# Fifth District Indicators

2Q 2011

Includes institutions with total assets over $1B

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| ⇩ | **Annual Growth in Loans and Leases**<br>Fifth District balance sheets continued to marginally contract in the second quarter. Annual loan growth was -2.89% while median total assets only grew 1% – slowing since the start of the year when asset growth was approximately 2%. |
| ⇩ | **Loan Losses and Nonperforming Loans as a Percentage of Total Loans**<br>Nonperforming loans and losses as a percentage of total loans decreased for the 2nd quarter – though declining trends are largely supported by negative annual loan growth. For the 2nd quarter, the declining trend in aggregate loan losses was mainly driven by banks with over $1B in total assets. Smaller institutions saw increasing loan losses.<br><br>Nonperformings trended downward from a year-end 2010 peak, settling at 5.90% – a substantially higher level than the national aggregate. Despite the overall trend, commercial real estate (especially the construction and land development aspect) remains the most stressed loan category. |
| ⇔ | **Earnings**<br>Earnings held relatively steady among Fifth District institutions during the 2nd quarter. Median ROAA declined only 2 basis points to 0.4%. Ratios remain suppressed largely due to the tapering off of net interest margin growth since the beginning of 2010. Institutions over $1B in total assets saw declining net interest income while their community bank counterpart experienced increasing net interest income . Loss provisioning also continues to suppress earnings; though trending downward, levels remain significantly higher than the national median. |
| ⇧ | **Net Non-Core Funding Dependence**<br>After peaking during the heart of the financial crisis and experiencing steady declines over the last three years, 2nd quarter 2011 marked the first increase in the median net noncore funding dependence ratio at Fifth District institutions. This trend reversal is supported by slight declines in core deposits as a percentage of total assets and, for large institutions , an uptick in short-term collateralized borrowing. While loans to deposits continued to decline, loans as a percentage of core deposits increased slightly for the first time since peaking in the fourth quarter of 2008. |
| ⇧ | **Capital**<br>Capital ratios increased across the board in the Fifth District, assisted by slow asset growth. Most notable this quarter was median Total Risk-Based Capital which increased 1.5% to 14.46%, a level not seen since the early 2000s. Median Tier One Leverage Ratio and Equity Capital as a percentage of total assets also increased. |

*Source: Consolidated Reports of Condition and Income and Uniform Banking Performance Reports. Large institutions defined as those with total assets greater than $5 B.*