banks within each size group, we were able to make the following observations. As one might expect, the smallest banks had the highest ratios but also the greatest variation. In fact, the ECTA ratio

[3] Kenneth Musante, February 27, 2009, http://money.cnn.com/2009/02/27/news/companies/iberia_tarp/?postversion=2009022718

[4] Risky assets are defined as the sum of securities held to maturity, securities available for sale, federal funds sold, security repurchase agreements, net loans and leases, trading assets, and investments. Please see the appendix for the call report numbers used.

declines as size increases, and the relative volatility also declines. It is also worth noting that while the largest banks (Group 3) had the lowest average ratios, the measure was increasing over the period and ended 2007 at a mean level of 9.4 percent.

We also considered the equity capital to risky assets (ECRA) for each bank in each size group. Compared to the first measure, equity to total assets, the results for ECRA showed a slightly higher mean ratio. The relative volatility for this measure appeared to be the least for the group of largest banks, with the group of the smallest banks having the highest volatility. Overall, the community banks in Louisiana appear to be reasonably well capitalized as of the end of the year 2007.

Table 7: Equity Capital to Total Assets

	Year	Assets ≤100M	\$100M<Assets≤ 500M	\$500M<Assets≤\$1B
mean	2005	0.1105	0.0925	0.0719
sd		0.0335	0.0238	0.0117
min		0.0570	0.0575	0.0434
max		0.2104	0.1704	0.0820
n		62	61	10
mean	2006	0.1192	0.1043	0.0784
sd		0.0467	0.0600	0.0086
min		0.0689	0.0590	0.0628
max		0.3201	0.5234	0.0918
n		56	68	12
mean	2007	0.1208	0.0991	0.0940
sd		0.0444	0.0234	0.0243
min		0.0732	0.0640	0.0663
max		0.3226	0.1811	0.1502
n		46	74	15

Note: Equity capital to total assets is calculated as the ratio of total equity capital / total assets.

Table 8: Equity Capital to Risky Assets

	Year	Assets ≤100M	\$100M<Assets≤ 500M	\$500M<Assets≤\$1B
mean	2005	0.1262	0.1043	0.0818
sd		0.0450	0.0261	0.0133
min		0.0723	0.0628	0.0477
max		0.3074	0.1843	0.0958
n		62	61	10
mean	2006	0.1341	0.1161	0.0878
sd		0.0529	0.0651	0.0099
min		0.0778	0.0643	0.0699
max		0.3328	0.5569	0.1047
n		56	68	12
mean	2007	0.1358	0.1099	0.1059
sd		0.0530	0.0256	0.0284
min		0.0811	0.0687	0.0760
max		0.3869	0.1949	0.1715
n		46	74	15

Note: Equity Capital to Risky Assets is calculated as the ratio of total equity capital / total risky assets.
See Appendix for definition of risky assets.

Credit Risk

The following measures were used to evaluate the banks overall credit risk position: Nonperforming Loans to Total Loans (NPLTL), Net Charge-offs to Total Loans (NCOTL), Provision for Loans and Leases Losses to Total Loans (PLLLTL), Provision for Loans and Leases Losses to Equity Capital (PLLLEC), Nonperforming Loans to Equity Capital (NPLEC). While values were computed and tabulated for each measure, a general summary of the outcomes is presented here.

As a percent of total loans, net charge offs (NCOTL) stayed below one half of one percent for Group 1 and Group 2 for all three years. This measure remained below one half of one percent for Group 3 in both 2005 and 2007, and rose only slightly above this value in 2006. The measures of relative volatility were somewhat stable over all groups for this measure. In terms of the Provision for Loan and Lease Losses relative to total loans (PLLLTL), all three groups reported lower values for year end 2007 than year end 2005. The ratios for provision for loan and lease losses to equity capital (PLLLEC) show significant variation across groups and across the three year period. Group 3 reported the highest values on average for the ratio and the largest (year-to-year) changes as well. As a gauge of potential problems down the road, the ratio of nonperforming loans to equity capital (NPLEC) was also considered. The largest values for this ratio were for Group 3 in each year studied. While it appears that the average community bank in each size group is well capitalized, it also seems that some problems are building for a few banks when we consider the maximum values for these measures.

Table 9: Nonperforming Loans to Total Loans

	Year	Assets ≤100M	$100M<Assets≤ 500M	$500M<Assets≤$1B
mean	2005	0.0085	0.0080	0.0131
sd		0.0114	0.0128	0.0163
min		0.0000	0.0000	0.0008
max		0.0496	0.0809	0.0422
n		62	61	10
mean	2006	0.0073	0.0061	0.0093
sd		0.0098	0.0087	0.0084
min		0.0000	0.0000	0.0006
max		0.0447	0.0452	0.0273
n		56	68	12
mean	2007	0.0092	0.0059	0.0111
sd		0.0126	0.0079	0.0155
min		0.0000	0.0000	0.0004
max		0.0611	0.0419	0.0627
n		46	74	15

Note: Nonperforming loans to total loans is calculated as the ratio of total nonperforming loans /total loans.

Table 10: Net Charge-offs to Total Loans

	Year	Assets ≤100M	\$100M<Assets≤ 500M	\$500M<Assets≤\$1B
mean	2005	0.0043	0.0037	0.0039
sd		0.0050	0.0058	0.0034
min		0.0000	0.0000	0.0009
max		0.0233	0.0413	0.0091
n		62	61	10
mean	2006	0.0043	0.0039	0.0064
sd		0.0059	0.0069	0.0063
min		0.0000	0.0000	0.0009
max		0.0266	0.0377	0.0170
n		56	68	12
mean	2007	0.0045	0.0024	0.0045
sd		0.0093	0.0028	0.0078
min		0.0000	0.0000	0.0000
max		0.0613	0.0122	0.0317
n		46	74	15

Note: Net charge-offs to total loans is calculated as the ratio of total net charge-offs / total loans.

Table 11: Provision for Loans & Leases Losses to Total Loans

	Year	Assets ≤100M	\$100M<Assets≤ 500M	\$500M<Assets≤\$1B
mean	2005	0.0034	0.0045	0.0090
sd		0.0063	0.0078	0.0085
min		-0.0039	0.0000	0.0016
max		0.0433	0.0554	0.0248
n		62	61	10
mean	2006	0.0025	0.0033	0.0032
sd		0.0050	0.0055	0.0041
min		-0.0107	-0.0095	-0.0025
max		0.0290	0.0330	0.0133
n		56	68	12
mean	2007	0.0029	0.0019	0.0037
sd		0.0079	0.0027	0.0090
min		-0.0016	-0.0011	-0.0103
max		0.0509	0.0114	0.0258
n		46	74	15

Note: Provision for loans & leases losses to total loans is calculated as the ratio of the total provision for loans & leases losses / total loans.

Table 12: Provision for Loans & Leases Losses to Equity Capital

	Year	Assets ≤100M	$100M<Assets≤ 500M	$500M<Assets≤$1B
mean	2005	0.0229	0.0318	0.1076
sd		0.0464	0.0680	0.1305
min		-0.0172	0.0000	0.0133
max		0.3221	0.5117	0.4095
n		62	61	10
mean	2006	0.0152	0.0233	0.0271
sd		0.0411	0.0402	0.0400
min		-0.0304	-0.0332	-0.0268
max		0.2993	0.2744	0.1309
n		56	68	12
mean	2007	0.0113	0.0138	0.0329
sd		0.0250	0.0206	0.0711
min		-0.0097	-0.0098	-0.0438
max		0.1451	0.0991	0.2319
n		46	74	15

Note: Provision for loans & leases losses to total equity capital is calculated as the ratio of the total provision for loans & leases losses / total equity capital.

Table 13: Nonperforming Loans to Equity Capital

	Year	Assets ≤100M	$100M<Assets≤ 500M	$500M<Assets≤$1B
mean	2005	0.0399	0.0504	0.1553
sd		0.0479	0.0735	0.2211
min		0.0000	0.0000	0.0065
max		0.2214	0.4467	0.6680
n		62	61	10
mean	2006	0.0327	0.0388	0.0872
sd		0.0404	0.0570	0.0842
min		0.0000	0.0000	0.0054
max		0.1869	0.2588	0.2685
n		56	68	12
mean	2007	0.0398	0.0417	0.0887
sd		0.0485	0.0598	0.1176
min		0.0000	0.0000	0.0033
max		0.1743	0.2961	0.4656
n		46	74	15

Note: Nonperforming loans to equity capital is calculated as the ratio of total nonperforming loans / total equity capital.

Utilization

The loan-to-deposit ratios were used to determine the bank's utilization of available funds to make loans. In the case of size Group 1, banks consistently averaged around 63.5 percent. Group 2 showed a steady increase from 2005 to 2007, moving from 67 percent to 77.7 percent. The largest banks (Group 3) stayed consistently above 75 percent and topped 81 percent for 2007. In terms of making loans, all three groups appear to be quite active in the local loan markets.

Table 14: Loan to Deposit

	Year	Assets ≤100M	\$100M<Assets≤ 500M	\$500M<Assets≤\$1B
mean	2005	0.6478	0.6832	0.7735
sd		0.1989	0.1712	0.1376
min		0.0937	0.2663	0.5376
max		1.1153	1.0828	0.9588
n		62	61	10
mean	2006	0.6454	0.7429	0.7947
sd		0.2177	0.2291	0.1090
min		0.0888	0.3314	0.6112
max		1.1293	1.6630	0.9676
n		56	68	12
mean	2007	0.6403	0.7879	0.8296
sd		0.2378	0.3347	0.1117
min		0.0799	0.3582	0.6276
max		1.2455	3.1049	1.0378
n		46	74	15

Note: Loan to Deposit is calculated as the ratio of total loans / total deposits.

Table 15: Total Operating Revenue to Total Assets

	Year	Assets ≤100M	$100M<Assets≤ 500M	$500M<Assets≤$1B
mean	2005	0.0643	0.0637	0.0650
sd		0.0108	0.0157	0.0070
min		0.0377	0.0441	0.0550
max		0.0991	0.1644	0.0760
n		62	61	10
mean	2006	0.0703	0.0711	0.0762
sd		0.0114	0.0177	0.0073
min		0.0328	0.0266	0.0677
max		0.1018	0.1760	0.0918
n		56	68	12
mean	2007	0.0730	0.0737	0.0831
sd		0.0114	0.0108	0.0227
min		0.0489	0.0459	0.0507
max		0.1122	0.1054	0.1527
n		46	74	15

Note: Total operating revenue to total assets is calculated as the ratio of (interest income + noninterest income) / total assets.

Liquidity

The final issue we considered in analyzing the banks was the average level of liquidity in the institutions. To measure liquidity, we used the ratio of Securities to Total Assets (SECTTA) to determine the amount of funds that were currently invested by the bank, but still could provide additional cash if needed.

The smallest sized banks, Group 1, showed an increasing level of liquidity from 2005 to 2007 by moving from 21.6 percent to 24.4 percent of assets in liquid securities. Over the same period, Group 2 showed a slight decline from 23.2 percent to just under 21 percent. It is noteworthy that this group is above 20 percent (mean level) for all three years. Finally, Group 3, the largest banks, reached a peak of 17 percent in 2006 and declined to 13.6 percent in 2007. This decline in the liquidity measure is in fact mirroring the increase in the loan-to-deposit ratio for Group 3 reported earlier.

Table 16: Securities to Total Assets

	Year	Assets ≤100M	\$100M<Assets≤ 500M	\$500M<Assets≤\$1B
mean	2005	0.2160	0.2318	0.1500
sd		0.1749	0.1512	0.0795
min		0.0000	0.0000	0.0756
max		0.8645	0.6439	0.3381
n		62	61	10
mean	2006	0.2347	0.2251	0.1703
sd		0.1801	0.1502	0.0769
min		0.0000	0.0000	0.0516
max		0.8742	0.6202	0.3016
n		56	68	12
mean	2007	0.2440	0.2092	0.1356
sd		0.1911	0.1505	0.0868
min		0.0000	0.0000	0.0025
max		0.8464	0.6367	0.2394
n		46	74	15

Note: Securities to total assets is calculated as the ratio of total securities held for sale / total assets.

Concluding Remarks

The authors are currently updating the tables to reflect the most recent data release (for the 4th quarter of 2008). Overall, with regard to the performance measures considered, Louisiana community banks seem reasonably well positioned. However, a preliminary analysis of the more extreme values for some of the measures studied indicates some problem areas for some of the banks. The next step for this project will consist of closely examining the distribution of each performance measure to determine how pervasive these problem areas may be.

Aggregate Tables

Income Statement Items	2005	% change	2006	% change	2007
less100M					
riad4340_net_income	45,873	2%	46,940	-24%	35,611
riad4107_total_int_income	215,959	-2%	212,212	-17%	176,770
riad4073_total_int_expense	56,165	17%	65,676	-7%	60,876
riad4079_total_nonint_income	32,683	-10%	29,553	-18%	24,252
riad4093_total_nonint_expense	131,098	-10%	117,579	-19%	94,948
riad4635_chgoff_allow_loansloss	8,169	-23%	6,314	5%	6,649
riad4230_provision_loanloss	6,907	-36%	4,429	-3%	4,279
gr100M_less500M					
riad4340_net_income	120,734	44%	174,088	5%	182,860
riad4107_total_int_income	686,349	23%	843,268	11%	939,543
riad4073_total_int_expense	185,796	44%	267,492	30%	348,220
riad4079_total_nonint_income	132,428	5%	138,460	12%	154,533
riad4093_total_nonint_expense	429,762	6%	456,808	8%	492,944
riad4635_chgoff_allow_loansloss	31,922	19%	38,029	-42%	22,173
riad4230_provision_loanloss	42,488	-24%	32,363	-32%	22,084
gr500M_less1B					
riad4340_net_income	42,434	151%	106,581	14%	121,897
riad4107_total_int_income	340,085	49%	506,604	42%	717,713
riad4073_total_int_expense	98,778	70%	168,288	61%	270,344
riad4079_total_nonint_income	65,134	31%	85,017	37%	116,502
riad4093_total_nonint_expense	199,992	34%	267,097	43%	381,326
riad4635_chgoff_allow_loansloss	17,659	100%	35,330	-8%	32,578
riad4230_provision_loanloss	41,777	-60%	16,914	45%	24,445
Total					
riad4340_net_income	209,041	57%	327,609	4%	340,368
riad4107_total_int_income	1,242,393	26%	1,562,084	17%	1,834,026
riad4073_total_int_expense	340,739	47%	501,456	35%	679,440
riad4079_total_nonint_income	230,245	10%	253,030	17%	295,287
riad4093_total_nonint_expense	760,852	11%	841,484	15%	969,218
riad4635_chgoff_allow_loansloss	57,750	38%	79,673	-23%	61,400
riad4230_provision_loanloss	91,172	-41%	53,706	-5%	50,808

Balance Sheet Items	2005	% change	2006	% change	2007
less100M					
total_assets	3,895,461	-11%	3,473,448	-19%	2,799,261
rcfd3210_total_equity_capital	413,643	-5%	392,219	-17%	323,760
tea	3,640,798	-11%	3,257,932	-19%	2,635,431
tibl	2,697,768	-12%	2,380,489	-18%	1,948,831
totalnonperforming	16,562	-21%	13,060	-1%	12,972
rcfd1773_available_for_sale_secu	846,627	0%	848,924	-13%	735,255
rcon2122_totalloans	2,212,045	-13%	1,920,359	-20%	1,527,602
rcon2200_in_domestic_offices	3,332,373	-11%	2,961,069	-20%	2,369,778
riskyassets	3,489,195	-10%	3,127,775	-19%	2,532,092
gr100M_less500M					
total_assets	12,684,299	7%	13,595,750	11%	15,061,716
rcfd3210_total_equity_capital	1,175,750	18%	1,386,293	8%	1,493,248
tea	11,736,313	8%	12,690,080	11%	14,126,363
tibl	8,808,748	7%	9,413,084	12%	10,545,273
totalnonperforming	64,086	-14%	55,341	9%	60,122
rcfd1773_available_for_sale_secu	2,829,210	7%	3,030,435	6%	3,213,140
rcon2122_totalloans	7,489,242	11%	8,309,748	15%	9,516,984
rcon2200_in_domestic_offices	10,730,209	6%	11,354,276	10%	12,461,336
riskyassets	11,270,285	8%	12,225,082	11%	13,615,971
gr500M_less1B					
total_assets	6,242,565	24%	7,741,238	33%	10,272,895
rcfd3210_total_equity_capital	446,295	36%	606,739	58%	957,030
tea	5,782,620	25%	7,239,596	33%	9,660,258
tibl	4,401,615	33%	5,834,605	35%	7,882,723
totalnonperforming	62,382	-15%	52,770	51%	79,596
rcfd1773_available_for_sale_secu	925,041	42%	1,314,297	6%	1,390,932
rcon2122_totalloans	4,197,090	26%	5,291,252	36%	7,222,289
rcon2200_in_domestic_offices	5,459,231	22%	6,677,121	32%	8,792,235
riskyassets	5,503,165	26%	6,913,784	32%	9,129,063

Total

total_assets	22,822,325	9%	24,810,436	13%	28,133,872
rcfd3210_total_equity_capital	2,035,688	17%	2,385,251	16%	2,774,038
tea	21,159,731	10%	23,187,608	14%	26,422,052
tibl	15,908,131	11%	17,628,178	16%	20,376,827
totalnonperforming	143,030	-15%	121,171	26%	152,690
rcfd1773_available_for_sale_secu	4,600,878	13%	5,193,656	3%	5,339,327
rcon2122_totalloans	13,898,377	12%	15,521,359	18%	18,266,875
rcon2200_in_domestic_offices	19,521,813	8%	20,992,466	13%	23,623,349
riskyassets	20,262,645	10%	22,266,641	14%	25,277,126

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Appendix

This appendix provides detailed variable definitions using the codes on the Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices.

Return on Assets (ROA) = RIAD4340 / RCFD2170

Return on Equity (ROE) = RIAD4340 / RCFD3210

Net Interest Margin (NIM) = (RIAD4107 – RIAD4073) / RCFD2170

Net Noninterest Margin (NNIM) = (RIAD4079 – RIAD4093) / (RCFD2170)

Net Operating Margin (NOM) = [(RIAD4107 + RIAD4079) – (RIAD4073 + RIAD4093)] / RCFD2170

Net Profit Margin (NPM) = RIAD4340 / (RIAD4107 + RIAD4079)

Nonperforming Loans to Total Loans (NPLTL) = (RCON3492 + RCON3495 + RCON5400 + RCONC229 + RCONC230 + RCON3501 + RCON3504 + RCFNB574 + RCFD5379 + RCFD5382 + RCFD1583 + RCFD1253 + RCFD1256 + RCFDB577 + RCFDB580 + RCFD5391 + RCFD5461 + RCFD1259 + RCFD1791 + RCFD3507) / RCON 2122

Net Charge-offs to Total Loans (NCOTL) = RIAD4635 / RCON2122

Provision for Loans and Leases Losses to Total Loans (PLLLTL) = RIAD4230 / RCON2122

Provision for Loans and Leases Losses to Equity Capital (PLLLEC) = RIAD4230 / RCON2122

Nonperforming Loans to Equity Capital (NPLEC) = (RCON3492 + RCON3495 + RCON5400 + RCONC229 + RCONC230 + RCON3501 + RCON3504 + RCFNB574 + RCFD5379 + RCFD5382 + RCFD1583 + RCFD1253 + RCFD1256 + RCFDB577 + RCFDB580 + RCFD5391 + RCFD5461 + RCFD1259 + RCFD1791 + RCFD3507) / RCFD 3210

Equity Capital to Total Assets (ECTA) = RCFD3210 / RCFD2170

Equity Capital to Risky Assets (ECRA) = RCFD3210 / (RCFD1754 + RCFD1773 + RCON13987 + RCFD13989 + RCFD13529 + RCFD3545 + RCFD2130)

Loan to Deposit (LTD) = RCON2122 / RCON2200

Total Operating Revenue to Total Assets (TOpRevTA) = (RIAD4107+RIAD4079) / RCFD2170

Securities to Total Assets (SecTTA) = RCFD1773 / RCFD2170