Definition of Bank Risk KPIs

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- Tier One Risk Based Ratio – The ratio between common stock and risk weighted assets, where speculative assets are given full weight.
- Texas – The ratio between nonperforming assets and the sum of tangible equity and loan loss reserves. It measures a bank's ability to absorb losses using equity and reserves. Given in data file as percentages.
- Brokered Deposit Ratio – Deposits from large money market funds tend to receive the highest yield and are generally considered higher risk than local deposits.
- Net Chargeoffs – Measures the profitability by comparing writeoffs to the loan portfolio; may be cyclical due to year end practices. Given in data file in percentages. May be negative if no writeoffs.
- Bank Size – As a proxy to bank size, consider the (base ten) logarithm to total assets.
- Construction and Land Development Loan Exposure – Measures loan concentration; an unusually high or low value suggests a bank may be 'putting a lot of eggs in one basket'.
- Change in Portfolio Mix – Add up the year-over-year change for primary loan types (commercial real estate, commercial, consumer and other); higher values suggest rapid business line change.
- Nonperforming Commercial Real Estate to Assets – Commercial real estate loans tend to make up a large chunk of a community bank portfolio; count loans at least 30 days late.
- Volatile Liabilities to Assets – Volatile liabilities, like foreign deposits and credit card holdings, may leave quickly and subject the bank to liquidity problems.
- Securities (Fair Value) / Securities (Amortized Cost) – Measures the bank's profit (loss) on trading securities, including US treasury bonds and mortgage-backed securities.