COMMERCIAL REAL ESTATE TRENDS

First District vs. the Nation
Community Banks, Total Assets < $10 Billion
Non-Farm Non-Residential CRE Concentration

Total Non-Farm Non-Residential CRE

Non-Owner-Occupied Non-Farm Non-Residential CRE
Non-Owner-Occupied CRE Concentration and ALLL

[Graph showing Non-Owner-Occupied CRE Concentration and ALLL for Nation and First District from 2009 to 2015.]
2006 Interagency Guidance

• Concentrations tend to develop during periods of high liquidity and economic growth
• Excessive concentrations of CRE have been a key factor in many bank losses and failures
• The board of directors is responsible for the establishment and timely review of concentration limits and risk tolerances
• Concentration risk management practices should be forward looking
• Bank capital and reserve levels should be commensurate with the risk profile of CRE exposures