

GLOSSARY OF TERMS

Blockchain	A type of distributed ledger technology that is the foundational innovation underlying the crypto-asset ecosystem. <i>See also</i> Crypto-Assets.
Bond	A certificate of indebtedness issued by a government or corporation.
Call Report	A report of a bank’s financial condition that is filed quarterly with the FDIC and known officially as the Report of Condition and Income.
Central Bank	An institution that oversees and regulates the banking system and quantity of money in the economy. The Federal Reserve System is the central bank of the United States.
Collateral	Property required by a lender and offered by a borrower as a guarantee of payment on a loan. Also, a borrower’s savings, investments, or the value of the asset purchased that can be seized if the borrower fails to repay a debt.
Collateralized Loan Obligations (CLOs)	Securitization vehicles backed predominantly by commercial loans. <i>See also</i> Warehouse Lending.
Community Bank	FDIC-insured institutions that meet the criteria for community banks that was developed for the FDIC Community Banking Study , published in December 2012. Thresholds for certain criteria are adjusted upward quarterly and described in “Notes to Users” for the FDIC Quarterly Banking Profile. <i>See, for example:</i> page 35 of the FDIC Quarterly Banking Profile, First Quarter 2023 .
Crypto-Assets	Private sector digital assets that depend primarily on the use of cryptography and distributed ledger or similar technologies. The term encompasses many assets commonly referred to as “coins” or “tokens” by market participants. <i>See also</i> Stablecoins.
Default	Failing to promptly pay interest or principal when due.
Early-Stage Past-Due Loans and Leases	Loans and leases 30 to 89 days past due and still accruing interest.
Farm Bank	A bank with agricultural production loans plus real estate loans secured by farmland equal to or exceeding 25 percent of total loans and leases.
Federal Funds Rate	The interest rate at which a depository institution lends funds that are immediately available to another depository institution overnight.
Great Recession	The protracted economic contraction from December 2007 through June 2009. The collapse of the U.S. housing market in 2007 became the most severe financial crisis since the Great Depression. The financial crisis, in turn, resulted in the Great Recession, the effects of which spread throughout the global economy.

High Yield	A term that is generally synonymous with noninvestment grade, which refers to the lowest-rated bonds subjected to third-party credit risk assessments by nationally recognized statistical ratings organizations. In the United States, noninvestment grade bonds are typically rated Ba1 or below by Moody's or BB+ or below by Standard & Poor's or Fitch.
Investment Grade	Generally, the highest-rated bonds subjected to third-party credit risk assessments by nationally recognized statistical rating organizations. In the United States, investment-grade bonds are typically rated Baa3 or above by Moody's or BBB- or above by Standard & Poor's or Fitch.
Leveraged Loans	<p>Numerous definitions of leveraged lending exist throughout the financial services industry and commonly contain some combination of the following:</p> <ul style="list-style-type: none"> • Proceeds used for buyouts, acquisitions, or capital distributions. • Transactions in which the borrower's total debt divided by EBITDA (earnings before interest, taxes, depreciation, and amortization) or senior debt divided by EBITDA exceeds 4.0X EBITDA or 3.0X EBITDA, respectively, or other defined levels appropriate to the industry or sector. • A borrower recognized in the debt markets as a highly leveraged firm, which is characterized by a high debt-to-net-worth ratio. • Transaction in which the borrower's post-financial leverage, as measured by its leverage ratios (for example, debt-to-assets, debt-to-net-worth, debt-to-cash flow, or other similar standards common to particular industries or sectors), significantly exceeds industry norms or historical levels.
Long-Term Assets	Loans and debt securities with remaining maturities or repricing intervals of more than five years.
Negative Equity	A situation in which a borrower's mortgage principal is greater than the value of the underlying collateral, often real estate.
Net Interest Margin	The difference between interest and dividends earned on interest-bearing assets and interest paid to depositors and other creditors, expressed as a percentage of average earning assets. No adjustments are made for interest income that is tax exempt.
Nonbank	Firms that are not part of or affiliated with FDIC-insured depository institutions.
Noncurrent Loans and Leases	The sum of loans and leases 90 days or more past due, and loans and leases in nonaccrual status.
OPEC+	An alliance formed in December 2016 of top oil-producing countries including members of the Organization of the Petroleum Exporting Countries (OPEC) and ten non-OPEC partner countries.
Problem Banks	Institutions with financial, operational, or managerial weaknesses that threaten their continued financial viability. Federal regulators assign a composite rating to each financial institution based upon an evaluation of financial and operational criteria. The rating is based on a scale of 1 to 5 in ascending order of supervisory concern. Depending upon the degree of risk and supervisory concern, problem banks are rated either "4" or "5."

Real Gross Domestic Product	The total market value of all final goods and services produced in an economy in a given year calculated by using a base year's price for goods and services; nominal GDP adjusted for inflation.
Rebooked Loans	Bank repurchases of delinquent single-family mortgage loans backing mortgage-backed securities that are recorded on the mortgage banking schedule in bank Call Reports.
Short-Term Liquid Assets	Cash and due from accounts, federal funds sold, securities purchased under resale agreements, and securities maturing in less than one year.
Stablecoins	A type of crypto-asset designed to maintain a stable value relative to a national currency or other reference asset or assets.
Total Past-Due Loans and Leases	Loans and leases 30 to 89, or 90 days or more past due, and loans and leases in nonaccrual status.
Treasury Yield	The effective interest rate paid by the U.S. government to borrow money for different lengths of time. It is the return on investment on the government's debt obligations.
Warehouse Lending	<p>Short-term funding of a mortgage lender based on the collateral of warehouse loans (in mortgage lending, loans that are funded and awaiting sale or delivery to an investor). This form of interim financing is used until the warehouse loans are sold to a permanent investor.</p> <p>Warehouse financing is also extended in the arrangement of CLOs and to other securitization firms. In this context, warehouse financing is a line of credit the CLO manager uses to purchase assets. Upon the CLO's closing, the CLO repays the warehousing lenders using the proceeds from the sale of the notes, and the CLO becomes the owner of the assets. The CLO manager uses warehousing to manage market risk when the manager purchases assets for the deal's portfolio; the warehouse provider assumes the risk of any mark-to-market losses in the portfolio during the warehousing period.</p>
Wholesale Funding	Federal funds purchased and securities sold under agreement to repurchase; borrowings from the Federal Home Loan Bank; brokered and listing service, municipal and state, and foreign deposits; and other borrowings such as from the Federal Reserve's Payment Protection Program Liquidity Facility.