Glossary of Terms

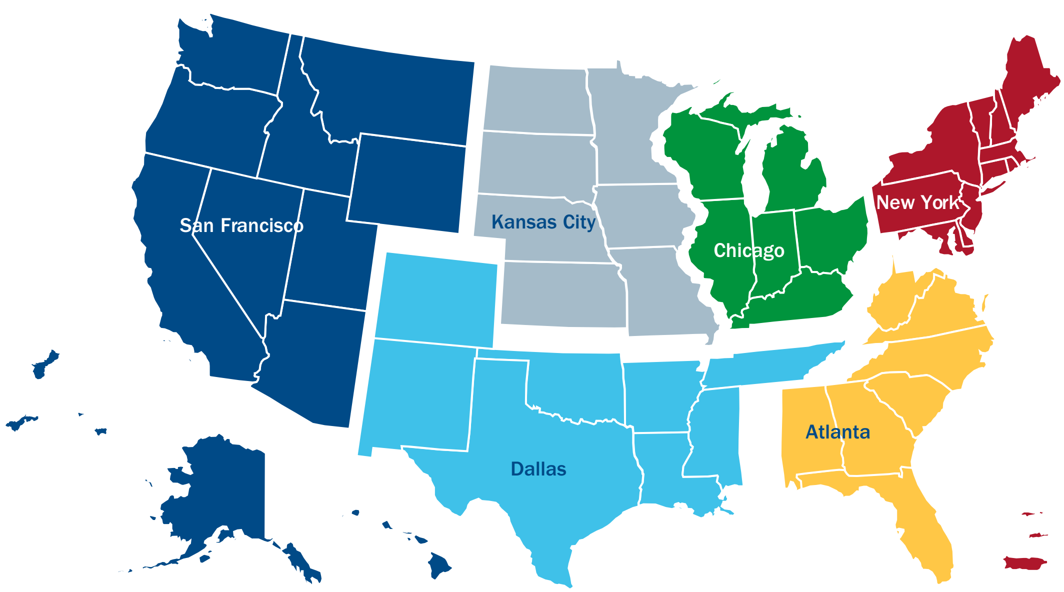
Asset Size Group	A term used to describe the insured institutions covered in the liquidity analysis in this report. Institutions with total assets greater than $100 billion, 30 institutions as of year-end 2018, were excluded from the liquidity analysis because of their unique business models, highly complicated balance sheet structures, and specific regulatory liquidity coverage requirements that set them distinctly apart from a community bank model.
Bond	A certificate of indebtedness issued by a government or corporation.
Brexit	A portmanteau for British exit from the European Union, referring to the United Kingdom's vote to leave the European Union.
Call Report	Consolidated Reports of Condition and Income.
Capital	The net worth or value that remains if an institution paid off all of its liabilities. At its core, bank capital is equity. Bank capital or equity can be expressed by the basic accounting formula: Assets – Liabilities = Equity. See also *Regulatory Capital*.
Central Bank	An institution that oversees and regulates the banking system and quantity of money in the economy.
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	Securitization vehicles backed predominantly by commercial loans.

Community Bank	FDIC-insured institutions meeting the criteria for community banks defined in the FDIC's Community Banking Study, published in December 2012 (**https://www.fdic.gov/regulations/resources/cbi/report/cbi-full.pdf**). Noncommunity banks are banks that do not fit these criteria.
Composite Rating	A rating assigned by federal regulators 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.
Consolidation	Net consolidation comprises newly chartered banks and banks that close. A bank may close because of voluntary merger, failure, or other reason (such as voluntary liquidation or termination of FDIC insurance, or acquisition by an institution without FDIC insurance, such as a credit union).
Deposit Betas	The percentage of the federal funds rate that banks pass on to depositors with interest-bearing accounts.
Default	Failing to promptly pay interest or principal when due.
Farm Bank	A bank with agricultural production loans plus real estate loans secured by farmland in excess of 25 percent of total loans and leases.

FDIC Regions

Atlanta, Chicago, Dallas, Kansas City, New York, and San Francisco. The FDIC maintains a regional office in each of these cities.

- Atlanta Region: Alabama, Florida, Georgia, North Carolina, South Carolina, Virginia, West Virginia
- Chicago Region: Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin
- Dallas Region: Arkansas, Colorado, Louisiana, Mississippi, New Mexico, Oklahoma, Tennessee, Texas
- Kansas City Region: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota
- New York Region: Connecticut, District of Columbia, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, Virgin Islands
- San Francisco Region: Alaska, American Samoa, Arizona, California, Federated States of Micronesia, Guam, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington, Wyoming



Federal Funds Rate	The interest rate at which a depository institution lends funds that are immediately available to another depository institution overnight.
Federal Open Market Committee	A committee created by law that consists of the seven members of the Board of Governors; the president of the Federal Reserve Bank of New York; and, on a rotating basis, the presidents of four other Reserve Banks. Nonvoting Reserve Bank presidents also participate in FOMC deliberations and discussion.
High-Yield (Junk)	Terms 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 (NRSROs). 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 NRSROs. 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.
Household Leverage	Household debt relative to household income.
Leveraged Loans	Numerous definitions of leveraged lending exist throughout the financial services industry and commonly contain some combination of the following: • Proceeds used for buyouts, acquisitions, or capital distributions. • Transactions where 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. • Transactions when 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.
Net Borrower	For an individual bank customer, borrowings from the bank are greater than deposits.
Net Depositor	For an individual bank customer, deposits with the bank are greater than borrowings.
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.
Nonaccrual Loans and Leases	Loans and leases 90 or more days past due and for which payment in full of principal or interest is not expected.
Nonbank	Firms that are not part of or affiliated with FDIC-insured depository institutions.
Noncurrent Loans and Leases	Loans and leases 90 days or more past due, and loans and leases in nonaccrual status.
Nondepository Financial Institution	A more specific categorization of nonbanks, consistent with the definition provided in the instructions for the Consolidated Reports of Condition and Income (Call Reports), including real estate investment trusts, mortgage companies, finance companies, holding companies of other depository institutions, investment banks, Small Business Investment Companies, and other financial intermediaries. For additional details, refer to the instructions for Call Report Schedule RC-C, Item 9.a.
Past-Due Loans and Leases	Loans and leases 30 to 89, or 90 days or more past due and still accruing interest.
Primary Market	The market in which new stocks and bonds, in the form of initial public offers (IPOs), are issued.

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 a "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.

Regulatory Capital

Capital set aside to provide protection against (to absorb) losses. A measure of capital as defined by supervisory authorities. Generally, regulatory capital is calculated by deducting certain assets from bank capital that have no or limited loss-absorbing capacity, and adding other items.

Regulatory Capital Requirements

Requirements that consider the risk levels of a banking organization's exposures and activities, and act to constrain leverage that a banking organization may incur by limiting the extent to which it can extend credit and invest in financial assets relative to money that the banking organization owes to others. Regulatory capital requirements are set at levels intended to foster the safety and soundness of individual banking organizations and the banking system.

Recession

A period of declining real income and rising unemployment; significant decline in general economic activity extending over a period of time.

Revolving Credit

A line of available credit that is usually designed to be used repeatedly, with a preapproved credit limit. The amount of available credit decreases and increases as funds are borrowed and is then repaid with interest.

Secondary Market

The market in which investors buy and sell securities among each other.

Securitization	A financial transaction in which assets such as mortgage loans are pooled and securities representing interest in the pool are issued.
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.
Tariff	A tax that must be paid before a good may be brought into a country.
Tax Cuts and Jobs Act	A law enacted in December 2017 that reformed both individual income and corporate income taxes.
Warehouse Lending	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. Warehouse financing is also extended in the arrangement of Collateralized Loan Obligations (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 they purchase 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.

Wholesale Funding

Federal funds purchased and securities sold under agreement to repurchase; brokered and listing service, municipal and state, and foreign deposits; and other borrowings (such as from the Federal Home Loan Bank). Providers of wholesale funding closely track institutions' financial condition and may cease or curtail funding, increase interest rates, or increase collateral requirements if they determine an institution's financial condition is deteriorating. As a result, some institutions may experience liquidity problems due to a lack of wholesale funding availability when funding needs increase.

Yield Curve

The relationship between maturities and interest rates on government bonds. The yield curve captures the cost of borrowing money to finance consumption, investment, or government spending and thus is of central importance to the entire economy. Yield curves generally exhibit three different shapes—normal, flat, and inverted—which are characterized by long-term interest rates being above, similar to, or below short-term interest rates.