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US banks with highest Texas ratios in Q4'22



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Theme **Healthcare & Pharmaceuticals, Real Estate, Banking, Fintech, Insurance**

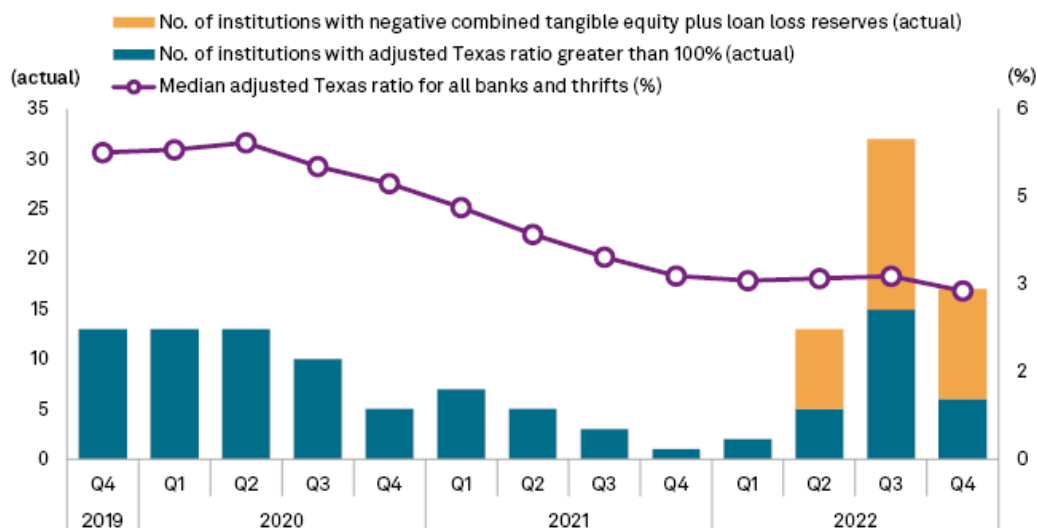
The number of U.S. banks with an adjusted Texas ratio above 100% declined for the first time since the fourth quarter of 2021.

Six U.S. banks and thrifts posted an adjusted Texas ratio above 100% in the fourth quarter of 2022, down from 15 in the previous quarter, according to S&P Global Market Intelligence data. Although nonperforming assets and 90-day loan delinquencies increased quarter over quarter, the increase in tangible equity and reserves was greater as accumulated other comprehensive income, or AOCI, losses on securities died down, coupled with higher provision for loan and lease losses in the fourth quarter of 2022.

Eleven banks had negative combined tangible equity plus loan loss reserves in the fourth quarter, and more than half of them are headquartered in Texas. This was down from 17 in the third quarter of 2022.

Unrealized losses on securities are still taking sizeable hits to banks' tangible equity. When excluding AOCI from tangible common equity, no U.S. banks had a Texas ratio above 100% as of Dec. 31, 2022, according to an analysis by Market Intelligence.

Adjusted Texas ratio trends at US banks



Data compiled Feb. 16, 2023.

Adjusted Texas ratio = nonperforming assets plus loans 90 days or more past due, net of delinquent government-guaranteed loans and other real estate owned covered by loss-sharing agreements with the Federal Deposit Insurance Corp. as a percentage of tangible equity and reserves. Allowance for credit losses on off-balance sheet credit exposures are not included in loan loss reserves.

Analysis based on regulatory filings for operating and historical U.S. commercial banks, savings banks, and savings and loan associations. Nondepository trusts and companies with a foreign banking organization charter are excluded.

Source: S&P Global Market Intelligence.

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The median adjusted ratio for the U.S. banking industry fell slightly for the first time since the first quarter of 2022, to 2.88% in the fourth quarter from 3.10% in the linked quarter. The decline marks a reversion to the trend that began in the third quarter of 2020.

For banks with Texas ratios above 100%, all but Lafayette, Ga.-based Bank of Lafayette and Greensboro, Ala.-based Peoples Bank of Greensboro had higher tangible equity balances in the fourth quarter.

About this analysis

S&P Global Market Intelligence defines the adjusted Texas ratio as nonperforming assets plus loans 90 days or more past due — excluding delinquent government-guaranteed loans and other real estate owned

covered by loss-sharing agreements with the Federal Deposit Insurance Corp. — divided by tangible equity plus loan loss reserves. Allowance for credit losses on off-balance sheet credit exposures are not included in loan loss reserves. A high Texas ratio does not necessarily imply potential failure, but the ratio is a good measure of a bank's ability to absorb future losses.



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US banks with highest adjusted Texas ratios, Q4 2022

Company (top-level ticker)	City, state/ territory	Total assets (\$M)	Adjusted Texas ratio ¹		Accumulated other comprehensive income (\$M)	Delinquent loans/ total loans (%) ²	Leverage ratio (%)
				QOQ change (pps)			
Banks with Texas ratios greater than 100%							
Du Quoin State Bank ³	Du Quoin, IL	131.9	1,278.9	N/A	-12.8	0.57	9.62
Tampa State Bank	Tampa, KS	68.3	211.9	-604.0	-5.6	4.99	8.96
Bank of Lafayette	Lafayette, GA	394.6	179.8	70.5	-37.4	2.08	8.80
Peoples Bank of Greensboro	Greensboro, AL	108.7	158.4	51.8	-9.3	2.07	8.49
Citizens Bank	Sac City, IA	59.7	150.6	8.8	-2.7	13.64	8.05
BancCentral NA	Alva, OK	377.3	117.2	-1.6	-18.7	19.08	9.98
Banks with negative combined tangible equity plus loan loss reserves							
First National Bank of Bellville	Bellville, TX	758.6	N/A	N/A	-121.9	0.18	11.15
Citizens State Bank	Buffalo, TX	1,211.0	N/A	N/A	-206.6	0.40	11.42
Spur Security Bank	Spur, TX	68.7	N/A	N/A	-6.9	0.26	9.37
Industry State Bank	Industry, TX	878.5	N/A	N/A	-141.5	0.37	11.41
First National Bank of Shiner	Shiner, TX	872.5	N/A	N/A	-157.9	0.80	11.06
Phenix-Girard Bank	Phenix City, AL	265.3	N/A	N/A	-46.3	0.93	18.12
Bank of Brenham NA	Brenham, TX	644.9	N/A	N/A	-99.5	2.29	10.93
Mauch Chunk Trust Co. (MCHT)	Jim Thorpe, PA	610.3	N/A	N/A	-64.3	0.19	7.19
Astra Bank	Scandia, KS	453.7	N/A	N/A	-37.8	0.53	7.97
First State Bank of Randolph County	Cuthbert, GA	90.1	N/A	N/A	-9.5	6.03	9.26
First National Bank of Stigler	Stigler, OK	137.7	N/A	N/A	-12.2	1.92	7.75
Industry median⁴			2.9	-0.1		0.63	10.28

Data compiled Feb. 16, 2023.

N/A = not applicable.

Analysis limited to operating U.S. commercial banks, savings banks, and savings and loan associations with an adjusted Texas ratio greater than 100% or a negative combined tangible equity plus loan loss reserves as of Dec. 31, 2022. Nondepository trusts and companies with a foreign banking organization charter are excluded.

¹ Adjusted Texas ratio = nonperforming assets plus loans 90 days or more past due, net of delinquent government-guaranteed loans and other real estate owned covered by loss-sharing agreements with the Federal Deposit Insurance Corp., as a percentage of tangible equity and reserves. Allowance for credit losses on off-balance sheet credit exposures are not included in loan loss reserves.

² Delinquent loans = loans at least 30 days past due or in nonaccrual status.

³ Du Quoin State Bank had a negative combined tangible equity plus loan loss reserves for the quarter ended Sep. 30, 2022.

⁴ Median of operating U.S. commercial banks, savings banks, and savings and loan associations. Nondepository trusts and companies with a foreign banking organization charter are excluded.

Data based on regulatory filings.

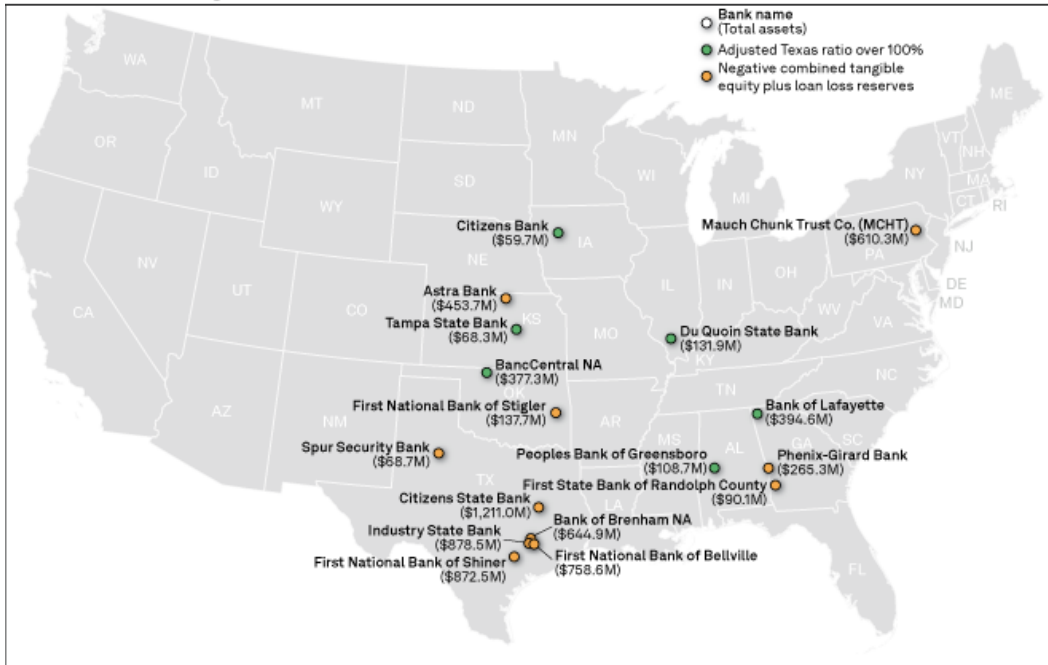
Source: S&P Global Market Intelligence.

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Who's on the list

Du Quoin, Ill.-based Du Quoin State Bank had the highest Texas ratio at 1,278.9% at the end of the fourth quarter. Tampa, Kansas-based Tampa State Bank and Bank of Lafayette rounded out the top three with 211.9% and 179.8%, respectively.

US banks with highest adjusted Texas ratios, Q4 2022



Data compiled Feb. 16, 2023.

Adjusted Texas ratio = nonperforming assets plus loans 90 days or more past due, net of delinquent government-guaranteed loans and other real estate owned covered by loss-sharing agreements with the Federal Deposit Insurance Corp. as a percentage of tangible equity and reserves. Allowance for credit losses on off-balance sheet credit exposures are not included in loan loss reserves.

Analysis limited to operating U.S. commercial banks, savings banks, and savings and loan associations with an adjusted Texas ratio greater than 100% or a negative combined tangible equity plus loan loss reserves as of Dec. 31, 2022. Nondepository trusts and companies with a foreign banking organization charter are excluded.

Data based on regulatory filings for the quarter ended Dec. 31, 2022.

Map credit: Jonathan Paul Lalgee.

Source: S&P Global Market Intelligence.

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Excluding AOCI

With AOCI removed from tangible equity, no banks posted a Texas ratio greater than 100%. Excluding AOCI, Sac City, Iowa-based Citizens Bank had the highest Texas ratio at 78.5%.

US banks with highest adjusted Texas ratios without the impact of AOCI, Q4 2022

Company (top-level ticker)	City, state	Total assets (\$M)	Adjusted Texas ratio ¹		Accumulated other comprehensive income (\$M)	Delinquent loans/total loans (%) ²	Leverage ratio (%)
			(%)	QOQ change (pps)			
Citizens Bank	Sac City, IA	59.7	78.5	13.1	-2.7	13.64	8.05
Red River State Bank	Halstad, MN	126.4	75.7	72.6	-0.1	10.88	11.44
BancCentral NA	Alva, OK	377.3	70.3	1.0	-18.7	19.08	9.98
United Bank of Philadelphia	Philadelphia, PA	59.4	68.4	15.5	-0.1	11.55	9.46
Monterey County Bank (NRLB)	Monterey, CA	219.0	65.9	2.9	-3.1	5.32	9.58
Citizens Bank & Trust Co.	Marks, MS	123.7	65.9	32.3	0.0	5.83	8.94
First Central Bank McCook	McCook, NE	151.7	64.9	-3.2	0.0	8.90	10.37
Security State Bank of Kenyon	Kenyon, MN	72.1	57.3	-18.1	-0.8	7.26	10.42
State Central Bank	Bonaparte, IA	48.5	55.5	-5.3	-1.2	12.00	10.29
First Central Bank	Cambridge, NE	128.7	53.1	14.4	-0.1	6.52	10.66
Vermont State Bank	Vermont, IL	26.5	51.1	4.3	-0.4	13.81	13.42
Industry median³			2.3	0.0		0.63	10.28

Data compiled Feb. 16, 2023.

Analysis limited to operating U.S. commercial banks, savings banks, and savings and loan associations. Nondepository trusts and companies with a foreign banking organization charter are excluded.

¹ Adjusted Texas ratio is nonperforming assets plus loans 90 days or more past due, net of delinquent government-guaranteed loans and other real estate owned covered by loss-sharing agreements with the Federal Deposit Insurance Corp., as a percentage of tangible equity and reserves. Allowance for credit losses on off-balance sheet credit exposures are not included in loan loss reserves. Accumulated other comprehensive income is excluded in the bank's tangible equity in this analysis.

² Delinquent loans are loans at least 30 days past due or in nonaccrual status.

³ Median of operating U.S. commercial banks, savings banks, and savings and loan associations. Nondepository trusts and companies with a foreign banking organization charter are excluded.

Data based on regulatory filings.

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