



# **2019 Risk Review**

Division of Insurance and Research

October 10, 2019



# Risk Review Summary

- **Section I:**  
Executive Summary
- **Section II:**  
U.S. Economy, Financial  
Markets, and Banking  
Industry Overview
- **Section III:**  
Key Bank Risk Issues





# Topics Covered

## **Credit Risk**

Agriculture

Commercial Real Estate

Leveraged Lending and Corporate Debt

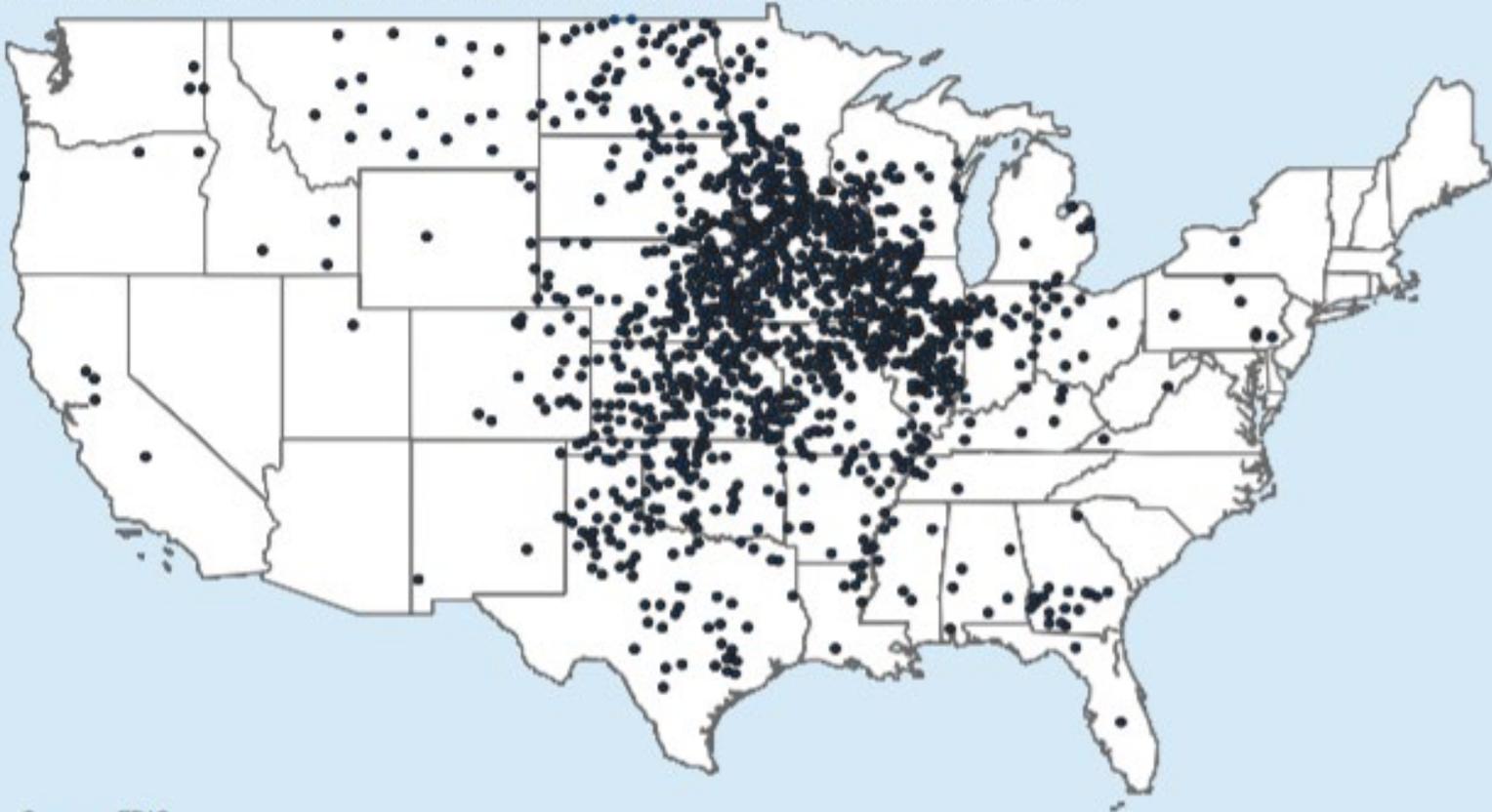
## **Market Risk**

Interest Rate Risk and Deposit Competition

Liquidity

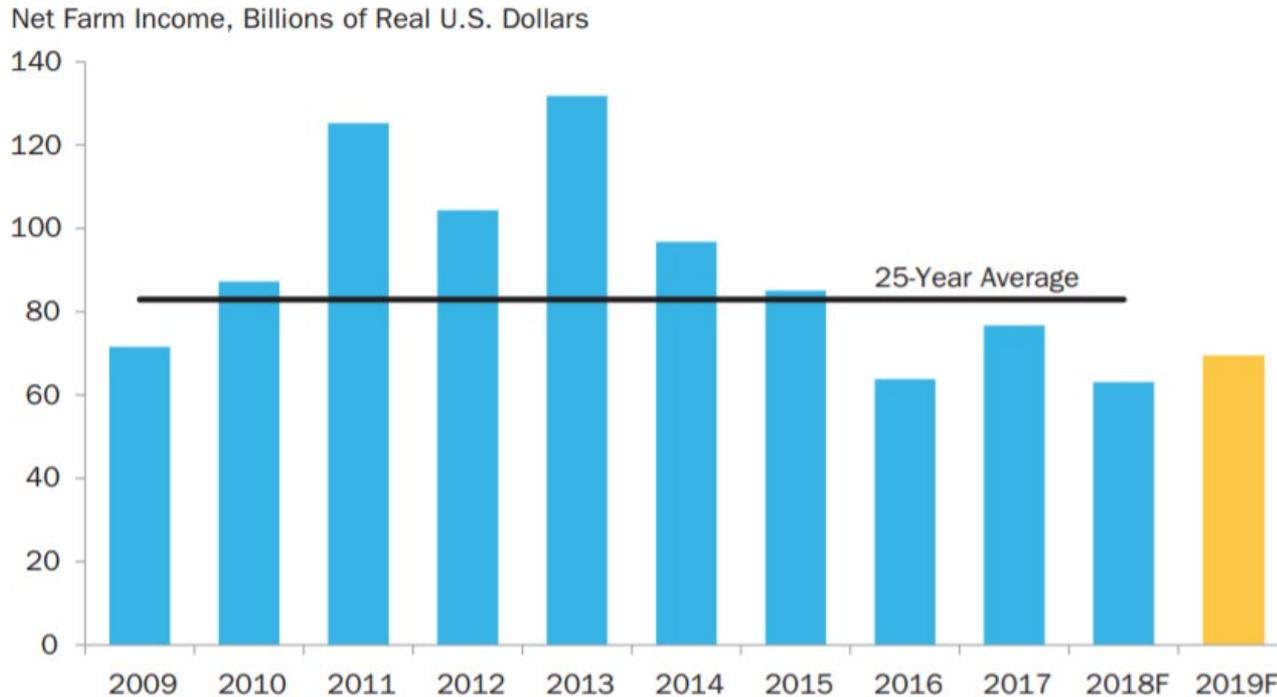
## Regional Exposure to Agriculture Lending

Dots on map represent banks with total agriculture loans above 300 percent of total capital.



Source: FDIC

**Chart 8**  
**Net Farm Income Is Expected to Remain Below the Historical Average in 2019**



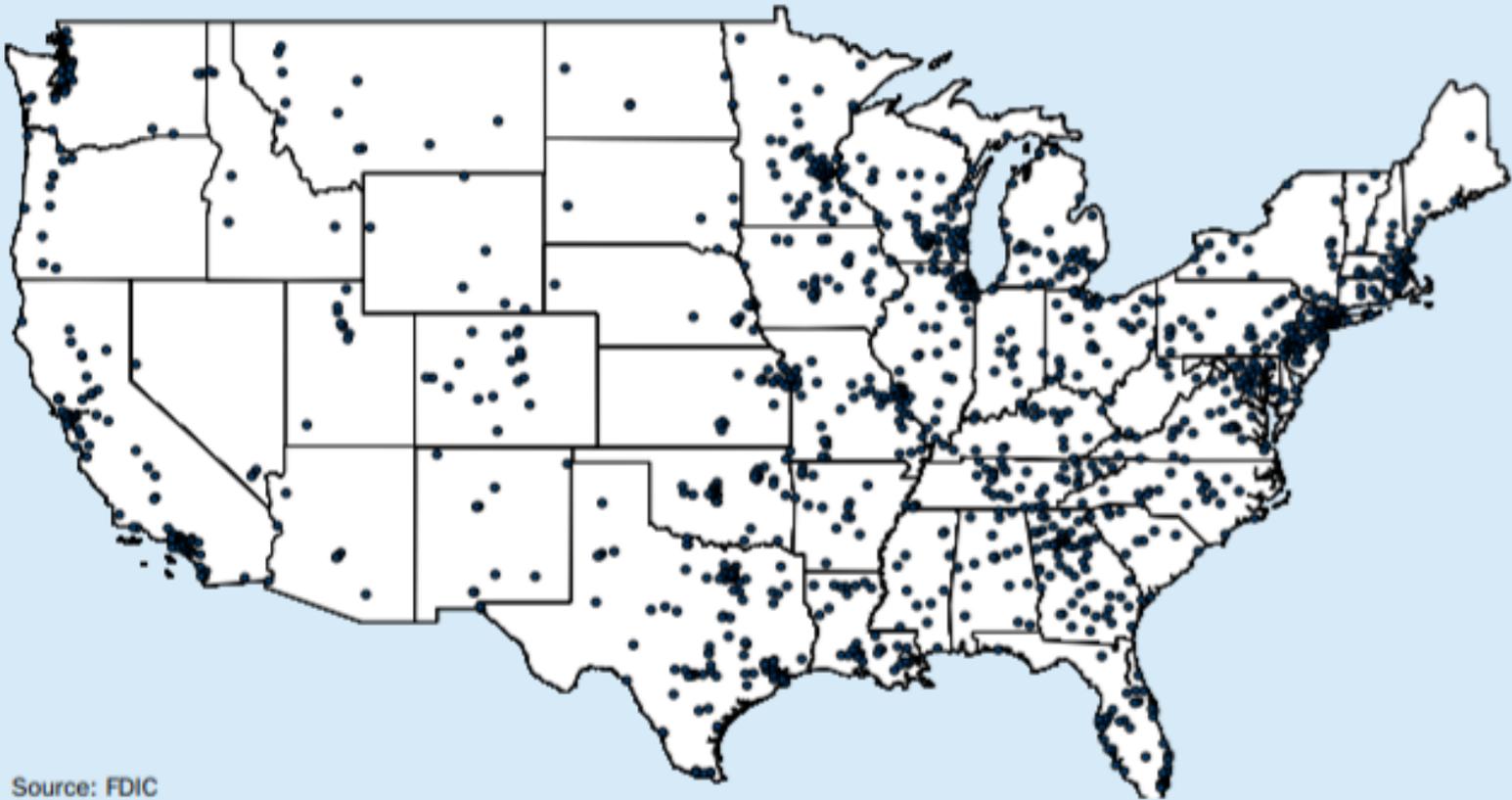
Source: U.S. Department of Agriculture  
 Notes: Dollar values are adjusted for inflation. F indicates forecast.



# Commercial Real Estate: Exposure

## Regional Exposure to Commercial Real Estate Lending

Dots on map represent banks with commercial real estate loans above 300 percent of total capital.



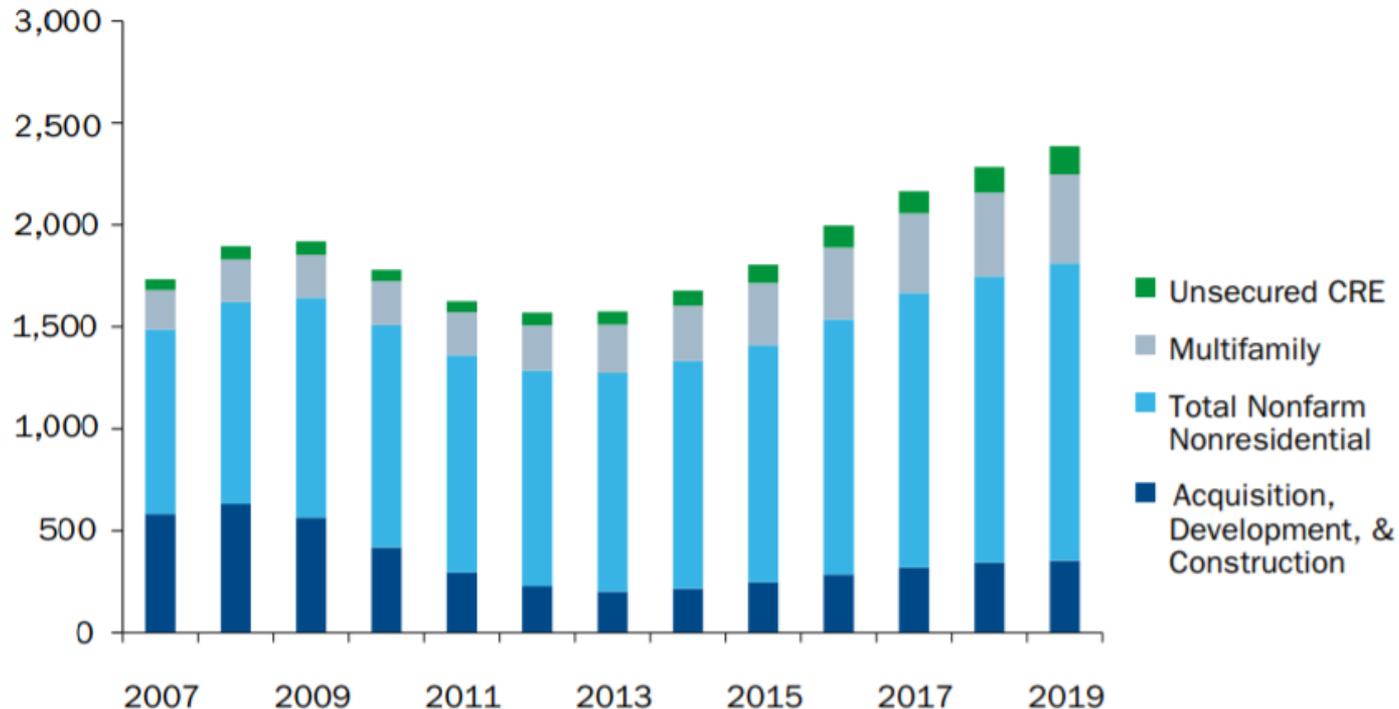
Source: FDIC



# Commercial Real Estate: Risk

**Chart 10**  
**CRE Lending at FDIC-Insured Institutions Continues to Grow**

Billions of Dollars



Source: FDIC

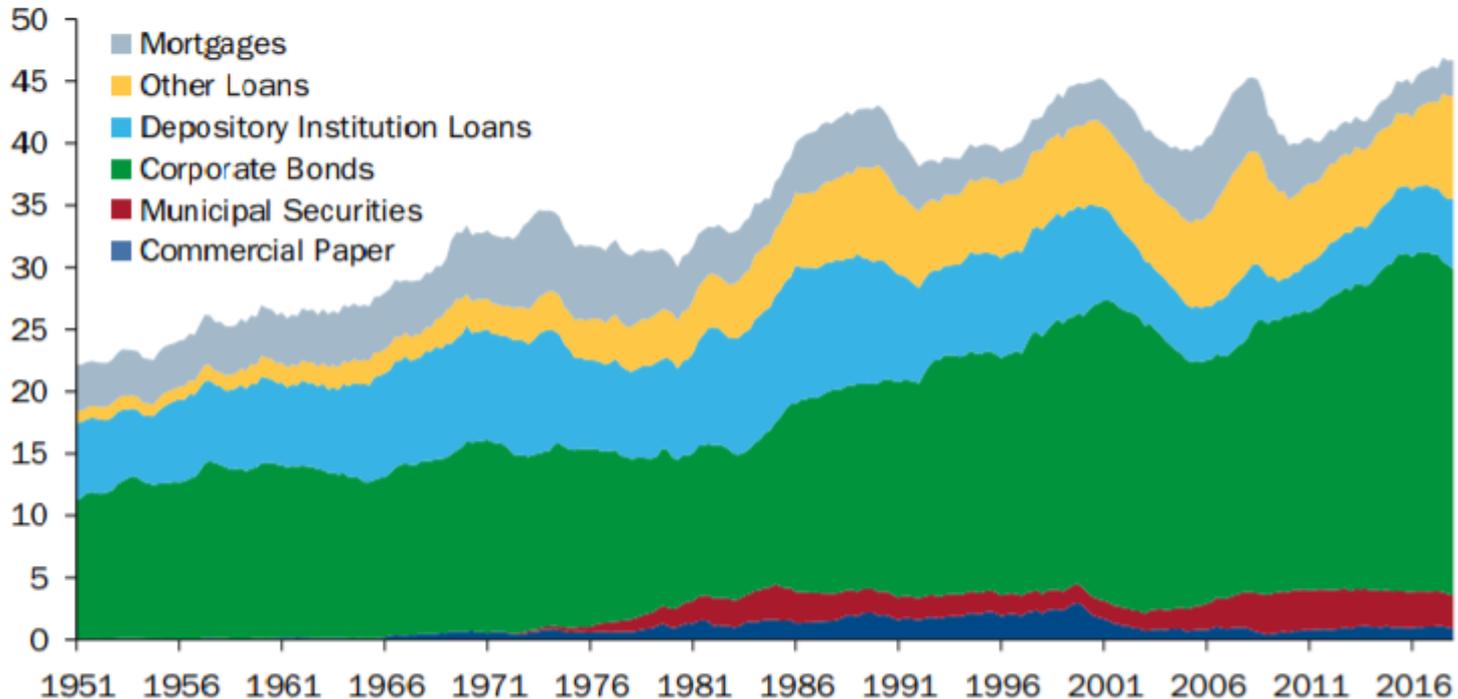
Note: Data as of first quarter of each year.

# Leveraged Lending and Corporate Debt

**Chart 16**

**Nonfinancial Corporate Debt-to-GDP Is Elevated, Driven by an Increase in Corporate Bonds**

Debt-to-GDP Ratio, Percent



Sources: Federal Reserve Board and Bureau of Economic Analysis (Haver Analytics)

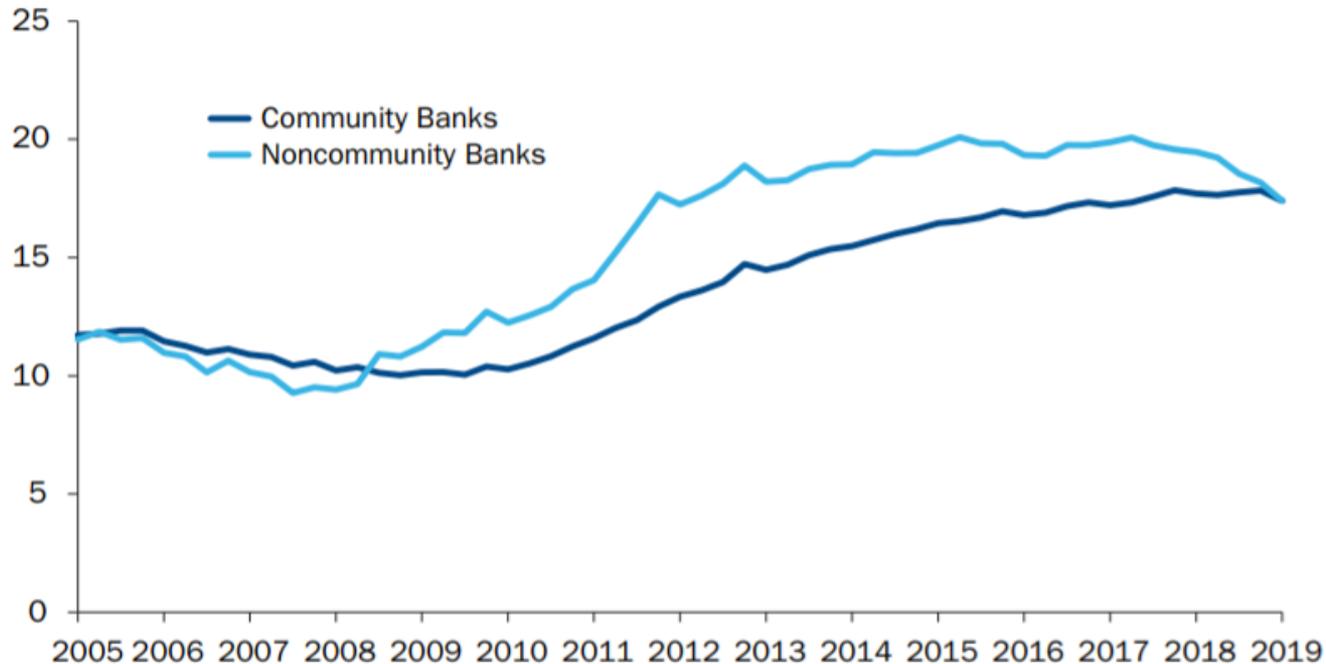


# Interest Rate Risk and Deposit Competition

**Chart 19**

**Deposit Composition Is Just Beginning to Shift Back Toward Interest-Bearing Balances, Despite Years of Interest Rate Increases**

Noninterest-Bearing Deposits to Assets, Percent



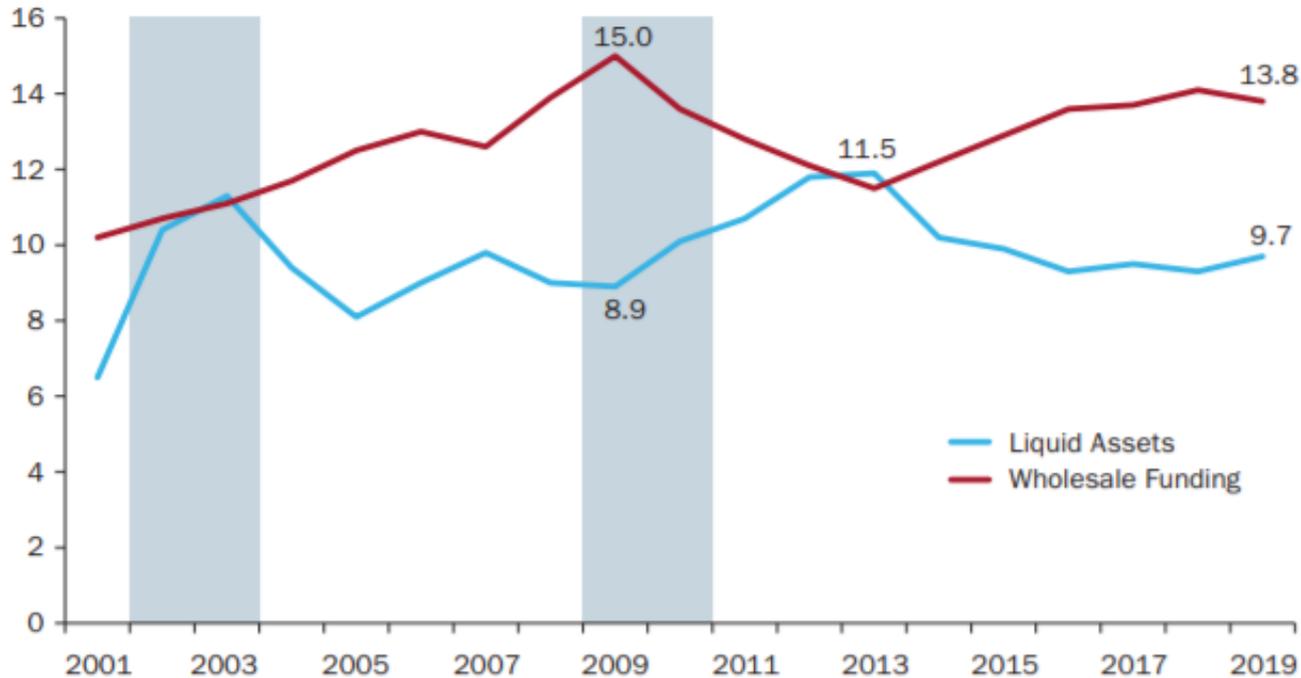
Sources: FDIC and Federal Reserve of St. Louis  
Note: Quarterly data through first quarter 2019.

**Chart 23**

**Over the Past Six Years, Short-Term Liquidity Positions Declined While Reliance on Wholesale Funding Increased**

FDIC-Insured Institutions with Total Assets Under \$100 Billion

Percent of Total Assets



Sources: FDIC and U.S. Federal Reserve

Notes: Recessions shaded. Annual data as of first quarter.



# Next Steps

- **Plan to publish Risk Review at least annually**
- **Feedback is encouraged**