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Louisiana Community Banks: An Analysis of Recent Performance

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Executive Summary

The recent turmoil in the banking sector of the U.S. economy has caused many people to question the viability of the banking system. This report presents the results of an analysis of community banks in the state of Louisiana with total assets of $1 billion or less. The purpose of the report is to provide readers with a clear picture of the recent trends in the performance of these local banks as well as their current condition relative to the national average for banks of similar size. The analysis is based entirely on the banks' reported financial statements as filed with the Federal Financial Institution Examination Council (FFIEC). All banks are analyzed in terms of profitability, capital risk, credit risk, utilization, and liquidity. The time frame for the study is 2005 to 2008. Because different sized banks exhibit different business patterns and sensitivities relative to their local communities, the analysis is performed separately for three asset size groups of banks (Group 1 = less than or equal to $100 million, Group 2 = greater than $100 million and less than or equal to $500 million, and Group 3 = greater than $500 million and less than or equal to $1 billion). The main findings of the analysis are as follows:

- As of this writing, one Louisiana community bank has failed. On March 12, 2009, for the first time since 2002, the FDIC shut down a Louisiana bank. The recently failed bank

was in Group 2, with approximately $243 million in assets. Fortunately, the failed bank was purchased by a competitor who assumed all of the failed bank's deposits. Therefore, the bank failure amounted to nothing more than a transition from one bank to another for depositors.

- A few of the smallest LA community banks (Group 1) experienced a drop in profitability in 2008. As a group, however, these banks appear to have remained profitable through 2008 and have outperformed the average for their national peers.
- On average, the Group 1 banks have increased their equity positions and/or reduced their "risky assets" as of the end of 2008. By year end 2008, Louisiana Community Banks in Group 1 had surpassed the average equity capital position of their national peers.
- A few of the mid-sized LA community banks (Group 2) experienced a drop in profitability in 2008. However, as a group, these banks appear to have remained profitable through 2008.
- On average, the banks in Group 2 have increased their equity positions and/or reduced their "risky assets" as of the end of 2008.
- Problems with nonperforming loans for the Group 2 banks appear to be isolated within a small number of banks.
- The largest LA community banks (Group 3) remained profitable through 2008 with even less volatility than exhibited by the Group 1 and Group 2 banks.
- On average, the Group 3 banks have increased their equity positions and/or reduced their "risky assets" as of the end of 2008.
- Relative to the national peer group, most LA community banks appear to have maintained adequate credit standards.

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." (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]

Much of the financial news over the last year has focused on the bailout of major banks on Wall Street, the political uproar over large bonuses, and the repayment of government loans and investments in the larger banks. However, more recently the financial news has been laden with reports of ever increasing turmoil in the community banking sector. Examples of such reports include the April 25 report that bank failures in 2009 have already surpassed the total failures for 2008 (Clifford, 2009); a second report in May that the problem bank list kept by the FDIC had reached 300 banks (Ellis, 2009); a report in August that the problem bank list reached 400 (Ellis, 2009); another report in August on the possibility of a major shakeout in the number of banks in the country including the potential demise of a "couple thousand" banks due to failure and/or acquisition (Barr, 2009); a report on September 12 that the total number of bank failures had reached 92 firms (Rooney, 2009); and one in December that reported 140 banks had failed by year end 2009 (Rooney, 2009).

The causes of the failures are as varied as the institutions that have failed. For instance, an August 2009 article enumerated some of the primary reasons for the bank failures with deteriorating loan quality and the general economic downturn as the top two culprits (Ellis,

[1] Interestingly, of the 39 banks that 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.

2009). However, these are not the only two reasons provided. According to Ellis (2009) some of the institutions that failed were heavily invested in the same types of mortgage-backed securities that brought some of the major institutions in the country to their knees, while other institutions were aggressively relying on "brokered or borrowed" deposits to fund their loan portfolios. As general economic conditions deteriorated and brokers sought better returns for their funds, these banks came under increasing stress. The end result has been a rash of reports in the financial press regarding the rapid increase in the number of banks on the FDIC's "Problem Bank" list and a very concerned public. Indeed, a recent article by Ellis (2010) on CNNMoney.com states that more than 700 banks nationwide are "at risk" of failure. Specifically, the FDIC's list of problem banks has increased to 702, a figure not reached since 1993. Although the number of banks on the FDIC's list is cause for concern, it is important to note that, historically, just a minority of banks on this list actually fail (approximately 13%).

Another looming problem for the banking industry, which will likely result in increased bank failures, is potential defaults on commercial real estate loans. According to a recent article in the Wall Street Journal by Mollenkamp and Tamman (2010), commercial real estate debt in the U.S. is approximately $3.4 trillion, 45% of which is in the form of bank loans, with the other 55% held by bondholders. In the next four years, about 40% of the $3.4 trillion in commercial real estate loans is coming due. In general, these types of loans are due in ten years and the borrower typically refinances the balance at the end of the ten year term. The problem for banks is now twofold. First, credit requirements are more stringent, making it harder to refinance loans. Second, the debt owed is more than the property value on nearly half of commercial real estate loans. Therefore, there is an increasing risk of default among borrowers of commercial real estate loans, thus resulting in greater risk of bank failures for institutions holding this debt.

This paper presents the results of a basic financial 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 Louisiana community banks with total assets of $1 billion or less. All data are taken from the financial statements filed quarterly by each institution with the Federal Financial Institution Examination Council (FFIEC) and the FDIC.

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 December 2005 to December 2008.[2] We define Louisiana community banks as all commercial banks in Louisiana with total assets of $1 billion or less. The banks are further partitioned into three size groups based on total assets. The first size group includes banks with total assets of $100 million or less. The second size group is the set of banks with total assets greater than $100 million and less than or equal to $500 million. The third size group includes banks with assets greater than $500 million dollars, but less than or equal to $1 billion. The data was drawn from the FDIC Call and Income reports for the fourth quarter of each year during the period studied.

Overview of the Analysis

All community banks in Louisiana were categorized into three groups: those with total assets of less than or equal to $100 million (Group 1), those with total assets greater than $100 and less than or equal to $500 million (Group 2), and those with total assets greater than $500 million and less than or equal to $1 billion (Group 3). Specific measures of performance for profitability, capital risk, credit risk, utilization and liquidity risk were calculated for each bank in the group. Using these measures, summary statistics were computed and analyzed to determine the status of the individual groups in each performance area and to ascertain potential

[2] The report will be updated as the data for the fourth quarter 2009 are released.

problem areas within each group. The basis of the analysis is a set of commonly reported financial ratios considered key indicators for community banks. (See Gilbert and Sierra, 2003). Each of these performance indicators is discussed in the subsections below. Additionally, the summary measures for each metric for each bank group are compared to the average for a national peer group of similar size banks in order to establish a benchmark and provide a relative assessment of performance. The financial information for the peer groups is also taken from the data filed with the Federal Financial Institution Examination Council (FFIEC).

Profitability

Often, one of the first questions asked about bank performance is whether or not the banks are making money. In order to assess the profitability of the banks, we analyzed the summary statistics for several key profitability ratios. Specifically, we examined the banks' Net Profit Margin (NPM), Return on Assets (ROA), Return on Owners' Equity (ROE), Net Interest Margin (NIM), Net Noninterest Margin (NNIM), and Net Operating Profit Margin (NOPM). The specific measures were calculated for each bank and evaluated for all four years of the study period in order to explain trends in bank profits and factors that contribute to them.

Capital Risk

Recently, the Federal government 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 bank to give back the Troubled Asset Relief Program (TARP) money it had received (i.e, the bank

bought back the $90 million in shares it had received from the Treasury).[3] However, the issue of adequate capital is again moving to the forefront as the community banks are beginning to experience significant losses in their loan portfolios as a result of the continuing decline in the commercial and residential real estate markets. As the number of failures in community banks continues to climb, and the FDIC's insurance fund continues to bear the cost, capital adequacy will be a significant concern for bankers and customers alike.

To determine the capital position of banks, the following two measures were computed for each bank and analyzed for each size group: Equity Capital to Total Assets (ECTA) and Equity Capital to Risky Assets (ECRA).[4] In simple terms, these measures provide an indication of the bank's ability to absorb any losses using the buffer provided by its capital base. The significance of this buffer cannot be overstated in that an inadequate buffer combined with deteriorating asset quality will inevitably lead to a bank failure.

Credit Risk

Given the recent spike in bank failures due to losses in the commercial real estate, residential real estate, consumer loan and credit card areas, credit risk along with capital risk is once again at the forefront of public concerns regarding the banking system. The following measures were calculated for each bank and analyzed to evaluate the credit risk in each group of banks: Nonperforming Loans to Total Loans (NPLTL), Nonperforming Loans to Equity Capital (NPLEC), Provision for Loans and Leases Losses to Total Loans (PLLLTL), Provision for Loans and Leases Losses to Equity Capital (PLLLEC), and Net Charge-offs to Total Loans (NCOTL).

[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. See the appendix for the call report numbers used.

The summary statistics for each measure are presented and discussed as a means of establishing a reasonable assessment of the overall credit risk within each group.

Utilization

As economic conditions deteriorated over the last year, banks have been somewhat reluctant to provide additional credit to consumers and business customers alike. In order to determine the willingness of banks to use deposit dollars to provide credit to the local economy, we have calculated and analyzed the banks' loan-to-deposit (LTD) ratio. Specifically, the LTD is used to determine the banks utilization of available funds to make loans. A higher value for the loan-to-deposit ratio for a bank implies the bank is making use of the available funding to provide credit and generate fee and interest income for the bank. Lower levels of the LTD suggest the bank either has limited opportunities to put deposit dollars to work as earning assets or has simply adopted more conservative credit standards and is making fewer loans.

Liquidity

The final issue considered in analyzing the community banks in Louisiana is the average level of liquidity in each of the institutions. In the last two years, several major institutions have come under intense pressure regarding their ability to meet cash obligations. As such, it is essential to appropriately address this issue of liquidity within the community banks. The ratio of Securities to Total Assets, SECTTA, was used to determine the amount of funds that were currently invested by the bank, but could still provide additional cash if needed to meet deposit withdrawal needs or other cash commitments. Given the recent economic uncertainty, it is anticipated that banks have increased their liquidity position resulting in a higher security-to-total asset ratio.

Analysis of LA Community Banks

Group1: Total Assets up to $100 Million

The number of banks in Group 1 during each year of the study period was as follows: 62 in 2005, 56 in 2006, 46 in 2007, and 39 in 2008. The median (50th percentile), the average (mean), and the standard deviation are reported on Table 1. The median (or 50th percentile) was used in addition to the average (or mean) in order to describe the typical bank in the group, while the standard deviation was used to describe the overall variation for each performance measure.[5] Additional summary statistics, such as the coefficient of variation, minimum, maximum, and various percentiles, are provided in Appendix A of this report.

Profitability

Net Profit Margin (NPM)

For 2005, Group 1 reported an average net profit margin (NPM) of 1.31 percent with a standard deviation of 123.14 percent. In addition, a total of 2 out of 62 banks reported a negative NPM.[6] Because these 2005 figures are greatly impacted by one extreme outlier bank (the average and the standard deviation change to 16.86 percent and 12.75 percent, respectively, when this one bank is held out of the sample), the median (17.03 percent) is a much better representation of the typical NPM in 2005. In 2006, the average NPM increased to 16.27 percent (the median increased to 17.59 percent) and the variation dropped significantly to a standard deviation of 17.00 percent. While the number of banks in the group fell to 56, only 2 reported a

[5] The mean (or average) was used to describe the typical level of performance for each group of banks. However, in some cases, extreme values attributable to the data from one or two banks influenced the average as a descriptive measure. Rather than arbitrarily excluding various banks from the analysis, we included such outlier banks in the reported data and simply discussed any distortions they caused in the performance measure. In these cases, we examined the mean and the median (or 50th percentile) to determine the "typical" level of profitability. However, one bank, for which zero deposits and zero loans were reported, was withheld from the analysis.

[6] A number banks in these size categories opt to use the "S chapter" form of incorporation due to tax benefits as compared to the "C Corporation" form. Prior research (see Gilbert and Wheelock (2007)) has shown the election of S chapter status can impact net profit measures, but the differences across entity type for most of the LA community banks are rather small.

negative NPM for the year. For 2007, the Group reported an average NPM of 16.11 percent (0.16 percentage points lower than 2006) with a lower standard deviation of 15.02 percent. Only 3 out of 46 banks reporting in Group 1 experienced a negative NPM in 2007. In 2008, the average NPM decreased to 15.26 percent, a decline of 0.85 percentage points, while the standard deviation increased 3.89 percentage points to 18.91 percent. As in each of the prior years, the average NPM for the size group was positive, but the volatility of profits increased in 2008.[7]

Additionally, the average NPM in the group appears to have been influenced downward by some of the more extreme values given the 1.71 percentage point deviation from the 50th percentile in 2008. This result for 2008 is easily explained by the 3 banks (out of 39) in Group 1 reporting a negative NPM, including the worst case of negative 79 percent. In summary, average NPM varied within approximately a one percentage point range throughout the study period but saw a substantial increase in volatility in 2008. Finally, over the period 2005 to 2008, banks in Group 1 outperformed the national average NPM for similar size banks. The end of year median NPM for the peer group was 15.78 percent in 2005, 14.08 percent in 2006, 12.59 percent in 2007, and 11.25 percent in 2008. The average NPM for the Group 1 peer banks was negative in the last three years of the study period (all peer group tables are provided in Appendix B).

Return on Assets (ROA) and Return on Equity (ROE)

Any analysis of the profitability of the community banking sector requires an examination of the return on assets (ROA) and the return on equity (ROE) for each bank for each year. In 2005, the banks in Group 1 reported an average ROA of 1.00 percent and an average

[7] It appears the increase in the standard deviation is a result of two factors. First, the number of banks with total assets of $100 million or less has declined over the study period. Second, the size of the deviations among the outlier banks seems to have increased. The result is an increase in the standard deviation for the group.

ROE of 10.61 percent.[8] The standard deviation for these measures was 1.36 percent and 9.66 percent, respectively. In 2006, the average ROA increased slightly to 1.20 percent while the average ROE increased to 11.70 percent; the standard deviations declined to 1.02 percent and 9.15 percent, respectively, indicating a slightly tighter grouping in terms of performance. For 2007, Group 1 averaged a 1.21 percent ROA; however, the ROE declined slightly to 11.09 percent, reflecting a slight deleveraging of the banks. Furthermore, the standard deviation for each measure increased to 1.33 percent and 11.12 percent, respectively, indicating much greater variation of performance across the group. By year-end 2008, Group 1 reported a 12 percent lower average ROA of 1.07 percent and an 11 percent lower ROE of 9.92 percent. In 2008, both measures of return declined for the group as did the variation of each measure. The standard deviations of the measures declined to 0.84 percent and 7.75 percent, respectively, indicating less variation within the group. The negative net profit margins (for a few banks) previously reported continued to influence the *average* results and contribute to the overall variation in the group.

In comparison to the national peer group, Group 1 outperformed the national average with respect to ROA. The average ROA for the peer group during each year of the study period was 0.90 percent, 0.84 percent, 0.96 percent, and 1.23 percent, respectively. In 2008, the peer group's median ROA was 0.71 percent, indicating a small number of banks accounted for the higher average ROA in 2008. With regard to the ROE metric, the banks in Group 1 also outperformed the peer group over the study period. The average ROE for the peer group in each year of the study period was 8.73 percent, 7.98 percent, 6.64 percent, and 3.47 percent, respectively. Given the relationship between the ROA and the ROE, the fact that Group 1 outperformed the peer banks in both ROA and ROE is as expected.

[8] The ROA for all size groups in each period is appropriately described by the average as it is very close to the value for the 50th percentile in each case. In a few instances, the average ROE is above the 50th percentile reflecting the influence of the more extreme upside values in the data.

Net Interest Margin (NIM) and Net Non-Interest Margin (NNIM)

To review the key factors that determine the NPM, ROA, and ROE for the banks, the net interest margin (NIM) and net non-interest margin (NNIM) were also analyzed.[9] These measures provide details on spreads between the interest earned and interest paid by the banks, as well as the bank's ability to offset non-interest costs, both of which are critical to bank profitability. In 2005, Group 1 averaged a NIM of 4.10 percent and a NNIM of -2.71 percent. The variation across the group was reflected in the standard deviations of 0.89 percent and 1.19 percent, respectively.[10] In 2006, the average NIM improved slightly to 4.25 percent and the NNIM was -2.72 percent with similar variation for the NIM, 0.8 percent, and slightly lower variation in the NNIM, 0.92 percent. For 2007, the average NIM fell slightly to 4.17 percent while the NNIM of -2.68 percent improved slightly. However, while the variation within the group stayed relatively stable for the NIM at 0.7 percent, the NNIM volatility was much greater with a standard deviation of 1.22 percent. In 2008, the average NIM was 0.20 percentage points lower at 3.97 percent and the NNIM was slightly improved at -2.66 percent. Overall, we observed a decline in the average for NIM of approximately 0.28 percentage points (or 6.6 percent) from its peak in 2006 and a relatively stable NNIM with only slight changes in the variation within the group over time.

In comparison, the NIM metric for the banks in the peer group averaged 3.72 percent, 3.71 percent, 3.64 percent, and 3.46 percent in the respective years of the study period. Again, the Group1 Louisiana banks outperformed the national peer group. With respect to the NNIM, the banks in Group 1 slightly underperformed their national peers during the study period. The

[9] The data for the NNIM variable are appropriately described by the average as it is consistent with the value for the 50th percentile.

[10] The typical NNIM is negative as it is calculated as the noninterest revenue for the bank less the noninterest expenses which include salaries, wages and benefits.

peer group average for NNIM was -2.38 percent, -2.43 percent, -2.10 percent, and -1.17 percent in each respective year of the study period.

Net Operating Profit Margin (NOPM)

Due to the difference in tax treatment between community banks that are reporting as "C-corporations" and those that are reporting as "S Corporations" and the subsequent impact on net income due to the tax differential, net *operating* profit margin (NOPM) was used to analyze the pre-tax profitability of the banks for each year. In 2005, the average NOPM for Group 1 was 1.39 percent with a standard deviation of 1.51 percent. In 2006, the average NOPM for Group 1 increased slightly to 1.52 percent with a slightly lower standard deviation of 1.04 percent.[11] Only 2 of the 62 banks in 2005 and only 2 of the 56 banks in 2006 reported a negative NOPM. For 2007, the average NOPM was 1.49 percent with a standard deviation of 1.28 percent, and 3 of the 46 banks reported negative NOPM. For year-end 2008, Group 1 had a much lower average NOPM of 1.31 percent and standard deviation of 0.87 percent. Three of the 39 banks in Group 1 reported a negative NOPM at year-end 2008. Relative to the national peer group, Group 1 outperformed the average in the first two years of the study. The peer group averaged 1.34 percent in 2005, 1.29 percent in 2006, 1.54 percent in 2007, and 2.29 percent in 2008. Still, in all four years of the study period, the LA Group 1 banks did have a slightly higher median NOPM than the national peer group which reported median ratios of 1.33 percent, 1.28 percent, 1.21 percent, and 1.1 percent, respectively.

Capital Risk

Equity Capital to Total Assets(ECTA)

As of the end of the year 2005, the banks in Group 1 had an average Equity Capital to Total Assets ratio (ECTA) of 11.95 percent with a standard deviation of 8.94 percent. The

[11] In the case of the NOPM, the values for the average and the median are nearly equivalent.

median level of ECTA in 2005 was 10.05 percent and the minimum was 5.7 percent. In December of 2006, the average ECTA for the group had decreased to 11.73 percent with a standard deviation of 4.23 percent, a median of 10.79 percent and a minimum level of 6.89 percent. By year end 2007, the average ECTA for Group 1 was 11.57 percent and the standard deviation was 3.26 percent, with a median of 10.52 percent and a minimum level for the ECTA of 7.32 percent. As of year-end 2008, the average ECTA for Group 1 had increased to 12.56 percent as had the standard deviation to 8.26 percent. The median and minimum levels for the ECTA reported at year end 2008 were 11.31 percent and 5.69 percent.

In regard to the ECTA metric, the national peer group reported a higher ratio in each year of the study period. However, the median (50^{th} percentile) ECTA ratio was nearly equivalent for the LA Group 1 banks and the national peer group in all four years of the study period (see Table B1 in Appendix B). The average ECTA for the national peer group over the period was 13.50 percent, 14.44 percent, 16.46 percent, and 15.04 percent, respectively.

Equity Capital to Risky Assets (ECRA)

In 2005, the average Equity Capital to Risky Assets ratio, (ECRA), for Group1 was 15.02 percent with a standard deviation of 21.60 percent, a median level of 11.04 percent and a minimum of 7.23 percent (the lower median indicated a much higher ratio for a small number of banks in 2005). In 2006, the average ECRA for Group 1 decreased to 13.20 percent and the standard deviation also decreased to 4.74 percent. In addition, the median increased to 12.15 percent with a minimum of 7.78 percent. By year end 2007, the ECRA again decreased to an average of 12.95 percent with a standard deviation of 3.73 percent. The median and minimum values for the ECRA in 2007 were 12.13 percent and 8.11 percent respectively. By year-end 2008, the average ECRA for Group 1 increased 10.32 percent above its 2005 level to 16.57

percent. Although the variation of the ECRA within the group decreased significantly in 2006 and 2007, its 2008 level (20.68 percent) was nearly as high as at the beginning of the study period. The median value at year-end 2008 was at the highest level for the study period at 13.39 percent. The minimum value for ECRA reported at year-end 2008 was 7.79 percent. Relative to the national peer group, the Group 1 banks' average ECRA was lower in each year of the study period, but the median ratio was very close each year (the median Group 1 ECRA surpassed that of the peer group in 2008).

Credit Risk

Nonperforming loans to Total Loans (NPLTL)

The first measure of credit risk considered is the portion of total loans classified as non-performing, or nonperforming loans to total loans, (NPLTL). This ratio considers the amount of loans that are 90 days or more past due relative to total loans. In 2005, the average NPLTL for Group 1 was 0.84 percent with a standard deviation of 1.15 percent, a median value of 0.40 percent and a maximum value of 4.96 percent. In 2006, the average NPLTL for Group 1 declined to 0.73 percent with a slightly lower standard deviation of 0.98 percent. The median value declined to 0.20 percent and the maximum value as of year-end 2006 was 4.47 percent. In 2007, the average for NPLTL for Group 1 increased to 0.92 percent of total loans with a substantially larger standard deviation of 1.26 percent. The median value also increased substantially to 0.35 percent and the maximum value increased 31 percent to 6.11 percent of total loans. In 2008, the average NPLTL for Group 1 reached 1.09 percent of total loans with a standard deviation of 1.47 percent, a median value of 0.60 percent, and a maximum value of 7.25 percent. In the area of nonperforming loans, Group 1 performed marginally worse than the peer group in each year of the study. The average NPLTL for the peer group in each year of the study

was 0.56 percent, 0.54 percent, 0.70 percent, and 1.21 percent, respectively. The median values for the national peer group were 0.08 percent, 0.07 percent, 0.009 percent and 0.31 percent respectively.

Nonperforming Loans to Equity Capital (NPLEC)

To assess the adequacy of the capital base to absorb potential credit losses, the ratio of nonperforming loans to equity capital (NPLEC) was computed.[12] As of the end of 2005, the average NPLEC ratio for Group 1 was 3.98 percent with a standard deviation of 4.80 percent, a median of 2.71 percent and a maximum of 22.14 percent. In 2006, the average NPLEC ratio for Group 1 declined to 3.27 percent with a standard deviation of 4.04 percent, a median of 1.31 percent and a maximum value of 18.69 percent. For 2007, the average NPLEC increased to 3.98 percent and the standard deviation increased to 4.85 percent; the median and maximum NPLEC for the group were 1.61 and 17.43 percent respectively. In 2008, the average for Group 1 increased by nearly one-third to 5.16 percent and the standard deviation increased to 7.02 percent with a forty-four percent increase in the median value to 2.32 percent and a dramatic increase in the maximum of 29.95 percent. In regards to NPLEC, Group 1 performed better than the national peer group in the last two years of the study. The average NPLEC for the peer group in the respective years of the study period was 3.10 percent, 3.23 percent, 4.20 percent, and 9.28 percent. The median for the peer group were 0.43 percent, 0.33 percent, 0.37 percent and 1.36 percent.

Provision for Loans and Lease Losses to Total Loans (PLLLTL)

The Provision for Loans and Lease Losses to Total Loans measures the amount of the current year's earnings set aside to mitigate the anticipated losses in the loan portfolio. This

[12] It is anticipated that the value for the NPLEC ratio will be much larger than the NPLTA ratio previously discussed given the small size of the average equity base for the banking industry.

metric provides an estimate of management's expectations regarding the existing level of loan-loss reserves compared to the level of problem loans currently within the bank's existing loan portfolio. In 2005, the average PLLLTL for Group 1 was 0.40 percent of total loans with a standard deviation of 0.75 percent, a median of 0.19 percent, and a maximum value of 4.33 percent. In 2006, the overall conditions improved as Group 1 had an average PLLLTL of 0.26 percent with a standard deviation of 0.5 percent, a median of 0.16 percent and a maximum of 2.9 percent. In 2007, Group 1 had an average for the PLLLTL of 0.30 percent with a standard deviation of 0.79 percent, a median of 0.00 percent and a maximum value of 5.09 percent. Surprisingly, for 2008, the average PLLLTL for Group 1 was 0.28 percent with a standard deviation of 0.32 percent, a median value of 0.21 percent and a maximum value of only 1.37 percent of total loans. These trends suggest that the problems showing up in the NPLTL are mostly related to the drop in total loans over the earlier periods in the study and, perhaps, that the banks are comfortable with their current level of capital, including loan-loss reserves.

In comparison to the national peer group, Group1 slightly underperformed in 2005 because they placed a greater percentage of the current period's earnings into the loan-loss reserve account. However, from 2006 to 2008, Group 1 faired significantly better than the peer group in having to allocate a much lower percentage of current earnings to the loan-loss reserve account. The peer group average allocations, as a percentage of total loans, were 0.31 percent, 0.32 percent, 0.33 percent, and 0.62 percent in the respective years of the study. The median allocations were 0.15 percent, 0.13 percent, 0.14 percent and 0.27 percent of total loans. Similar results were observed for the loan-loss reserve allocations relative to equity capital.

Net Charge-Offs to Total Loans (NCOTL)

The ratio of Net Charge-Offs to Total Loans, (NCOTL), provides a measure of the percentage of the loan portfolio that is considered worthless and has been written-off by the bank during the year. The NCOTL provides a contemporaneous measure of the problems in the bank's loan portfolio. In 2005, Group 1 had an average NCOTL of 0.43 percent of total loans with a standard deviation of 0.5 percent, a median value of 0.23 percent and a maximum value of 2.33 percent. In 2006, Group 1 again reported an average NCOTL of 0.43 percent but with a standard deviation of 0.59 percent. The median value was again 0.23 percent with a maximum value of 2.66 percent. By year end 2007, Group 1 had an average of 0.45 percent with a standard deviation of 0.93 percent and a median value of 0.21 percent. However, the maximum increased to 6.13 percent. In 2008, Group 1 had an average of only 0.31 percent with a standard deviation of 0.28 percent and a substantially lower value for the maximum of 1.03 percent. However, the median declined only slightly to 0.20 percent. The Group 1 banks appear to have been much more aggressive than the peer group in writing off worthless assets in 2005, 2006 and 2007. In 2008 however, the NCOTL for Group 1 was more than 40 percent lower than the average for the national peer group. The average NCOTL for the peer group was 0.36 percent, 0.28 percent, 0.34 percent, and 0.52 percent in each year of the study, respectively. The median values for the peer group were 0.12 percent in 2005, 0.10 percent in 2006, 0.11 percent in 2007 and 0.19 percent in 2008.

Utilization

Loan-to-Deposit Ratio (LTD)

In 2005, Group 1 had an average LTD of 66.71 percent with a standard deviation of 25.78 percent. The median and maximum LTD ratios for Group 1 were 68.60 and 194.11

percent respectively, with a minimum value of 9.37 percent.[13] In 2006, the average for Group 1 declined to an average LTD of 64.25 percent and a standard deviation of 21.23 percent. The median and maximum values for Group 1 were 66.65 percent and 112.93 percent with the minimum value of 8.88 percent. For 2007, the average LTD was 62.94 percent with a standard deviation of 22.03 percent, a median value of 65.05, a maximum value of 112.35 percent, and a minimum value of 7.99 percent. In 2008, Group 1 had a lower average LTD of 59.33 percent with a standard deviation of 22.54 percent. The median value was 55.56 and the maximum value for Group 1 declined to 96.86 percent, while the minimum value was 9.01 percent.

Relative to the national peer group, Group 1 was much more conservative with regard to the utilization of deposit funding. In each year of the study, the Group 1 average LTD ratio was well below the peer group average. The peer group average LTD ratios in each year of the study period were 75.56 percent, 80.99 percent, 76.61 percent, and 77.85 percent, respectively. The median values for the peer group were 74.78 percent in 2005, 75.24 percent in 2006, 75.67 percent in 2007, and 77.28 percent in 2008.

Liquidity

Securities-to-Total-Assets (SECTTA)

In 2005, Group 1 had an average SECTTA of 21.60 percent with a standard deviation of 17.49 percent. The median and maximum values reported for Group 1 were 18.17 percent and 86.45 percent with a minimum value of 0. In 2006, Group 1 had an average SECTTA of 23.47 percent with a standard deviation of 18 percent, a median of 20.31 percent with a maximum value of 87.42 percent, and a minimum value of 0. By year-end 2007, the average SECTTA was 24.40 percent with a standard deviation of 19.11 percent, a median of 21.43, a maximum value

[13] Loan-to-deposit ratios greater than 100 percent generally indicate the bank is relying on other sources of funds such as brokered deposits and Federal Home Loan Bank Board advances to fund the available loan demand.

of 84.64 percent, and a minimum value of 0. In 2008, Group 1 had an average SECTTA of 22.53 percent, a standard deviation of 19.82 percent, a median value of 17.60 percent, a maximum reported value of 83.07 percent, and minimum value of 0. In each year of the study period, the average was several percentage points higher than the median, indicating that a relatively small number of banks had unusually large SECTTA ratios.

Regarding the average SECTTA for Group 1 relative to the peer group, the Group 1 banks reported a higher average ratio than that of the peer group in each year of the study, thus indicating a greater level of liquidity was available to the Group 1 banks. It is also worth noting this result was not surprising given the relatively conservative LTD ratios for Group 1. The peer group SECTTA averages for each year of the study period were 19.67 percent, 18.57 percent, 18.59 percent, and 18.85 percent, respectively. The median values for the peer group were 17.15 percent, 16.23 percent, 15.82 percent, and 15.50 percent for each of the respective years in the study.

Summary

In general, based on the average and the median for each profitability measure, the Group 1 community banks in Louisiana maintained a reasonable level of profitability over the study period and consistently outperformed the national average in all but one metric. However, there appears to be a downward trend in performance as a result of the slowing economy. Also, a few banks in Group 1 did report much lower levels of profitability than the average. In fact, within Group 1, 2 banks out of 62 in 2005, 2 out of 56 in 2006, 3 out of 46 in 2007, and 3 out of 39 in 2008 reported net losses.

In general, the capital position for the banks in Group 1 was solid; banks' capital position improved over the study period and was better than that of the national peer group by year-end

2008. This increasing trend is likely the result of two factors changing simultaneously over the period. First, the banks increased their equity capital by retaining additional earnings and, second, they concurrently reduced their exposure to additional risky assets (mainly via fewer new loans as their existing loans paid out). The impact of these efforts is most noticeable in the 2008 numbers. As with each of the metrics, a few banks did perform at the lower end of the spectrum.

The credit risk metrics for the banks in Group 1 indicates the banks took the initiative to begin provisioning for problems in the loan portfolio early in the study period and that they appear to have maintained adequate levels of capital and reserves throughout the study period. It also appears that the provisioning for losses out of current income peaked in 2006 and returned to a more modest maintenance level for the remainder of the study period. While it does appear that the banks have managed their credit risk reasonably well over the period, the one interesting aspect of this category is the slight upward trend in the nonperforming loans over the period. This upward trend will bear watching as the losses to the banks by way of actual loan charge-offs tends to lag the performance of the overall economy. On a positive note, at least for the study period, the percentage of loans charged-off did decline as a percent of total loans in 2008. Additionally, the banks in Group 1 seem to have fared better than the national peer group in regards to their credit risk given the upward trend in several of the metrics for the peer group.

In regard to the utilization of the deposit funding for the banks, the banks in Group 1 maintained a very stable and conservative loan-to-deposit position at approximately 65 percent of deposits (throughout the study period). There was a downward turn in this number in 2008 that may reflect the above referenced pull-back on risky assets, namely new loans, in the current economic environment. It is also clear that the Group 1 banks, on average, were more

conservative than the national peer group. Finally, in regards to the liquidity position, the Group 1 banks maintained a strong liquidity posture over the period, with a slight increase in 2007 and a return to the lower end of the range (of the study period) in 2008. These results were similar to those actions taken by the peer group.

Table 1: Community Banks with Total Assets ≤ $100 Million (Group 1)

	2005	2006	2007	2008
Profitability				
NPM				
Mean	0.0131	0.1627	0.1611	0.1526
Median	0.1703	0.1759	0.1648	0.1697
Std. Dev.	1.2314	0.1700	0.1502	0.1891
ROA				
Mean	0.0100	0.0120	0.0121	0.0107
Median	0.0108	0.0129	0.0118	0.0101
Std. Dev.	0.0136	0.0102	0.0133	0.0084
ROE				
Mean	0.1061	0.1170	0.1109	0.0992
Median	0.0913	0.1076	0.0963	0.0909
Std. Dev.	0.0966	0.0915	0.1112	0.0775
NIM				
Mean	0.0410	0.0425	0.0417	0.0397
Median	0.0414	0.0423	0.0421	0.0397
Std. Dev.	0.0089	0.0080	0.0071	0.0087
NNIM				
Mean	-0.0271	-0.0272	-0.0268	-0.0266
Median	-0.0269	-0.0275	-0.0269	-0.0266
Std. Dev.	0.0119	0.0092	0.0122	0.0087
NOPM				
Mean	0.0139	0.0152	0.0149	0.0131
Median	0.0139	0.0159	0.0159	0.0139
Std. Dev.	0.0151	0.0104	0.0128	0.0087
Capital Risk				
ECTA				
Mean	0.1195	0.1173	0.1157	0.1256
Median	0.1005	0.1079	0.1052	0.1131
Std. Dev.	0.0894	0.0423	0.0326	0.0826
ECRA				
Mean	0.1502	0.1320	0.1295	0.1657
Median	0.1104	0.1215	0.1213	0.1339
Std. Dev.	0.2160	0.0474	0.0373	0.2068

Table 1
Continued

Credit Risk				
NPLTL				
Mean	0.0084	0.0073	0.0092	0.0109
Median	0.0040	0.0020	0.0035	0.0060
Std. Dev.	0.0115	0.0098	0.0126	0.0147
NPLEC				
Mean	0.0398	0.0327	0.0398	0.0516
Median	0.0271	0.0131	0.0161	0.0232
Std. Dev.	0.0480	0.0404	0.0485	0.0702
PLLLTL				
Mean	0.0040	0.0026	0.0030	0.0028
Median	0.0019	0.0016	0.0000	0.0021
Std. Dev.	0.0075	0.0050	0.0079	0.0032
NCOTL				
Mean	0.0043	0.0043	0.0045	0.0031
Median	0.0023	0.0023	0.0021	0.0020
Std. Dev.	0.0050	0.0059	0.0093	0.0028
Utilization				
LTD				
Mean	0.6671	0.6425	0.6294	0.5933
Median	0.6860	0.6665	0.6505	0.5556
Std. Dev.	0.2578	0.2123	0.2203	0.2254
Liquidity				
SECTTA				
Mean	0.2160	0.2347	0.2440	0.2253
Median	0.1817	0.2031	0.2143	0.1760
Std. Dev.	0.1749	0.1801	0.1911	0.1982
Number of Banks	62	56	46	39

Group 2: Total Assets greater than $100 Million and up to $500 Million

The second group is comprised of banks having more than $100 million of assets but not more than $500 million of assets, referred to hereafter as Group 2. The number of banks in Group 2 during each year of the study period is as follows: 60 in 2005, 67 in 2006, 73 in 2007, and 77 in 2008. As in the section for Group 1, the median (50th percentile), the average (mean), and the standard deviation are reported on Table 2. The median was used in addition to the average in order to describe the typical bank in the group, and the standard deviation was used to describe the overall variation for each performance measure.[14] Additional summary statistics, such as the coefficient of variation, minimum, maximum, and various percentiles, are provided in Appendix A of this report.

Net Profit Margin (NPM)

For 2005, Group 2 reported an average net profit margin (NPM) of 16.18 percent with a standard deviation of 8.83 percent; of the three banks reporting a loss in Group 2, the largest loss was 15.21 percent. In 2006, the average NPM increased to 17.37 percent although the variation increased to a standard deviation of 10.54 percent. For 2007, Group 2 reported an average NPM of 17.62 percent with a lower standard deviation of 7.12 percent. By year-end 2008, the average NPM decreased to 15.98 percent, a decline of 9.31 percent, while the standard deviation increased approximately 85 percent to a standard deviation of 13.15 percent.

These 2008 profitability changes appear to have been driven by a small number of banks in Group 2. This change is reflected in the fact that the 50th percentile NPM (17.25 percent) in 2008 is higher than the 2008 average NPM, and also in the year-to-year change in the 50th

[14] The mean (or average) was used to describe the typical level of performance for each group of banks. However, in some cases, extreme values attributable to the data from one or two banks influenced the average as a descriptive measure. Rather than arbitrarily exclude various banks from the analysis, we included such outlier banks in the reported data and simply discussed any distortions they caused in the performance measure. In these cases, we examined the mean and the median (or 50th percentile) to determine the "typical" level of profitability.

percentile NPM (this metric increased approximately 8 percent from 2007 to 2008). Furthermore, the minimum NPM for Group 2 in 2008 was negative 65.22 percent, and the next lowest NPM was negative 16.90 percent. In summary, average NPM varied within approximately two percentage points from 2005 to 2007, and declined sharply in 2008 (while the median ratio increased); profit volatility also increased sharply in 2008. Finally, over the period 2005 to 2008, banks in Group 2 outperformed the national average NPM for similar size banks. The end of year median NPM for the peer group was 17.71 percent in 2005, 15.74 percent in 2006, 13.80 percent in 2007, and 10.97 percent in 2008. The average NPM for the Group 2 peer banks was very close to the median for the first two years of the study period, but was lower than the median for the last two years of the study period (the average was 4.78 percent in 2008). All peer group tables are provided in Appendix B.

Return on Assets (ROA) and Return on Equity (ROE)

In 2005, the Group 2 banks reported an average ROA of 1.00 percent and an average ROE of 11.26 percent.[15] The standard deviation for ROA and ROE in 2005 was 0.58 percent and 7.59 percent, respectively. In 2006, the average ROA increased to 1.28 percent while the average ROE increased to 14.31 percent. The 2006 standard deviations for ROA and ROE were 0.63 percent and 6.97 percent, respectively. In 2007, Group 2 averaged a 1.30 percent ROA while the ROE declined (4.26 percent) to 13.70 percent. The 2007 standard deviation for these measures were 0.56 percent and 6.32 percent, respectively. By year-end 2008, Group 2 had an average ROA of 1.04 percent and a 21 percent lower ROE of 10.76 percent. In 2008, both measures of return declined for the group while the variation of each measure increased. The standard deviations increased to 0.94 percent and 10.86 percent, respectively.

[15] The values for mean (average) and median for Group 2 ROA and ROE are very close in value. Therefore, the average adequately represents the data.

In comparison to the national peer group, Group 2 outperformed the national average with respect to ROA in the final three years of the study period. The average ROA for the peer group during each year of the study period was 1.16 percent, 1.14 percent, 1.00 percent, and 0.41 percent, respectively. As with the ROA measure, the Group 2 banks reported an ROE ratio that was higher than the peer group's average ROE in the last three years of the study period. The average ROE for the peer group in each year of the study period was 12.12 percent, 11.51 percent, 9.68 percent, and 2.41 percent, respectively. The median values were 1.10 percent, 1.07 percent, 0.97 percent and 0.71 percent. Given the relationship between the ROA and the ROE, the fact that Group 2 outperformed the peer banks in both ROA and ROE from 2006 through 2008 is as expected.

Net Interest Margin (NIM) and Net Non-Interest Margin (NNIM)

In this section, we analyze the net interest margin (NIM) and net non-interest margin (NNIM) for Group 2. As previously reported, the NIM and NNIM variables are appropriately described by the average because it is nearly equivalent to the value for the 50th percentile in all years of the study period. In 2005, Group 2 averaged a NIM of 3.95 percent and a NNIM of -2.37 percent. The Group 2 standard deviations were 1.28 percent and 0.86 percent for the NIM and NNIM, respectively. In 2006, the average NIM improved to 4.21 percent and the NNIM was -2.35 percent; the variation for the NIM was 1.41 percent, and 0.81 percent for the NNIM. By year-end 2007, the average NIM was 4.06 percent, and the average NNIM was -2.32 percent. In the case of Group 2, the volatility for both the NIM and the NNIM decreased, with standard deviations of 0.81 percent and 0.56 percent, respectively. In 2008, the average NIM dropped to 3.90 percent and the NNIM was slightly lower at -2.35 percent. Therefore, in 2008, the average value for NIM has returned to slightly below the 2005 result; the measure declined 7 percent

from its peak in 2006. The Group 2 average NNIM was relatively stable throughout the study period with a relatively steady decline in its variation over the period (2005 to 2008).

In comparison, the NIM metric for the banks in the peer group averaged 3.72 percent, 3.74 percent, 3.59 percent, and 3.38 percent in the respective years of the study period. The median values for the peer group were 3.68 percent, 3.66 percent, 3.52 percent and 3.40 percent. Therefore, the Group 2 Louisiana banks outperformed the national peer group each year of the study period. With respect to the NNIM, the Group 2 banks slightly underperformed their national peers in each year of the study period. The peer group average for NNIM was -2.01 percent, -2.07 percent, -2.06 percent, and -2.21 percent in each respective year of the study period. The median values for the peer group NNIM were -2.02 percent, -2.05 percent, -2.08 percent and -2.14 percent.

Net Operating Profit Margin (NOPM)

As with Group 1 banks, net *operating* profit margin (NOPM) was used to analyze the pre-tax profitability of the banks due to the difference in tax treatment between community banks reporting as "C-corporations" and those reporting as "S Corporations," and the subsequent impact on net income due to this tax differential. In 2005, the average NOPM for Group 2 was 1.59 percent with a standard deviation of 0.73 percent. In 2006, the average NOPM for Group 2 increased to 1.86 percent with a higher standard deviation of 0.86 percent.[16] For 2007, the average NOPM was 1.73 percent with a standard deviation of 0.57 percent, while the 2008 average and standard deviation were 1.55 percent and 0.55 percent, respectively. A negative NOPM was reported for 1 bank in Group 2 in 2005, 2 in 2006, 0 in 2007, and 1 in 2008. Relative to the national peer group, Group 2 outperformed the average in the last three years of the study. The peer group averaged 1.71 percent in 2005, 1.67 percent in 2006, 1.54 percent in

[16] In the case of the NOPM, the values for the average and the 50th percentile are nearly equivalent in each year.

2007, and 1.17 percent in 2008. The median values for the peer group NOPM were 1.66 percent, 1.61 percent, 1.46 percent and 1.29 percent in each respective year.

Equity Capital to Total Assets(ECTA)

As of the end of 2005, the banks in Group 2 had an average Equity Capital to Total Assets ratio (ECTA) of 9.28 percent with a standard deviation of 2.40 percent. The median value of ECTA in 2005 was 8.85 percent with a minimum level of 5.75 percent and a maximum of 17.04 percent. At the end of 2006, the average ECTA for the group had increased almost 13 percent to 10.46 percent with a standard deviation of 6.04 percent. The median value increased to 9.02 percent with a minimum level of 5.9 percent and a maximum level of 52.34 percent. As of year-end 2007, the average ECTA for Group 2 was 9.93 percent, with a standard deviation of 2.36 percent. The median increased again to 9.55 percent with a minimum level of 6.40 percent and a maximum of 18.11 percent. By the end of 2008, the ECTA for Group 2 had fallen slightly to 9.73 percent, and the standard deviation had declined slightly to 2.18 percent. As with the mean, the median declined slightly to 9.45 percent with a minimum level for the ECTA reported at year end 2008 of 6.62 percent and the maximum of 17.04 percent.

In regard to the ECTA metric, the national peer group reported a slightly higher average ratio than the Group 2 banks in each year of the study period (the same was true for the median). The average ECTA for the national peer group over the period was 10.16 percent, 10.52 percent, 10.90 percent, and 10.55 percent, respectively. The median values were 9.23 percent, 9.42 percent, 9.68 percent, and 9.50 percent respectively.

Equity Capital to Risky Assets (ECRA)

In 2005, the average Equity Capital to Risky Assets ratio, (ECRA), for Group 2 was 10.43 percent with a standard deviation of 2.63 percent. The median value was 9.99 percent.

The lowest ECRA ratio reported at year end 2005 was 6.28 percent, while the highest was 18.43 percent. In 2006, the average ECRA for Group 2 increased to 11.63 percent and the standard deviation jumped to 6.55 percent; the median value was 10.17 percent, the lowest ECRA value was 6.43 percent, and the maximum was 55.69 percent. By year-end 2007, the ECRA decreased slightly to an average of 11.01 percent with a standard deviation of 2.57 percent, a median value of 10.61 percent, a minimum value of 6.87 percent, and a maximum value of 19.49 percent. By year-end 2008, the average ECRA for Group 2 decreased to 10.87 percent, but the median value increased slightly to 10.70 percent. The variation of the ECRA within the group fell to 2.32 percent with this figure slightly lower than the 2005 level. The minimum value for ECRA reported at year-end 2008 was 7.60 percent, with a maximum value of 18.71 percent. The national peer group reported a higher average ECRA ratio than the Group 2 banks in each year of the study period. The Group 2 banks median ECRA, though, was very close to that of the peer group each year, and even edged higher than the peer group's median in 2008. The average ECRA for the national peer group over the period was 12.22 percent, 12.36 percent, 13.83 percent, and 21.16 percent, respectively while the median values were 10.16 percent, 10.39 percent, 10.64 percent, and 10.56 percent in each year.

Nonperforming loans to Total Loans (NPLTL)

The ratio of nonperforming loans to total loans (NPLTL) examines the amount of loans that are 90 days or more past due relative to total loans. In 2005, the average NPLTL for Group 2 was 0.81 percent with a standard deviation of 1.30 percent. The median value for NPLTL was 0.42 percent and the maximum ratio was 8.09 percent. In 2006, both the average NPLTL and the standard deviation for Group 2 declined, to 0.58 percent and 0.86 percent, respectively. The median value also declined reaching, 0.26 percent, and the maximum value at year-end 2006 was

4.52 percent. In 2007, the average (0.60 percent) and median (0.26 percent) NPLTL for Group 2 were nearly flat, and the standard deviation declined to 0.79 percent. The maximum value was 4.19 percent. In 2008, the average NPLTL for Group 2 increased substantially, reaching 1.32 percent of total loans.[17] The 2008 median value was 0.48 percent with the standard deviation and maximum NPLTL reaching 3.08 percent and 24.54 percent, respectively. In regards to the NPLTL, Group 2 outperformed the peer group in the final two years of the study period. The average NPLTL for the peer group was 0.43 percent in 2005, 0.53 percent in 2006, 0.85 percent in 2007, and 1.79 percent in 2008. The median values for the peer group were 0.17 percent, 0.18 percent, 0.36 percent, and 0.87 percent, respectively.

Nonperforming Loans to Equity Capital (NPLEC)

To assess the adequacy of the capital base to absorb potential credit losses, we analyzed the ratio of nonperforming loans to equity capital (NPLEC). As of year-end 2005, the average NPLEC ratio for Group 2 was 5.05 percent with a standard deviation of 7.41 percent and a maximum value of 44.67 percent.[18] Given that the median for NPLEC was 3.18 percent in 2005, the high average NPLEC appears to be driven by a few banks reporting extreme values for the NPLEC. In 2006, the average NPLEC ratio for Group 2 declined to 3.67 percent with a standard deviation of 5.48 percent, a median value of 1.65 percent, and a maximum value of 25.88 percent. For 2007, the average and median NPLEC increased slightly to 4.23 percent and 1.71 percent respectively, while the standard deviation and the maximum reported were 6.00 percent and 29.61 percent, respectively. In 2008, the average NPLEC for Group 2 increased approximately twofold to a ratio of 10.62 percent while the median increased to 3.11 percent.

[17] The median value for NPLTL was 0.48 percent indicating that only a few banks with a substantial loan problem were driving this result (the maximum value reported was 24.54 percent).

[18] It is anticipated that the value for the NPLEC ratio will be much larger than the NPLTL ratio previously discussed given the small size of the average equity base for the banking industry.

The 2008 standard deviation was 27.97 percent, while the maximum soared to 221.41 percent (indicating the average ratio was heavily influenced by this extreme value). In regards to the NPLEC, Group 2 outperformed the peer group in the final two years of the study period. The average NPLEC for the peer group was 2.83 percent in 2005, 3.31 percent in 2006, 6.13 percent in 2007, and 15.18 percent in 2008. The median values for the peer group were 1.17 percent, 1.19 percent, 2.43 percent, and 6.0 percent, respectively.

Provision for Loans and Lease Losses to Total Loans (PLLLTL)

The Provision for Loans and Lease Losses to Total Loans (PLLLTL) ratio provides a measure of the amount of the current year's earnings set aside to mitigate the anticipated losses in the loan portfolio. In 2005, the average PLLLTL for Group 2 was 0.46 percent with a standard deviation of 0.79 percent; the median and maximum values were 0.21 and 5.54 percent. In 2006, the overall conditions improved as Group 2 had an average PLLLTL of 0.33 percent with a standard deviation of 0.55 percent. The median and maximum values were 0.2 percent and 3.30 percent, respectively. In 2007, the Group 2 average PLLLTL declined to 0.20 percent while the median declined to 0.09 percent. The Group 2 standard deviation and maximum were 0.27 percent and 1.14 percent, respectively. The 2008 average PLLLTL for Group 2 was 0.46 percent with a standard deviation of 1.05 percent. The median and maximum values were 0.29 percent and 8.71 percent respectively. As with other measures, the large difference between the median and the average indicates a few outliers had a strong impact on the average. This result indicates the problem is likely contained in a relatively small number of banks.

In comparison to the national peer group, Group 2 LA banks outperformed their peers in the final three years of the study period (Group 2 reported a lower average PLLLTL ratio from 2006 through 2008). The peer group current allocations, as a percentage of total loans, were 0.29

percent, 7.82 percent, 0.37 percent, and 0.83 percent in the respective years of the study. The median allocations were 0.20 percent in 2005, 0.18 percent in 2006, 0.20 percent in 2007, and 0.43 percent in 2008.

Net Charge-offs to Total Loans (NCOTL)

The ratio of Net Charge-offs to Total Loans (NCOTL) provides a contemporaneous measure of the loans in the banks' portfolio that are considered uncollectible. In 2005, Group 2 had an average NCOTL of 0.37 percent, a standard deviation of 0.59 percent, a median of 0.2 percent, and a maximum value of 4.13 percent. In 2006, Group 2 reported an average NCOTL of 0.40 percent with a standard deviation of 0.69 percent. The median NCOTL for 2006 declined to 0.16 percent with a maximum value of 3.77 percent. At year end 2007, Group 2 had a lower average NCOTL of 0.25 percent with a lower standard deviation of 0.28 percent. The median NCOTL also declined for this period. However, the maximum NCOTL increased to 1.22 percent. In 2008, Group 2 reported an average of 0.40 percent with a higher standard deviation of 0.74 percent. The median increased to 0.24 percent while the maximum NCOTL jumped significantly to end 2008 at 5.91 percent. In regard to the national peer group, the LA Group 2 banks slightly underperformed the peer banks in 2005, but outperformed the peer banks from 2006 through 2008. The peer group average NCOTL was 0.26 percent in 2005, 8.20 percent in 2006, 0.32 percent in 2007, and 0.69 percent in 2008. The median values for the national peer group were 0.13 percent, 0.11 percent, 0.15 percent, and 0.29 percent, respectively.

Loan-to-Deposit Ratio (LTD)

In 2005, Group 2 had an average LTD of 68.30 percent with a standard deviation of 17.27 percent. The median LTD for Group 2 in 2005 was 66.68 percent, the maximum was 108.28 percent, and the minimum value was 26.63 percent. In 2006, the Group 2 average LTD

was 74.15 percent with a standard deviation of 23.06 percent. The median was 70.46 percent while the maximum and minimum LTD values for Group 2 were 166.30 percent and 33.14 percent, respectively. At year-end 2007, the average LTD was 78.46 percent with a standard deviation of 33.58 percent, a median of 75.02 percent, a maximum of 310.49 percent, and a minimum of 35.82 percent.[19] For 2008, Group 2 had a slightly lower average LTD of 73.83 percent with a standard deviation of 19.31 percent; the median was 74.93 percent while the maximum value declined to 112.71 percent and the minimum declined to 33.72 percent. Relative to the national peer group, Group 2 was much more conservative in regard to the utilization of deposit funding. In each year of the study, the Group 2 average LTD ratio was well below the peer group average (and the median). The peer group average LTD ratios in each year of the study period were 104.57 percent, 97.63 percent, 118.65 percent, and 105.43 percent, respectively. The median LTD ratios were 83.34 percent in 2005, 84.91 percent in 2006, 86.42 percent in 2007, and 88.09 percent in 2008.

Securities-to-Total-Assets (SECTTA)

In 2005, Group 2 reported an average SECTTA of 23.36 percent with a standard deviation of 15.19 percent. The Group 2 median value was 20.32 percent. The maximum and minimum SECTTA values were 64.39 percent and 0.00 percent, respectively. At year-end 2006, Group 2 had an average SECTTA of 22.65 percent with a standard deviation of 15.09 percent; the median was 21.29 percent while the maximum value was 62.02 percent, and the minimum value was 0.00 percent. At the end of 2007, the average SECTTA for Group 2 was 21.12 percent with a standard deviation of 15.06 percent. The median value fell dramatically to 16.67 percent. The 2007 Group 2 maximum SECTTA was 63.67 percent and the minimum was 0.00 percent.

[19] Loan-to-deposit ratios greater than 100 percent generally indicate the bank is relying on other sources of funds such as brokered deposits and Federal Home Loan Bank Board advances to fund the available loan demand.

In 2008, Group 2 reported an average SECTTA of 22.55 percent, a standard deviation of 16.27 percent, a maximum of 65.41 percent, and a minimum value of 0.00 percent. The median value increased in 2008 to 18.30 percent. The Group 2 banks reported a higher average ratio than that of the peer group in each year of the study, as well as a higher median ratio, thus indicating a greater level of liquidity was available to the Group 2 banks. This result was not surprising given the relatively conservative LTD ratios for Group 2. The peer group SECTTA averages for each year of the study period were 17.84 percent, 17.17 percent, 16.88 percent, and 16.74 percent, respectively. The peer group median values were 15.38 in 2005, 14.75 in 2006, 14.72 percent in 2007 and 14.33 percent in 2008.

Summary

In general, based on the average and the median for each profitability measure, the Group 2 LA community banks maintained a reasonable level of profitability over the study period and consistently outperformed the national peer group in nearly all profitability metrics. Using most of the profitability measures, the Group 2 LA banks outperformed the national average in the last three years of the study (2006 through 2008) even though there was a decrease in profitability in 2008. Also, a few banks in Group 2 did report much lower levels of profitability than the average. Specifically, within Group 2, only 1 bank out of 60 in 2005, 2 out of 67 in 2006, 0 out of 73 in 2007, and 1 out of 77 in 2008 reported a net operating loss.

The Group 2 banks' capital position was slightly less favorable than that of the national peer group for banks of similar size in each year of the study based upon both the average and the median values. However, the capital position for the banks in Group 2 finished 2008 slightly stronger than it was at year-end 2005. This improvement in 2008 was likely the result of two factors – the banks increased their equity capital by retaining additional earnings and, second,

they reduced their exposure to risky assets (mainly through fewer new loans as their existing loans paid out).

While it does appear that the banks have managed their credit risk reasonably well over the period, most of the credit risk metrics worsened in 2008. This upward trend will bear watching as the losses to the banks by way of actual loan charge-offs tend to lag the performance of the overall economy. On a positive note, the Group 2 banks' credit risk measures were better than those of the peer banks in the last two years of the study period.

In regard to the utilization of the deposit funding for the banks, the banks in Group 2 maintained a fairly conservative loan-to-deposit position that ranged from approximately 65 percent of deposits to 78 percent of deposits (throughout the study period). There was a slight decrease in the LTD number for 2008 that may reflect a pull-back on risky assets, namely loans, in the current economic environment. It is also clear that the Group 2 banks, on average, were more conservative than the national peer group in terms of funding loans with deposits. Finally, in regards to the liquidity position, the Group 2 banks maintained a strong liquidity posture over the period, with a slight increase in 2008. The Group 2 banks' average and median liquidity position was consistently stronger than that of its national peer group.

Table 2: Community Banks with Total Assets > $100 Mill. and ≤ $500 Mill. (Group 2)

	2005	2006	2007	2008
Profitability				
NPM				
Mean	0.1618	0.1737	0.1762	0.1598
Median	0.1659	0.1770	0.1595	0.1725
Std. Dev.	0.0883	0.1054	0.0712	0.1315
ROA				
Mean	0.0100	0.0128	0.0130	0.0104
Median	0.0101	0.0126	0.0123	0.0113
Std. Dev.	0.0058	0.0063	0.0056	0.0094
ROE				
Mean	0.1126	0.1431	0.1370	0.1076
Median	0.1022	0.1326	0.1384	0.1101
Std. Dev.	0.0759	0.0697	0.0632	0.1086
NIM				
Mean	0.0395	0.0421	0.0406	0.0390
Median	0.0381	0.0401	0.0413	0.0392
Std. Dev.	0.0128	0.0141	0.0081	0.0054
NNIM				
Mean	-0.0237	-0.0235	-0.0232	-0.0235
Median	-0.0224	-0.0228	-0.0227	-0.0237
Std. Dev.	0.0086	0.0081	0.0056	0.0047
NOPM				
Mean	0.0159	0.0186	0.0173	0.0155
Median	0.0152	0.0182	0.0176	0.0158
Std. Dev.	0.0073	0.0086	0.0057	0.0055
Capital Risk				
ECTA				
Mean	0.0928	0.1046	0.0993	0.0973
Median	0.0885	0.0902	0.0955	0.0945
Std. Dev.	0.0240	0.0604	0.0236	0.0218
ECRA				
Mean	0.1043	0.1163	0.1101	0.1087
Median	0.0999	0.1017	0.1061	0.1070
Std. Dev.	0.0263	0.0655	0.0257	0.0232

Table 2
Continued

Credit Risk				
NPLTL				
Mean	0.0081	0.0058	0.0060	0.0132
Median	0.0042	0.0026	0.0026	0.0048
Std. Dev.	0.0130	0.0086	0.0079	0.0308
NPLEC				
Mean	0.0505	0.0367	0.0423	0.1062
Median	0.0318	0.0165	0.0171	0.0311
Std. Dev.	0.0741	0.0548	0.0600	0.2797
PLLLTL				
Mean	0.0046	0.0033	0.0020	0.0046
Median	0.0021	0.0020	0.0009	0.0029
Std. Dev.	0.0079	0.0055	0.0027	0.0105
NCOTL				
Mean	0.0037	0.0040	0.0025	0.0040
Median	0.0020	0.0016	0.0014	0.0024
Std. Dev.	0.0059	0.0069	0.0028	0.0074
Utilization				
LTD				
Mean	0.6830	0.7415	0.7846	0.7383
Median	0.6668	0.7046	0.7502	0.7493
Std. Dev.	0.1727	0.2306	0.3358	0.1931
Liquidity				
SECTTA				
Mean	0.2336	0.2265	0.2112	0.2255
Median	0.2032	0.2129	0.1667	0.1830
Std. Dev.	0.1519	0.1509	0.1506	0.1627
Number of Banks	60	67	73	77

Group 3: Total Assets greater than $500 Million and up to $1 Billion

The third group is comprised of banks having more than $500 million of assets but less than or equal to $1 billion of assets, referred to hereafter as Group 3. The number of banks in Group 3 during each year of the study period was as follows: 10 in 2005, 12 in 2006, 14 in 2007, and 14 in 2008. The median (50th percentile), the average (mean), and the standard deviation are reported on Table 3. The median was used in addition to the average in order to describe the typical bank in the group, and the standard deviation was used to describe the overall variation for each performance measure.[20] Additional summary statistics, such as the coefficient of variation, minimum, maximum, as well as various percentiles, are provided in Appendix A of this report.

Net Profit Margin (NPM)

For 2005, Group 3 reported an average net profit margin (NPM) of 10.76 percent with a standard deviation of 8.78 percent; the sole bank reporting a loss in Group 3 had a NPM of negative 5.09 percent. The median NPM for 2005 was 13.91 percent. In 2006, the average NPM increased to 17.91 percent and the variation fell to a standard deviation of 4.65 percent. The median value for NPM increased substantially to 16.54 percent in 2006. For 2007, Group 3 reported an average NPM of 15.25 percent with a higher standard deviation of 5.35 percent. Although the average NPM dropped by a large amount in 2007 (nearly 15 percent lower than in 2006), this year-over-year change was driven by changes in the least profitable banks. For instance, the minimum NPM in 2006 was 11.85 percent, while the minimum NPM was 3.87 percent in 2007. Another indication of this trend was the continued increase in the median value

[20] The mean (or average) was used to describe the typical level of performance for each group of banks. However, in some cases, extreme values attributable to the data from one or two banks influenced the average as a descriptive measure. Rather than arbitrarily exclude various banks from the analysis, we included such outlier banks in the reported data and simply discussed any distortions they caused in the performance measure. In these cases, we examined the mean and the median (or 50th percentile) to determine the "typical" level of profitability.

to 17.44 percent. However, in 2008, the average NPM decreased to 12.20 and the median NPM declined to 12.01 percent, representing declines of approximately 20 percent and 30 percent, respectively. The standard deviation remained stable at 5.51 percent.

In contrast to profitability changes in 2007, the 2008 changes appear to have been typical of most banks in Group 3. The group's minimum NPMs in 2007 and 2008 were 3.87 percent and 2.15 percent, respectively, and the median and the mean were nearly identical in 2008. At the other end of the spectrum, the group's maximum NPMs in 2007 and 2008 were 21.01 percent and 20.64 percent, respectively. Therefore, the 20 percent drop in the 2008 average NPM must have been broad-based throughout the group. In summary, average NPM varied within approximately seven percentage points from 2005 to 2008, and declined sharply in 2008. It appears that most of the 14 banks in Group 3 suffered a NPM decline in 2008.

Finally, over the period 2006 to 2008, banks in Group 3 outperformed the national average NPM for similar size banks (the LA banks reported a higher median ratio as well). The end of year median NPM for the peer group was 18.10 percent in 2005, 15.98 percent in 2006, 14.16 percent in 2007, and 10.07 percent in 2008. All peer group tables are provided in Appendix B of this report.

Return on Assets (ROA) and Return on Equity (ROE)

In 2005, the banks in Group 3 reported an average ROA of 0.69 percent and an average ROE of 8.99 percent.[21] The standard deviation for these measures was 0.59 percent and 7.55 percent, respectively. In 2006, the average ROA increased to 1.38 percent while the average ROE increased to 18.07 percent; the standard deviations were 0.44 percent and 7.74 percent, for ROA and ROE, respectively. For 2007, Group 3 averaged a 1.26 percent ROA, and the ROE

[21] The median and average values for the ROA are nearly equal for most of the study period. Therefore, we will focus much of the discussion on the mean for the ROA. The mean-median gap for ROE is more pronounced in 2005 and 2006. The gap is almost 0 in 2007 and 2008.

declined (18 percent) to 14.73 percent. The 2007 standard deviation for these measures were 0.45 percent and 6.60 percent, respectively. At year-end 2008, Group 3 reported an average ROA of 0.88 percent and a 31 percent lower ROE of 10.23 percent. In 2008, both measures of return declined for the group as did the variation of each measure. The standard deviations declined to 0.42 percent and 5.21 percent, respectively, indicating less variation within the group. Furthermore, there was a greater spread between the average and median ROA and ROE in 2005 and 2006 compared to 2007 and 2008. The narrowing of this difference between the average and median indicates the drop in profitability was somewhat uniform for all 14 banks in Group 3, a fact that is consistent with the reported NPM measures.

In comparison to the national peer group, Group 3 outperformed the national average with respect to both ROA and ROE in the final three years of the study period. The average ROA for the peer group during each year of the study period was 1.37 percent, 1.20 percent, 1.06 percent, and 0.37 percent, respectively. The average ROE for the peer group in each year of the study period was 13.96 percent, 13.19 percent, 11.08 percent, and 6.44 percent, respectively. The median values for ROE were 12.80, 12.51, 10.80 and 7.05 percent. Given the relationship between the ROA and the ROE, the fact that Group 3 outperformed the peer banks in both ROA and ROE from 2006 through 2008 is as expected.

Net Interest Margin (NIM) and Net Non-Interest Margin (NNIM)

In this section, we analyze the net interest margin (NIM) and net non-interest margin (NNIM) for Group 3. As previously reported, the NIM and NNIM variables are appropriately described by the average because it is similar to the value for the median in all years of the study period. In 2005, Group 3 averaged a NIM of 3.86 percent and a NNIM of -2.16 percent. The Group 3 standard deviations were 0.45 percent and 0.40 percent for the NIM and NNIM,

respectively. In 2006, the average NIM improved to 4.35 percent and the NNIM was -2.33 percent; the variation for the NIM was 0.64 percent, and 0.56 percent for the NNIM. By year-end 2007, the average NIM increased to 4.64 percent, and the average NNIM was -2.63 percent. However, the volatility for both the NIM and the NNIM increased, with standard deviations of 1.72 percent and 1.20 percent, respectively. In 2008, the average NIM dropped to 4.06 percent and the NNIM was slightly better at -2.45 percent. Therefore, in 2008, we observed a change in the increasing trend for the average NIM; the measure dropped approximately 13 percent from its peak in 2007. The Group 3 average NNIM was relatively stable throughout the study period with an increase in the variation for 2007 and 2008.

In comparison, the NIM metric for the banks in the national peer group averaged 3.74 percent in 2005, 3.67 percent in 2006, 3.52 percent in 2007, and 3.35 percent in 2008. Therefore, the Group 3 Louisiana banks outperformed the national peer group each year of the study period. With respect to the NNIM, the Group 3 banks slightly underperformed their national peers in each year of the study period. The peer group average for NNIM was -1.62 percent in 2005, -1.78 percent in 2006, -1.78 percent in 2007, and -1.96 percent in 2008.

Net Operating Profit Margin (NOPM)

As with the first two size groups, net *operating* profit margin (NOPM) was used to analyze the pre-tax profitability of the Group 3 banks due to the difference in tax treatment between community banks that report as "C-corporations" and those that report as "S Corporations," and the subsequent impact on net income due to the tax differential. In 2005, the average NOPM for Group 3 was 1.7 percent with a standard deviation of 0.39 percent. In 2006, the average NOPM for Group 3 increased to 2.01 percent with a slightly higher standard

deviation of 0.55 percent.[22] For 2007, the average NOPM was 2.00 percent with a standard deviation of 0.75 percent, while the 2008 average and standard deviation were 1.61 percent and 1.03 percent, respectively. None of the banks in Group 3 reported a negative NOPM in any of the years studied. Group 3 reported NOPM measures that increased from 2005 to 2006, but then declined in 2007 and 2008. Furthermore, the variation in the NOPM measures increased in each year of the study period. In comparison, the Group 3 LA banks slightly outperformed their national peer group average from 2006 to 2008. The peer group averaged 2.12 percent in 2005, 1.89 percent in 2006, 1.74 percent in 2007, and 1.39 percent in 2008.

Equity Capital to Total Assets (ECTA)

By the end of 2005, the banks in Group 3 had an average Equity Capital to Total Assets ratio, (ECTA), of 7.19 percent with a standard deviation of 1.17 percent. The median was 7.56 percent while the minimum level of ECTA in 2005 was 4.34 percent and the maximum 8.20 percent. At the end of 2006, the average ECTA for the group had increased slightly to 7.84 percent with a standard deviation of 0.86 percent. The median increased to 7.96 percent with a minimum level of 6.28 percent, and a maximum of 9.18 percent. As of year-end 2007, the average ECTA for Group 3 was 9.05 percent, with a standard deviation of 2.09 percent, a minimum of 6.63 percent, and a maximum level of 15.02 percent. However, the median had only increased to 8.69 percent by year-end 2007. By the end of 2008, the ECTA for Group 3 had fallen to 8.82 percent, and the standard deviation had risen to 1.95 percent. A similar decline was observed in the median values. The minimum level for the ECTA reported at year end 2008 was 6.43 percent, and the maximum was 14.33 percent.

[22] In the case of the NOPM, the values for the average and the median are nearly equivalent in all four years of the study period.

In regard to the ECTA metric, the Group 3 banks underperformed the average of their national peer group in each year of the study period (the same was true at the median). The average ECTA for the national peer group over the period was 9.89 percent, 9.99 percent, 10.14 percent, and 9.73 percent, respectively. The median values for ECTA in the peer group were somewhat lower than the mean at 8.87 percent, 8.95 percent, 9.08 percent and 8.92 percent respectively.

Equity Capital to Risky Assets (ECRA)

In 2005, the average Equity Capital to Risky Assets ratio (ECRA) for Group 3 was 8.18 percent with a standard deviation of 1.33 percent.[23] The lowest ECRA ratio reported at year end 2005 was 4.77 percent, and the highest was 9.58 percent. In 2006, the average ECRA for Group 3 increased to 8.78 percent and the standard deviation dropped to 0.99 percent; the lowest ECRA value was 6.99 percent, the highest value was 10.47 percent. By year-end 2007, the ECRA increased to an average of 10.12 percent with a standard deviation of 2.26 percent, a minimum of 7.60 percent and a maximum of 16.06 percent. By year-end 2008, the average ECRA for Group 3 decreased to 9.79 percent. The variation of the ECRA within the group fell to 2.04 percent, but this figure was more than 53 percent higher than its 2005 level. The minimum value for ECRA reported at year-end 2008 was 7.52 percent, and the maximum value was 15.34 percent.

As with the ECTA measure, the national peer group reported a higher average ECRA ratio than the Group 3 banks in each year of the study period. The Group 3 banks' median ECRA, though, was close to that of the peer group each year (see Table B3). The *average* ECRA for the national peer group over the period was 11.38 percent, 11.64 percent, 11.15 percent, and 10.88 percent, respectively.

[23] The mean and median values for the ECRA are very close in value for Group 3 for most of the study years.

Nonperforming loans to Total Loans (NPLTL)

As stated previously, the ratio of nonperforming loans to total loans (NPLTL) examines the amount of loans that are 90 days or more past due relative to total loans. In 2005, the average NPLTL for Group 3 was 1.31 percent with a standard deviation of 1.63 percent. The median was 0.44 percent with a maximum ratio of 4.22 percent. In 2006, both the average NPLTL and the standard deviation for Group 3 declined, to 0.93 percent and 0.84 percent, respectively. However, the median increased slightly to 0.53 percent with a maximum value at year-end 2006 of 2.73 percent. In 2007, the average NPLTL for Group 3 increased to 1.18 percent, with a larger standard deviation of 1.59 percent. Furthermore, the median increased substantially to 0.84 percent of total loans and the maximum value more than doubled to 6.27 percent. In 2008, the average NPLTL for Group 3 continued a slow upward trend, reaching 1.25 percent of total loans. The 2008 standard deviation and maximum NPLTL were 1.37 percent and 4.35 percent, respectively. Additionally, the median value declined slightly to 0.79 percent. Similar to the smaller sized banks, any increasing problems in the loan portfolios for the Group 3 banks appear to be isolated in a relatively small number of banks because the mean is much higher than the median for the group. In comparison to their national peer group, the Group 3 LA banks underperformed the peer banks from 2005 through 2007, but outperformed the peer banks in 2008. The average NPLTL for the peer group was 0.38 percent in 2005, 0.42 percent in 2006, 1.13 percent in 2007, and 2.28 percent in 2008 while the median values for NPLTL were 0.18 percent, 0.20 percent, 0.43 percent, and 1.12 percent.

Nonperforming Loans to Equity Capital (NPLEC)

To assess the adequacy of the capital base to absorb potential credit losses, we analyzed the ratio of nonperforming loans to equity capital (NPLEC).[24] As of year-end 2005, the average NPLEC ratio for Group 3 was 15.53 percent with a standard deviation of 22.11 percent, a median of 4.03 percent, and a maximum of 66.80 percent. Given that the median for NPLEC was 4.03 percent in 2005, the high average NPLEC appears to be driven by the one bank reporting a 66.80 percent NPLEC. In 2006, the average NPLEC ratio for Group 3 declined to 8.72 percent with a standard deviation of 8.42 percent, a median of 4.03percent, and a maximum ratio of 26.85 percent. For 2007, the average NPLEC increased slightly to 9.44 percent, while both the standard deviation and the maximum reported greatly increased, to 11.99 percent and 46.56 percent, respectively. The median also increased to 5.09 percent by year-end 2007. In 2008, the average NPLEC for Group 3 increased approximately 9 percent, to a ratio of 10.32. The 2008 standard deviation was 12.09 percent, while the maximum dropped to 41.96 percent. However, the median value for NPLEC increased substantially to 7.04 percent of total equity.

As with the NPLTL measure, the Group 3 LA banks underperformed their national peer group from 2005 to 2007, but outperformed the peer banks in 2008. The average NPLEC for the peer group was 2.89 percent in 2005, 3.23 percent in 2006, 7.24 percent in 2007, and 15.31 percent in 2008. The peer group's median NPLEC ratios were 1.39 percent, 1.49 percent, 3.24 percent and 8.36 percent, respectively.

Provision for Loans and Leases Losses to Total Loans (PLLLTL)

The Provision for Loans and Lease Losses to Total Loans (PLLLTL) ratio provides a measure of the amount of the current year's earnings set aside to mitigate the anticipated losses

[24] It is anticipated that the value for the NPLEC ratio will be much larger than the NPLTL ratio previously discussed given the small size of the average equity base for the banking industry.

in the loan portfolio. In 2005, the average PLLLTL for Group 3 was 0.90 percent with a standard deviation of 0.85 percent; the median value was 0.42 percent and the maximum value was 2.48 percent. In 2006, the overall conditions improved as Group 3 had an average PLLLTL of 0.32 percent with a standard deviation of 0.41 percent and a maximum of 1.33 percent. The median declined to 0.21 percent of total loans. In 2007, the Group 3 average PLLLTL rose to 0.47 percent while the median declined further to 0.14 percent. The Group 3 standard deviation and maximum were 0.84 percent and 2.58 percent, respectively. The 2008 average PLLLTL for Group 3 was 0.65 percent with a standard deviation of 0.93 percent and a maximum value of 3.84 percent. The median value increased three-fold in 2008 to 0.42 percent.

In comparison to the national peer group, the Group 3 LA banks outperformed their peers in the final two years of the study period (Group 3 reported a lower average PLLLTL ratio in 2007 and 2008). The peer group average allocations, as a percentage of total loans, were 0.30 percent, 0.27 percent, 0.50 percent, and 1.21 percent in the respective years of the study. Their median contributions were 0.2 percent, 0.17 percent, 0.20 percent, and 0.56 percent, respectively.

Net Charge-offs to Total Loans (NCOTL)

The ratio of Net Charge-offs to Total Loans (NCOTL) provides a contemporaneous measure of the loans in the banks' portfolio that are considered uncollectible. In 2005, Group 3 had an average NCOTL of 0.39 percent with a standard deviation of 0.34 percent. The median NCOTL was 0.25 percent with a maximum value of 0.91 percent. In 2006, Group 3 reported an average NCOTL of 0.64 percent with a standard deviation of 0.63 percent. The median and the maximum values were 0.30 percent and 1.70 percent, respectively. At year end 2007, Group 3 had a lower average NCOTL of 0.49 percent with a higher standard deviation of 0.80 percent. The median had declined to 0.23 percent while the maximum NCOTL increased to 3.17 percent.

In 2008, Group 3 reported a higher average of 0.74 percent with a higher standard deviation of 1.42 percent. The median increased to 0.40 percent while the maximum NCOTL continued its upward trend, ending 2008 at 5.62 percent. In regard to the national peer group, the LA Group 3 banks slightly underperformed the peer banks from 2005 to 2007, but slightly outperformed the peer banks in 2008. The peer group average NCOTL was 0.34 percent in 2005, 0.24 percent in 2006, 0.32 percent in 2007, and 0.86 percent in 2008. In terms of the median values for the NCOTL, the peer group values were 0.13 in 2005, 0.11 percent in 2006, 0.16 percent in 2007, and 0.36 percent in 2008.

Loan-to-Deposit Ratio (LTD)

In 2005, Group 3 had an average Loan-to-Deposit ratio (LTD) of 77.35 percent with a standard deviation of 13.76 percent.[25] The maximum LTD ratio for Group 3 was 95.88 percent and the minimum value was 53.76 percent. In 2006, the Group 3 average LTD was 79.47 percent with a standard deviation of 10.90 percent. The 2006 maximum and minimum LTD values for Group 3 in were 96.76 percent and 61.12 percent, respectively. At year-end 2007, the average LTD was 83.79 percent with a standard deviation of 11.09 percent, a maximum of 103.78 percent and a minimum of 62.76 percent.[26] For 2008, Group 3 had a higher average LTD of 96.95 percent with a standard deviation of 46.51 percent; the maximum value increased to 255.11 percent while the minimum was 67.23 percent. From 2005 through 2007, the Group 3 average LTD ratio was well below the peer group average (and the median). In 2008, however, the average LTD ratio for Group 3 was approximately four percentage points higher than the average for the peer banks (the Group 3 banks' median ratio was lower than the peer banks'

[25] The average loan-to-deposit ratio was relatively close to the median for 2005, 2006 and 2007. AN extreme value in 2008 caused a significant difference in the measures for group 3. The peer group numbers were consistent through 2008.

[26] Loan-to-deposit ratios greater than 100 percent generally indicate the bank is relying on other sources of funds such as brokered deposits and Federal Home Loan Bank Board advances to fund the available loan demand.

median in each year of the study period). The peer group average LTD ratios in each year of the study period were 89.32 percent, 88.34 percent, 92.45 percent, and 92.29 percent, respectively.

Securities-to-Total-Assets (SECTTA)

In 2005, Group 3 reported an average Securities-to-Total-Assets ratio (SECTTA) of 15.0 percent with a standard deviation of 7.95 percent. The Group 3 median was 12.77 percent while the maximum and minimum SECTTA values were 33.81 percent and 7.56 percent, respectively. At year-end 2006, Group 3 had an average SECTTA of 17.03 percent with a standard deviation of 7.69 percent and a median of 14.70 percent. The maximum value was 30.16 percent and the minimum value was 5.16 percent. At the end of 2007, the average SECTTA for Group 3 was 14.51 percent with a standard deviation of 8.15 percent. The 2007 Group 3 median was 12.61 percent of total assets. The maximum SECTTA was 23.94 percent and the minimum was 0.64 percent. In 2008, Group 3 reported an average SECTTA of 14.63 percent, a standard deviation of 9.25 percent, a median of 14.30 percent, a maximum of 32.31 percent, and a minimum value of 3.14 percent.

The Group 3 banks reported a lower average ratio than that of the peer group in three of the four years studied. Similarly, the Group 3 banks' median ratio was lower in the first three years of the study, although their median ratio was 10.5 percent higher than the peer banks' median ratio in 2008 (14.30 percent versus 12.94 percent). The peer group SECTTA averages for each year of the study period were 17.56 percent, 16.57 percent, 15.20 percent, and 15.06 percent, respectively. Likewise, the median values were 15.62 percent, 14.83 percent, 13.16 percent, and 12.94 percent of total assets.

Summary

In general, based on the average and median values for each profitability measure, the Group 3 LA community banks maintained a reasonable level of profitability over the study period. Furthermore, using all but one of the profitability measures, the Group 3 LA banks outperformed the national average for banks of similar size in the last three years of the study (2006 through 2008) even though there was an overall decline in profitability in 2008. Although a few banks in Group 3 did report much lower levels of profitability than the average, none of the banks within Group 3 reported a negative operating profit margin.

The Group 3 banks' capital position was slightly less favorable than that of the national peer group for banks of similar size in each year of the study. However, the capital position for the banks in Group 3 finished 2008 slightly stronger compared to year-end 2005. As with Group 1 and Group 2, this improvement in 2008 was probably the result of two factors – the banks likely increased their equity capital by retaining additional earnings and reduced their exposure to risky assets (mainly restricting new loans as their existing loans paid out).

While it does appear that the banks have managed their credit risk reasonably well over the period, most of the credit risk metrics worsened in 2008. This upward trend will bear watching as the losses to the banks by way of actual loan charge-offs tend to lag the performance of the overall economy. On a positive note, all of Group 3 banks' capital risk measures (all that were examined) were slightly better than those of their national peer banks in 2008.

In regard to the utilization of the deposit funding for the banks, the Group 3 banks maintained a fairly conservative loan-to-deposit position for the first three years of the study period (relative to the national peer group). However, the average (as well as the median) LTD for Group 3 did rise throughout the study period and, in fact, ended 2008 slightly higher than the

average LTD of the peer group. Finally, in regards to the liquidity position, Group 3 banks did appear to maintain an appropriate liquidity posture over the period, with a slight increase in 2008. Still, the average liquidity position for Group 3 banks was generally below the average for the peer group throughout the study period.

Table 3: Community Banks with Total Assets > $500 Mill. and ≤ $1 Bill. (Group 3)

	2005	2006	2007	2008
Profitability				
NPM				
Mean	0.1076	0.1791	0.1525	0.1220
Median	0.1391	0.1654	0.1744	0.1201
Std. Dev.	0.0878	0.0465	0.0535	0.0551
ROA				
Mean	0.0069	0.0138	0.0126	0.0088
Median	0.0085	0.0130	0.0133	0.0088
Std. Dev.	0.0059	0.0044	0.0045	0.0042
ROE				
Mean	0.0899	0.1807	0.1473	0.1023
Median	0.1080	0.1576	0.1471	0.1033
Std. Dev.	0.0755	0.0774	0.0660	0.0521
NIM				
Mean	0.0386	0.0435	0.0464	0.0406
Median	0.0391	0.0431	0.0425	0.0369
Std. Dev.	0.0045	0.0064	0.0172	0.0204
NNIM				
Mean	-0.0216	-0.0233	-0.0263	-0.0245
Median	-0.0216	-0.0225	-0.0222	-0.0200
Std. Dev.	0.0040	0.0056	0.0120	0.0136
NOPM				
Mean	0.0170	0.0201	0.0200	0.0161
Median	0.0176	0.0200	0.0193	0.0141
Std. Dev.	0.0039	0.0055	0.0075	0.0103
Capital Risk				
ECTA				
Mean	0.0719	0.0784	0.0905	0.0882
Median	0.0756	0.0796	0.0869	0.0840
Std. Dev.	0.0117	0.0086	0.0209	0.0195
ECRA				
Mean	0.0818	0.0878	0.1012	0.0979
Median	0.0835	0.0882	0.0972	0.0952
Std. Dev.	0.0133	0.0099	0.0226	0.0204

Table 3 Continued

Credit Risk				
NPLTL				
Mean	0.0131	0.0093	0.0118	0.0125
Median	0.0044	0.0053	0.0084	0.0079
Std. Dev.	0.0163	0.0084	0.0159	0.0137
NPLEC				
Mean	0.1553	0.0872	0.0944	0.1032
Median	0.0403	0.0403	0.0509	0.0704
Std. Dev.	0.2211	0.0842	0.1199	0.1209
PLLLTL				
Mean	0.0090	0.0032	0.0047	0.0065
Median	0.0042	0.0021	0.0014	0.0042
Std. Dev.	0.0085	0.0041	0.0084	0.0093
NCOTL				
Mean	0.0039	0.0064	0.0049	0.0074
Median	0.0025	0.0030	0.0023	0.0040
Std. Dev.	0.0034	0.0063	0.0080	0.0142
Utilization				
LTD				
Mean	0.7735	0.7947	0.8379	0.9695
Median	0.7713	0.8124	0.8213	0.8382
Std. Dev.	0.1376	0.1090	0.1109	0.4651
Liquidity				
SECTTA				
Mean	0.1500	0.1703	0.1451	0.1463
Median	0.1277	0.1470	0.1261	0.1430
Std. Dev.	0.0795	0.0769	0.0815	0.0925
Number of Banks	10	12	14	14

Conclusion

This report analyzed Louisiana's community banks based on the following three asset size categories: less than or equal to $100 million (Group 1), greater than $100 million and less than or equal to $500 million (Group 2), and greater than $500 million and less than or equal to $1 billion (Group 3). The financial analysis was performed using the banks' reported year-end financial statements, as filed with the Federal Financial Institution Examination Council (FFIEC), from 2005 through 2008. This section of the report summarizes some of the main findings of the analysis.

In general, although a few banks experienced a drop in profitability in 2008, most of the LA community banks (across all three size groups) remained profitable throughout the study period and outperformed the average for their national peer banks. Furthermore, on average, LA community banks (across all three size groups) increased their equity positions and/or reduced their "risky assets" as of the end of 2008. Similarly, problems with nonperforming loans appear to have been confined to only a small number of banks across all three size groups.

It is noteworthy that as of March, 2010, only one Louisiana bank has failed. Given that approximately 140 banks have failed nationwide, this fact alone suggests that Louisiana's banks have been operating effectively. Moreover, the financial analysis of LA community banks presented above generally supports this proposition. This Nicholls State University Technical Report will be updated as the 2009 financial data becomes available.

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Appendix A

The first part of 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. The second part of this appendix provides additional summary statistics to those presented in the main body of the paper.

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

Table A-1: Return on Assets				
	Year	Assets ≤100M	$100M<Assets≤ 500M	$500M<Assets≤$1B
mean	2005	0.0100	0.0100	0.0069
median		0.0108	0.0101	0.0085
sd		0.0136	0.0058	0.0059
min		-0.0631	-0.0110	-0.0036
max		0.0657	0.0280	0.0143
cv		1.3595	0.5849	0.8489
p5		-0.0058	-0.0002	-0.0036
p95		0.0193	0.0200	0.0143
p10		0.0043	0.0051	-0.0017
p90		0.0177	0.0172	0.0131
p25		0.0074	0.0074	0.0006
p75		0.0153	0.0119	0.0119
n		62	60	10
mean	2006	0.0120	0.0128	0.0138
median		0.0129	0.0126	0.0130
sd		0.0102	0.0063	0.0044
min		-0.0310	-0.0105	0.0082
max		0.0378	0.0258	0.0248
cv		0.8448	0.4944	0.3173
p5		-0.0109	0.0059	0.0082
p95		0.0260	0.0246	0.0248
p10		0.0034	0.0075	0.0089
p90		0.0204	0.0211	0.0173
p25		0.0091	0.0093	0.0113
p75		0.0160	0.0162	0.0155
n		56	67	12
mean	2007	0.0121	0.0130	0.0126
median		0.0118	0.0123	0.0133
sd		0.0133	0.0056	0.0045
min		-0.0227	-0.0019	0.0039
max		0.0741	0.0268	0.0197
cv		1.0969	0.4307	0.3557
p5		-0.0096	0.0066	0.0039
p95		0.0241	0.0225	0.0197
p10		0.0008	0.0072	0.0060
p90		0.0208	0.0202	0.0176
p25		0.0063	0.0085	0.0098
p75		0.0164	0.0170	0.0158
n		46	73	14
mean	2008	0.0107	0.0104	0.0088
median		0.0101	0.0113	0.0088
sd		0.0084	0.0094	0.0042
min		-0.0125	-0.0492	0.0016
max		0.0371	0.0233	0.0138
cv		0.7784	0.9078	0.4748
p5		-0.0082	0.0005	0.0016
p95		0.0235	0.0219	0.0138
p10		0.0037	0.0024	0.0016
p90		0.0188	0.0194	0.0138
p25		0.0068	0.0076	0.0071
p75		0.0152	0.0154	0.0122
n		39	77	14
Note: Return on assets is calculated as the ratio of net income to total assets.				

Table A-2: Return on Equity				
	Year	Assets ≤100M	$100M<Assets≤ 500M	$500M<Assets≤$1B
mean	2005	0.1061	0.1126	0.0899
median		0.0913	0.1022	0.1080
sd		0.0966	0.0759	0.0755
min		-0.1637	-0.1805	-0.0494
max		0.5226	0.2980	0.1781
cv		0.9103	0.6741	0.8403
p5		-0.0698	-0.0026	-0.0494
p95		0.2575	0.2590	0.1781
p10		0.0253	0.0545	-0.0227
p90		0.1917	0.2001	0.1674
p25		0.0704	0.0756	0.0131
p75		0.1494	0.1424	0.1536
n		62	60	10
mean	2006	0.1170	0.1431	0.1807
median		0.1076	0.1326	0.1576
sd		0.0915	0.0697	0.0774
min		-0.1941	-0.0272	0.0973
max		0.2786	0.2975	0.3945
cv		0.7822	0.4873	0.4283
p5		-0.0430	0.0498	0.0973
p95		0.2639	0.2703	0.3945
p10		0.0242	0.0703	0.1215
p90		0.2599	0.2494	0.2264
p25		0.0720	0.0974	0.1387
p75		0.1800	0.1935	0.2072
n		56	67	12
mean	2007	0.1109	0.1370	0.1473
median		0.0963	0.1384	0.1471
sd		0.1112	0.0632	0.0660
min		-0.1997	-0.0231	0.0348
max		0.4630	0.2979	0.2969
cv		1.0027	0.4616	0.4481
p5		-0.0959	0.0446	0.0348
p95		0.2585	0.2457	0.2969
p10		0.0097	0.0763	0.0793
p90		0.2445	0.2393	0.2242
p25		0.0643	0.0900	0.1058
p75		0.1691	0.1757	0.1782
n		46	73	14
mean	2008	0.0992	0.1076	0.1023
median		0.0909	0.1101	0.1033
sd		0.0775	0.1086	0.0521
min		-0.1438	-0.5583	0.0188
max		0.2614	0.2954	0.2000
cv		0.7808	1.0089	0.5099
p5		-0.0245	0.0053	0.0188
p95		0.2376	0.2434	0.2000
p10		0.0362	0.0355	0.0191
p90		0.2126	0.2108	0.1619
p25		0.0562	0.0745	0.0779
p75		0.1413	0.1523	0.1380
n		39	77	14
Note: Return on equity is calculated as the ratio of net income to total equity capital.				

Table A-3: Net Interest Margin				
	Year	Assets ≤100M	$100M<Assets≤ 500M	$500M<Assets≤$1B
mean	2005	0.0410	0.0395	0.0386
median		0.0414	0.0381	0.0391
sd		0.0089	0.0128	0.0045
min		0.0062	0.0188	0.0299
max		0.0706	0.1247	0.0452
cv		0.2160	0.3233	0.1176
p5		0.0266	0.0306	0.0299
p95		0.0513	0.0496	0.0452
p10		0.0308	0.0309	0.0320
p90		0.0481	0.0456	0.0441
p25		0.0383	0.0337	0.0357
p75		0.0448	0.0420	0.0428
n		62	60	10
mean	2006	0.0425	0.0421	0.0435
median		0.0423	0.0401	0.0431
sd		0.0080	0.0141	0.0064
min		0.0211	0.0190	0.0361
max		0.0653	0.1305	0.0587
cv		0.1881	0.3343	0.1484
p5		0.0319	0.0274	0.0361
p95		0.0571	0.0519	0.0587
p10		0.0328	0.0312	0.0371
p90		0.0520	0.0500	0.0515
p25		0.0382	0.0359	0.0383
p75		0.0466	0.0457	0.0449
n		56	67	12
mean	2007	0.0417	0.0406	0.0464
median		0.0421	0.0413	0.0425
sd		0.0071	0.0081	0.0172
min		0.0192	0.0215	0.0299
max		0.0596	0.0755	0.1010
cv		0.1694	0.1989	0.3705
p5		0.0325	0.0264	0.0299
p95		0.0528	0.0532	0.1010
p10		0.0336	0.0302	0.0347
p90		0.0501	0.0481	0.0546
p25		0.0369	0.0370	0.0363
p75		0.0453	0.0443	0.0492
n		46	73	14
mean	2008	0.0397	0.0390	0.0406
median		0.0397	0.0392	0.0369
sd		0.0087	0.0054	0.0204
min		0.0131	0.0228	0.0159
max		0.0682	0.0492	0.1029
cv		0.2185	0.1381	0.5021
p5		0.0227	0.0284	0.0159
p95		0.0499	0.0479	0.1029
p10		0.0311	0.0309	0.0212
p90		0.0494	0.0461	0.0506
p25		0.0359	0.0359	0.0337
p75		0.0443	0.0422	0.0435
n		39	77	14
Note: Net interest margin is calculated as the ratio of (interest income - interest expense) / total assets.				

Table A-4: Net Operating Profit Margin				
	Year	Assets ≤100M	$100M<Assets≤ 500M	$500M<Assets≤$1B
mean	2005	0.0139	0.0159	0.0170
median		0.0139	0.0152	0.0176
sd		0.0151	0.0073	0.0039
min		-0.0798	0.0000	0.0101
max		0.0657	0.0535	0.0217
cv		1.0894	0.4612	0.2290
p5		0.0040	0.0049	0.0101
p95		0.0258	0.0242	0.0217
p10		0.0069	0.0090	0.0111
p90		0.0233	0.0222	0.0214
p25		0.0118	0.0125	0.0141
p75		0.0180	0.0190	0.0207
n		62	60	10
mean	2006	0.0152	0.0186	0.0201
median		0.0159	0.0182	0.0200
sd		0.0104	0.0086	0.0055
min		-0.0361	-0.0102	0.0104
max		0.0379	0.0551	0.0298
cv		0.6818	0.4630	0.2734
p5		0.0036	0.0067	0.0104
p95		0.0284	0.0304	0.0298
p10		0.0072	0.0108	0.0130
p90		0.0244	0.0271	0.0251
p25		0.0117	0.0143	0.0170
p75		0.0200	0.0230	0.0246
n		56	67	12
mean	2007	0.0149	0.0173	0.0200
median		0.0159	0.0176	0.0193
sd		0.0128	0.0057	0.0075
min		-0.0233	0.0053	0.0089
max		0.0741	0.0316	0.0403
cv		0.8571	0.3258	0.3729
p5		-0.0020	0.0082	0.0089
p95		0.0239	0.0273	0.0403
p10		0.0010	0.0107	0.0122
p90		0.0222	0.0243	0.0253
p25		0.0104	0.0125	0.0153
p75		0.0199	0.0212	0.0233
n		46	73	14
mean	2008	0.0131	0.0155	0.0161
median		0.0139	0.0158	0.0141
sd		0.0087	0.0055	0.0103
min		-0.0156	-0.0052	0.0046
max		0.0371	0.0249	0.0446
cv		0.6603	0.3530	0.6411
p5		-0.0063	0.0042	0.0046
p95		0.0229	0.0241	0.0446
p10		0.0050	0.0088	0.0055
p90		0.0206	0.0225	0.0256
p25		0.0094	0.0122	0.0076
p75		0.0180	0.0184	0.0200
n		39	77	14
Note: Net operating profit margin is calculated as the ratio of ((interest income + noninterest income) - (interest expense + noninterest expense)) / total assets.				

Table A-5: Net Profit Margin				
	Year	Assets ≤100M	$100M<Assets≤ 500M	$500M<Assets≤$1B
mean	2005	0.0131	0.1618	0.1076
median		0.1703	0.1659	0.1391
sd		1.2314	0.0883	0.0878
min		-9.4762	-0.1521	-0.0509
max		0.7179	0.3895	0.2086
cv		94.2171	0.5456	0.8161
p5		-0.0771	-0.0118	-0.0509
p95		0.2722	0.3041	0.2086
p10		0.0696	0.0810	-0.0234
p90		0.2583	0.2692	0.1982
p25		0.1164	0.1291	0.0083
p75		0.2268	0.1950	0.1645
n		62	60	10
mean	2006	0.1627	0.1737	0.1791
median		0.1759	0.1770	0.1654
sd		0.1700	0.1054	0.0465
min		-0.6564	-0.3951	0.1185
max		0.5340	0.3489	0.2698
cv		1.0446	0.6067	0.2598
p5		-0.1521	0.0718	0.1185
p95		0.3354	0.3031	0.2698
p10		0.0489	0.0982	0.1246
p90		0.2989	0.2845	0.2383
p25		0.1311	0.1412	0.1502
p75		0.2347	0.2254	0.2156
n		56	67	12
mean	2007	0.1611	0.1762	0.1525
median		0.1648	0.1595	0.1744
sd		0.1502	0.0712	0.0535
min		-0.3150	-0.0245	0.0387
max		0.6604	0.3352	0.2101
cv		0.9323	0.4040	0.3511
p5		-0.1037	0.0887	0.0387
p95		0.3202	0.3170	0.2101
p10		0.0105	0.1046	0.0722
p90		0.3042	0.2743	0.2069
p25		0.1185	0.1365	0.1153
p75		0.2249	0.2260	0.2010
n		46	73	14
mean	2008	0.1526	0.1598	0.1220
median		0.1697	0.1725	0.1201
sd		0.1891	0.1315	0.0551
min		-0.7908	-0.6522	0.0215
max		0.5238	0.3834	0.2064
cv		1.2390	0.8230	0.4517
p5		-0.0859	0.0100	0.0215
p95		0.3920	0.3041	0.2064
p10		0.0605	0.0371	0.0315
p90		0.3187	0.2808	0.1884
p25		0.1319	0.1220	0.0950
p75		0.2133	0.2348	0.1662
n		39	77	14
Note: Net profit margin is calculated as the ratio of net income / (interest income + noninterest income).				

Table A-6: Net Noninterest Margin				
	Year	Assets ≤100M	$100M<Assets≤ 500M	$500M<Assets≤$1B
mean	2005	-0.0271	-0.0237	-0.0216
median		-0.0269	-0.0224	-0.0216
sd		0.0119	0.0086	0.0040
min		-0.0859	-0.0712	-0.0289
max		0.0213	-0.0087	-0.0154
cv		-0.4384	-0.3643	-0.1872
p5		-0.0395	-0.0363	-0.0289
p95		-0.0149	-0.0156	-0.0154
p10		-0.0360	-0.0307	-0.0279
p90		-0.0193	-0.0165	-0.0165
p25		-0.0310	-0.0252	-0.0226
p75		-0.0227	-0.0199	-0.0185
n		62	60	10
mean	2006	-0.0272	-0.0235	-0.0233
median		-0.0275	-0.0228	-0.0225
sd		0.0092	0.0081	0.0056
min		-0.0693	-0.0754	-0.0342
max		-0.0118	-0.0140	-0.0153
cv		-0.3367	-0.3451	-0.2390
p5		-0.0386	-0.0313	-0.0342
p95		-0.0128	-0.0157	-0.0153
p10		-0.0347	-0.0286	-0.0336
p90		-0.0170	-0.0170	-0.0190
p25		-0.0302	-0.0254	-0.0244
p75		-0.0227	-0.0197	-0.0197
n		56	67	12
mean	2007	-0.0268	-0.0232	-0.0263
median		-0.0269	-0.0227	-0.0222
sd		0.0122	0.0056	0.0120
min		-0.0585	-0.0512	-0.0606
max		0.0213	-0.0141	-0.0151
cv		-0.4546	-0.2412	-0.4572
p5		-0.0443	-0.0311	-0.0606
p95		-0.0109	-0.0156	-0.0151
p10		-0.0376	-0.0277	-0.0403
p90		-0.0161	-0.0175	-0.0174
p25		-0.0319	-0.0259	-0.0272
p75		-0.0214	-0.0200	-0.0187
n		46	73	14
mean	2008	-0.0266	-0.0235	-0.0245
median		-0.0266	-0.0237	-0.0200
sd		0.0087	0.0047	0.0136
min		-0.0561	-0.0415	-0.0584
max		-0.0113	-0.0139	-0.0029
cv		-0.3274	-0.2010	-0.5555
p5		-0.0525	-0.0319	-0.0584
p95		-0.0123	-0.0158	-0.0029
p10		-0.0356	-0.0282	-0.0408
p90		-0.0163	-0.0181	-0.0135
p25		-0.0293	-0.0260	-0.0305
p75		-0.0217	-0.0199	-0.0179
n		39	77	14
Note: Net noninterest margin is calculated as the ratio of (noninterest income - noninterest expense) / total assets.				

Table A-7: Equity Capital to Total Assets				
	Year	Assets ≤100M	$100M<Assets≤ 500M	$500M<Assets≤$1B
mean	2005	0.1195	0.0928	0.0719
median		0.1005	0.0885	0.0756
sd		0.0894	0.0240	0.0117
min		0.0570	0.0575	0.0434
max		0.7696	0.1704	0.0820
cv		0.7484	0.2584	0.1634
p5		0.0682	0.0627	0.0434
p95		0.1720	0.1443	0.0820
p10		0.0768	0.0692	0.0518
p90		0.1506	0.1284	0.0811
p25		0.0859	0.0765	0.0714
p75		0.1251	0.1012	0.0795
n		62	60	10
mean	2006	0.1173	0.1046	0.0784
median		0.1079	0.0902	0.0796
sd		0.0423	0.0604	0.0086
min		0.0689	0.0590	0.0628
max		0.3201	0.5234	0.0918
cv		0.3609	0.5777	0.1093
p5		0.0771	0.0698	0.0628
p95		0.1886	0.1555	0.0918
p10		0.0808	0.0722	0.0678
p90		0.1645	0.1364	0.0895
p25		0.0882	0.0809	0.0733
p75		0.1317	0.1069	0.0824
n		56	67	12
mean	2007	0.1157	0.0993	0.0905
median		0.1052	0.0955	0.0869
sd		0.0326	0.0236	0.0209
min		0.0732	0.0640	0.0663
max		0.2247	0.1811	0.1502
cv		0.2821	0.2374	0.2310
p5		0.0793	0.0744	0.0663
p95		0.1708	0.1528	0.1502
p10		0.0809	0.0778	0.0719
p90		0.1655	0.1347	0.1130
p25		0.0912	0.0814	0.0758
p75		0.1303	0.1069	0.0963
n		46	73	14
mean	2008	0.1256	0.0973	0.0882
median		0.1131	0.0945	0.0840
sd		0.0826	0.0218	0.0195
min		0.0569	0.0662	0.0643
max		0.5929	0.1704	0.1433
cv		0.6577	0.2243	0.2212
p5		0.0724	0.0718	0.0643
p95		0.1879	0.1494	0.1433
p10		0.0802	0.0735	0.0703
p90		0.1706	0.1252	0.1074
p25		0.0878	0.0825	0.0759
p75		0.1337	0.1046	0.0944
n		39	77	14
Note: Equity capital to total assets is calculated as the ratio of total equity capital / total assets.				

Table A-8: Equity Capital to Risky Assets				
	Year	Assets ≤100M	$100M<Assets≤ 500M	$500M<Assets≤$1B
mean	2005	0.1502	0.1043	0.0818
median		0.1104	0.0999	0.0835
sd		0.2160	0.0263	0.0133
min		0.0723	0.0628	0.0477
max		1.7971	0.1843	0.0958
cv		1.4385	0.2519	0.1622
p5		0.0784	0.0688	0.0477
p95		0.2050	0.1595	0.0958
p10		0.0846	0.0771	0.0630
p90		0.1752	0.1422	0.0937
p25		0.0958	0.0852	0.0797
p75		0.1423	0.1141	0.0894
n		62	60	10
mean	2006	0.1320	0.1163	0.0878
median		0.1215	0.1017	0.0882
sd		0.0474	0.0655	0.0099
min		0.0778	0.0643	0.0699
max		0.3328	0.5569	0.1047
cv		0.3591	0.5633	0.1130
p5		0.0850	0.0772	0.0699
p95		0.2060	0.1668	0.1047
p10		0.0904	0.0818	0.0751
p90		0.1959	0.1487	0.1032
p25		0.1004	0.0906	0.0833
p75		0.1475	0.1209	0.0908
n		56	67	12
mean	2007	0.1295	0.1101	0.1012
median		0.1213	0.1061	0.0972
sd		0.0373	0.0257	0.0226
min		0.0811	0.0687	0.0760
max		0.2631	0.1949	0.1606
cv		0.2885	0.2335	0.2239
p5		0.0874	0.0818	0.0760
p95		0.1964	0.1655	0.1606
p10		0.0926	0.0852	0.0780
p90		0.1751	0.1472	0.1341
p25		0.1017	0.0894	0.0865
p75		0.1439	0.1207	0.1062
n		46	73	14
mean	2008	0.1657	0.1087	0.0979
median		0.1339	0.1070	0.0952
sd		0.2068	0.0232	0.0204
min		0.0779	0.0760	0.0752
max		1.4038	0.1871	0.1534
cv		1.2481	0.2134	0.2080
p5		0.0849	0.0796	0.0752
p95		0.2273	0.1645	0.1534
p10		0.0935	0.0821	0.0758
p90		0.2065	0.1333	0.1195
p25		0.1025	0.0939	0.0868
p75		0.1532	0.1181	0.1043
n		39	77	14
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.				

Table A-9: Nonperforming Loans to Total Loans				
	Year	Assets ≤100M	$100M<Assets≤ 500M	$500M<Assets≤$1B
mean	2005	0.0084	0.0081	0.0131
median		0.0040	0.0042	0.0044
sd		0.0115	0.0130	0.0163
min		0.0000	0.0000	0.0008
max		0.0496	0.0809	0.0422
cv		1.3612	1.6051	1.2409
p5		0.0000	0.0003	0.0008
p95		0.0372	0.0292	0.0422
p10		0.0000	0.0005	0.0015
p90		0.0213	0.0187	0.0413
p25		0.0001	0.0016	0.0033
p75		0.0119	0.0086	0.0246
n		62	60	10
mean	2006	0.0073	0.0058	0.0093
median		0.0020	0.0026	0.0053
sd		0.0098	0.0086	0.0084
min		0.0000	0.0000	0.0006
max		0.0447	0.0452	0.0273
cv		1.3417	1.4746	0.9028
p5		0.0000	0.0000	0.0006
p95		0.0298	0.0242	0.0273
p10		0.0000	0.0001	0.0020
p90		0.0217	0.0209	0.0199
p25		0.0000	0.0005	0.0027
p75		0.0114	0.0074	0.0150
n		56	67	12
mean	2007	0.0092	0.0060	0.0118
median		0.0035	0.0026	0.0084
sd		0.0126	0.0079	0.0159
min		0.0000	0.0000	0.0004
max		0.0611	0.0419	0.0627
cv		1.3716	1.3172	1.3477
p5		0.0000	0.0000	0.0004
p95		0.0298	0.0245	0.0627
p10		0.0000	0.0003	0.0008
p90		0.0272	0.0169	0.0166
p25		0.0001	0.0011	0.0021
p75		0.0137	0.0072	0.0146
n		46	73	14
mean	2008	0.0109	0.0132	0.0125
median		0.0060	0.0048	0.0079
sd		0.0147	0.0308	0.0137
min		0.0000	0.0000	0.0000
max		0.0725	0.2454	0.0435
cv		1.3522	2.3306	1.0954
p5		0.0000	0.0001	0.0000
p95		0.0481	0.0616	0.0435
p10		0.0000	0.0004	0.0010
p90		0.0283	0.0296	0.0375
p25		0.0007	0.0024	0.0014
p75		0.0175	0.0115	0.0153
n		39	77	14

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

Table A-10: Net Charge-offs to Total Loans				
	Year	Assets ≤100M	$100M<Assets≤ 500M	$500M<Assets≤$1B
mean	2005	0.0043	0.0037	0.0039
median		0.0023	0.0020	0.0025
sd		0.0050	0.0059	0.0034
min		0.0000	0.0000	0.0009
max		0.0233	0.0413	0.0091
cv		1.1775	1.5972	0.8613
p5		0.0000	0.0004	0.0009
p95		0.0117	0.0114	0.0091
p10		0.0001	0.0005	0.0010
p90		0.0108	0.0103	0.0088
p25		0.0010	0.0009	0.0014
p75		0.0058	0.0038	0.0085
n		62	60	10
mean	2006	0.0043	0.0040	0.0064
median		0.0023	0.0016	0.0030
sd		0.0059	0.0069	0.0063
min		0.0000	0.0000	0.0009
max		0.0266	0.0377	0.0170
cv		1.3813	1.7513	0.9879
p5		0.0000	0.0000	0.0009
p95		0.0227	0.0158	0.0170
p10		0.0001	0.0001	0.0010
p90		0.0109	0.0123	0.0157
p25		0.0006	0.0006	0.0011
p75		0.0056	0.0036	0.0128
n		56	67	12
mean	2007	0.0045	0.0025	0.0049
median		0.0021	0.0014	0.0023
sd		0.0093	0.0028	0.0080
min		0.0000	0.0000	0.0007
max		0.0613	0.0122	0.0317
cv		2.0464	1.1354	1.6455
p5		0.0000	0.0001	0.0007
p95		0.0131	0.0084	0.0317
p10		0.0001	0.0002	0.0010
p90		0.0084	0.0066	0.0076
p25		0.0004	0.0007	0.0013
p75		0.0055	0.0026	0.0046
n		46	73	14
mean	2008	0.0031	0.0040	0.0074
median		0.0020	0.0024	0.0040
sd		0.0028	0.0074	0.0142
min		0.0000	0.0000	0.0000
max		0.0103	0.0591	0.0562
cv		0.9151	1.8488	1.9095
p5		0.0000	0.0003	0.0000
p95		0.0087	0.0114	0.0562
p10		0.0002	0.0004	0.0001
p90		0.0076	0.0068	0.0074
p25		0.0007	0.0010	0.0020
p75		0.0050	0.0043	0.0054
n		39	77	14
Note: Net charge-offs to total loans is calculated as the ratio of total net charge-offs / total loans.				

Table A-11: Provision for Loans & Leases Losses to Total Loans				
	Year	Assets ≤100M	$100M<Assets≤ 500M	$500M<Assets≤$1B
mean	2005	0.0040	0.0046	0.0090
median		0.0019	0.0021	0.0042
sd		0.0075	0.0079	0.0085
min		-0.0039	0.0000	0.0016
max		0.0433	0.0554	0.0248
cv		1.8765	1.7247	0.9393
p5		0.0000	0.0001	0.0016
p95		0.0129	0.0165	0.0248
p10		0.0000	0.0007	0.0021
p90		0.0086	0.0098	0.0232
p25		0.0000	0.0012	0.0031
p75		0.0050	0.0048	0.0136
n		62	60	10
mean	2006	0.0026	0.0033	0.0032
median		0.0016	0.0020	0.0021
sd		0.0050	0.0055	0.0041
min		-0.0107	-0.0095	-0.0025
max		0.0290	0.0330	0.0133
cv		1.9125	1.6463	1.3110
p5		-0.0041	0.0000	-0.0025
p95		0.0096	0.0123	0.0133
p10		0.0000	0.0000	0.0004
p90		0.0079	0.0095	0.0087
p25		0.0006	0.0006	0.0009
p75		0.0040	0.0040	0.0037
n		56	67	12
mean	2007	0.0030	0.0020	0.0047
median		0.0000	0.0009	0.0014
sd		0.0079	0.0027	0.0084
min		-0.0016	-0.0011	0.0000
max		0.0509	0.0114	0.0258
cv		2.6702	1.3850	1.8029
p5		0.0000	-0.0010	0.0000
p95		0.0116	0.0085	0.0258
p10		0.0000	0.0000	0.0000
p90		0.0065	0.0059	0.0229
p25		0.0000	0.0000	0.0008
p75		0.0028	0.0027	0.0028
n		46	73	14
mean	2008	0.0028	0.0046	0.0065
median		0.0021	0.0029	0.0042
sd		0.0032	0.0105	0.0093
min		0.0000	-0.0014	0.0007
max		0.0137	0.0871	0.0384
cv		1.1493	2.2773	1.4399
p5		0.0000	0.0000	0.0007
p95		0.0109	0.0150	0.0384
p10		0.0000	0.0000	0.0020
p90		0.0059	0.0076	0.0075
p25		0.0000	0.0008	0.0029
p75		0.0045	0.0043	0.0052
n		39	77	14
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 A-12: Provision for Loans & Leases Losses to Equity Capital				
	Year	Assets ≤100M	$100M<Assets≤ 500M	$500M<Assets≤$1B
mean	2005	0.0232	0.0318	0.1076
median		0.0114	0.0143	0.0416
sd		0.0463	0.0686	0.1305
min		-0.0172	0.0000	0.0133
max		0.3221	0.5117	0.4095
cv		1.9941	2.1566	1.2132
p5		0.0000	0.0006	0.0133
p95		0.0719	0.0939	0.4095
p10		0.0000	0.0037	0.0163
p90		0.0511	0.0650	0.3269
p25		0.0000	0.0066	0.0200
p75		0.0273	0.0363	0.1605
n		62	60	10
mean	2006	0.0157	0.0235	0.0271
median		0.0084	0.0147	0.0194
sd		0.0411	0.0404	0.0400
min		-0.0304	-0.0332	-0.0268
max		0.2993	0.2744	0.1309
cv		2.6227	1.7177	1.4734
p5		-0.0171	0.0000	-0.0268
p95		0.0359	0.0880	0.1309
p10		0.0000	0.0000	0.0036
p90		0.0285	0.0496	0.0746
p25		0.0038	0.0037	0.0078
p75		0.0200	0.0302	0.0261
n		56	67	12
mean	2007	0.0122	0.0139	0.0384
median		0.0000	0.0059	0.0128
sd		0.0253	0.0207	0.0705
min		-0.0097	-0.0098	-0.0005
max		0.1451	0.0991	0.2319
cv		2.0686	1.4929	1.8372
p5		0.0000	-0.0040	-0.0005
p95		0.0528	0.0554	0.2319
p10		0.0000	0.0000	0.0000
p90		0.0383	0.0387	0.1702
p25		0.0000	0.0000	0.0073
p75		0.0158	0.0219	0.0228
n		46	73	14
mean	2008	0.0137	0.0363	0.0558
median		0.0093	0.0167	0.0377
sd		0.0173	0.0951	0.0907
min		0.0000	-0.0078	0.0038
max		0.0857	0.7858	0.3676
cv		1.2635	2.6221	1.6252
p5		0.0000	0.0000	0.0038
p95		0.0453	0.1161	0.3676
p10		0.0000	0.0000	0.0175
p90		0.0344	0.0607	0.0524
p25		0.0000	0.0039	0.0247
p75		0.0219	0.0328	0.0449
n		39	77	14
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 A-13: Nonperforming Loans to Equity Capital				
	Year	Assets ≤100M	$100M<Assets≤ 500M	$500M<Assets≤$1B
mean	2005	0.0398	0.0505	0.1553
median		0.0271	0.0318	0.0403
sd		0.0480	0.0741	0.2211
min		0.0000	0.0000	0.0065
max		0.2214	0.4467	0.6680
cv		1.2057	1.4687	1.4239
p5		0.0000	0.0019	0.0065
p95		0.1152	0.2017	0.6680
p10		0.0000	0.0027	0.0099
p90		0.0964	0.1397	0.5262
p25		0.0006	0.0095	0.0258
p75		0.0553	0.0490	0.2785
n		62	60	10
mean	2006	0.0327	0.0367	0.0872
median		0.0131	0.0165	0.0403
sd		0.0404	0.0548	0.0842
min		0.0000	0.0000	0.0054
max		0.1869	0.2588	0.2685
cv		1.2349	1.4927	0.9660
p5		0.0000	0.0000	0.0054
p95		0.0903	0.1679	0.2685
p10		0.0000	0.0005	0.0176
p90		0.0829	0.1225	0.1711
p25		0.0000	0.0030	0.0206
p75		0.0607	0.0423	0.1505
n		56	67	12
mean	2007	0.0398	0.0423	0.0944
median		0.0161	0.0171	0.0509
sd		0.0485	0.0600	0.1199
min		0.0000	0.0000	0.0033
max		0.1743	0.2961	0.4656
cv		1.2189	1.4194	1.2701
p5		0.0000	0.0000	0.0033
p95		0.1478	0.1669	0.4656
p10		0.0000	0.0015	0.0046
p90		0.1189	0.1360	0.1493
p25		0.0005	0.0064	0.0167
p75		0.0631	0.0492	0.1349
n		46	73	14
mean	2008	0.0516	0.1062	0.1032
median		0.0232	0.0311	0.0704
sd		0.0702	0.2797	0.1209
min		0.0000	0.0000	0.0000
max		0.2995	2.2141	0.4196
cv		1.3609	2.6332	1.1719
p5		0.0000	0.0008	0.0000
p95		0.2292	0.6437	0.4196
p10		0.0000	0.0019	0.0086
p90		0.1851	0.2125	0.2926
p25		0.0038	0.0117	0.0132
p75		0.0579	0.0730	0.1340
n		39	77	14
Note: Nonperforming loans to equity capital is calculated as the ratio of total nonperforming loans / total equity capital.				

Table A-14: Loan to Deposit				
	Year	Assets ≤100M	$100M<Assets≤ 500M	$500M<Assets≤$1B
mean	2005	0.6671	0.6830	0.7735
median		0.6860	0.6668	0.7713
sd		0.2578	0.1727	0.1376
min		0.0937	0.2663	0.5376
max		1.9411	1.0828	0.9588
cv		0.3864	0.2528	0.1779
p5		0.3054	0.3912	0.5376
p95		0.9004	0.9689	0.9588
p10		0.3547	0.4966	0.5691
p90		0.8842	0.9104	0.9558
p25		0.5396	0.5526	0.6979
p75		0.7802	0.8061	0.8675
n		62	60	10
mean	2006	0.6425	0.7415	0.7947
median		0.6665	0.7046	0.8124
sd		0.2123	0.2306	0.1090
min		0.0888	0.3314	0.6112
max		1.1293	1.6630	0.9676
cv		0.3305	0.3109	0.1372
p5		0.2495	0.4515	0.6112
p95		0.9475	1.0908	0.9676
p10		0.3501	0.5014	0.6444
p90		0.9168	1.0344	0.9180
p25		0.5177	0.5895	0.7211
p75		0.7831	0.8604	0.8553
n		56	67	12
mean	2007	0.6294	0.7846	0.8379
median		0.6505	0.7502	0.8213
sd		0.2203	0.3358	0.1109
min		0.0799	0.3582	0.6276
max		1.1235	3.1049	1.0378
cv		0.3500	0.4280	0.1324
p5		0.2821	0.4180	0.6276
p95		0.9922	1.1437	1.0378
p10		0.3202	0.4956	0.7415
p90		0.9083	1.0291	1.0271
p25		0.4637	0.6080	0.7592
p75		0.7926	0.8903	0.8960
n		46	73	14
mean	2008	0.5933	0.7383	0.9695
median		0.5556	0.7493	0.8382
sd		0.2254	0.1931	0.4651
min		0.0901	0.3372	0.6723
max		0.9686	1.1271	2.5511
cv		0.3798	0.2615	0.4797
p5		0.2276	0.3599	0.6723
p95		0.9540	1.0691	2.5511
p10		0.2960	0.4839	0.7493
p90		0.9190	1.0429	1.0037
p25		0.4683	0.6238	0.7769
p75		0.8112	0.8530	0.9641
n		39	77	14
Note: Loan to Deposit is calculated as the ratio of total loans / total deposits.				

Table A-15: Total Operating Revenue to Total Assets				
	Year	Assets ≤100M	$100M<Assets≤ 500M	$500M<Assets≤$1B
mean	2005	0.0634	0.0638	0.0650
median		0.0639	0.0623	0.0645
sd		0.0131	0.0158	0.0070
min		0.0067	0.0441	0.0550
max		0.0991	0.1644	0.0760
cv		0.2061	0.2474	0.1080
p5		0.0416	0.0455	0.0550
p95		0.0785	0.0775	0.0760
p10		0.0498	0.0493	0.0559
p90		0.0760	0.0733	0.0743
p25		0.0594	0.0575	0.0597
p75		0.0690	0.0681	0.0710
n		62	60	10
mean	2006	0.0695	0.0711	0.0762
median		0.0690	0.0705	0.0739
sd		0.0115	0.0178	0.0073
min		0.0328	0.0266	0.0677
max		0.1018	0.1760	0.0918
cv		0.1650	0.2507	0.0954
p5		0.0494	0.0494	0.0677
p95		0.0844	0.0835	0.0918
p10		0.0522	0.0578	0.0695
p90		0.0827	0.0810	0.0861
p25		0.0646	0.0631	0.0706
p75		0.0769	0.0762	0.0803
n		56	67	12
mean	2007	0.0726	0.0737	0.0854
median		0.0717	0.0741	0.0781
sd		0.0113	0.0108	0.0216
min		0.0489	0.0459	0.0681
max		0.1122	0.1054	0.1527
cv		0.1559	0.1470	0.2532
p5		0.0531	0.0495	0.0681
p95		0.0926	0.0925	0.1527
p10		0.0569	0.0616	0.0696
p90		0.0831	0.0823	0.1016
p25		0.0677	0.0677	0.0726
p75		0.0784	0.0808	0.0881
n		46	73	14
mean	2008	0.0639	0.0662	0.0725
median		0.0651	0.0660	0.0668
sd		0.0142	0.0084	0.0232
min		0.0159	0.0463	0.0489
max		0.0954	0.0854	0.1457
cv		0.2222	0.1263	0.3200
p5		0.0417	0.0475	0.0489
p95		0.0938	0.0807	0.1457
p10		0.0469	0.0572	0.0502
p90		0.0768	0.0757	0.0865
p25		0.0565	0.0611	0.0637
p75		0.0724	0.0714	0.0748
n		39	77	14
Note: Total operating revenue to total assets is calculated as the ratio of (interest income + noninterest income) / total assets.				

Table A-16: Securities to Total Assets				
	Year	Assets ≤100M	$100M<Assets≤ 500M	$500M<Assets≤$1B
mean	2005	0.2160	0.2336	0.1500
median		0.1817	0.2032	0.1277
sd		0.1749	0.1519	0.0795
min		0.0000	0.0000	0.0756
max		0.8645	0.6439	0.3381
cv		0.8097	0.6504	0.5303
p5		0.0000	0.0152	0.0756
p95		0.5140	0.5224	0.3381
p10		0.0192	0.0367	0.0776
p90		0.4666	0.4634	0.2824
p25		0.0958	0.1341	0.1008
p75		0.2855	0.3230	0.1624
n		62	60	10
mean	2006	0.2347	0.2265	0.1703
median		0.2031	0.2129	0.1470
sd		0.1801	0.1509	0.0769
min		0.0000	0.0000	0.0516
max		0.8742	0.6202	0.3016
cv		0.7675	0.6661	0.4517
p5		0.0000	0.0187	0.0516
p95		0.5864	0.4941	0.3016
p10		0.0183	0.0359	0.1025
p90		0.4717	0.4422	0.2906
p25		0.1196	0.1079	0.1207
p75		0.2926	0.3303	0.2300
n		56	67	12
mean	2007	0.2440	0.2112	0.1451
median		0.2143	0.1667	0.1261
sd		0.1911	0.1506	0.0815
min		0.0000	0.0000	0.0064
max		0.8464	0.6367	0.2394
cv		0.7832	0.7132	0.5617
p5		0.0000	0.0219	0.0064
p95		0.6072	0.5034	0.2394
p10		0.0000	0.0521	0.0170
p90		0.5172	0.4270	0.2386
p25		0.1100	0.1008	0.0900
p75		0.3219	0.3164	0.2263
n		46	73	14
mean	2008	0.2253	0.2255	0.1463
median		0.1760	0.1830	0.1430
sd		0.1982	0.1627	0.0925
min		0.0000	0.0000	0.0314
max		0.8307	0.6541	0.3231
cv		0.8800	0.7214	0.6322
p5		0.0000	0.0275	0.0314
p95		0.5927	0.5567	0.3231
p10		0.0000	0.0502	0.0421
p90		0.4718	0.4612	0.2595
p25		0.0622	0.0945	0.0622
p75		0.3752	0.3088	0.2252
n		39	77	14
Note: Securities to total assets is calculated as the ratio of total securities held for sale / total assets.				

Appendix B - Tables With Peer Group Summary Statistics

Table B-1: Community Banks with Total Assets ≤ $100 Million (Peer Group 1)

		2005	2006	2007	2008
Profitability					
NPM					
	Mean	0.0034	-0.0036	-0.0278	-0.0754
	Median	0.1578	0.1408	0.1259	0.1125
	Std. Dev.	1.3818	1.3231	0.9399	1.3367
ROA					
	Mean	0.0090	0.0084	0.0096	0.0123
	Median	0.0096	0.0092	0.0087	0.0071
	Std. Dev.	0.0363	0.0513	0.0742	0.4044
ROE					
	Mean	0.0873	0.0798	0.0664	0.0347
	Median	0.0874	0.0815	0.0742	0.0614
	Std. Dev.	0.1034	0.1206	0.1815	0.5985
NIM					
	Mean	0.0372	0.0371	0.0364	0.0346
	Median	0.0377	0.0369	0.0361	0.0351
	Std. Dev.	0.0105	0.0113	0.0135	0.0130
NNIM					
	Mean	-0.0238	-0.0243	-0.0210	-0.0117
	Median	-0.0243	-0.0248	-0.0249	-0.0249
	Std. Dev.	0.0555	0.0799	0.1156	0.6307
NOPM					
	Mean	0.0134	0.0129	0.0154	0.0229
	Median	0.0133	0.0128	0.0121	0.0110
	Std. Dev.	0.0558	0.0804	0.1161	0.6369
Capital Risk					
ECTA					
	Mean	0.1350	0.1444	0.1646	0.1504
	Median	0.1056	0.1095	0.1144	0.1115
	Std. Dev.	0.1122	0.1233	0.1611	0.1408
ECRA					
	Mean	0.1844	0.2115	0.5156	0.3912
	Median	0.1176	0.1215	0.1270	0.1268
	Std. Dev.	1.6191	1.9757	7.5710	5.3276

Credit Risk					
NPLTL					
	Mean	0.0056	0.0054	0.0070	0.0121
	Median	0.0008	0.0007	0.0009	0.0031
	Std. Dev.	0.0205	0.0117	0.0156	0.0234
NPLEC					
	Mean	0.0310	0.0323	0.0420	0.0928
	Median	0.0043	0.0033	0.0037	0.0136
	Std. Dev.	0.0716	0.0843	0.1249	0.7493
PLLLTL					
	Mean	0.0031	0.0032	0.0033	0.0062
	Median	0.0015	0.0013	0.0014	0.0027
	Std. Dev.	0.0125	0.0065	0.0097	0.0126
NCOTL					
	Mean	0.0036	0.0028	0.0034	0.0052
	Median	0.0012	0.0010	0.0011	0.0019
	Std. Dev.	0.0308	0.0063	0.0078	0.0103
Utilization					
LTD					
	Mean	0.7556	0.8099	0.7661	0.7785
	Median	0.7478	0.7524	0.7567	0.7728
	Std. Dev.	0.5694	3.1180	0.4271	0.7076
Liquidity					
SECTTA					
	Mean	0.1967	0.1857	0.1859	0.1885
	Median	0.1715	0.1623	0.1582	0.1550
	Std. Dev.	0.1659	0.1596	0.1655	0.1691
Number of Banks		3,458	3,243	3,131	2,840

Table B-2: Community Banks with Total Assets > $100 Mill. and ≤ $500 Mill. (Peer Group 2)

		2005	2006	2007	2008
Profitability					
NPM					
	Mean	0.1770	0.1550	0.1271	0.0478
	Median	0.1771	0.1574	0.1380	0.1097
	Std. Dev.	0.1213	0.1157	0.1263	0.3060
ROA					
	Mean	0.0116	0.0114	0.0100	0.0041
	Median	0.0110	0.0107	0.0097	0.0071
	Std. Dev.	0.0080	0.0105	0.0134	0.0177
ROE					
	Mean	0.1212	0.1151	0.0968	0.0241
	Median	0.1141	0.1082	0.0966	0.0695
	Std. Dev.	0.0714	0.0759	0.0803	0.4294
NIM					
	Mean	0.0372	0.0374	0.0359	0.0338
	Median	0.0368	0.0366	0.0352	0.0340
	Std. Dev.	0.0093	0.0121	0.0095	0.0083
NNIM					
	Mean	-0.0201	-0.0207	-0.0206	-0.0221
	Median	-0.0202	-0.0205	-0.0208	-0.0214
	Std. Dev.	0.0103	0.0119	0.0189	0.0161
NOPM					
	Mean	0.0171	0.0167	0.0154	0.0117
	Median	0.0166	0.0161	0.0146	0.0129
	Std. Dev.	0.0110	0.0156	0.0194	0.0169
Capital Risk					
ECTA					
	Mean	0.1016	0.1052	0.1090	0.1055
	Median	0.0923	0.0942	0.0968	0.0950
	Std. Dev.	0.0445	0.0482	0.0597	0.0589
ECRA					
	Mean	0.1222	0.1236	0.1383	0.2116
	Median	0.1016	0.1039	0.1064	0.1056
	Std. Dev.	0.3614	0.3042	0.6028	2.9477

Credit Risk					
NPLTL					
	Mean	0.0043	0.0053	0.0085	0.0179
	Median	0.0017	0.0018	0.0036	0.0087
	Std. Dev.	0.0170	0.0249	0.0146	0.0282
NPLEC					
	Mean	0.0283	0.0331	0.0613	0.1518
	Median	0.0117	0.0119	0.0243	0.0599
	Std. Dev.	0.0437	0.0555	0.1053	0.4054
PLLLTL					
	Mean	0.0029	0.0782	0.0037	0.0083
	Median	0.0020	0.0018	0.0020	0.0043
	Std. Dev.	0.0071	4.2359	0.0068	0.0132
NCOTL					
	Mean	0.0026	0.0820	0.0032	0.0069
	Median	0.0013	0.0011	0.0015	0.0029
	Std. Dev.	0.0055	4.4705	0.0064	0.0376
Utilization					
LTD					
	Mean	1.0457	0.9763	1.1865	1.0543
	Median	0.8434	0.8491	0.8642	0.8809
	Std. Dev.	6.5732	5.6690	11.7164	10.7730
Liquidity					
SECTTA					
	Mean	0.1784	0.1717	0.1688	0.1674
	Median	0.1538	0.1475	0.1472	0.1433
	Std. Dev.	0.1343	0.1283	0.1273	0.1316
Number of Banks		3,134	3,159	3,196	3,240

Table B-3: Community Banks with Total Assets > $500 Mill. and ≤ $1 Bill. (Peer Group 3)

		2005	2006	2007	2008
Profitability					
NPM					
	Mean	0.1904	0.1607	0.1336	0.0519
	Median	0.1810	0.1598	0.1416	0.1007
	Std. Dev.	0.0828	0.1273	0.1441	0.3149
ROA					
	Mean	0.0137	0.0120	0.0106	0.0037
	Median	0.0116	0.0114	0.0105	0.0066
	Std. Dev.	0.0156	0.0211	0.0139	0.0206
ROE					
	Mean	0.1396	0.1319	0.1108	0.0644
	Median	0.1280	0.1251	0.1080	0.0705
	Std. Dev.	0.1082	0.1127	0.1302	0.8565
NIM					
	Mean	0.0374	0.0367	0.0352	0.0335
	Median	0.0357	0.0356	0.0340	0.0323
	Std. Dev.	0.0174	0.0143	0.0121	0.0158
NNIM					
	Mean	-0.0162	-0.0178	-0.0178	-0.0196
	Median	-0.0174	-0.0180	-0.0181	-0.0186
	Std. Dev.	0.0176	0.0247	0.0149	0.0146
NOPM					
	Mean	0.0212	0.0189	0.0174	0.0139
	Median	0.0179	0.0175	0.0154	0.0142
	Std. Dev.	0.0244	0.0283	0.0187	0.0202
Capital Risk					
ECTA					
	Mean	0.0989	0.0999	0.1014	0.0973
	Median	0.0887	0.0895	0.0908	0.0892
	Std. Dev.	0.0549	0.0496	0.0495	0.0483
ECRA					
	Mean	0.1138	0.1164	0.1115	0.1088
	Median	0.0974	0.0988	0.1000	0.0988
	Std. Dev.	0.1212	0.1473	0.0451	0.0474

Credit Risk					
NPLTL					
	Mean	0.0038	0.0042	0.0113	0.0228
	Median	0.0018	0.0020	0.0043	0.0112
	Std. Dev.	0.0061	0.0060	0.0462	0.0519
NPLEC					
	Mean	0.0289	0.0323	0.0724	0.1531
	Median	0.0139	0.0149	0.0324	0.0836
	Std. Dev.	0.0515	0.0473	0.1145	0.8846
PLLLTL					
	Mean	0.0030	0.0027	0.0050	0.0121
	Median	0.0020	0.0017	0.0020	0.0056
	Std. Dev.	0.0062	0.0055	0.0283	0.0344
NCOTL					
	Mean	0.0034	0.0024	0.0032	0.0086
	Median	0.0013	0.0011	0.0016	0.0036
	Std. Dev.	0.0145	0.0056	0.0071	0.0281
Utilization					
LTD					
	Mean	0.8932	0.8834	0.9245	0.9229
	Median	0.8915	0.8916	0.9346	0.9355
	Std. Dev.	0.3287	0.2446	0.2583	0.2320
Liquidity					
SECTTA					
	Mean	0.1756	0.1657	0.1520	0.1506
	Median	0.1562	0.1483	0.1316	0.1294
	Std. Dev.	0.1204	0.1112	0.1087	0.1087
Number of Banks		457	500	515	552