Texas Bank Report

Texas Department of Banking, Charles G. Cooper, Commissioner

December 2019

Commissioner's Comments

" The Texas Department of Banking wishes everyone a Happy New Year and all the best for a happy, healthy, and successful 2020."

In this edition of the Texas Bank Report, we present financial data on the Texas banking system as of September 30, 2019. Also included are articles touching on different aspects of the Department's supervisory responsibilities and the rising numbers in cases of elder financial abuse.

If you have feedback or suggestions to offer, feel free to email your comments to publications@dob.texas.gov.

Charles G. Cooper
Banking Commissioner

CFPB Notes

ELDER FINANCIAL EXPLOITATION

On The Rise

By: Gordon Anderson

"Growing old is like being increasingly penalized for a crime you haven't committed."

Pierre Teilhard de Chardin

Aging is not always pretty but it's a fact of life, something Texans are proving in ever-increasing numbers. According to recent U.S. Census Bureau projections, there were 3.5 million people in Texas age 65 or older in 2018, a figure that made up 12.3 percent of the state's population. That number is expected to surge to 9.4 million by 2050.

Sadly, there is another statistic growing at an equally rapid clip: the number of seniors falling victim each year to elder financial exploitation.

Suspicious Activity Reports on Elder Financial Exploitation: Issues and Trends, a recent report published by the Consumer Financial Protection Bureau (CFBP), analyzed five years worth of Suspicious Activity Reports (SARs) filed by financial institutions involving elderly persons and the findings paint a troubling picture.

Elder financial exploitation is the illegal or improper use of an older adult's funds, property, or assets. Offenders run the gamut, from offshore scammers to close family members. This type of financial exploitation is typically related to transactions that:

- Involve funds derived from illegal activity or attempts to disguise funds derived from illegal activity;
- Are designed to evade Bank Secrecy Act regulations;
- Lack a business or apparent lawful purpose; and
- Involve the use of the financial institution to facilitate criminal activity.

Financial exploitation is considered the most common form of elder abuse, yet it is believed only a small fraction of such incidents are reported; estimates of losses to older adults nationally have ranged from $2.9 billion to as high as $36.5 billion annually. And as Texas' elderly population grows, it is likely this type of exploitation will grow as well.

From 2013 to 2017, financial institutions in the U.S. reported more than 180,000 incidents of suspicious activities targeting older adults to the federal government, transactions involving more than $6 billion dollars. These institutions are far ranging and include banks, credit unions, money services businesses (MSBs), stockbrokers, insurance companies, and even casinos, among others.

Filing a SAR is mandatory for financial service providers whenever a suspicious transaction involves or totals at least $5,000 in funds or assets (for MSBs, the threshold is $2,000). Financial institutions may voluntarily file a SAR if the transaction in question falls below the dollar threshold yet still raises concerns. The information provided through SARs sheds light on the characteristics of the targeted individuals as well as those exploiting them, the most common types of scams and frauds, and the types of transactions most frequently involved.

According to the CFPB, SARs filed on elder financial exploitation rose from an average of 1,300 per month in 2013 to approximately 5,300 in 2017, a 300 percent increase. SARs on *all* types of suspicious activities, by comparison, have grown from an average of about 121,200 per month in 2013 to about 161,100 per month in 2017, an increase of just 33 percent.

The CFPB notes that most cases of elder financial exploitation reported by MSBs are scams perpetrated by strangers, while banks more often report theft through a broad array of illegal activities by people the senior citizen knows.

The four examples of the exploitation of older adults most often cited by the report include:

- The "romance" scam, typically involving funds being forwarded to someone the victim met online;
- Exploitation by a family member or fiduciary;
- Theft by a caregiver; and
- The "person in need" scam, in which the victim wires funds to someone he or she thinks is a family member in trouble and immediate need of money.

The CFPBs findings indicate that the older the consumer, the greater the monetary loss. One-third of targeted individuals losing money were adults ages 80 and older.

Breaking down the numbers even further, SARs involving exploited adults between the ages of 70 and 79 had the highest average monetary loss ($45,300). SARs involving exploited adults ages 80 and older had the second highest average monetary loss ($39,200). The average monetary loss of $42,250 for the two oldest groups combined was approximately $20,000 higher than the average monetary loss for younger consumers.

Monetary losses were greater for seniors than for institutions filing the SARs, as well. The average amount lost per adult over 50 was $34,200; in 7 percent of these SARs, the loss to the older adult exceeded $100,000. Conversely, the average amount of money lost per filing institution was $16,700 and there were no cases found involving losses of more than $100,000 incurred by the filer.

Adding insult to injury, monetary losses were more common, and the amount lost was greater, when the older adult *knew the suspect* than when the suspect was a stranger. Not surprisingly, a monetary loss was more common, and the amount lost was greater, when the suspects were fiduciaries of the victim, such as someone with the power of attorney.

Perhaps the worst news of all: The CFPB reports that

Red Flags of Elder Financial Exploitation

- Uncharacteristic attempts to wire large sums of money
- Frequent large withdrawals
- Inconsistent debit transactions
- New person conducting transactions without documentation
- New person managing older adult's finances (example: New individual with Power of Attorney)
- Older adult lacks knowledge about financial status
- Caregiver shows excessive interest in older adult's finances
- Sudden Non-Sufficient Fund activity
- Older adult shows submissiveness toward caregiver
- Financial institution staff unable to speak with older adult
- Uncharacteristic nonpayment for services
- Closing CDs or accounts without regard to penalties
- Older adult has new associations with "friends" or strangers

Source: Consumer Financial Protection Bureau despite the rapidly increasing numbers, SARs filed in 2017 related to elder financial exploitation may only represent as little as 2 percent of actual incidences.

The news is not all bad, however. According to the Conference of State Bank Supervisors, 24 states enacted legislation or adopted resolutions last year addressing financial exploitation of the elderly. A list of these state laws may be found on the Department of Justice website.

The Senior Safe Act, in addition, was included as Section 303 of the *Economic Growth, Regulatory Relief, and Consumer Protection Act*. The Act addresses barriers financial professionals face in reporting suspected senior financial exploitation or abuse to authorities.

Regular studies of the trends, patterns, and issues involved in elder financial exploitation SARs may help legislators, law enforcement officials, and the financial services industry develop policies and procedures to protect senior adults from being ripped off. Emerging bank technology may also be used to analyze transaction patterns involving elder customers and head off fraudulent activity before it is too late.

Let's face it: getting old can be hard on a person. However, through improved fraud detection technology and old-fashioned diligence on the part of bank employees, perhaps we can begin to make life a little safer for our elderly neighbors.

That is an undertaking that never gets old.

Millennials and Fraud: More Than You Know

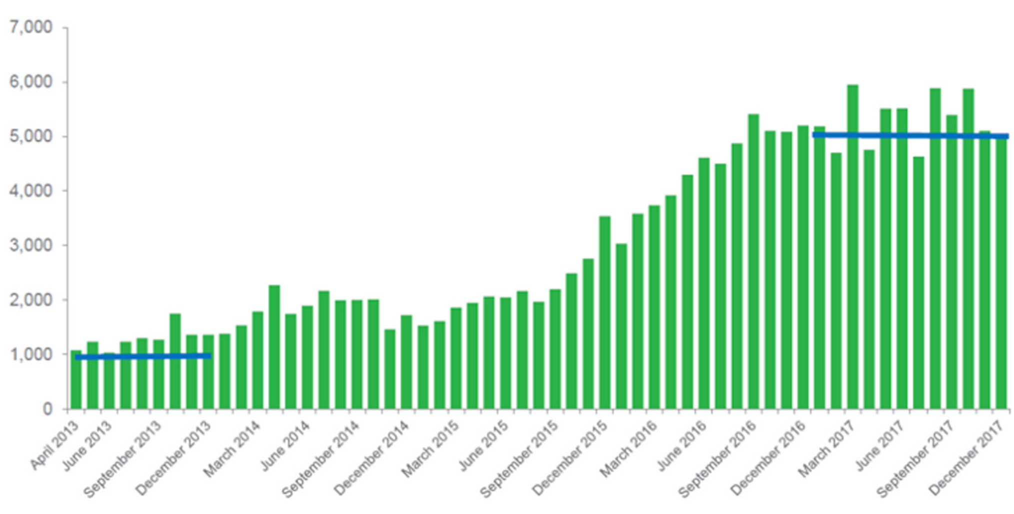
While the financial exploitation of America's elderly is a major concern for bank supervisors and executive's alike, one certainly deserving the attention of all concerned, is that fraud does not always play favorites.

According to a recent study cited by the Federal Trade Commission (FTC), people in their 20s and 30s –the much-discussed Millennial generation – are 25 percent more likely to report losing money to fraud than people 40 and over generally, and much more likely to report a loss on certain types of fraud.

Millennials most often report losing money to online shopping frauds, business imposters, government imposters, and fake check scams, among others.

In fact, the FTC notes younger consumers reported losing nearly $450 million to fraud in just the past two years. Of that, online shopping accounted for $71 million in reported losses. Not surprisingly, given how Millennials tend to check their email more often than any other generation, people in this age group are 77 percent more likely to say they lost money to a scam that began with an email.

Number of SARs Filed on Elder Financial Exploitation, April 2013-December 2017



Source: Consumer Financial Protection Bureau

ALONG THE WATCHTOWER

By: Gordon Anderson

The banking industry may be viewed by those outside of it as a traditional, conservative industry, but events within are evolving perhaps faster than at any point in its history.

The banking landscape is changing rapidly, and the following are some of the topics currently garnering increased attention from the Department's examiners:

Liquidity

Loan growth in Texas state-chartered banks has been outpacing deposit growth for the past several years. Net loans and leases for banks chartered by the Department increased 47 percent ($121 billion to $177.8 billion) between December 31, 2013 to September 30, 2019. Deposits, meanwhile, grew just 24 percent ($180.7 billion to $224.8 billion) over the same period.

Fifty-five percent of bankers responding to a third-quarter Department survey indicated their institution saw an increase in lending over the second quarter of 2019, a figure ten percentage points higher than at the same point in time in the first quarter.

Some Texas banks are struggling to find deposits or are seeing deposits grow at a much slower rate than loan demand, especially at banks located in extremely competitive markets. The result can be a loan-to-deposit ratio (LTD) that has increased well beyond traditional levels.

Growing deposits is especially important for smaller community banks lacking a branch network, digital footprint, and marketing budget compared to larger institutions.

Establishing a reasonable LTD ratio can be a delicate balancing act for some banks. If a bank takes on increased credit risk from an expanding loan portfolio without a stable source of funding for those loans, then it may layer additional liquidity risk on top of its already heightened credit risk. Examiners have raised concerns that some banks are not fully considering the impact, both from a market perspective and regulatory perspective, of an economic downturn. After all, the board's mission should be to realize stable financial performance during both strong and weak economic conditions. This is where stress testing and contingency funding plans come into play.

Given the fiercely competitive deposit landscape and the need to fund loan demand, community banks must find creative ways to attract stable core deposits while implementing effective stress tests, more robust internal control systems, and risk management oversight.

Audits

A strong audit program is a critical component of a banks' ability to adequately assess and manage risk. A sound audit program should be both independent and capable of accurately assessing the effectiveness of a bank's internal control structure.

It is normal for banks to focus on earnings, especially one that's just experienced a merger or acquisition. Regardless, directors and officers are still obligated to ensure that proper risk controls are in place. It is yet another balancing act, one the Department continues to closely scrutinize.

Smaller banks may view an independent audit as being too costly for what they get in return; however, avoiding one can lead to a very costly outcome. The Department believes it is worth the expense.

Federal guidance includes language specific to external audits which states that the board or audit committee for any bank under $500 million in assets should evaluate annually the bank's external auditing needs. While the federal bank regulatory authorities may stop short of making annual external audits mandatory, the Department echoes those intentions and strongly encourages banks to undertake such an evaluation each year and obtain an external evaluation by a qualified auditing firm.

Best practices also suggest that bank management consider rotating audit firms from time to time as a means of ensuring greater independence and objectivity while enhancing quality.

Mergers and Acquisitions

Mergers and acquisitions (M&As) are continuing at a rapid pace, as 16 Texas state-chartered banks have been involved in M&A transactions of one form or another since January 1, 2019.

The reasons vary, but M&As obviously allow banks to grow market share, enjoy economies of scale, and increase operational efficiencies. In this time of heated competition for funding and tight labor markets, M&As may also help banks acquire deposits and new talent. Some bankers and owners may look at the landscape and decide it is a good time to get out, should the right partner come along, while others are on the lookout for opportunities to scale up and take their bank to the next level.

On the flip side, a larger institution also means a greater need for staffing and other resources to better integrate operations, which can draw the attention of leadership away from critical functions. Board members and executive staff in the process may overlook the essential control systems needed to ensure the bank is operating in a safe and sound manner, forgetting to provide its non-profit generating areas equal attention, resources, and staffing. In other words, bankers must keep their eyes on the details just as much as keeping their eyes on the prize.

Planning

The goal of succession planning is not simply to groom one person to take over one specific role. Succession planning is about developing a larger pool of talented employees, extending from entry-level staff to senior management, all of whom are being prepared for key roles. It is all about cultivating a large, flexible selection of qualified individuals.

Yet acquiring new talent, especially for those key executive positions, can be an enormous challenge for smaller and rural banks. The financial services industry may simply not be as attractive a profession among Millennials (roughly, people in their 20s or early 30s) as it was for previous generations.

A 2017 survey by the Financial Times indicated the popularity of finance as a career choice was down 22% from 2008, and there is little to suggest this trend is waning. This makes recruiting talent doubly challenging for smaller or rural banks, as it can be difficult to entice younger talent to "come back home" to run a bank. Sadly, the banking model in some smaller markets is changing the landscape and not for the better.

With the ability to bank anywhere in the world on their smart phone, loyalty to the local community bank among younger consumers may be declining. Worse still, population migration away from rural markets to larger cities may also affect support for the local community itself.

The Department encourages community banks to be proactive in pursuing reasonable business development options. Some community banks have been successful by implementing new technology that offers a new product or service, resource sharing with other community banks, and branching into markets with better growth potential. As always, banks should perform significant due diligence before venturing into new products, services or market areas.

Community Banks and the IT Factor

By: Gordon Anderson

Technology continues to evolve at a rapid rate, as do the frequency and impact of cybercrimes nationally, meaning the soundness of financial institutions' IT functions has never been more essential.

As with most things in the business world, it all starts at the top. Effective management is the key element of a strong IT program. Technology control deficiencies typically are symptoms of an overlying problem, often a management weakness.

The Department of Banking expects a financial institutions' board of directors and executive management to effectively govern information security and technology risks in areas such as strategic planning, quality assurance, project management, infrastructure, end-user computing, vendor management, payment systems, human resources, and regulatory and legal compliance.

Management is responsible for reviewing audit and regulatory findings and implementing corrective actions in a timely manner. Two important questions regulators want to know, among others, are:

- Can the bank's risk management practices identify foreseeable threats?
- Are adequate policies and procedures in place?

Composite IT ratings are, on average, remaining steady across the state; staff has seen no significant or widespread decline in scores. These ratings, which range from 1 to 5

(1 being the highest), are considered when evaluating the management component of safety and soundness examinations.

However, as an industry, many financial institutions remain reactive to emerging threats, rather than proactive, and audits, patch management practices, and vendor oversight in general need improvement.

It is imperative all financial institutions undergo an annual independent assessment of their risk and quality of internal controls. This assessment should include the following:

- Data operations
- Client/server architecture
- Overall network
- Electronic data exchange
- System development
- Contingency planning
- Information security

By: Gordon Anderson

- Payment systems
- Cybersecurity preparedness

Among the things Department regulators want to know:

- Who is performing the audit?
- Are they qualified?
- Are the findings reported directly to the audit committee or board of directors?
- Does the audit include a vulnerability assessment and penetration testing?

Another area of a bank's operations the Department evaluates is the development and acquisition of IT system components. IT examination staff consider and weigh each bank's ability to identify, acquire, install, and maintain appropriate IT solutions. This includes changes to software and hardware, system development, and programming.

In the process, regulators seek answers to questions regarding:

- The overall effectiveness of an institution's project management standards, procedures, and controls;
- Whether projects are completed in a timely manner;
- A financial institution's technology solutions and whether they meet its end-user needs; and
- Security updates, patch management, and hardware/software end of life, as well as who is responsible.

A key facet of an IT exam is a review of the bank's support and delivery functions. The Department considers the financial institution's IT operations, reliability, and security, as well as the integrity of the information delivered. Factors include:

- Customer support and training;
- Network management;
- Disaster recovery and business continuity;
- Payment system operations; and
- The ability to manage problems and incidents, IT operations, system performance, capacity and planning, and facility and data management.

Regulators want to know if the financial institution provides a secure technology environment, if services are reliable, and if its systems are meeting the needs of both its customers and employees. The Department also looks at signs indicating:

- The bank's business continuity planning is adequate;
- Proper user access rights are controlled;
- Security incidents are conveyed to management and the board (and appropriate actions taken); and
- The bank's logical, physical, and administrative controls are satisfactory.

Because smaller community banks often lack the staff expertise and resources to accomplish all the above, many now outsource their network administration and the core processing of deposits, loans, general ledger, etc.

Additionally, Department IT examination staff report some banks are now employing Virtual Information Security Officers (VISOs), third-party vendors helping financial institutions formulate their cybersecurity strategy and ensuring all necessary measures are being taken, monitoring/improving cybersecurity awareness throughout the organization, and creating contingency plans for if – or when – a disaster strikes. This can be a cost-effective alternative for many banks, as most do not need a staff member spending thousands of hours per year on the position. It is also one way a bank can beef up its cybersecurity without adding another FTE. Lastly, a VISO can operate independent of a bank's IT operations as well as its office politics.

Remember, should your financial institution ever consider a VISO or any other technology service provider, keep in mind you can outsource the tasks, but you cannot outsource the responsibility or risk. Your bank, and not the service provider, will be held accountable for the performance of your institution's IT department.

Bottom line: If you think technology is evolving at a rapid rate, image how quickly the safety and soundness of your bank can dissolve if you don't take IT security seriously.

Financial Highlights

TABLE I
Quarterly Balance Sheet and Operating Performance Ratios
for Texas State-Chartered Commercial Banks 9/30/19 Through 9/30/18

ACCOUNT DESCRIPTIONS (IN MILLIONS OF $)	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18
Number of State-Chartered Banks	225	228	230	233	234
Total Assets of State-Chartered Banks	280,027	276,327	272,103	262,401	258,204
Number of Out-of-State, State-Chartered Banks Operating in Texas	42	41	41	41	41
Total Texas Assets of Out-of-State, State-Chartered Banks Operating in Texas	70,775	69,686	69,686	69,686	69,686
Subtotal	350,802	346,013	341,789	332,087	327,890
Less: Out-of-State Branch Assets/Deposits	-53,389	-51,709	-51,709	-51,709	-51,709
**Total State Banks Operating in Texas	297,413	294,304	290,080	280,378	276,181
BALANCE SHEET (Tx. State-Chartered Banks)					
Interest-Bearing Balances	13,228	11,539	12,442	13,098	14,215
Federal Funds Sold	880	1,095	1,135	1,377	1,150
Trading Accounts	446	335	218	141	316
Securities Held-To-Maturity	12,167	12,725	13,226	13,547	13,652
Securities Available-for-Sale	50,221	50,048	49,355	47,368	46,988
Total Securities	62,388	62,773	62,581	60,915	60,640
Total Loans	179,618	177,866	173,151	165,654	161,126
Total Earning Assets	256,114	253,273	249,309	241,044	237,131
Premises and Fixed Assets	4,981	4,914	4,729	3,902	3,812
Total Assets	280,027	276,327	272,103	262,401	258,204
Demand Deposits	29,399	28,566	29,086	30,069	28,727
MMDAs	123,650	120,445	122,296	119,563	118,938
Other Savings Deposits	27,081	26,987	26,042	24,983	24,422
Total Time Deposits	36,008	36,706	35,076	31,236	30,246
Brokered Deposits	4,666	6,101	5,289	3,721	3,557
Total Deposits	224,799	221,400	221,508	214,662	210,610
Federal Funds Purchased	2,364	3,043	3,064	2,733	2,545
Other Borrowed Funds	13,278	13,029	9,627	9,615	10,793
Total Liabilities	244,051	240,723	237,368	229,890	226,875
Total Equity Capital	35,976	35,604	34,735	32,511	31,329
Loan Valuation Reserves	1,823	1,836	1,798	1,812	1,781
Total Primary Capital	37,799	37,440	36,533	34,323	33,110
Past Due Loans > 90 Days	213	210	190	165	176
Total Nonaccrual Loans	773	805	796	750	746
Total Other Real Estate	189	187	180	178	195
Total Charge-Offs	287	147	63	359	268
Total Recoveries	83	47	23	121	86
Net Charge-Offs	204	100	40	238	182
INCOME STATEMENT					
Total Interest Income	8,526	5,677	2,796	10,027	7,295
Total Interest Expense	1,426	931	444	1,224	838
Net Interest Income	7,100	4,746	2,352	8,803	6,457
Total Noninterest Income	2,389	1,531	736	2,990	2,243
Loan Provisions	238	143	42	231	145
Salary and Employee Benefits	3,159	2,095	1,051	3,922	2,913
Premises and Fixed Assets Expenses (Net)	633	418	206	806	594
All Other Noninterest Expenses	1,609	1,081	535	2,176	1,607
Total Overhead Expenses	5,401	3,594	1,792	6,904	5,114
Securities Gains (Losses)	8	-2	-6	-27	-23
Net Extraordinary Items	0	0	0	0	0
Net Income	3,184	2,098	1,036	3,912	2,889
Cash Dividends	2,182	1,398	655	2,233	1,562
RATIO ANALYSIS					
Loan/Deposit	79.90%	80.34%	78.17%	77.17%	76.50%
Securities/Total Assets	22.28%	22.72%	23.00%	23.21%	23.49%
Total Loans/Total Assets	64.14%	64.37%	63.63%	63.13%	62.40%
Loan Provisions/Total Loans	0.18%	0.16%	0.10%	0.14%	0.12%
LVR/Total Loans	1.01%	1.03%	1.04%	1.09%	1.11%
Net Charge-Offs/Total Loans	0.11%	0.06%	0.02%	0.14%	0.11%
Nonperforming+ORE/Total Assets	0.42%	0.43%	0.43%	0.42%	0.43%
Nonperforming+ORE/Primary Capital	3.11%	3.21%	3.19%	3.18%	3.37%
Net Interest Margin	3.69%	3.75%	3.77%	3.65%	3.62%
Gross Yield	5.18%	5.22%	5.19%	4.96%	4.91%
Return on Assets	1.51%	1.52%	1.52%	1.49%	1.49%
Return on Equity	11.77%	11.79%	11.93%	12.03%	12.26%
Overhead Exp/TA	2.57%	2.60%	2.63%	2.63%	2.63%
Equity/Total Assets	12.85%	12.88%	12.77%	12.39%	12.13%
Primary Capital/Total Assets+LVR	13.41%	13.46%	13.34%	12.99%	12.74%

*Unrealized gains/losses are already included in equity capital figures.
**Total State Banks Operating in Texas includes branches of out-of-state, state-chartered banks.
Data was derived from the FDIC website.

Financial Highlights

TABLE II

Comparative Statement of Condition

Commerical Banks Domiciled in Texas

September 30, 2019 and September 30, 2018

ACCOUNT DESCRIPTIONS (In Millions of $)	9/30/2019 STATE CHARTERED		9/30/2019 NATIONAL CHARTERED		9/30/2019 ALL BANKS		9/30/2018 ALL BANKS	
Number of banks	225	% TA	172	% TA	397	% TA	415	% TA
BALANCE SHEET								
Interest-Bearing Balances	13,228	4.7%	12,511	8.9%	25,739	6.1%	23,167	5.8%
Federal Funds Sold	880	0.3%	801	0.6%	1,681	0.4%	4,809	1.2%
Trading Accounts	446	0.2%	69	0.0%	515	0.1%	349	0.1%
Securities Held-To-Maturity	12,167	4.3%	2,631	1.9%	14,798	3.5%	16,347	4.1%
Securities Available-For-Sale	50,221	17.9%	20,541	14.5%	70,762	16.8%	68,024	17.2%
Total Securities	62,388	22.3%	23,172	16.4%	85,560	20.3%	84,371	21.3%
Total Loans	179,618	64.1%	96,856	68.5%	276,474	65.6%	255,291	64.4%
Total Earning Assets	256,114	91.5%	133,340	94.4%	389,454	92.4%	367,638	92.8%
Premises & Equipment	4,981	1.8%	1,747	1.2%	6,728	1.6%	5,484	1.4%
TOTAL ASSETS	280,027	100.0%	141,298	100.0%	421,325	100.0%	396,364	100.0%
Demand Deposits	29,399	10.5%	17,485	12.4%	46,884	11.1%	46,232	11.7%
MMDAs	123,650	44.2%	58,221	41.2%	181,871	43.2%	173,190	43.7%
Other Savings Deposits	27,081	9.7%	17,687	12.5%	44,768	10.6%	41,252	10.4%
Total Time Deposits	36,008	12.9%	20,643	14.6%	56,651	13.4%	50,665	12.8%
Brokered Deposits	4,666	1.7%	5,968	4.2%	10,634	2.5%	9,501	2.4%
Total Deposits	224,799	80.3%	119,338	84.5%	344,137	81.7%	325,439	82.1%
Fed Funds Purchased	2,364	0.8%	1,104	0.8%	3,468	0.8%	4,055	1.0%
Other Borrowed Funds	13,278	4.7%	3,903	2.8%	17,181	4.1%	16,282	4.1%
TOTAL LIABILITIES	244,051	87.2%	125,720	89.0%	369,771	87.8%	349,957	88.3%
Equity Capital	35,976	12.8%	15,578	11.0%	51,554	12.2%	46,408	11.7%
Allowance for Loan/Lease Losses	1,823	0.7%	1,004	0.7%	2,827	0.7%	2,814	0.7%
Total Primary Capital	37,799	13.5%	16,582	11.7%	54,381	12.9%	49,222	12.4%
Past due >90 Days	213		111		324		291	
Nonaccrual	773		543		1,316		1,394	
Total Other Real Estate	189		73		262		281	
Total Charge-Offs	287		166		453		440	
Total Recoveries	83		34		117		119	
INCOME STATEMENT	Y-T-D		Y-T-D		Y-T-D		Y-T-D	
Total Interest Income	8,526	100.0%	4,383	100.0%	12,909	100.0%	11,401	100.0%
Total Interest Expense	1,426	16.7%	822	18.8%	2,248	17.4%	1,386	12.2%
Net Interest Income	7,100	83.3%	3,561	81.2%	10,661	82.6%	10,015	87.8%
Total Noninterest Income	2,389	28.0%	1,475	33.7%	3,864	29.9%	3,547	31.1%
Loan Provisions	238	2.8%	178	4.1%	416	3.2%	343	3.0%
Salary & Employee Benefits	3,159	37.1%	1,658	37.8%	4,817	37.3%	4,573	40.1%
Premises & Fixed Assets (Net)	633	7.4%	331	7.6%	964	7.5%	935	8.2%
All Other Noninterest Expenses	1,609	18.9%	979	22.3%	2,588	20.0%	2,562	22.5%
Total Overhead Expenses	5,401	63.3%	2,968	67.7%	8,369	64.8%	8,070	70.8%
Securities Gains(losses)	8	0.1%	16	0.4%	24	0.2%	(24)	-0.2%
Net Extraordinary Items	0	0.0%	0	0.0%	0	0.0%	0	0.0%
NET INCOME	3,184	37.3%	1,639	37.4%	4,823	37.4%	4,336	38.0%
Cash Dividends	2,182		801		2,983		2,085	
Average ROA	1.51%		1.54%		1.52%		1.45%	
Average ROE	11.77%		13.99%		12.44%		12.43%	
Average TA ($ Millions)	1,245		822		1,061		955	
Average Leverage	12.85%		11.02%		12.24%		11.71%	
Dividends/Net Income	68.53%		48.87%		61.85%		48.09%	

*Unrealized gains/losses are already included in equity capital figures.

Table includes only banks domiciled in Texas. Branches of out-of-state banks are not included.

Data was derived from the FDIC website.