FDIC Quarterly

Quarterly Banking Profile: Second Quarter 2016

Highlights:

- *Net Income Rises 1.4 Percent to $43.6 Billion*
- *Strong Loan Growth Provides a Lift to Revenues*
- *Community Bank Earnings of $5.5 Billion Increase 9 Percent From Second Quarter 2015*
- *Community Bank Loan Balances Increase 9.1 Percent From the Year Before*
- *DIF Reserve Ratio Rises 4 Basis Points to 1.17 Percent*
- *Several Changes to Assessments Begin in Third Quarter 2016*

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The ***FDIC Quarterly*** is published by the Division of Insurance and Research of the Federal Deposit Insurance Corporation and contains a comprehensive summary of the most current financial results for the banking industry. Feature articles appearing in the ***FDIC Quarterly*** range from timely analysis of economic and banking trends at the national and regional level that may affect the risk exposure of FDIC-insured institutions to research on issues affecting the banking system and the development of regulatory policy.

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2016 FDIC QUARTERLY

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Quarterly Banking Profile: Second Quarter 2016

FDIC-insured institutions reported aggregate net income of $43.6 billion in the second quarter of 2016, up $584 million (1.4 percent) from a year earlier. The increase in earnings was mainly attributable to a $5.2 billion (4.8 percent) increase in net interest income and a $981 million decline in expenses for litigation reserves at a few large banks. Banks increased their loan-loss provisions by $3.6 billion (44.2 percent) compared to a year ago, partly in response to rising levels of troubled loans to commercial and industrial borrowers, particularly in the energy sector. Of the 6,058 insured institutions reporting second quarter financial results, 60.1 percent reported year-over-year growth in quarterly earnings. The proportion of banks that were unprofitable in the second quarter fell to 4.5 percent from 5.8 percent a year earlier. *See page 1.*

Community Bank Performance

Community banks—which represent 92 percent of insured institutions—reported net income of $5.5 billion in the second quarter, up $451.3 million (9 percent) from the year-earlier quarter. Higher revenue from net interest income and noninterest income was offset in part by higher loan-loss provisions and noninterest expense. Asset quality indicators continued to improve, and community banks accounted for 44 percent of small loans to businesses. *See page 15.*

Insurance Fund Indicators

Insured deposits increased by only 0.2 percent in the second quarter of 2016. The DIF reserve ratio (the fund balance as a percent of estimated insured deposits) increased to 1.17 percent in the second quarter of 2016 from 1.13 percent in the prior quarter. Under FDIC regulations, several changes to the assessment system take effect beginning the quarter after the DIF reserve ratio first reaches or exceeds 1.15 percent. *See page 23.*

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INSURED INSTITUTION PERFORMANCE

Net Income Rises 1.4 Percent to $43.6 Billion

Strong Loan Growth Provides a Lift to Revenues

Lower Charges for Litigation, Goodwill Impairment Limit Noninterest Expense Growth

Noncurrent C&I Loans Increase Again, Total Noncurrent Balances Fall

Loan-Loss Provisions Rise as Industry Builds Reserves

Earnings Improvement Is Broad-Based

Expanding loan portfolios generated higher levels of net interest income, helping lift the total earnings of FDIC-insured commercial banks and savings institutions to $43.6 billion in second quarter 2016. Industry net income was $584 million (1.4 percent) higher than in second quarter 2015. The average return on assets (ROA) was 1.06 percent, down from 1.09 percent the year before, as asset growth outpaced the increase in quarterly net income. More than half of all banks—60.1 percent—reported higher quarterly earnings compared with the year-earlier quarter, while the percentage of banks reporting negative quarterly net income fell to 4.5 percent, from 5.8 percent in second quarter 2015.

Net Interest Income Accounts for Most of the Growth in Revenue

Net operating revenue—the sum of net interest income and total noninterest income—totaled $179.3 billion in the second quarter, an increase of $5.8 billion (3.3 percent) from the year-earlier quarter. Net interest income was up $5.2 billion (4.8 percent), as average interest-bearing assets were 4.4 percent higher than second quarter 2015. The average net interest margin of 3.08 percent was almost unchanged from the 3.07 percent average in second quarter 2015. Noninterest income was $600 million (0.9 percent) higher than the year before. Trading income rose $1.4 billion (24.9 percent), while servicing income fell by $3.4 billion (74.4 percent).

Noninterest Expenses Decline at Many Large Banks

Noninterest expenses totaled $104.8 billion, an increase of only $271 million (0.3 percent) from the year-earlier quarter, as nonrecurring charges at several large banks declined by more than $1.2 billion. In second quarter 2015, three large banks reported itemized litigation expenses totaling $508 million. In the most recent quarter, one bank reported a $473 million release of litigation reserves (a negative litigation expense), so the year-over-year reduction in litigation charges was $981 million. In addition, charges for goodwill impairment were $278 million lower than the year before. The declines in these noninterest expense items almost canceled out a $1.4 billion (2.8 percent) year-over-year increase in salary and employee benefit expenses. Eight of the ten largest banks reported year-over-year declines in their total noninterest expenses, but for the industry as a whole, only 30 percent reported lower noninterest expenses.

Chart 1

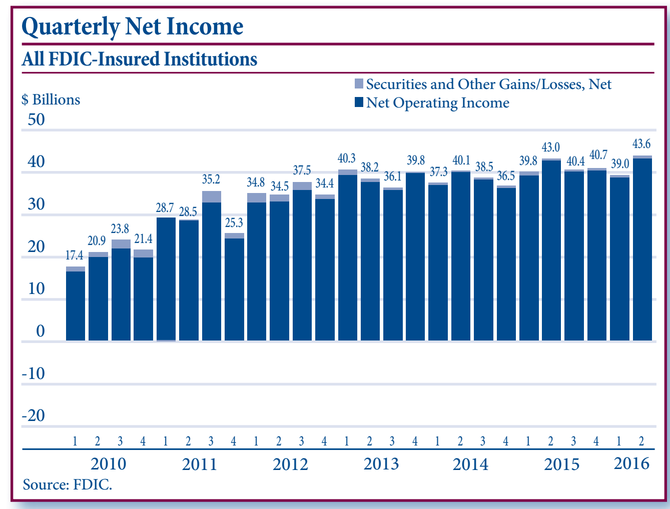
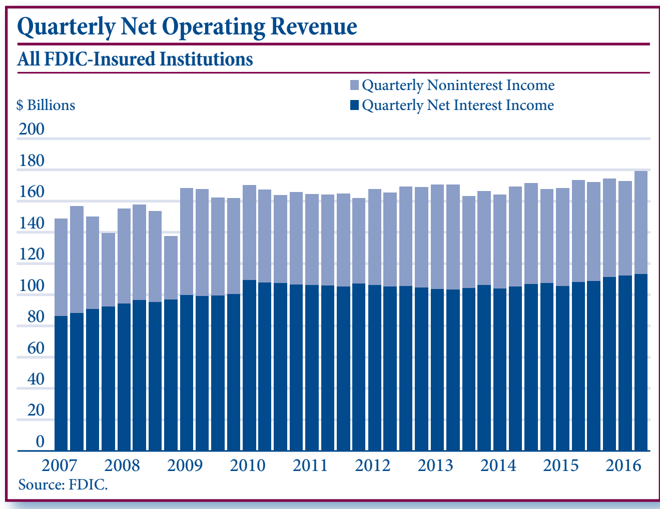


Chart 2



Loan-Loss Provisions Rise for the Eighth Consecutive Quarter

Banks set aside $11.8 billion in loan-loss provisions in the second quarter, an increase of $3.6 billion (44.2 percent) compared with second quarter 2015. More than a third of all banks—38.7 percent—reported higher loss provisions than in second quarter 2015. This is the eighth quarter in a row that quarterly loss provisions have posted a year-over-year increase.

Charge-Offs of C&I Loans Post Further Increase

Net loan and lease charge-offs were higher than the year before for the third consecutive quarter. Charge-offs totaled $10.1 billion, a $1.2 billion (13.1 percent) increase over second quarter 2015. Fewer than half of all banks—44.9 percent—reported year-over-year increases in their quarterly net charge-offs. Most of the increase occurred in loans to commercial and industrial (C&I) borrowers. C&I net charge-offs rose to $2.2 billion from $1.1 billion a year earlier, an increase of $1.1 billion (100.3 percent). This is the fifth consecutive quarter that C&I charge-offs have been higher than the year-earlier quarter. Banks reported smaller year-over-year increases in credit cards, auto loans, and agricultural production loans. The average net charge-off rate rose to 0.45 percent, from 0.42 percent in second quarter 2015.

Total Noncurrent Loan Balances Decline, Although Noncurrent C&I Loans Rise

The amount of loans and leases that were noncurrent—90 days or more past due or in nonaccrual status—declined by $4.8 billion (3.4 percent) during the second quarter. Noncurrent C&I loans increased for a sixth consecutive quarter, rising by $2.1 billion (8.9 percent), but all other major loan categories registered quarterly declines in noncurrent balances. The average noncurrent rate declined from 1.58 percent to 1.49 percent during the quarter. This is the lowest noncurrent rate for the industry since year-end 2007.

Banks Continue to Build Their Reserves

Insured institutions increased their reserves for loan losses by $1 billion (0.8 percent) during the quarter, as the $11.8 billion in loss provisions added to reserves exceeded the $10.1 billion in net charge-offs subtracted from reserves. Banks with assets greater than $1 billion, which also report their reserves for specific loan categories, increased their total reserves by $987 million (0.9 percent). The largest increase was in reserves for credit card losses, which increased by $1.3 billion (4.7 percent). They also increased their reserves for commercial loan losses by $787 million (2.2 percent), while reducing their reserves for residential real estate losses by $1.1 billion (5.1 percent). The increase in total reserves, combined with the reduction in total noncurrent loan balances, lifted the average coverage ratio of reserves to

Chart 3

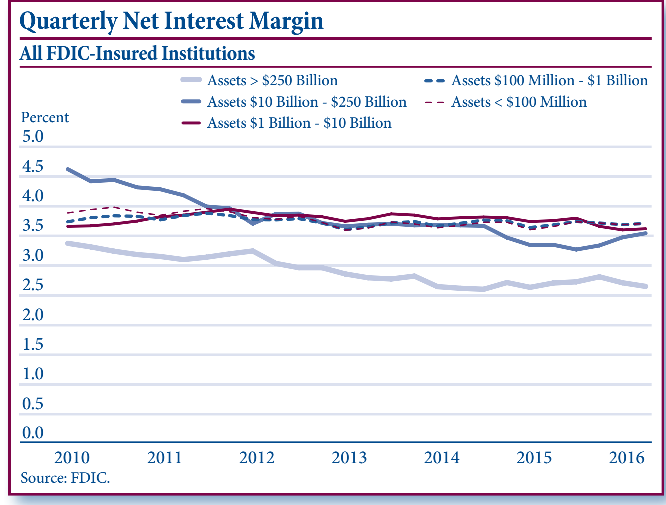
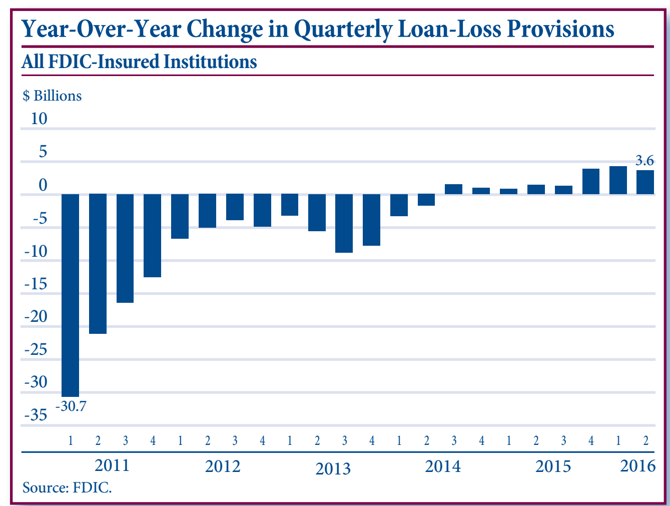


Chart 4



noncurrent loans from 85.5 percent to 89.2 percent during the quarter. The increase in reserves did not keep pace with the growth in total loan balances, however, as the average reserve ratio of reserves to total loans and leases fell from 1.35 percent to 1.33 percent. This is the 23rd time in the last 24 quarters that the industry's reserve ratio has declined, and it is now at its lowest level since year-end 2007.

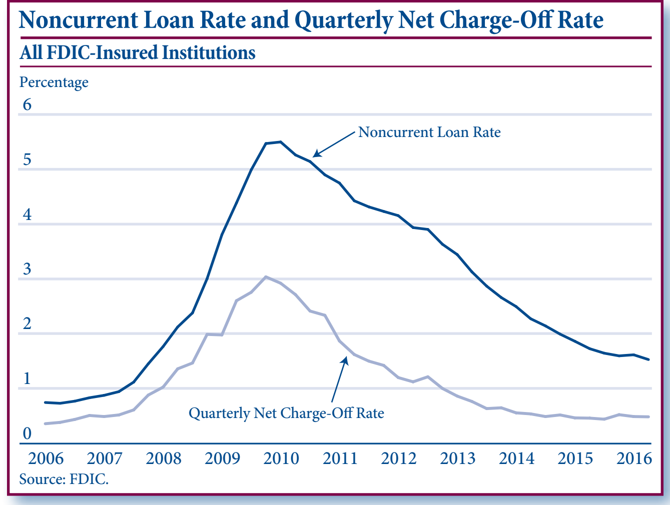
Internal Capital Generation Grows

Equity capital increased by $30.4 billion (1.7 percent) in the quarter, as retained earnings contributed $20.4 billion to capital growth and an increase in the market values of securities portfolios added to total equity. Retained earnings were $6.7 billion (49.2 percent) higher than the year before, as banks reduced their quarterly dividends by $6.1 billion (20.9 percent), compared with second quarter 2015 levels. Accumulated other comprehensive income, which includes changes in the values of banks' available-for-sale securities, increased by $9.7 billion during the quarter. At the end of the second quarter, more than 99 percent of all banks, representing 99.9 percent of total industry assets, met or exceeded the requirements for well-capitalized banks as defined for Prompt Corrective Action purposes.

Loan Growth Remains Strong

Total assets increased by $240.6 billion (1.5 percent) during the quarter. Total loan and lease balances rose by $181.9 billion (2 percent). The largest increases occurred in residential mortgages (up $42.4 billion, 2.2 percent), real estate loans secured by nonfarm nonresidential properties (up $26.9 billion, 2.1 percent), credit card balances (up $22.3 billion, 3.1 percent), and loans to nondepository financial institutions (up $19.8 billion, 6.9 percent). All major loan categories saw increases in balances outstanding during the second quarter. For the 12 months ended June 30, total loans and leases increased 6.7 percent, down slightly from 6.9 percent for the 12 months ended March 31. In addition to the growth in loan balances, banks increased their unfunded loan commitments by $36.4 billion (0.5 percent). This is the smallest quarterly increase in unfunded commitments since fourth quarter 2013. For a second consecutive quarter, unfunded commitments to make C&I loans declined, falling by $24.1 billion (1.3 percent). Banks' investments in securities rose by $36.1 billion (1.1 percent), with $28.7 billion of the growth coming from increased holdings of mortgage-backed securities. Balances with Federal Reserve banks declined by $90.6 billion (7.2 percent).

Chart 5

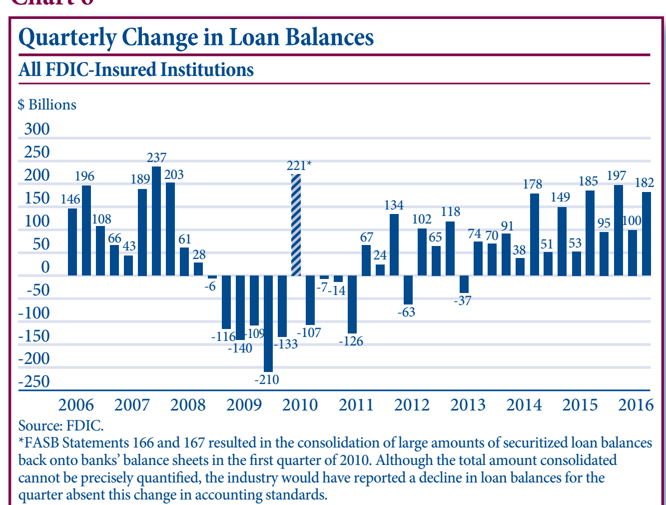


Noncurrent Loan Rate and Quarterly Net Charge-Off Rate

All FDIC-Insured Institutions

Source: FDIC.

Chart 6



Quarterly Change in Loan Balances

All FDIC-Insured Institutions

Source: FDIC.

*FASB Statements 166 and 167 resulted in the consolidation of large amounts of securitized loan balances back onto banks' balance sheets in the first quarter of 2010. Although the total amount consolidated cannot be precisely quantified, the industry would have reported a decline in loan balances for the quarter absent this change in accounting standards.

Banks Increase Borrowings From Federal Home Loan Banks

Nondeposit liabilities funded a larger share of asset growth than deposits in the second quarter. These borrowings rose by $111.7 billion (5.5 percent), as advances from Federal Home Loan Banks increased by $64.4 billion (13.4 percent). Total deposits increased by $98.6 billion (0.8 percent). Deposits in domestic offices rose by $94.8 billion (0.9 percent), while foreign office deposits increased $3.8 billion (0.3 percent). Interest-bearing domestic office deposits were up $52.2 billion (0.6 percent), while balances in noninterest-bearing accounts rose by $42.5 billion (1.4 percent). At banks that offer consumer deposit accounts (checking or savings accounts intended primarily for individuals for personal, household, or family use), balances in these accounts declined by $13 billion (0.3 percent) during the quarter. At banks with assets greater than $1 billion that offer consumer accounts, quarterly service charge income on these accounts increased by $35 million (0.8 percent) from the year before.

'Problem List' Shrinks to 147 Institutions

The number of FDIC-insured commercial banks and savings institutions reporting quarterly financial results declined to 6,058 from 6,122 in the second quarter. During the quarter, mergers absorbed 57 insured institutions, two banks failed, and no new charters were added. The number of banks on the FDIC's "Problem List" declined from 165 to 147, and total assets of problem banks fell from $30.9 billion to $29 billion. This is the smallest number of problem banks in eight years. Banks reported 2,045,221 full-time equivalent employees in the quarter, an increase of 5,302 compared with the first quarter, and 2,816 more than in second quarter 2015.

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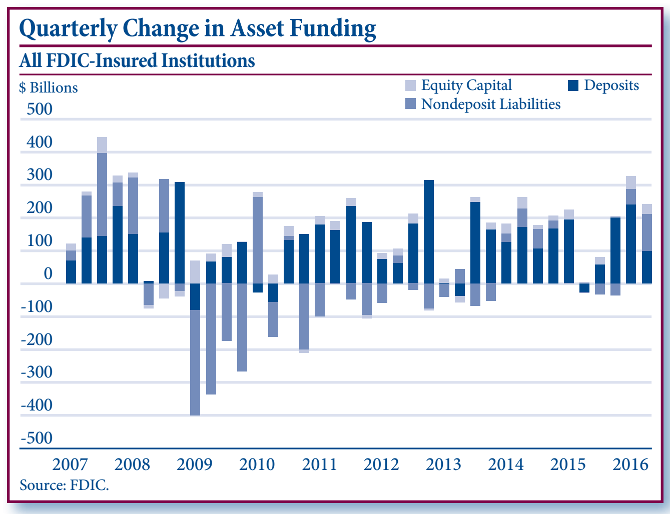
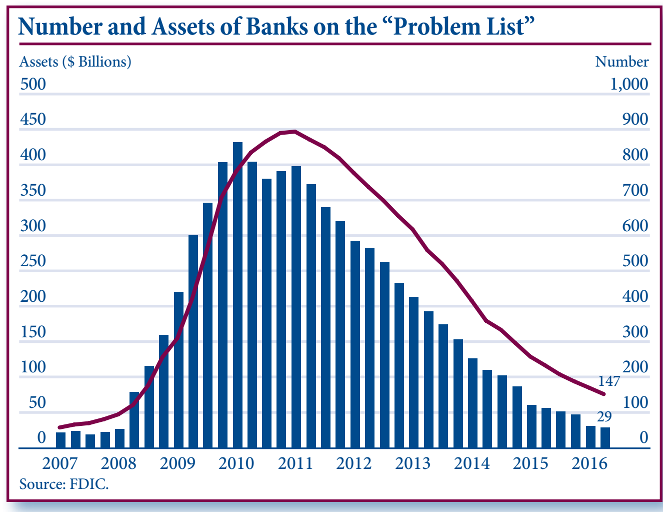
Chart 7



Source: FDIC.

Chart 8



Source: FDIC.

TABLE I-A. Selected Indicators, All FDIC-Insured Institutions*

	2016**	2015**	2015	2014	2013	2012	2011
Return on assets (%)	1.02	1.06	1.04	1.01	1.07	1.00	0.88
Return on equity (%)	9.05	9.45	9.30	9.01	9.54	8.90	7.79
Core capital (leverage) ratio (%)	9.57	9.53	9.59	9.44	9.40	9.15	9.07
Noncurrent assets plus other real estate owned to assets (%)	0.91	1.04	0.96	1.20	1.63	2.20	2.61
Net charge-offs to loans (%)	0.45	0.43	0.44	0.49	0.69	1.10	1.55
Asset growth rate (%)	4.95	3.83	2.66	5.59	1.94	4.02	4.30
Net interest margin (%)	3.10	3.05	3.07	3.14	3.26	3.42	3.60
Net operating income growth (%)	-0.25	6.57	7.14	-0.73	12.82	17.76	43.60
Number of institutions reporting	6,058	6,348	6,182	6,509	6,812	7,083	7,357
Commercial banks	5,238	5,474	5,338	5,607	5,847	6,072	6,275
Savings institutions	820	874	844	902	965	1,011	1,082
Percentage of unprofitable institutions (%)	4.29	5.12	4.74	6.27	8.16	11.00	16.23
Number of problem institutions	147	228	183	291	467	651	813
Assets of problem institutions (in billions)	$29	$57	$47	$87	$153	$233	$319
Number of failed institutions	3	5	8	18	24	51	92
Number of assisted institutions	0	0	0	0	0	0	0

* Excludes insured branches of foreign banks (IBAs).
** Through June 30, ratios annualized where appropriate. Asset growth rates are for 12 months ending June 30.

TABLE II-A. Aggregate Condition and Income Data, All FDIC-Insured Institutions

(dollar figures in millions)	2nd Quarter 2016	1st Quarter 2016	2nd Quarter 2015	%Change 15Q2-16Q2
Number of institutions reporting	6,058	6,122	6,348	-4.6
Total employees (full-time equivalent)	2,045,221	2,039,919	2,042,405	0.1
CONDITION DATA				
Total assets	$16,533,991	$16,293,429	$15,753,656	5.0
Loans secured by real estate	4,505,917	4,419,248	4,260,902	5.8
1-4 Family residential mortgages	1,960,972	1,918,540	1,880,062	4.3
Nonfarm nonresidential	1,278,405	1,251,520	1,175,800	8.7
Construction and development	294,140	284,319	255,755	15.0
Home equity lines	452,283	457,506	477,908	-5.4
Commercial & industrial loans	1,931,539	1,913,281	1,798,583	7.4
Loans to individuals	1,515,160	1,474,249	1,422,679	6.5
Credit cards	745,935	723,659	701,190	6.4
Farm loans	79,101	77,616	76,350	3.6
Other loans & leases	1,091,400	1,056,859	990,360	10.2
Less: Unearned income	2,106	2,109	1,925	9.4
Total loans & leases	9,121,010	8,939,145	8,546,949	6.7
Less: Reserve for losses	121,682	120,659	119,646	1.7
Net loans and leases	8,999,328	8,818,486	8,427,303	6.8
Securities	3,420,720	3,384,656	3,278,017	4.4
Other real estate owned	13,153	14,047	17,513	-24.9
Goodwill and other intangibles	359,615	359,132	359,999	-0.1
All other assets	3,741,176	3,717,108	3,670,824	1.9
Total liabilities and capital	16,533,991	16,293,429	15,753,656	5.0
Deposits	12,528,037	12,429,486	11,932,441	5.0
Domestic office deposits	11,201,194	11,106,441	10,586,399	5.8
Foreign office deposits	1,326,842	1,323,045	1,346,042	-1.4
Other borrowed funds	1,457,660	1,379,952	1,430,710	1.9
Subordinated debt	88,573	91,743	92,571	-4.3
All other liabilities	589,153	551,982	522,237	12.8
Total equity capital (includes minority interests)	1,870,569	1,840,266	1,775,698	5.3
Bank equity capital	1,864,232	1,833,866	1,768,829	5.4
Loans and leases 30-89 days past due	58,022	58,602	59,144	-1.9
Noncurrent loans and leases	136,383	141,192	144,688	-5.7
Restructured loans and leases	69,626	71,106	76,930	-9.5
Mortgage-backed securities	1,924,278	1,895,559	1,787,493	7.7
Earning assets	14,833,260	14,653,710	14,110,623	5.1
FHLB Advances	545,607	481,183	473,738	15.2
Unused loan commitments	7,072,101	7,035,660	6,734,282	5.0
Trust assets	17,381,472	16,870,847	17,774,375	-2.2
Assets securitized and sold	785,857	803,719	869,198	-9.6
Notional amount of derivatives	192,349,432	195,508,514	201,613,096	-4.6

INCOME DATA	First Half 2016	First Half 2015	%Change	2nd Quarter 2016	2nd Quarter 2015	%Change 15Q2-16Q2
Total interest income	$251,856	$237,110	6.2	$126,869	$120,064	5.7
Total interest expense	26,191	23,362	12.1	13,385	11,789	13.5
Net interest income	225,666	213,748	5.6	113,484	108,276	4.8
Provision for loan and lease losses	24,295	16,520	47.1	11,764	8,157	44.2
Total noninterest income	126,201	127,785	-1.2	65,805	65,205	0.9
Total noninterest expense	209,401	207,856	0.7	104,843	104,572	0.3
Securities gains (losses)	2,300	2,060	11.6	1,363	754	80.7
Applicable income taxes	37,492	36,196	3.6	20,151	18,379	9.6
Extraordinary gains, net	-206	76	N/M	-197	33	N/M
Total net income (includes minority interests)	82,773	83,097	-0.4	43,698	43,160	1.2
Bank net income	82,597	82,799	-0.2	43,600	43,015	1.4
Net charge-offs	20,235	17,946	12.8	10,114	8,942	13.1
Cash dividends	43,742	51,639	-15.3	23,219	29,353	-20.9
Retained earnings	38,855	31,160	24.7	20,381	13,663	49.2
Net operating income	81,366	81,570	-0.3	42,945	42,601	0.8

N/M - Not Meaningful

TABLE III-A. Second Quarter 2016, All FDIC-Insured Institutions

		Asset Concentration Groups*								
SECOND QUARTER (The way it is...)	**All Insured Institutions**	**Credit Card Banks**	**International Banks**	**Agricultural Banks**	**Commercial Lenders**	**Mortgage Lenders**	**Consumer Lenders**	**Other Specialized <$1 Billion**	**All Other <$1 Billion**	**All Other >$1 Billion**
Number of institutions reporting	6,058	13	4	1,466	3,031	493	63	322	603	63
Commercial banks	5,238	12	4	1,449	2,726	119	50	292	531	55
Savings institutions	820	1	0	17	305	374	13	30	72	8
Total assets (in billions)	$16,534.0	$501.9	$3,966.6	$270.7	$5,986.7	$396.6	$200.8	$56.1	$103.7	$5,050.8
Commercial banks	15,425.6	437.3	3,966.6	264.9	5,533.6	153.1	97.6	49.9	90.1	4,832.5
Savings institutions	1,108.3	64.6	0.0	5.8	453.1	243.5	103.2	6.2	13.6	218.3
Total deposits (in billions)	12,528.0	286.3	2,807.0	222.7	4,650.0	314.9	168.6	44.9	87.4	3,946.3
Commercial banks	11,660.2	236.8	2,807.0	219.5	4,316.7	126.6	81.6	40.6	76.2	3,755.1
Savings institutions	867.8	49.5	0.0	3.1	333.3	188.2	87.0	4.3	11.2	191.2
Bank net income (in millions)	43,600	2,809	9,485	829	15,768	934	483	354	244	12,694
Commercial banks	39,868	2,469	9,485	812	13,739	489	281	170	222	12,201
Savings institutions	3,731	340	0	18	2,029	445	201	184	22	493
Performance Ratios (annualized, %)										
Yield on earning assets	3.45	11.24	2.73	4.16	3.69	3.24	4.07	3.05	3.93	2.85
Cost of funding earning assets	0.36	1.16	0.36	0.47	0.39	0.45	0.45	0.33	0.40	0.23
Net interest margin	3.08	10.08	2.37	3.69	3.30	2.79	3.62	2.72	3.52	2.62
Noninterest income to assets	1.61	2.76	1.82	0.67	1.47	0.98	1.52	6.09	0.89	1.55
Noninterest expense to assets	2.56	5.45	2.27	2.54	2.77	2.26	2.88	5.20	2.95	2.22
Loan and lease loss provision to assets	0.29	3.17	0.18	0.17	0.18	-0.02	0.58	0.04	0.09	0.24
Net operating income to assets	1.05	2.27	0.96	1.20	1.06	0.92	0.96	2.44	0.90	0.97
Pretax return on assets	1.56	3.40	1.44	1.45	1.52	1.42	1.52	3.44	1.17	1.51
Return on assets	1.06	2.27	0.96	1.23	1.06	0.95	0.96	2.53	0.94	1.01
Return on equity	9.45	15.24	9.68	10.71	8.97	8.23	9.52	16.68	7.93	9.07
Net charge-offs to loans and leases	0.45	3.28	0.55	0.16	0.22	0.06	0.64	0.20	0.16	0.40
Loan and lease loss provision to net charge-offs	116.31	127.39	92.75	152.10	116.57	-46.45	128.42	71.95	106.28	121.17
Efficiency ratio	57.74	44.55	57.97	61.31	61.42	62.21	57.23	60.45	70.76	55.73
% of unprofitable institutions	4.49	0.00	0.00	3.00	3.99	9.13	4.76	7.45	5.64	1.59
% of institutions with earnings gains	60.14	30.77	50.00	57.78	63.44	56.59	52.38	52.80	57.21	63.49
Structural Changes										
New reporters	0	0	0	0	0	0	0	0	0	0
Institutions absorbed by mergers	57	0	0	10	41	3	1	0	2	0
Failed institutions	2	0	0	0	2	0	0	0	0	0
PRIOR SECOND QUARTERS (The way it was...)										
Return on assets (%) 2015	1.09	2.89	0.94	1.21	0.96	0.92	1.21	0.33	1.02	1.17
2013	1.06	3.27	1.03	1.21	0.79	1.07	1.68	1.79	0.95	1.05
2011	0.85	3.96	0.46	1.12	0.71	0.55	1.67	1.94	0.80	0.80
Net charge-offs to loans & leases (%) 2015	0.42	2.80	0.57	0.12	0.17	0.13	0.58	0.20	0.19	0.39
2013	0.73	3.38	1.05	0.14	0.46	0.41	1.07	0.45	0.38	0.48
2011	1.59	5.58	1.43	0.37	1.27	1.03	1.79	0.41	0.48	1.24

* See Table V-A (page 10) for explanations.

TABLE III-A. Second Quarter 2016, All FDIC-Insured Institutions

		Asset Size Distribution					Geographic Regions*					
SECOND QUARTER (The way it is...)	**All Insured Institutions**	**Less Than $100 Million**	**$100 Million to $1 Billion**	**$1 Billion to $10 Billion**	**$10 Billion to $250 Billion**	**Greater Than $250 Billion**	**New York**	**Atlanta**	**Chicago**	**Kansas City**	**Dallas**	**San Francisco**
Number of institutions reporting	6,058	1,637	3,690	619	102	10	739	743	1,305	1,519	1,292	460
Commercial banks	5,238	1,441	3,196	505	86	10	382	672	1,090	1,462	1,211	421
Savings institutions	820	196	494	114	16	0	357	71	215	57	81	39
Total assets (in billions)	$16,534.0	$96.7	$1,173.6	$1,724.0	$4,897.6	$8,642.0	$3,127.8	$3,467.9	$3,692.0	$3,604.0	$976.1	$1,666.2
Commercial banks	15,425.6	85.5	993.4	1,417.5	4,287.2	8,642.0	2,699.3	3,383.5	3,581.2	3,547.4	856.4	1,357.8
Savings institutions	1,108.3	11.2	180.2	306.6	610.4	0.0	428.5	84.4	110.8	56.6	119.7	308.4
Total deposits (in billions)	12,528.0	81.0	972.4	1,358.6	3,713.8	6,402.3	2,347.0	2,693.6	2,686.1	2,676.3	797.7	1,327.4
Commercial banks	11,660.2	72.3	829.9	1,127.8	3,227.9	6,402.3	2,027.0	2,625.8	2,606.2	2,632.0	699.2	1,070.0
Savings institutions	867.8	8.6	142.5	230.8	486.0	0.0	320.0	67.8	79.9	44.3	98.5	257.3
Bank net income (in millions)	43,600	224	3,199	4,541	13,624	22,013	6,968	8,239	9,232	10,124	2,676	6,360
Commercial banks	39,868	197	2,736	3,972	10,951	22,013	6,242	8,073	8,900	10,008	2,345	4,299
Savings institutions	3,731	27	463	569	2,672	0	726	166	332	116	331	2,061
Performance Ratios (annualized, %)												
Yield on earning assets	3.45	4.12	4.14	4.02	3.97	2.92	3.50	3.47	2.80	3.60	3.96	4.05
Cost of funding earning assets	0.36	0.43	0.46	0.42	0.45	0.29	0.44	0.30	0.30	0.41	0.32	0.39
Net interest margin	3.08	3.69	3.68	3.60	3.52	2.63	3.05	3.17	2.50	3.19	3.64	3.66
Noninterest income to assets	1.61	1.17	1.20	1.22	1.61	1.74	1.38	1.48	1.93	1.39	1.44	2.14
Noninterest expense to assets	2.56	3.42	3.16	2.82	2.67	2.35	2.53	2.58	2.51	2.39	3.11	2.73
Loan and lease loss provision to assets	0.29	0.12	0.12	0.22	0.47	0.22	0.31	0.37	0.15	0.28	0.25	0.43
Net operating income to assets	1.05	0.88	1.06	1.05	1.12	1.00	0.90	0.93	1.01	1.09	1.08	1.56
Pretax return on assets	1.56	1.08	1.38	1.52	1.69	1.52	1.27	1.41	1.50	1.64	1.44	2.40
Return on assets	1.06	0.93	1.10	1.07	1.12	1.03	0.90	0.96	1.01	1.13	1.10	1.54
Return on equity	9.45	7.20	9.62	9.08	9.22	9.68	7.49	7.75	9.80	11.18	9.90	12.68
Net charge-offs to loans and leases	0.45	0.19	0.12	0.21	0.62	0.46	0.46	0.53	0.27	0.52	0.31	0.54
Loan and lease loss provision to net charge-offs	116.31	106.44	153.40	151.57	121.43	104.64	121.35	120.92	111.83	100.66	124.85	129.14
Efficiency ratio	57.74	74.70	68.08	61.58	54.78	57.05	60.79	58.89	60.12	55.17	64.61	48.51
% of unprofitable institutions	4.49	9.90	2.76	1.13	0.98	0.00	6.36	6.19	5.44	3.23	2.94	4.57
% of institutions with earnings gains	60.14	54.18	61.95	64.78	62.75	50.00	59.81	62.45	61.23	58.13	59.60	61.96
Structural Changes												
New reporters	0	0	0	0	0	0	0	0	0	0	0	0
Institutions absorbed by mergers	57	18	31	8	0	0	9	8	20	9	7	4
Failed institutions	2	1	1	0	0	0	1	0	0	0	1	0
PRIOR SECOND QUARTERS (The way it was...)												
Return on assets (%) 2015	1.09	0.95	0.97	1.31	1.04	1.10	0.96	1.10	0.96	1.23	1.15	1.29
2013	1.06	0.77	0.95	1.27	0.88	1.17	0.54	1.02	1.12	1.28	1.17	1.60
2011	0.85	0.53	0.53	0.93	1.19	0.64	1.20	0.44	0.71	1.23	0.87	0.83
Net charge-offs to loans & leases (%) 2015	0.42	0.14	0.14	0.21	0.55	0.45	0.49	0.47	0.25	0.50	0.21	0.49
2013	0.73	0.35	0.37	0.43	0.97	0.72	1.00	0.70	0.48	0.95	0.34	0.58
2011	1.59	0.63	0.91	1.22	2.18	1.37	1.81	1.69	1.30	1.84	0.96	1.53

* See Table V-A (page 11) for explanations.

TABLE IV-A. First Half 2016, All FDIC-Insured Institutions

		Asset Concentration Groups*								
FIRST HALF (The way it is...)	**All Insured Institutions**	**Credit Card Banks**	**International Banks**	**Agricultural Banks**	**Commercial Lenders**	**Mortgage Lenders**	**Consumer Lenders**	**Other Specialized <$1 Billion**	**All Other <$1 Billion**	**All Other >$1 Billion**
Number of institutions reporting	6,058	13	4	1,466	3,031	493	63	322	603	63
Commercial banks	5,238	12	4	1,449	2,726	119	50	292	531	55
Savings institutions	820	1	0	17	305	374	13	30	72	8
Total assets (in billions)	$16,534.0	$501.9	$3,966.6	$270.7	$5,986.7	$396.6	$200.8	$56.1	$103.7	$5,050.8
Commercial banks	15,425.6	437.3	3,966.6	264.9	5,533.6	153.1	97.6	49.9	90.1	4,832.5
Savings institutions	1,108.3	64.6	0.0	5.8	453.1	243.5	103.2	6.2	13.6	218.3
Total deposits (in billions)	12,528.0	286.3	2,807.0	222.7	4,650.0	314.9	168.6	44.9	87.4	3,946.3
Commercial banks	11,660.2	236.8	2,807.0	219.5	4,316.7	126.6	81.6	40.6	76.2	3,755.1
Savings institutions	867.8	49.5	0.0	3.1	333.3	188.2	87.0	4.3	11.2	191.2
Bank net income (in millions)	82,597	5,771	17,439	1,640	29,658	1,866	996	701	478	24,049
Commercial banks	75,505	5,007	17,439	1,600	26,003	986	592	333	436	23,108
Savings institutions	7,093	764	0	41	3,655	880	404	368	42	941
Performance Ratios (annualized, %)										
Yield on earning assets	3.45	11.16	2.74	4.13	3.70	3.24	4.08	3.09	3.92	2.86
Cost of funding earning assets	0.36	1.10	0.36	0.47	0.39	0.45	0.45	0.33	0.40	0.23
Net interest margin	3.10	10.06	2.38	3.66	3.31	2.79	3.63	2.76	3.51	2.64
Noninterest income to assets	1.56	2.76	1.78	0.66	1.39	0.94	1.46	6.20	0.87	1.51
Noninterest expense to assets	2.58	5.47	2.33	2.53	2.76	2.25	2.83	5.35	2.94	2.25
Loan and lease loss provision to assets	0.30	2.95	0.22	0.15	0.20	-0.06	0.56	0.04	0.09	0.25
Net operating income to assets	1.00	2.33	0.90	1.19	1.00	0.93	1.00	2.45	0.89	0.94
Pretax return on assets	1.48	3.59	1.30	1.43	1.45	1.44	1.57	3.42	1.15	1.44
Return on assets	1.02	2.33	0.90	1.22	1.01	0.96	1.00	2.51	0.93	0.97
Return on equity	9.05	15.82	8.97	10.70	8.54	8.33	9.94	16.68	7.87	8.70
Net charge-offs to loans and leases	0.45	3.27	0.57	0.13	0.22	0.06	0.65	0.14	0.15	0.40
Loan and lease loss provision to net charge-offs	120.06	118.57	109.13	169.89	133.06	-181.50	119.26	93.04	109.72	122.39
Efficiency ratio	58.76	44.79	59.94	61.78	62.24	62.55	56.41	61.16	70.89	56.85
% of unprofitable institutions	4.29	0.00	0.00	2.66	3.99	8.72	3.17	6.21	5.64	1.59
% of institutions with earnings gains	62.35	38.46	75.00	61.32	65.98	54.97	52.38	56.83	56.38	68.25
Condition Ratios (%)										
Earning assets to total assets	89.71	92.07	86.34	93.39	90.61	94.79	95.37	91.95	92.76	90.16
Loss allowance to:										
Loans and leases	1.33	3.74	1.54	1.41	1.16	0.85	1.14	1.59	1.37	1.19
Noncurrent loans and leases	89.22	328.56	90.66	146.38	102.92	34.17	101.16	114.38	110.81	59.22
Noncurrent assets plus other real estate owned to assets	0.91	0.87	0.66	0.78	0.93	1.80	0.86	0.59	1.02	1.04
Equity capital ratio	11.28	14.82	9.95	11.58	11.88	11.60	10.23	15.42	11.98	11.18
Core capital (leverage) ratio	9.57	12.49	8.79	10.88	10.01	11.31	10.16	14.20	11.47	9.05
Common equity tier 1 capital ratio	12.74	12.17	13.03	14.53	12.11	22.42	13.75	31.51	19.79	12.52
Tier 1 risk-based capital ratio	12.83	12.30	13.05	14.54	12.25	22.46	13.94	31.53	19.83	12.59
Total risk-based capital ratio	14.29	14.60	14.39	15.66	13.72	23.32	14.74	32.42	20.97	14.11
Net loans and leases to deposits	71.83	128.57	50.55	80.41	88.00	78.21	84.90	34.37	65.49	62.83
Net loans to total assets	54.43	73.33	35.77	66.14	68.35	62.10	71.27	27.52	55.17	49.09
Domestic deposits to total assets	67.75	55.81	46.72	82.25	76.90	79.39	83.93	80.06	84.24	71.79
Structural Changes										
New reporters	0	0	0	0	0	0	0	0	0	0
Institutions absorbed by mergers	115	0	0	14	89	4	1	2	4	1
Failed institutions	3	0	0	0	3	0	0	0	0	0

PRIOR FIRST HALVES (The way it was...)	Year	All Insured Institutions	Credit Card Banks	International Banks	Agricultural Banks	Commercial Lenders	Mortgage Lenders	Consumer Lenders	Other Specialized <$1 Billion	All Other <$1 Billion	All Other >$1 Billion
Number of institutions	2015	6,348	14	4	1,484	3,146	545	55	353	681	66
	2013	6,940	16	4	1,521	3,455	603	47	416	810	68
	2011	7,513	20	4	1,544	3,953	716	72	347	794	63
Total assets (in billions)	2015	$15,753.7	$510.3	$3,747.4	$258.3	$5,194.7	$445.4	$178.4	$60.6	$122.6	$5,236.1
	2013	14,409.8	590.5	3,650.4	236.0	4,723.8	562.0	103.9	64.1	143.9	4,335.2
	2011	13,602.0	656.0	3,328.1	204.2	4,131.7	773.9	97.7	50.0	129.1	4,231.4
Return on assets (%)	2015	1.06	2.95	0.92	1.19	0.93	0.86	1.15	1.11	0.99	1.11
	2013	1.09	3.19	1.00	1.17	0.87	1.01	1.60	1.73	0.94	1.11
	2011	0.85	3.81	0.53	1.09	0.66	0.49	1.60	1.65	0.80	0.84
Net charge-offs to loans & leases (%)	2015	0.43	2.78	0.59	0.07	0.16	0.14	0.59	0.17	0.17	0.40
	2013	0.78	3.37	1.12	0.12	0.49	0.42	1.13	0.44	0.33	0.55
	2011	1.71	6.12	1.69	0.33	1.29	1.01	1.86	0.57	0.45	1.32
Noncurrent assets plus OREO to assets (%)	2015	1.04	0.74	0.75	0.80	0.96	1.94	1.03	0.69	1.27	1.28
	2013	1.90	0.92	1.28	1.03	1.94	2.30	0.89	1.00	1.60	2.56
	2011	2.76	1.51	1.76	1.62	3.38	2.72	1.00	1.01	1.88	3.27
Equity capital ratio (%)	2015	11.23	14.83	9.78	11.40	11.96	11.51	10.26	15.10	11.71	11.13
	2013	11.16	15.10	8.86	11.01	11.86	11.23	9.84	14.42	11.32	11.79
	2011	11.29	17.21	8.28	11.26	11.86	10.56	9.93	15.65	11.51	12.29

* See Table V-A (page 10) for explanations.

TABLE IV-A. First Half 2016, All FDIC-Insured Institutions

FIRST HALF (The way it is...)	All Insured Institutions	Asset Size Distribution: Less Than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	$10 Billion to $250 Billion	Greater Than $250 Billion	Geographic Regions*: New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Number of institutions reporting	6,058	1,637	3,690	619	102	10	739	743	1,305	1,519	1,292	460
Commercial banks	5,238	1,441	3,196	505	86	10	382	672	1,090	1,462	1,211	421
Savings institutions	820	196	494	114	16	0	357	71	215	57	81	39
Total assets (in billions)	$16,534.0	$96.7	$1,173.6	$1,724.0	$4,897.6	$8,642.0	$3,127.8	$3,467.9	$3,692.0	$3,604.0	$976.1	$1,666.2
Commercial banks	15,425.6	85.5	993.4	1,417.5	4,287.2	8,642.0	2,699.3	3,383.5	3,581.2	3,547.4	856.4	1,357.8
Savings institutions	1,108.3	11.2	180.2	306.6	610.4	0.0	428.5	84.4	110.8	56.6	119.7	308.4
Total deposits (in billions)	12,528.0	81.0	972.4	1,358.6	3,713.8	6,402.3	2,347.0	2,693.6	2,686.1	2,676.3	797.7	1,327.4
Commercial banks	11,660.2	72.3	829.9	1,127.8	3,227.9	6,402.3	2,027.0	2,625.8	2,606.2	2,632.0	699.2	1,070.0
Savings institutions	867.8	8.6	142.5	230.8	486.0	0.0	320.0	67.8	79.9	44.3	98.5	257.3
Bank net income (in millions)	82,597	447	6,172	8,893	25,961	41,124	13,157	15,719	17,505	19,186	5,171	11,858
Commercial banks	75,505	393	5,294	7,684	21,011	41,124	11,680	15,383	16,869	18,956	4,501	8,115
Savings institutions	7,093	55	878	1,209	4,951	0	1,477	336	637	230	670	3,742
Performance Ratios (annualized, %)												
Yield on earning assets	3.45	4.10	4.13	4.01	3.98	2.93	3.49	3.48	2.81	3.61	3.96	4.06
Cost of funding earning assets	0.36	0.43	0.46	0.42	0.44	0.29	0.44	0.30	0.30	0.40	0.32	0.39
Net interest margin	3.10	3.67	3.67	3.59	3.54	2.64	3.05	3.18	2.51	3.22	3.64	3.67
Noninterest income to assets	1.56	1.14	1.16	1.18	1.55	1.69	1.35	1.44	1.88	1.35	1.39	1.99
Noninterest expense to assets	2.58	3.38	3.15	2.81	2.68	2.39	2.56	2.59	2.55	2.41	3.08	2.74
Loan and lease loss provision to assets	0.30	0.11	0.12	0.19	0.48	0.25	0.30	0.38	0.17	0.30	0.27	0.44
Net operating income to assets	1.00	0.89	1.03	1.04	1.07	0.95	0.85	0.89	0.97	1.06	1.05	1.45
Pretax return on assets	1.48	1.07	1.35	1.51	1.64	1.41	1.23	1.35	1.40	1.57	1.40	2.25
Return on assets	1.02	0.93	1.07	1.06	1.08	0.97	0.85	0.92	0.97	1.09	1.08	1.45
Return on equity	9.05	7.26	9.39	9.02	8.89	9.13	7.15	7.47	9.37	10.70	9.67	11.99
Net charge-offs to loans and leases	0.45	0.16	0.11	0.20	0.62	0.47	0.47	0.53	0.27	0.53	0.30	0.53
Loan and lease loss provision to net charge-offs	120.06	116.09	161.84	139.99	124.74	111.16	117.27	120.65	131.39	105.21	138.25	134.33
Efficiency ratio	58.76	74.62	68.64	62.03	55.43	58.55	61.86	59.82	61.52	55.75	64.61	50.10
% of unprofitable institutions	4.29	9.47	2.66	0.97	0.98	0.00	5.14	6.46	5.52	2.83	2.71	5.22
% of institutions with earnings gains	62.35	56.26	63.88	68.82	66.67	50.00	60.76	63.53	61.99	59.84	64.55	66.09
Condition Ratios (%)												
Earning assets to total assets	89.71	92.26	92.90	92.19	91.18	87.93	89.26	89.30	88.60	89.35	91.60	93.57
Loss allowance to:												
Loans and leases	1.33	1.44	1.32	1.17	1.38	1.35	1.26	1.37	1.34	1.37	1.27	1.34
Noncurrent loans and leases	89.22	111.14	126.54	115.67	111.48	70.10	104.56	82.11	85.11	71.10	97.99	166.28
Noncurrent assets plus other real estate owned to assets	0.91	1.17	1.05	0.88	0.83	0.94	0.73	1.08	0.85	1.10	1.04	0.55
Equity capital ratio	11.28	12.98	11.47	11.79	12.21	10.60	12.01	12.37	10.31	10.15	11.21	12.22
Core capital (leverage) ratio	9.57	12.48	10.96	10.44	10.36	8.72	9.82	9.62	9.14	8.92	9.96	11.11
Common equity tier 1 capital ratio	12.74	20.01	15.36	13.41	12.78	12.14	12.85	12.69	12.64	11.77	13.03	14.87
Tier 1 risk-based capital ratio	12.83	20.05	15.41	13.44	12.96	12.19	13.00	12.80	12.69	11.77	13.14	15.05
Total risk-based capital ratio	14.29	21.13	16.53	14.47	14.59	13.68	14.51	14.31	13.89	13.61	14.30	16.19
Net loans and leases to deposits	71.83	69.68	79.97	87.60	80.67	62.16	72.00	74.41	66.94	70.07	78.19	75.94
Net loans to total assets	54.43	58.33	66.25	69.03	61.17	46.05	54.03	57.80	48.70	52.04	63.90	60.50
Domestic deposits to total assets	67.75	83.70	82.84	78.54	73.95	59.85	67.57	74.54	63.50	56.81	81.59	78.89
Structural Changes												
New reporters	0	0	0	0	0	0	0	0	0	0	0	0
Institutions absorbed by mergers	115	36	69	10	0	0	18	17	31	22	17	10
Failed institutions	3	2	1	0	0	0	1	0	1	0	1	0
PRIOR FIRST HALVES (The way it was...)												
Number of institutions 2015	6,348	1,799	3,847	591	102	9	787	788	1,371	1,571	1,338	493
2013	6,940	2,141	4,146	546	100	7	858	884	1,483	1,686	1,468	561
2011	7,513	2,550	4,296	561	100	6	932	990	1,575	1,804	1,570	642
Total assets (in billions) 2015	$15,753.7	$105.7	$1,203.1	$1,616.8	$4,737.8	$8,090.2	$3,063.0	$3,292.1	$3,537.0	$3,405.9	$930.3	$1,525.4
2013	14,409.8	124.8	1,256.7	1,413.8	4,702.8	6,911.6	2,855.1	2,980.2	3,344.1	3,087.9	867.2	1,275.3
2011	13,602.0	146.0	1,272.9	1,422.1	4,627.3	6,133.8	2,769.3	2,916.0	3,119.0	1,672.3	788.5	2,337.0
Return on assets (%) 2015	1.06	0.92	1.00	1.18	1.04	1.06	0.90	1.04	0.95	1.20	1.10	1.32
2013	1.09	0.76	0.92	1.19	0.99	1.18	0.70	1.07	1.11	1.26	1.14	1.55
2011	0.85	0.53	0.53	0.82	1.17	0.70	1.12	0.53	0.69	1.21	0.90	0.90
Net charge-offs to loans & leases (%) 2015	0.43	0.14	0.12	0.20	0.54	0.48	0.47	0.50	0.26	0.52	0.19	0.48
2013	0.78	0.31	0.34	0.42	1.01	0.80	1.05	0.76	0.52	1.00	0.35	0.61
2011	1.71	0.54	0.84	1.29	2.38	1.50	2.05	1.75	1.36	1.93	0.89	1.74
Noncurrent assets plus OREO to assets (%) 2015	1.04	1.35	1.27	1.04	0.80	1.14	0.76	1.28	1.00	1.28	1.09	0.57
2013	1.90	1.90	2.11	2.15	1.17	2.31	1.26	2.77	1.74	2.18	1.86	1.12
2011	2.76	2.40	3.34	3.36	2.01	3.06	1.87	3.82	2.56	3.82	2.92	1.92
Equity capital ratio (%) 2015	11.23	12.53	11.28	11.84	12.40	10.39	11.74	12.36	10.13	10.32	11.14	12.37
2013	11.16	11.76	10.85	11.78	12.43	10.22	12.00	12.22	9.17	10.83	10.74	13.14
2011	11.29	11.84	10.58	11.86	12.93	10.05	12.80	12.05	8.49	11.79	11.02	12.02

* See Table V-A (page 11) for explanations.

TABLE V-A. Loan Performance, All FDIC-Insured Institutions

		Asset Concentration Groups*								
June 30, 2016	All Insured Institutions	Credit Card Banks	International Banks	Agricultural Banks	Commercial Lenders	Mortgage Lenders	Consumer Lenders	Other Specialized <$1 Billion	All Other <$1 Billion	All Other >$1 Billion
Percent of Loans 30-89 Days Past Due										
All loans secured by real estate	0.72	0.31	1.05	0.66	0.45	0.79	0.49	1.28	1.13	1.15
Construction and development	0.34	0.00	0.53	0.60	0.30	0.72	0.43	0.87	0.73	0.40
Nonfarm nonresidential	0.23	2.93	0.62	0.63	0.21	0.38	0.81	0.91	0.85	0.14
Multifamily residential real estate	0.11	0.00	0.01	0.18	0.11	0.16	0.08	0.24	0.31	0.19
Home equity loans	0.61	0.82	1.03	0.39	0.44	0.62	0.37	0.61	0.60	0.71
Other 1-4 family residential	1.25	0.22	1.47	1.02	0.87	0.87	0.50	1.64	1.44	1.84
Commercial and industrial loans	0.25	0.86	0.22	0.91	0.28	0.45	0.13	0.80	1.02	0.18
Loans to individuals	1.21	1.31	1.13	1.33	1.02	0.55	0.76	1.82	1.60	1.43
Credit card loans	1.14	1.31	1.03	0.86	0.95	1.23	0.71	2.71	1.09	1.00
Other loans to individuals	1.28	1.24	1.32	1.37	1.04	0.52	0.77	1.70	1.61	1.68
All other loans and leases (including farm)	0.20	0.19	0.27	0.59	0.17	0.17	0.13	0.65	0.57	0.15
Total loans and leases	0.64	1.29	0.70	0.70	0.43	0.74	0.64	1.25	1.12	0.80
Percent of Loans Noncurrent**										
All real estate loans	2.13	0.53	3.13	0.97	1.24	2.77	2.78	1.59	1.36	3.68
Construction and development	0.89	0.00	0.34	0.87	0.90	1.04	5.36	2.79	1.46	0.83
Nonfarm nonresidential	0.78	0.00	0.62	1.11	0.75	1.40	6.24	1.62	1.49	0.75
Multifamily residential real estate	0.23	0.00	0.14	0.47	0.25	0.36	0.68	0.74	0.90	0.20
Home equity loans	2.44	0.25	3.71	0.54	1.32	2.19	2.10	1.56	0.53	3.63
Other 1-4 family residential	3.57	0.56	4.53	0.96	2.18	3.09	2.57	1.47	1.40	5.46
Commercial and industrial loans	1.33	0.77	1.48	1.35	1.26	0.98	0.17	1.18	1.29	1.41
Loans to individuals	0.78	1.15	0.92	0.55	0.68	0.27	0.55	0.79	0.71	0.52
Credit card loans	1.07	1.18	0.98	0.21	0.96	0.39	1.12	0.95	0.54	0.93
Other loans to individuals	0.50	0.57	0.81	0.57	0.62	0.26	0.40	0.76	0.72	0.30
All other loans and leases (including farm)	0.25	0.03	0.23	0.80	0.29	0.12	2.67	0.45	0.45	0.14
Total loans and leases	1.49	1.14	1.70	0.96	1.12	2.50	1.13	1.39	1.24	2.01
Percent of Loans Charged-Off (net, YTD)										
All real estate loans	0.06	-0.06	0.07	0.04	0.04	0.04	0.16	0.07	0.08	0.10
Construction and development	-0.04	0.00	0.20	-0.04	-0.04	-0.30	2.45	0.24	0.03	-0.09
Nonfarm nonresidential	0.01	0.00	0.01	0.04	0.02	0.06	0.02	0.08	0.09	-0.04
Multifamily residential real estate	0.00	0.00	0.00	0.13	0.00	0.03	0.00	0.01	0.02	-0.02
Home equity loans	0.30	-2.66	0.35	0.02	0.18	0.03	0.43	0.10	0.06	0.48
Other 1-4 family residential	0.07	-0.01	0.04	0.06	0.07	0.05	0.06	0.04	0.10	0.08
Commercial and industrial loans	0.42	2.38	0.46	0.27	0.40	0.15	0.02	0.15	0.21	0.43
Loans to individuals	1.90	3.31	2.35	0.42	0.95	0.32	0.91	0.42	0.48	1.48
Credit card loans	3.11	3.39	3.18	1.26	2.52	1.30	2.54	1.05	1.61	2.73
Other loans to individuals	0.70	1.58	0.94	0.35	0.60	0.27	0.47	0.33	0.47	0.76
All other loans and leases (including farm)	0.11	0.17	0.09	0.25	0.17	0.12	0.02	0.43	0.49	0.08
Total loans and leases	0.45	3.27	0.57	0.13	0.22	0.06	0.65	0.14	0.15	0.40
Loans Outstanding (in billions)										
All real estate loans	$4,505.9	$0.2	$534.3	$110.0	$2,479.7	$220.9	$32.7	$11.2	$44.5	$1,072.5
Construction and development	294.1	0.0	10.5	6.4	223.2	5.5	0.4	0.8	2.7	44.7
Nonfarm nonresidential	1,278.4	0.0	41.3	29.1	933.4	18.8	2.5	3.6	10.5	239.3
Multifamily residential real estate	365.2	0.0	66.2	3.5	246.5	6.7	0.4	0.3	1.2	40.3
Home equity loans	452.3	0.0	62.0	2.1	219.1	10.6	5.9	0.4	1.8	150.4
Other 1-4 family residential	1,961.0	0.2	305.9	27.7	816.1	178.7	23.4	5.4	24.5	579.1
Commercial and industrial loans	1,931.5	14.4	309.6	21.3	987.4	7.0	7.5	1.8	5.0	577.4
Loans to individuals	1,515.2	367.5	259.6	6.6	346.1	6.0	98.0	1.8	4.4	425.2
Credit card loans	745.9	350.3	164.7	0.5	57.2	0.2	20.4	0.2	0.1	152.4
Other loans to individuals	769.2	17.2	94.9	6.1	288.9	5.7	77.7	1.6	4.4	272.8
All other loans and leases (including farm)	1,170.5	0.3	338.3	43.8	327.7	14.5	6.6	0.9	4.2	434.2
Total loans and leases (plus unearned income)	9,123.1	382.4	1,441.9	181.7	4,140.8	248.4	144.9	15.7	58.0	2,509.3
Memo: Other Real Estate Owned (in millions)										
All other real estate owned	13,152.6	0.2	751.0	361.6	8,588.1	864.1	85.5	107.1	336.6	2,058.5
Construction and development	4,029.1	0.0	0.0	130.4	3,285.4	96.4	7.8	47.6	124.0	337.5
Nonfarm nonresidential	3,240.8	0.0	53.0	116.8	2,563.5	43.6	16.8	32.7	94.2	320.2
Multifamily residential real estate	204.6	0.0	1.0	14.6	171.5	4.0	0.6	1.9	7.9	3.1
1-4 family residential	4,123.9	0.2	334.0	74.0	2,287.3	211.0	51.3	23.7	102.0	1,040.4
Farmland	190.5	0.0	0.0	25.6	146.5	1.5	0.0	1.0	8.6	7.3
GNMA properties	1,353.7	0.0	355.0	0.2	133.8	507.6	8.9	0.2	0.0	348.0

* Asset Concentration Group Definitions (Groups are hierarchical and mutually exclusive):
Credit-card Lenders - Institutions whose credit-card loans plus securitized receivables exceed 50 percent of total assets plus securitized receivables.
International Banks - Banks with assets greater than $10 billion and more than 25 percent of total assets in foreign offices.
Agricultural Banks - Banks whose agricultural production loans plus real estate loans secured by farmland exceed 25 percent of the total loans and leases.
Commercial Lenders - Institutions whose commercial and industrial loans, plus real estate construction and development loans, plus loans secured by commercial real estate properties exceed 25 percent of total assets.
Mortgage Lenders - Institutions whose residential mortgage loans, plus mortgage-backed securities, exceed 50 percent of total assets.
Consumer Lenders - Institutions whose residential mortgage loans, plus credit-card loans, plus other loans to individuals, exceed 50 percent of total assets.
Other Specialized < $1 Billion - Institutions with assets less than $1 billion, whose loans and leases are less than 40 percent of total assets.
All Other < $1 billion - Institutions with assets less than $1 billion that do not meet any of the definitions above, they have significant lending activity with no identified asset concentrations.
All Other > $1 billion - Institutions with assets greater than $1 billion that do not meet any of the definitions above, they have significant lending activity with no identified asset concentrations.
** Noncurrent loan rates represent the percentage of loans in each category that are past due 90 days or more or that are in nonaccrual status.

TABLE V-A. Loan Performance, All FDIC-Insured Institutions

		Asset Size Distribution					Geographic Regions*					
June 30, 2016	**All Insured Institutions**	**Less Than $100 Million**	**$100 Million to $1 Billion**	**$1 Billion to $10 Billion**	**$10 Billion to $250 Billion**	**Greater Than $250 Billion**	**New York**	**Atlanta**	**Chicago**	**Kansas City**	**Dallas**	**San Francisco**
Percent of Loans 30-89 Days Past Due												
All loans secured by real estate	0.72	1.06	0.59	0.33	0.55	1.10	0.47	0.85	0.76	1.05	0.68	0.30
Construction and development	0.34	0.64	0.51	0.30	0.26	0.36	0.36	0.30	0.30	0.44	0.39	0.25
Nonfarm nonresidential	0.23	0.68	0.40	0.21	0.18	0.19	0.24	0.19	0.28	0.25	0.30	0.14
Multifamily residential real estate	0.11	0.40	0.22	0.09	0.10	0.08	0.10	0.10	0.08	0.28	0.13	0.06
Home equity loans	0.61	0.61	0.46	0.37	0.48	0.77	0.42	0.73	0.71	0.68	0.43	0.27
Other 1-4 family residential	1.25	1.58	0.88	0.55	1.01	1.72	0.82	1.48	1.20	1.73	1.40	0.54
Commercial and industrial loans	0.25	1.19	0.65	0.37	0.24	0.19	0.25	0.18	0.29	0.22	0.48	0.27
Loans to individuals	1.21	1.75	1.47	1.10	1.10	1.31	0.99	1.64	1.02	1.16	0.99	1.12
Credit card loans	1.14	4.08	1.86	1.53	1.23	1.00	0.94	1.28	0.93	1.08	0.72	1.58
Other loans to individuals	1.28	1.71	1.44	0.95	0.93	1.59	1.09	2.00	1.05	1.26	1.12	0.75
All other loans and leases (including farm)	0.20	0.58	0.47	0.30	0.17	0.19	0.08	0.10	0.38	0.21	0.20	0.22
Total loans and leases	0.64	1.05	0.62	0.39	0.56	0.76	0.49	0.75	0.63	0.75	0.63	0.47
Percent of Loans Noncurrent**												
All real estate loans	2.13	1.34	1.05	0.98	1.55	3.61	1.55	2.64	2.40	3.12	1.32	0.66
Construction and development	0.89	1.40	1.44	0.99	0.60	0.67	0.95	1.46	0.72	0.56	0.74	0.69
Nonfarm nonresidential	0.78	1.49	1.00	0.75	0.76	0.64	0.98	0.71	0.89	0.74	0.70	0.55
Multifamily residential real estate	0.23	0.41	0.62	0.23	0.17	0.19	0.20	0.21	0.26	0.31	0.39	0.17
Home equity loans	2.44	0.52	0.64	0.72	1.44	3.62	2.36	3.08	2.49	2.41	1.38	0.65
Other 1-4 family residential	3.57	1.42	1.16	1.50	2.64	5.43	2.41	4.21	3.74	5.27	2.52	0.83
Commercial and industrial loans	1.33	1.83	1.25	1.37	1.43	1.26	1.02	1.32	1.12	1.61	1.85	1.36
Loans to individuals	0.78	0.78	0.87	0.60	0.88	0.70	0.84	0.83	0.66	0.75	0.80	0.77
Credit card loans	1.07	1.73	1.27	1.33	1.16	0.94	0.96	1.09	0.90	1.01	1.12	1.42
Other loans to individuals	0.50	0.77	0.85	0.36	0.51	0.49	0.64	0.55	0.58	0.41	0.65	0.24
All other loans and leases (including farm)	0.25	0.86	0.68	0.96	0.22	0.17	0.42	0.12	0.18	0.29	0.33	0.32
Total loans and leases	1.49	1.29	1.05	1.01	1.24	1.92	1.20	1.67	1.57	1.93	1.30	0.81
Percent of Loans Charged-Off (net, YTD)												
All real estate loans	0.06	0.06	0.05	0.03	0.05	0.09	0.06	0.11	0.07	0.06	0.02	0.00
Construction and development	-0.04	-0.07	0.00	-0.03	-0.10	0.01	0.01	0.01	-0.03	-0.06	-0.04	-0.20
Nonfarm nonresidential	0.01	0.03	0.05	0.03	0.01	-0.05	0.01	0.02	0.03	-0.04	0.02	0.00
Multifamily residential real estate	0.00	0.05	0.03	-0.01	0.00	-0.01	0.00	0.00	-0.01	0.00	0.00	0.01
Home equity loans	0.30	-0.04	0.05	0.11	0.23	0.41	0.22	0.45	0.24	0.40	0.18	0.01
Other 1-4 family residential	0.07	0.10	0.07	0.05	0.08	0.07	0.10	0.10	0.06	0.06	0.03	0.02
Commercial and industrial loans	0.42	0.46	0.25	0.37	0.46	0.43	0.27	0.39	0.36	0.52	0.67	0.52
Loans to individuals	1.90	0.68	0.68	1.48	2.09	1.82	2.05	2.03	1.13	2.31	1.35	1.80
Credit card loans	3.11	10.79	4.50	3.72	3.18	2.98	2.80	3.28	2.95	3.28	2.42	3.35
Other loans to individuals	0.70	0.52	0.42	0.73	0.59	0.81	0.76	0.70	0.50	1.08	0.83	0.45
All other loans and leases (including farm)	0.11	0.16	0.18	0.31	0.12	0.09	0.09	0.07	0.10	0.13	0.30	0.14
Total loans and leases	0.45	0.16	0.11	0.20	0.62	0.47	0.47	0.53	0.27	0.53	0.30	0.53
Loans Outstanding (in billions)												
All real estate loans	$4,505.9	$38.8	$607.5	$868.6	$1,338.3	$1,652.7	$914.2	$918.8	$921.4	$862.9	$395.3	$493.2
Construction and development	294.1	2.3	55.3	80.4	89.7	66.4	53.8	58.6	48.2	45.3	58.2	30.1
Nonfarm nonresidential	1,278.4	9.8	229.8	353.5	401.7	283.5	289.4	267.1	196.0	184.0	158.8	183.2
Multifamily residential real estate	365.2	1.1	32.5	85.9	135.6	110.1	133.3	44.1	94.4	30.4	16.2	46.7
Home equity loans	452.3	1.0	25.8	48.0	144.7	232.8	86.8	118.9	112.1	85.9	19.7	29.0
Other 1-4 family residential	1,961.0	17.5	217.1	281.0	551.5	893.9	347.3	417.3	447.7	429.2	126.5	192.9
Commercial and industrial loans	1,931.5	6.7	98.9	192.3	708.0	925.5	295.5	475.7	410.3	401.9	126.7	221.4
Loans to individuals	1,515.2	3.7	31.8	82.1	682.8	714.8	319.5	382.2	219.9	308.4	60.6	224.6
Credit card loans	745.9	0.1	2.0	20.5	391.2	332.2	200.1	193.9	57.0	174.5	19.3	101.1
Other loans to individuals	769.2	3.6	29.8	61.6	291.5	382.6	119.4	188.3	162.9	133.9	41.3	123.5
All other loans and leases (including farm)	1,170.5	8.0	50.1	61.8	309.1	741.5	182.6	255.7	270.9	328.9	49.4	82.9
Total loans and leases (plus unearned income)	9,123.1	57.3	788.4	1,204.7	3,038.3	4,034.5	1,711.9	2,032.4	1,822.5	1,902.1	632.0	1,022.1
Memo: Other Real Estate Owned (in millions)												
All other real estate owned	13,152.6	387.1	4,003.0	2,875.5	3,001.8	2,885.3	2,039.2	3,491.5	2,611.7	2,197.5	1,875.5	937.2
Construction and development	4,029.1	130.0	1,858.7	1,177.5	494.0	369.0	365.8	1,184.3	569.2	793.4	815.0	301.3
Nonfarm nonresidential	3,240.8	128.2	1,241.6	904.2	623.3	343.4	519.6	648.7	649.5	470.7	606.9	345.3
Multifamily residential real estate	204.6	16.1	93.0	61.6	17.2	16.7	55.0	34.5	31.2	37.9	27.9	18.2
1-4 family residential	4,123.9	105.6	721.1	662.3	1,196.2	1,438.7	1,029.8	1,023.4	911.0	547.2	364.9	247.6
Farmland	190.5	7.0	87.1	55.2	39.3	1.9	11.4	42.9	51.6	19.0	52.4	13.3
GNMA properties	1,353.7	0.2	1.5	14.6	631.9	705.5	57.6	557.8	397.2	321.2	8.5	11.5

*** Regions:**
New York - Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, U.S. Virgin Islands
Atlanta - Alabama, Florida, Georgia, North Carolina, South Carolina, Virginia, West Virginia
Chicago - Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin
Kansas City - Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota
Dallas - Arkansas, Colorado, Louisiana, Mississippi, New Mexico, Oklahoma, Tennessee, Texas
San Francisco - Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, Pacific Islands, Utah, Washington, Wyoming
** Noncurrent loan rates represent the percentage of loans in each category that are past due 90 days or more or that are in nonaccrual status.

Table VI-A. Derivatives, All FDIC-Insured Call Report Filers

(dollar figures in millions; notional amounts unless otherwise indicated)	2nd Quarter 2016	1st Quarter 2016	4th Quarter 2015	3rd Quarter 2015	2nd Quarter 2015	% Change 15Q2-16Q2	Asset Size Distribution				
							Less Than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	$10 Billion to $250 Billion	Greater Than $250 Billion
ALL DERIVATIVE HOLDERS											
Number of institutions reporting derivatives	1,446	1,429	1,414	1,418	1,431	1.0	68	854	417	97	10
Total assets of institutions reporting derivatives	$15,032,950	$14,766,932	$14,422,547	$14,231,256	$14,198,373	5.9	$5,090	$355,789	$1,295,588	$4,734,451	$8,642,031
Total deposits of institutions reporting derivatives	11,313,481	11,189,578	10,938,377	10,735,417	10,706,603	5.7	4,233	292,281	1,025,073	3,589,616	6,402,278
Total derivatives	192,349,432	195,508,514	181,985,996	195,398,665	201,613,096	-4.6	296	26,357	124,026	49,385,463	142,813,289
Derivative Contracts by Underlying Risk Exposure											
Interest rate	143,794,055	147,218,271	138,363,456	148,665,387	154,349,781	-6.8	296	26,327	117,366	42,890,592	100,759,474
Foreign exchange*	37,701,396	37,128,715	33,133,167	34,636,874	34,969,999	7.8	0	12	5,689	5,906,571	31,789,125
Equity	2,672,364	2,533,921	2,395,120	2,508,972	2,372,914	12.6	0	4	313	182,531	2,489,515
Commodity & other (excluding credit derivatives)	1,328,302	1,209,774	1,107,759	1,389,755	1,432,675	-7.3	0	6	65	62,737	1,265,494
Credit	6,853,314	7,417,833	6,986,493	8,197,677	8,487,726	-19.3	0	8	593	343,031	6,509,682
Total	192,349,432	195,508,514	181,985,996	195,398,665	201,613,096	-4.6	296	26,357	124,026	49,385,463	142,813,289
Derivative Contracts by Transaction Type											
Swaps	111,900,657	114,814,419	107,392,487	112,697,189	117,508,160	-4.8	49	7,634	70,897	31,086,643	80,735,435
Futures & forwards	38,789,790	37,150,744	35,684,919	38,988,137	40,359,831	-3.9	84	9,285	26,212	8,002,504	30,751,706
Purchased options	16,277,222	16,857,475	15,469,371	16,817,158	16,221,724	0.3	11	798	6,070	4,936,669	11,333,674
Written options	16,011,610	16,706,898	15,419,192	16,235,799	15,945,490	0.4	153	8,620	20,170	4,891,366	11,091,302
Total	182,979,279	185,529,536	173,965,968	184,738,283	190,035,206	-3.7	296	26,337	123,349	48,917,181	133,912,116
Fair Value of Derivative Contracts											
Interest rate contracts	75,052	75,481	67,223	76,692	71,659	4.7	0	16	-433	32,899	42,570
Foreign exchange contracts	11,369	-11,530	-12,485	-15,284	-19,614	N/M	0	0	9	1,997	9,363
Equity contracts	6,637	5,035	5,318	7,880	2,695	146.3	0	0	2	412	6,224
Commodity & other (excluding credit derivatives)	-3,151	-4,310	-3,571	-6,952	-3,488	-9.7	0	0	1	-130	-3,021
Credit derivatives as guarantor	1,037	2,901	-2,697	1,890	35,840	-97.1	0	0	-2	-892	1,933
Credit derivatives as beneficiary	-167	-966	7,076	2,441	-34,672	-99.5	0	0	-27	1,483	-1,622
Derivative Contracts by Maturity**											
Interest rate contracts < 1 year	66,423,416	65,650,617	55,047,362	60,754,367	63,733,487	4.2	88	8,612	24,409	14,858,718	51,531,589
1-5 years	47,001,897	50,714,670	49,406,784	52,458,012	54,771,222	-14.2	26	2,402	28,361	13,531,558	33,439,550
> 5 years	33,930,441	34,846,003	32,980,646	34,618,605	35,837,393	-5.3	34	5,304	38,722	11,248,404	22,637,976
Foreign exchange and gold contracts < 1 year	26,621,562	26,231,437	24,129,441	25,206,272	25,081,829	6.1	0	0	3,452	3,371,417	23,246,693
1-5 years	4,112,254	4,081,595	3,986,436	3,672,989	3,859,497	6.5	0	0	390	421,278	3,690,586
> 5 years	2,151,420	1,819,360	1,647,804	1,500,445	1,612,940	33.4	0	0	72	202,583	1,948,765
Equity contracts < 1 year	1,907,096	1,841,069	1,743,252	1,610,476	1,571,382	21.4	0	0	27	68,060	1,839,009
1-5 years	709,947	674,710	627,875	671,362	580,777	22.2	0	0	107	45,812	664,028
> 5 years	134,063	129,076	130,188	183,539	162,800	-17.7	0	0	6	15,582	118,474
Commodity & other contracts (including credit derivatives, excluding gold contracts) < 1 year	3,032,137	2,813,615	2,651,133	2,566,099	2,357,062	28.6	0	7	29	95,348	2,936,753
1-5 years	4,354,280	4,800,922	4,694,153	5,771,045	5,329,031	-18.3	0	5	81	151,678	4,202,516
> 5 years	368,331	619,196	405,131	750,909	428,131	-14.0	0	0	132	26,817	341,382
Risk-Based Capital: Credit Equivalent Amount											
Total current exposure to tier 1 capital (%)	37.2	34.5	30.1	34.3	31.6		0.2	0.6	1.3	22.9	54.6
Total potential future exposure to tier 1 capital (%)	43.5	47.5	48.3	50.3	54.8		0.1	0.3	0.6	17.4	70.0
Total exposure (credit equivalent amount) to tier 1 capital (%)	80.7	82.0	78.4	84.6	86.4		0.3	0.9	1.9	40.3	124.6
Credit losses on derivatives***	31.9	13.3	78.2	71.8	61.4	-48.0	0.0	0.9	0.2	11.2	19.5
HELD FOR TRADING											
Number of institutions reporting derivatives	257	251	250	247	249	3.2	9	94	90	55	9
Total assets of institutions reporting derivatives	11,985,471	11,719,700	11,460,984	11,384,424	11,367,408	5.4	580	41,182	323,782	3,233,621	8,386,305
Total deposits of institutions reporting derivatives	8,976,731	8,830,937	8,660,644	8,553,870	8,547,594	5.0	485	34,092	253,121	2,501,635	6,187,398
Derivative Contracts by Underlying Risk Exposure											
Interest rate	141,316,494	144,656,611	136,029,963	146,136,877	151,583,777	-6.8	74	1,920	27,944	42,391,240	98,895,316
Foreign exchange	34,670,639	34,029,005	31,665,956	31,764,784	31,318,657	10.7	0	0	4,409	5,761,655	28,904,575
Equity	2,656,373	2,510,439	2,370,468	2,486,427	2,353,529	12.9	0	0	0	169,459	2,486,914
Commodity & other	1,326,621	1,208,052	1,105,989	1,387,414	1,430,301	-7.2	0	0	34	61,772	1,264,814
Total	179,970,127	182,404,107	171,172,377	181,775,502	186,686,264	-3.6	74	1,920	32,387	48,384,126	131,551,619
Trading Revenues: Cash & Derivative Instruments											
Interest rate	1,906	3,072	155	2,581	3,404	-44.0	0	0	14	-687	2,579
Foreign exchange	3,736	1,407	3,401	1,931	854	337.5	0	0	-1	1,556	2,180
Equity	972	670	741	50	584	66.4	0	0	2	18	952
Commodity & other (including credit derivatives)	271	604	-25	758	660	-58.9	0	0	1	-312	582
Total trading revenues	6,885	5,753	4,271	5,319	5,502	25.1	0	0	17	575	6,293
Share of Revenue											
Trading revenues to gross revenues (%)	5.4	4.7	3.5	4.4	4.5		0.0	0.0	0.5	1.8	6.9
Trading revenues to net operating revenues (%)	24.1	23.2	15.7	19.9	19.0		0.0	0.2	2.3	8.4	30.1
HELD FOR PURPOSES OTHER THAN TRADING											
Number of institutions reporting derivatives	1,324	1,303	1,299	1,305	1,311	1.0	60	776	386	92	10
Total assets of institutions reporting derivatives	14,753,967	14,524,116	14,205,106	13,960,564	13,896,046	6.2	4,596	324,192	1,213,947	4,569,202	8,642,031
Total deposits of institutions reporting derivatives	11,086,461	10,994,713	10,764,769	10,518,599	10,465,122	5.9	3,821	265,954	960,448	3,453,959	6,402,278
Derivative Contracts by Underlying Risk Exposure											
Interest rate	2,477,561	2,561,660	2,333,492	2,528,510	2,766,004	-10.4	223	24,407	89,423	499,352	1,864,157
Foreign exchange	513,919	538,565	433,677	409,385	561,179	-8.4	0	0	1,196	19,665	493,058
Equity	15,991	23,483	24,652	22,545	19,385	-17.5	0	4	313	13,072	2,601
Commodity & other	1,681	1,722	1,770	2,342	2,374	-29.2	0	5	30	965	681
Total notional amount	3,009,152	3,125,429	2,793,591	2,962,781	3,348,942	-10.1	223	24,416	90,962	533,055	2,360,497

All line items are reported on a quarterly basis. N/M - Not Meaningful

* Include spot foreign exchange contracts. All other references to foreign exchange contracts in which notional values or fair values are reported exclude spot foreign exchange contracts.

** Derivative contracts subject to the risk-based capital requirements for derivatives.

*** The reporting of credit losses on derivatives is applicable to all banks filing the FFIEC 031 report form and to those banks filing the FFIEC 041 report form that have $300 million or more in total assets.

TABLE VII-A. Servicing, Securitization, and Asset Sales Activities (All FDIC-Insured Call Report Filers)

(dollar figures in millions)	2nd Quarter 2016	1st Quarter 2016	4th Quarter 2015	3rd Quarter 2015	2nd Quarter 2015	% Change 15Q2-16Q2	Asset Size Distribution: Less Than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	$10 Billion to $250 Billion	Greater Than $250 Billion
Assets Securitized and Sold with Servicing Retained or with Recourse or Other Seller-Provided Credit Enhancements											
Number of institutions reporting securitization activities	75	74	73	72	71	5.6	0	19	16	33	7
Outstanding Principal Balance by Asset Type											
1-4 family residential loans	$687,085	$704,676	$715,914	$734,519	$749,911	-8.4	$0	$2,052	$12,451	$84,762	$587,821
Home equity loans	29	29	30	31	33	-12.1	0	0	1	27	0
Credit card receivables	13,485	13,400	13,502	14,187	17,766	-24.1	0	0	0	13,380	105
Auto loans	8,935	5,604	6,095	6,221	5,660	57.9	0	0	2,526	6,409	0
Other consumer loans	4,908	5,093	5,286	4,754	6,430	-23.7	0	1	0	2,527	2,380
Commercial and industrial loans	169	204	15	14	14	1,107.1	0	7	0	0	162
All other loans, leases, and other assets	71,246	74,712	79,844	86,277	89,384	-20.3	0	94	8,381	562	62,209
Total securitized and sold	785,857	803,719	820,686	846,005	869,198	-9.6	0	2,154	23,360	107,668	652,676
Maximum Credit Exposure by Asset Type											
1-4 family residential loans	2,514	2,617	2,840	2,933	3,101	-18.9	0	4	0	1,433	1,077
Home equity loans	0	0	0	0	0	0.0	0	0	0	0	0
Credit card receivables	1,207	1,152	1,108	1,187	1,470	-17.9	0	0	0	1,207	0
Auto loans	0	0	0	0	0	0.0	0	0	0	0	0
Other consumer loans	91	86	89	89	187	-51.3	0	0	0	0	91
Commercial and industrial loans	0	0	0	0	0	0.0	0	0	0	0	0
All other loans, leases, and other assets	971	902	990	1,319	1,084	-10.4	0	0	0	5	966
Total credit exposure	4,783	4,757	5,026	5,528	5,842	-18.1	0	4	0	2,645	2,134
Total unused liquidity commitments provided to institution's own securitizations	138	73	36	37	38	263.2	0	0	0	0	138
Securitized Loans, Leases, and Other Assets 30-89 Days Past Due (%)											
1-4 family residential loans	3.6	3.1	3.9	3.8	3.4		0.0	1.7	1.4	3.0	3.8
Home equity loans	8.6	6.2	5.4	5.9	5.3		0.0	0.0	100.0	4.4	0.0
Credit card receivables	0.3	0.4	0.4	0.4	0.4		0.0	0.0	0.0	0.3	1.0
Auto loans	1.3	1.2	1.5	1.1	0.9		0.0	0.0	2.0	1.0	0.0
Other consumer loans	3.8	3.8	3.9	4.3	4.1		0.0	0.0	0.0	1.8	5.9
Commercial and industrial loans	0.0	0.0	0.0	0.0	1.2		0.0	0.0	0.0	0.0	0.0
All other loans, leases, and other assets	0.4	0.5	0.5	0.3	0.3		0.0	0.0	0.1	2.2	0.4
Total loans, leases, and other assets	3.3	2.8	3.5	3.3	3.0		0.0	1.7	1.0	2.5	3.5
Securitized Loans, Leases, and Other Assets 90 Days or More Past Due (%)											
1-4 family residential loans	1.6	1.6	2.0	2.1	2.1		0.0	1.3	0.5	1.3	1.6
Home equity loans	45.5	47.3	47.8	47.4	46.5		0.0	0.0	0.0	47.6	0.0
Credit card receivables	0.3	0.3	0.3	0.3	0.3		0.0	0.0	0.0	0.2	1.0
Auto loans	0.2	0.2	0.2	0.2	0.1		0.0	0.0	0.4	0.2	0.0
Other consumer loans	3.6	3.9	3.9	4.4	4.4		0.0	0.0	0.0	0.9	6.5
Commercial and industrial loans	0.1	0.1	1.0	1.2	1.8		0.0	2.5	0.0	0.0	0.0
All other loans, leases, and other assets	1.3	1.4	1.2	1.2	1.4		0.0	10.7	0.4	0.3	1.4
Total loans, leases, and other assets	1.5	1.6	1.9	2.0	2.0		0.0	1.7	0.5	1.1	1.6
Securitized Loans, Leases, and Other Assets Charged-off (net, YTD, annualized, %)											
1-4 family residential loans	0.2	0.1	0.4	0.3	0.2		0.0	0.1	0.0	0.0	0.2
Home equity loans	2.2	1.0	5.2	3.2	1.8		0.0	0.0	0.0	2.3	0.0
Credit card receivables	3.4	3.0	1.8	1.4	0.8		0.0	0.0	0.0	3.4	1.9
Auto loans	0.3	0.3	0.4	0.2	0.1		0.0	0.0	0.6	0.2	0.0
Other consumer loans	0.5	0.2	0.8	0.6	0.3		0.0	0.0	0.0	0.4	0.7
Commercial and industrial loans	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
All other loans, leases, and other assets	0.4	0.1	0.6	0.5	0.3		0.0	0.0	0.0	0.0	0.4
Total loans, leases, and other assets	0.2	0.1	0.4	0.3	0.2		0.0	0.1	0.1	0.4	0.2
Seller's Interests in Institution's Own Securitizations – Carried as Loans											
Home equity loans	0	0	0	0	0	0.0	0	0	0	0	0
Credit card receivables	11,954	12,811	15,059	13,248	10,380	15.2	0	0	0	11,954	0
Commercial and industrial loans	219	268	0	0	0	0.0	0	0	0	0	219
Seller's Interests in Institution's Own Securitizations – Carried as Securities											
Home equity loans	0	0	0	0	0	0.0	0	0	0	0	0
Credit card receivables	0	0	0	0	0	0.0	0	0	0	0	0
Commercial and industrial loans	0	0	0	0	0	0.0	0	0	0	0	0
Assets Sold with Recourse and Not Securitized											
Number of institutions reporting asset sales	1,085	1,088	1,088	1,099	1,106	-1.9	118	722	191	46	8
Outstanding Principal Balance by Asset Type											
1-4 family residential loans	36,555	36,814	38,582	39,013	38,992	-6.3	946	16,300	8,564	4,151	6,594
Home equity, credit card receivables, auto, and other consumer loans	733	684	712	714	742	-1.2	0	102	28	36	567
Commercial and industrial loans	334	265	215	217	80	317.5	0	12	132	163	27
All other loans, leases, and other assets	80,679	79,258	73,499	72,201	74,990	7.6	0	14	1,230	20,461	58,974
Total sold and not securitized	118,301	117,021	113,008	112,145	114,804	3.0	946	16,428	9,954	24,812	66,162
Maximum Credit Exposure by Asset Type											
1-4 family residential loans	10,813	9,491	10,017	10,495	10,436	3.6	80	3,737	3,349	2,239	1,408
Home equity, credit card receivables, auto, and other consumer loans	233	161	163	134	136	71.3	0	102	4	3	124
Commercial and industrial loans	180	175	151	154	16	1,025.0	0	12	5	163	0
All other loans, leases, and other assets	22,185	21,677	20,138	19,655	19,652	12.9	0	12	119	6,139	15,916
Total credit exposure	33,411	31,504	30,470	30,438	30,240	10.5	80	3,863	3,477	8,544	17,448
Support for Securitization Facilities Sponsored by Other Institutions											
Number of institutions reporting securitization facilities sponsored by others	109	110	111	110	110	-0.9	9	56	24	14	6
Total credit exposure	42,341	41,078	41,500	42,211	44,649	-5.2	8	137	226	2,741	39,230
Total unused liquidity commitments	2,853	1,387	834	884	2,005	42.3	0	13	2	612	2,227
Other											
Assets serviced for others*	0	0	0	0	0	0.0	0	0	0	0	0
Asset-backed commercial paper conduits											
Credit exposure to conduits sponsored by institutions and others	21,665	18,378	13,980	12,020	12,284	76.4	4	1	0	0	21,660
Unused liquidity commitments to conduits sponsored by institutions and others	24,287	26,866	29,257	27,631	27,902	-13.0	0	0	5	3,276	21,006
Net servicing income (for the quarter)	1,166	864	3,328	1,040	4,546	-74.4	6	241	136	460	324
Net securitization income (for the quarter)	181	203	250	348	325	-44.3	0	9	7	164	1
Total credit exposure to Tier 1 capital (%)**	5.3	5.1	5.2	5.3	5.5		0.7	3.2	2.1	2.8	8.1

* The amount of financial assets serviced for others, other than closed-end 1-4 family residential mortgages, is reported when these assets are greater than $10 million.
** Total credit exposure includes the sum of the three line items titled "Total credit exposure" reported above.

COMMUNITY BANK PERFORMANCE

Community banks are identified based on criteria defined in the FDIC's *Community Banking Study*. When comparing community bank performance across quarters, prior-quarter dollar amounts are based on community banks designated in the current quarter, adjusted for mergers. In contrast, prior-quarter performance ratios are based on community banks designated during the previous quarter.

Earnings of $5.5 Billion Increase 9 Percent From Second Quarter 2015

Higher Net Interest Income and Noninterest Income Improve Earnings

Net Interest Margin Remains Stable From the Year-Ago Period

Loan and Lease Balances Increase 9.1 Percent From the Year Before

Asset Quality Declines for Commercial and Industrial Loans

Earnings Increase at 60 Percent of Community Banks

With 5,602 community banks in the second quarter, aggregate earnings of $5.5 billion increased by $451.3 million (9 percent) from the year-earlier quarter. Higher revenue from net interest income and noninterest income lifted earnings, but were offset in part by higher loan-loss provisions and noninterest expense. Loan-loss provisions increased by $162.9 million (28.1 percent) from second quarter 2015, but only 38 percent of community banks reported the increase. Pretax return on assets was 1.34 percent, up 5 basis points from the year before, but 25 basis points below that of noncommunity banks. There were 62 fewer community banks than in first quarter 2016, with two bank failures.

Net Operating Revenue Improves From Second Quarter 2015

Net operating revenue totaled $22.8 billion in the second quarter, up $1.5 billion (7.1 percent) from the previous year. Higher interest income from non 1-to-4 family real estate loans (up $748.8 million, or 10.2 percent) drove the improvement in net interest income (up $1.2 billion, or 7.6 percent) from second quarter 2015.[1] Community banks reported net interest margin (NIM) of 3.58 percent, up 1 basis point from the year earlier, as asset yields increased (up 1 basis point) and funding costs remained unchanged. Community banks' NIM was 57 basis points above that of noncommunity banks (3.01 percent). The yearly increase in noninterest income (up $278.1 million, or 5.7 percent) was led by net gains on loan sales (up $163.3 million, or 14.6 percent).

[1] Non 1-to-4 family real estate loan income includes construction and development, farmland, multifamily, and nonfarm nonresidential.

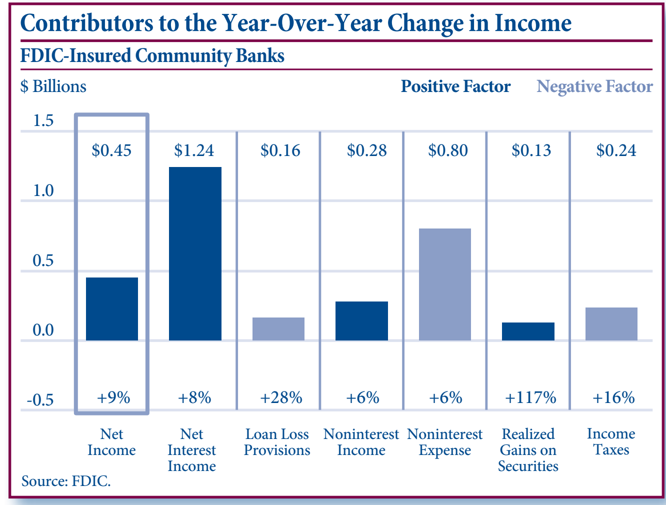
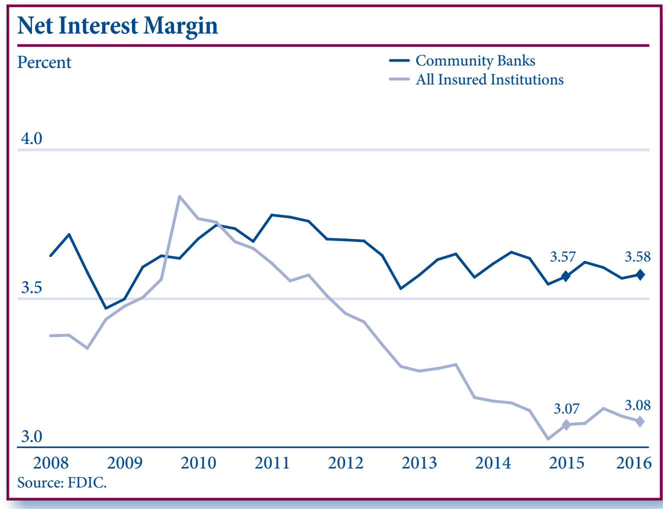


Chart 2



Noninterest Expense Grows 5.6 Percent From the Previous Year

Noninterest expense rose by $801.4 million (5.6 percent) from the year before, as salary and employee benefits increased by $560.3 million (7 percent). Close to 70 percent of community banks reported higher noninterest expense. Full-time employees increased by 13,235 (3.1 percent) from second quarter 2015, while the average asset per employee rose from $4.7 million to $4.9 million. Noninterest expense as a percent of net operating revenue totaled 66.6 percent, down from 68 percent a year earlier.

Community Banks Increase Their Loan and Lease Balances

Loan and lease balances increased by $41.2 billion (2.9 percent) from first quarter 2016 to $1.5 trillion. With almost three out of every four community banks (74 percent) increasing their loans from the previous quarter, the quarterly growth rate at community banks outperformed that of noncommunity banks (1.9 percent). The quarterly increase among community banks was led by nonfarm nonresidential loans (up $11.8 billion, or 2.8 percent), 1-to-4 family residential mortgages (up $8.3 billion, or 2.2 percent), commercial and industrial loans (up $5.4 billion, or 2.8 percent), multifamily residential mortgages (up $4.2 billion, or 4.5 percent), and construction and development loans (up $3 billion, or 3.2 percent). Loan and lease balances were $122.8 billion (9.1 percent) higher than in second quarter 2015, with almost 80 percent of community banks growing their loans. The 12-month loan growth rate at community banks was 2.6 percentage points higher than that of noncommunity banks (6.5 percent). Almost half (48 percent) of the yearly increase in loan and lease balances at community banks was led by nonfarm nonresidential loans (up $39.5 billion, or 10.1 percent) and 1-to-4 family residential mortgages (up $19.6 billion, or 5.4 percent). Unused loan commitments increased $9.6 billion (3.5 percent) to $281.3 billion from a year earlier, with commercial real estate, including construction and development, growing $13 billion (18.6 percent).

Chart 3

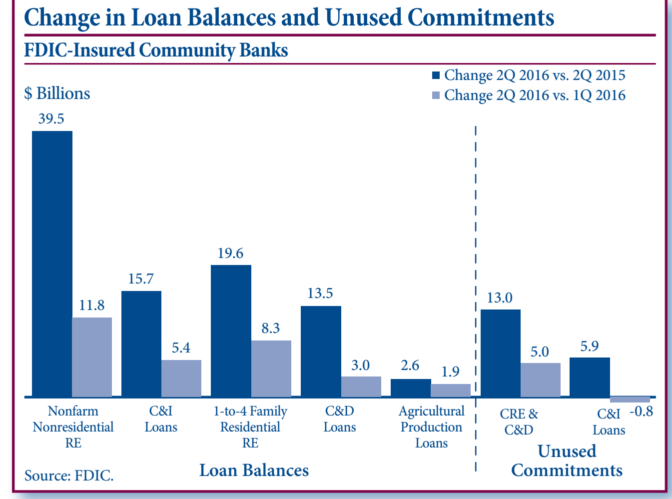
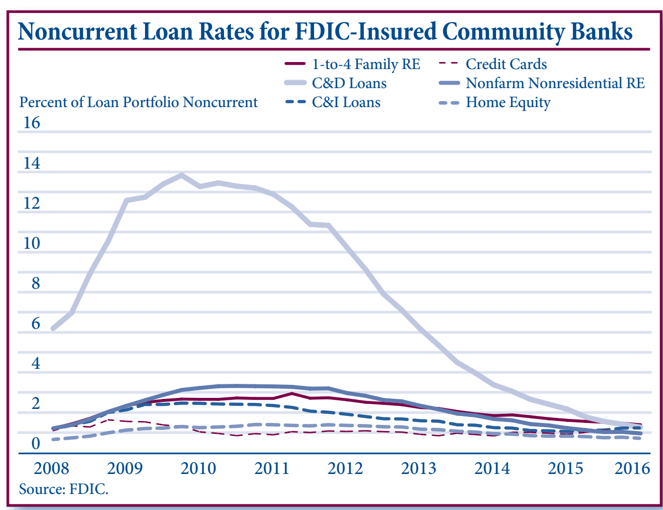


Chart 4



Growth in Small Loans to Businesses Outpaces Noncommunity Banks

Community banks reported $300.7 billion in small loans to businesses for the current quarter, up $3.9 billion (1.3 percent) from the first quarter.[2] The quarter-over-quarter increase in small loans to businesses at community banks surpassed that of noncommunity banks (up $2.6 billion, or 0.7 percent). Close to 64 percent of the quarterly increase was led by commercial and industrial loans (up $1.4 billion, or 1.5 percent) and nonfarm nonresidential loans (up $1.1 billion, or 0.8 percent). Meanwhile, nonfarm nonresidential loans for noncommunity banks declined (down $1.5 billion, or 1 percent). For the past 11 consecutive quarters, nonfarm nonresidential loans as a percent of small loans to businesses declined for noncommunity banks, down from 41 percent in third quarter 2013 to 36 percent in the current quarter. Community banks increased small loans to businesses by $9.5 billion (3.2 percent) from 12 months ago, exceeding 2.8 percent growth at noncommunity banks. The annual increase at community banks was attributed to nonfarm nonresidential loans (up $3.8 billion, or 2.7 percent) and commercial and industrial loans (up $3.6 billion, or 4 percent). Community banks continued to hold 44 percent of small loans to businesses.

Noncurrent Loan and Lease Balances Decline

Noncurrent loan and lease balances declined $354.4 million (2.2 percent) from the previous quarter, with more than half (53 percent) of community banks reducing these balances. The coverage ratio—reserves for loan losses to noncurrent loans—increased from 116.1 percent in first quarter 2016 to 119.5 percent, as noncurrent loan and lease balances declined and reserves for loan losses increased (up $123.3 million, or 0.7 percent). Almost two out of every three community banks (61 percent) increased their reserves for loan losses. However, reserves for loan losses as a percent of total loans was 1.26 percent in the second quarter, down 2 basis points from the previous quarter, the lowest level since second quarter 2008.

Asset Quality Improves for All Major Loan Categories Except Commercial and Industrial Loans

The noncurrent rate at community banks was 1.05 percent in second quarter 2016, down 6 basis points from first quarter 2016 and 53 basis points below that of noncommunity banks (1.58 percent). All major loan categories reported lower noncurrent rates except for commercial and industrial loans (up 1 basis point). The noncurrent rate for commercial and industrial loans (1.21 percent) increased for a fourth consecutive quarter and was 19 basis points higher than the year before. Construction and development loans had the largest decline (down 15 basis points) in the noncurrent rate from first quarter 2016. Quarterly net charge-offs of $466.8 million remained flat from the year-ago quarter and the net charge-off rate declined 1 basis point to 0.13 percent, the lowest rate for a second quarter in the last ten years. All major loan categories had lower net charge-off rates from the year-ago quarter except for commercial and industrial loans (up 10 basis points). Nonfarm nonresidential loans had the largest year-over-year decline (down 8 basis points) in the net charge-off rate.

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[2] Small loans to businesses consist of loans to commercial borrowers up to $1 million and farm loans up to $500,000.

TABLE I-B. Selected Indicators, FDIC-Insured Community Banks

	2016*	2015*	2015	2014	2013	2012	2011
Return on assets (%)	1.00	0.99	0.99	0.93	0.90	0.83	0.55
Return on equity (%)	8.94	8.89	8.88	8.45	8.28	7.68	5.19
Core capital (leverage) ratio (%)	10.70	10.71	10.67	10.57	10.43	10.18	9.98
Noncurrent assets plus other real estate owned to assets (%)	1.00	1.21	1.06	1.34	1.73	2.26	2.84
Net charge-offs to loans (%)	0.11	0.12	0.15	0.21	0.32	0.58	0.87
Asset growth rate (%)	2.94	3.20	2.71	2.31	0.33	2.25	1.60
Net interest margin (%)	3.57	3.56	3.57	3.61	3.59	3.67	3.74
Net operating income growth (%)	3.74	9.85	9.94	4.86	14.61	56.25	207.82
Number of institutions reporting	5,602	5,881	5,735	6,037	6,306	6,541	6,798
Percentage of unprofitable institutions (%)	4.50	5.37	4.95	6.44	8.40	11.15	16.34

* Through June 30, ratios annualized where appropriate. Asset growth rates are for 12 months ending June 30.

TABLE II-B. Aggregate Condition and Income Data, FDIC-Insured Community Banks

(dollar figures in millions)	2nd Quarter 2016	1st Quarter 2016	2nd Quarter 2015	%Change 15Q2-16Q2
Number of institutions reporting	5,602	5,664	5,881	-4.7
Total employees (full-time equivalent)	436,777	434,793	442,060	-1.2
CONDITION DATA				
Total assets	$2,146,426	$2,127,880	$2,085,055	2.9
Loans secured by real estate	1,126,343	1,102,253	1,064,927	5.8
1-4 Family residential mortgages	382,428	376,260	373,655	2.3
Nonfarm nonresidential	430,722	421,245	407,575	5.7
Construction and development	97,572	95,231	87,844	11.1
Home equity lines	50,658	49,937	50,051	1.2
Commercial & industrial loans	201,667	196,759	193,522	4.2
Loans to individuals	60,817	59,513	60,273	0.9
Credit cards	2,119	2,080	2,153	-1.5
Farm loans	51,275	49,451	48,760	5.2
Other loans & leases	38,983	36,949	35,027	11.3
Less: Unearned income	633	630	568	11.6
Total loans & leases	1,478,451	1,444,295	1,401,942	5.5
Less: Reserve for losses	18,581	18,546	18,814	-1.2
Net loans and leases	1,459,871	1,425,749	1,383,128	5.5
Securities	427,803	434,583	443,565	-3.6
Other real estate owned	5,841	6,257	7,744	-24.6
Goodwill and other intangibles	14,272	13,943	13,603	4.9
All other assets	238,639	247,347	237,015	0.7
Total liabilities and capital	2,146,426	2,127,880	2,085,055	2.9
Deposits	1,752,772	1,748,382	1,708,626	2.6
Domestic office deposits	1,752,363	1,747,962	1,708,188	2.6
Foreign office deposits	409	420	438	-6.6
Brokered deposits	75,246	72,895	67,369	11.7
Estimated insured deposits	1,318,121	1,319,444	1,308,556	0.7
Other borrowed funds	132,253	123,675	127,407	3.8
Subordinated debt	831	580	524	58.7
All other liabilities	17,255	16,292	15,634	10.4
Total equity capital (includes minority interests)	243,315	238,951	232,864	4.5
Bank equity capital	243,213	238,853	232,745	4.5
Loans and leases 30-89 days past due	7,822	9,045	8,189	-4.5
Noncurrent loans and leases	15,552	15,974	17,334	-10.3
Restructured loans and leases	8,809	8,928	9,943	-11.4
Mortgage-backed securities	183,322	185,183	189,050	-3.0
Earning assets	1,995,825	1,979,601	1,933,575	3.2
FHLB Advances	103,807	95,105	95,914	8.2
Unused loan commitments	281,309	277,829	282,001	-0.2
Trust assets	261,711	258,830	247,765	5.6
Assets securitized and sold	16,616	16,363	14,460	14.9
Notional amount of derivatives	70,320	61,969	58,250	20.7

INCOME DATA	First Half 2016	First Half 2015	%Change	2nd Quarter 2016	2nd Quarter 2015	%Change 15Q2-16Q2
Total interest income	$39,523	$38,216	3.4	$19,986	$19,349	3.3
Total interest expense	4,509	4,361	3.4	2,285	2,189	4.4
Net interest income	35,015	33,855	3.4	17,701	17,160	3.2
Provision for loan and lease losses	1,371	1,131	21.2	743	586	26.6
Total noninterest income	9,781	9,897	-1.2	5,140	5,096	0.9
Total noninterest expense	30,004	29,845	0.5	15,206	15,130	0.5
Securities gains (losses)	416	358	16.1	240	117	105.5
Applicable income taxes	3,242	2,957	9.6	1,672	1,406	18.9
Extraordinary gains, net	2	22	-91.1	1	22	N/M
Total net income (includes minority interests)	10,596	10,200	3.9	5,460	5,272	3.6
Bank net income	10,585	10,183	3.9	5,454	5,265	3.6
Net charge-offs	818	844	-3.1	467	488	-4.3
Cash dividends	5,044	4,702	7.3	2,526	2,492	1.4
Retained earnings	5,542	5,482	1.1	2,927	2,773	5.6
Net operating income	10,266	9,896	3.7	5,272	5,156	2.2

N/M - Not Meaningful

TABLE II-B. Aggregate Condition and Income Data, FDIC-Insured Community Banks
Prior Periods Adjusted for Mergers

(dollar figures in millions)	2nd Quarter 2016	1st Quarter 2016	2nd Quarter 2015	%Change 15Q2-16Q2
Number of institutions reporting	5,602	5,602	5,601	0.0
Total employees (full-time equivalent)	436,777	430,192	423,542	3.1
CONDITION DATA				
Total assets	$2,146,426	$2,118,886	$2,022,240	6.1
Loans secured by real estate	1,126,343	1,095,973	1,028,855	9.5
1-4 Family residential mortgages	382,428	374,091	362,875	5.4
Nonfarm nonresidential	430,722	418,957	391,248	10.1
Construction and development	97,572	94,549	84,067	16.1
Home equity lines	50,658	49,610	47,588	6.5
Commercial & industrial loans	201,667	196,238	185,934	8.5
Loans to individuals	60,817	59,397	58,158	4.6
Credit cards	2,119	2,080	2,168	-2.2
Farm loans	51,275	49,349	48,647	5.4
Other loans & leases	38,983	36,910	34,595	12.7
Less: Unearned income	633	628	553	14.5
Total loans & leases	1,478,451	1,437,239	1,355,636	9.1
Less: Reserve for losses	18,581	18,457	18,226	1.9
Net loans and leases	1,459,871	1,418,782	1,337,410	9.2
Securities	427,803	433,570	434,242	-1.5
Other real estate owned	5,841	6,223	7,430	-21.4
Goodwill and other intangibles	14,272	13,879	13,182	8.3
All other assets	238,639	246,431	229,975	3.8
Total liabilities and capital	2,146,426	2,118,886	2,022,240	6.1
Deposits	1,752,772	1,741,196	1,657,318	5.8
Domestic office deposits	1,752,363	1,740,784	1,656,898	5.8
Foreign office deposits	409	412	420	-2.5
Brokered deposits	75,246	72,274	65,004	15.8
Estimated insured deposits	1,318,121	1,313,387	1,271,499	3.7
Other borrowed funds	132,253	123,045	123,091	7.4
Subordinated debt	831	580	455	82.9
All other liabilities	17,255	16,200	15,132	14.0
Total equity capital (includes minority interests)	243,315	237,864	226,245	7.5
Bank equity capital	243,213	237,766	226,134	7.6
Loans and leases 30-89 days past due	7,822	9,014	8,029	-2.6
Noncurrent loans and leases	15,552	15,906	16,756	-7.2
Restructured loans and leases	8,809	8,873	9,577	-8.0
Mortgage-backed securities	183,322	184,476	183,335	0.0
Earning assets	1,995,825	1,971,338	1,875,375	6.4
FHLB Advances	103,807	94,580	92,193	12.6
Unused loan commitments	281,309	276,396	271,700	3.5
Trust assets	261,711	258,830	246,829	6.0
Assets securitized and sold	16,616	15,922	13,996	18.7
Notional amount of derivatives	70,320	60,337	53,529	31.4

INCOME DATA	First Half 2016	First Half 2015	%Change	2nd Quarter 2016	2nd Quarter 2015	%Change 15Q2-16Q2
Total interest income	$39,523	$36,620	7.9	$19,986	$18,557	7.7
Total interest expense	4,509	4,182	7.8	2,285	2,100	8.8
Net interest income	35,015	32,438	7.9	17,701	16,457	7.6
Provision for loan and lease losses	1,371	1,110	23.5	743	580	28.1
Total noninterest income	9,781	9,395	4.1	5,140	4,862	5.7
Total noninterest expense	30,004	28,387	5.7	15,206	14,405	5.6
Securities gains (losses)	416	341	21.9	240	111	116.9
Applicable income taxes	3,242	2,891	12.1	1,672	1,436	16.4
Extraordinary gains, net	2	1	N/M	1	0	N/M
Total net income (includes minority interests)	10,596	9,788	8.3	5,460	5,009	9.0
Bank net income	10,585	9,772	8.3	5,454	5,002	9.0
Net charge-offs	818	800	2.2	467	467	0.0
Cash dividends	5,044	4,595	9.8	2,526	2,411	4.8
Retained earnings	5,542	5,178	7.0	2,927	2,591	13.0
Net operating income	10,266	9,520	7.8	5,272	4,920	7.2

N/M - Not Meaningful

TABLE III-B. Aggregate Condition and Income Data by Geographic Region, FDIC-Insured Community Banks

Second Quarter 2016 (dollar figures in millions)		Geographic Regions*					
	All Community Banks	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Number of institutions reporting	5,602	648	681	1,229	1,462	1,216	366
Total employees (full-time equivalent)	436,777	87,687	54,098	90,480	70,990	96,061	37,461
CONDITION DATA							
Total assets	$2,146,426	$569,576	$247,719	$387,064	$331,413	$417,658	$192,996
Loans secured by real estate	1,126,343	342,819	137,068	196,643	153,334	196,962	99,516
1-4 Family residential mortgages	382,428	129,284	44,475	70,517	49,389	64,444	24,320
Nonfarm nonresidential	430,722	121,471	58,564	71,709	50,244	79,864	48,871
Construction and development	97,572	19,507	15,784	12,723	12,688	28,289	8,580
Home equity lines	50,658	17,212	7,552	11,399	4,769	4,581	5,143
Commercial & industrial loans	201,667	49,938	19,244	37,457	33,284	42,889	18,855
Loans to individuals	60,817	12,860	6,959	11,899	10,001	13,795	5,302
Credit cards	2,119	454	129	419	511	303	303
Farm loans	51,275	537	1,361	7,964	28,327	10,151	2,935
Other loans & leases	38,983	12,178	3,108	6,672	5,730	7,828	3,466
Less: Unearned income	633	169	126	59	49	125	106
Total loans & leases	1,478,451	418,164	167,615	260,577	230,626	271,500	129,969
Less: Reserve for losses	18,581	4,543	2,122	3,410	3,129	3,573	1,803
Net loans and leases	1,459,871	413,621	165,493	257,166	227,497	267,927	128,165
Securities	427,803	96,955	47,216	82,705	67,297	95,448	38,183
Other real estate owned	5,841	881	1,513	1,085	874	1,160	328
Goodwill and other intangibles	14,272	4,732	1,286	2,294	1,782	2,670	1,508
All other assets	238,639	53,387	32,211	43,814	33,963	50,452	24,812
Total liabilities and capital	2,146,426	569,576	247,719	387,064	331,413	417,658	192,996
Deposits	1,752,772	450,063	204,462	318,854	270,355	348,583	160,455
Domestic office deposits	1,752,363	449,707	204,452	318,832	270,355	348,583	160,433
Foreign office deposits	409	356	9	22	0	0	22
Brokered deposits	75,246	25,127	7,345	12,619	11,470	11,614	7,070
Estimated insured deposits	1,318,121	327,568	155,404	254,902	213,686	256,065	110,496
Other borrowed funds	132,253	48,839	13,425	20,912	21,522	19,488	8,067
Subordinated debt	831	673	20	77	17	6	40
All other liabilities	17,255	5,894	1,812	2,969	2,008	2,717	1,855
Total equity capital (includes minority interests)	243,315	64,107	28,000	44,252	37,511	46,864	22,580
Bank equity capital	243,213	64,054	27,988	44,235	37,510	46,847	22,579
Loans and leases 30-89 days past due	7,822	1,919	989	1,430	1,236	1,815	434
Noncurrent loans and leases	15,552	5,385	1,864	2,792	1,778	2,845	889
Restructured loans and leases	8,809	2,511	1,296	2,179	1,007	1,136	679
Mortgage-backed securities	183,322	54,173	20,621	32,246	22,219	35,672	18,390
Earning assets	1,995,825	532,415	228,302	359,380	309,380	386,420	179,927
FHLB Advances	103,807	41,375	10,820	15,205	15,726	15,563	5,118
Unused loan commitments	281,309	72,926	30,357	51,695	46,420	50,956	28,955
Trust assets	261,711	58,637	10,187	65,449	74,577	42,913	9,948
Assets securitized and sold	16,616	3,481	77	6,030	795	623	5,610
Notional amount of derivatives	70,320	24,896	8,234	12,389	9,215	9,206	6,380
INCOME DATA							
Total interest income	$19,986	$5,063	$2,345	$3,508	$3,164	$4,084	$1,823
Total interest expense	2,285	746	263	391	365	385	135
Net interest income	17,701	4,317	2,082	3,117	2,799	3,699	1,688
Provision for loan and lease losses	743	231	76	96	114	186	40
Total noninterest income	5,140	993	596	1,259	768	985	539
Total noninterest expense	15,206	3,552	1,896	2,917	2,304	3,104	1,433
Securities gains (losses)	240	71	29	41	31	47	22
Applicable income taxes	1,672	502	181	334	197	219	238
Extraordinary gains, net	1	0	0	0	0	0	0
Total net income (includes minority interests)	5,460	1,095	554	1,070	982	1,221	537
Bank net income	5,454	1,094	553	1,069	982	1,220	537
Net charge-offs	467	136	60	78	53	127	12
Cash dividends	2,526	362	194	581	564	597	229
Retained earnings	2,927	732	359	488	418	623	308
Net operating income	5,272	1,043	533	1,037	956	1,181	522

* See Table V-A (page 11) for explanations.

Table IV-B. Second Quarter 2016, FDIC-Insured Community Banks

Performance ratios (annualized, %)	All Community Banks		Second Quarter 2016, Geographic Regions*					
	2nd Quarter 2016	1st Quarter 2016	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Yield on earning assets	4.04	4.02	3.85	4.16	3.94	4.11	4.25	4.08
Cost of funding earning assets	0.46	0.46	0.57	0.47	0.44	0.47	0.40	0.30
Net interest margin	3.58	3.56	3.28	3.69	3.50	3.63	3.85	3.78
Noninterest income to assets	0.97	0.89	0.71	0.97	1.31	0.93	0.95	1.13
Noninterest expense to assets	2.86	2.84	2.52	3.10	3.04	2.79	2.99	3.00
Loan and lease loss provision to assets	0.14	0.12	0.16	0.12	0.10	0.14	0.18	0.08
Net operating income to assets	0.99	0.95	0.74	0.87	1.08	1.16	1.14	1.09
Pretax return on assets	1.34	1.28	1.13	1.20	1.46	1.43	1.39	1.62
Return on assets	1.03	0.98	0.78	0.90	1.11	1.19	1.18	1.12
Return on equity	9.09	8.74	6.92	8.04	9.81	10.59	10.54	9.64
Net charge-offs to loans and leases	0.13	0.10	0.13	0.15	0.12	0.09	0.19	0.04
Loan and lease loss provision to net charge-offs	159.07	178.12	169.42	126.77	123.07	214.26	145.96	329.06
Efficiency ratio	66.24	67.24	66.54	70.43	66.35	64.23	65.99	64.04
Net interest income to operating revenue	77.50	78.84	81.30	77.74	71.22	78.47	78.97	75.79
% of unprofitable institutions	4.69	5.21	6.79	6.75	5.61	3.21	3.13	5.19
% of institutions with earnings gains	60.03	61.51	61.27	62.26	60.62	58.28	59.46	60.66

Table V-B. First Half 2016, FDIC-Insured Community Banks

Performance ratios (%)	All Community Banks		First Half 2016, Geographic Regions*					
	First Half 2016	First Half 2015	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Yield on earning assets	4.03	4.01	3.85	4.16	3.92	4.08	4.24	4.07
Cost of funding earning assets	0.46	0.46	0.56	0.47	0.44	0.47	0.40	0.30
Net interest margin	3.57	3.56	3.28	3.69	3.49	3.61	3.84	3.77
Noninterest income to assets	0.93	0.96	0.69	0.93	1.26	0.88	0.93	1.04
Noninterest expense to assets	2.84	2.91	2.52	3.08	3.03	2.76	2.98	2.98
Loan and lease loss provision to assets	0.13	0.11	0.14	0.11	0.10	0.13	0.18	0.08
Net operating income to assets	0.97	0.96	0.74	0.84	1.05	1.13	1.13	1.04
Pretax return on assets	1.31	1.28	1.13	1.18	1.41	1.40	1.37	1.54
Return on assets	1.00	0.99	0.77	0.87	1.08	1.16	1.17	1.07
Return on equity	8.94	8.89	6.87	7.78	9.55	10.42	10.54	9.22
Net charge-offs to loans and leases	0.11	0.12	0.11	0.12	0.11	0.09	0.17	0.04
Loan and lease loss provision to net charge-offs	167.63	134.12	173.44	143.24	123.85	204.85	166.35	333.67
Efficiency ratio	66.65	67.87	66.87	70.60	67.07	64.50	66.13	65.04
Net interest income to operating revenue	78.17	77.38	81.71	78.46	72.03	79.27	79.34	77.10
% of unprofitable institutions	4.50	5.37	5.56	7.05	5.70	2.87	2.88	5.74
% of institutions with earnings gains	62.30	62.98	61.42	63.44	61.51	60.26	64.80	64.21

* See Table V-A (page 11) for explanations.

Table VI-B. Loan Performance, FDIC-Insured Community Banks

June 30, 2016	All Community Banks	Geographic Regions*					
		New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Percent of Loans 30-89 Days Past Due							
All loans secured by real estate	0.49	0.42	0.56	0.57	0.48	0.58	0.28
Construction and development	0.43	0.38	0.47	0.58	0.35	0.47	0.26
Nonfarm nonresidential	0.31	0.28	0.31	0.39	0.36	0.35	0.17
Multifamily residential real estate	0.12	0.09	0.11	0.21	0.24	0.14	0.02
Home equity loans	0.38	0.42	0.44	0.40	0.31	0.43	0.21
Other 1-4 family residential	0.79	0.68	0.99	0.88	0.65	0.98	0.60
Commercial and industrial loans	0.53	0.43	0.54	0.39	0.61	0.70	0.48
Loans to individuals	1.44	1.76	1.54	0.91	0.99	2.15	0.78
Credit card loans	1.81	2.18	1.00	1.17	3.17	0.93	1.08
Other loans to individuals	1.43	1.75	1.55	0.90	0.87	2.18	0.76
All other loans and leases (including farm)	0.44	0.28	0.28	0.37	0.58	0.38	0.41
Total loans and leases	0.53	0.46	0.59	0.55	0.54	0.67	0.33
Percent of Loans Noncurrent**							
All loans secured by real estate	1.05	1.23	1.19	1.16	0.77	0.93	0.65
Construction and development	1.24	1.25	2.10	1.24	1.19	0.87	0.96
Nonfarm nonresidential	0.93	1.10	0.99	1.10	0.85	0.79	0.53
Multifamily residential real estate	0.32	0.20	0.71	0.60	0.44	0.44	0.10
Home equity loans	0.69	0.83	0.61	0.73	0.31	0.64	0.66
Other 1-4 family residential	1.36	1.78	1.26	1.41	0.72	1.19	0.90
Commercial and industrial loans	1.21	1.38	0.80	1.00	0.95	1.70	0.96
Loans to individuals	0.69	0.68	0.84	0.37	0.45	1.23	0.29
Credit card loans	0.97	1.37	0.43	0.90	1.19	0.63	0.64
Other loans to individuals	0.68	0.65	0.85	0.35	0.41	1.25	0.27
All other loans and leases (including farm)	0.98	3.02	0.48	0.61	0.67	0.68	0.68
Total loans and leases	1.05	1.29	1.11	1.07	0.77	1.05	0.68
Percent of Loans Charged-Off (net, YTD)							
All loans secured by real estate	0.04	0.06	0.06	0.07	0.02	0.03	-0.03
Construction and development	0.01	0.06	0.13	0.05	-0.05	-0.05	-0.13
Nonfarm nonresidential	0.04	0.05	0.04	0.06	0.03	0.04	-0.02
Multifamily residential real estate	0.01	0.01	0.02	0.04	0.04	-0.01	-0.02
Home equity loans	0.07	0.09	0.07	0.11	0.00	0.04	0.01
Other 1-4 family residential	0.07	0.09	0.07	0.10	0.04	0.05	-0.01
Commercial and industrial loans	0.27	0.27	0.28	0.20	0.17	0.44	0.16
Loans to individuals	0.77	0.89	0.74	0.55	0.88	0.84	0.60
Credit card loans	4.94	4.06	1.26	3.52	12.03	1.26	1.95
Other loans to individuals	0.61	0.77	0.73	0.44	0.28	0.83	0.51
All other loans and leases (including farm)	0.20	0.18	0.24	0.15	0.09	0.46	0.19
Total loans and leases	0.11	0.11	0.12	0.11	0.09	0.17	0.04
Loans Outstanding (in billions)							
All loans secured by real estate	$1,126.3	$342.8	$137.1	$196.6	$153.3	$197.0	$99.5
Construction and development	97.6	19.5	15.8	12.7	12.7	28.3	8.6
Nonfarm nonresidential	430.7	121.5	58.6	71.7	50.2	79.9	48.9
Multifamily residential real estate	98.8	53.3	6.4	14.6	7.9	7.4	9.3
Home equity loans	50.7	17.2	7.6	11.4	4.8	4.6	5.1
Other 1-4 family residential	382.4	129.3	44.5	70.5	49.4	64.4	24.3
Commercial and industrial loans	201.7	49.9	19.2	37.5	33.3	42.9	18.9
Loans to individuals	60.8	12.9	7.0	11.9	10.0	13.8	5.3
Credit card loans	2.1	0.5	0.1	0.4	0.5	0.3	0.3
Other loans to individuals	58.7	12.4	6.8	11.5	9.5	13.5	5.0
All other loans and leases (including farm)	90.3	12.7	4.5	14.6	34.1	18.0	6.4
Total loans and leases	1,479.1	418.3	167.7	260.6	230.7	271.6	130.1
Memo: Unfunded Commitments (in millions)							
Total Unfunded Commitments	281,309	72,926	30,357	51,695	46,420	50,956	28,955
Construction and development: 1-4 family residential	23,961	5,042	4,190	2,669	2,931	6,507	2,622
Construction and development: CRE and other	57,084	17,564	7,705	8,117	6,503	12,511	4,684
Commercial and industrial	88,950	22,104	8,168	18,296	14,456	16,337	9,588

* See Table V-A (page 11) for explanations.
** Noncurrent loan rates represent the percentage of loans in each category that are past due 90 days or more or that are in nonaccrual status.

Insurance Fund Indicators

Insured Deposits Increase Only 0.2 Percent

DIF Reserve Ratio Rises 4 Basis Points to 1.17 Percent

Several Changes to Assessments Begin in the Third Quarter of 2016

Total assets of the 6,058 FDIC-insured institutions increased by 1.5 percent ($240.6 billion) during the second quarter of 2016. Total deposits increased by 0.8 percent ($98.6 billion), domestic office deposits increased by 0.9 percent ($94.8 billion), and foreign office deposits increased by 0.3 percent ($3.8 billion). Domestic interest-bearing deposits increased by 0.6 percent ($52.2 billion), while noninterest-bearing deposits increased by 1.4 percent ($42.5 billion). For the 12 months ending June 30, total domestic deposits grew by 5.8 percent ($614.8 billion), with interest-bearing deposits increasing by 7.5 percent ($572.8 billion) and noninterest-bearing deposits increasing by 1.4 percent ($42.0 billion).[1] Other borrowed money increased by 6 percent, securities sold under agreements to repurchase declined by 15.5 percent, and foreign office deposits declined by 1.4 percent over the same 12-month period.[2]

Total estimated insured deposits increased slightly during the second quarter of 2016 (0.2 percent increase), compared to a 2.1 percent increase during the previous quarter.[3] For institutions existing at the start and the end of the most recent quarter, insured deposits increased during the quarter at 2,871 institutions (47 percent), decreased at 3,167 institutions (52 percent), and remained unchanged at 29 institutions. Estimated insured deposits increased by 5.3 percent over the 12 months ending June 30, 2016.

The Deposit Insurance Fund (DIF) increased by $2.8 billion during the second quarter of 2016 to $77.9 billion (unaudited). Assessment income of $2.3 billion and a negative provision for insurance losses of $627 million were the main drivers of the fund balance increase. Interest on investments of $164 million and unrealized gains on securities of $110 million also contributed to fund balance growth. Second quarter operating expenses of $441 million offset some of this growth. Two insured institutions, with assets of $122 million, failed during the second quarter. The DIF's reserve ratio was 1.17 percent on June 30, up from 1.13 percent at March 31, 2016, and 1.07 percent four quarters ago.

Effective April 1, 2011, the deposit insurance assessment base changed to average consolidated total assets minus average tangible equity.[4] Table 1 shows the distribution of the assessment base as of June 30, by institution asset size category.

Changes in Assessments

Significant changes to deposit insurance assessments take effect in the third quarter of 2016. The reserve ratio (the fund balance as a percent of estimated insured deposits) increased to 1.17 percent in the second quarter of 2016 from 1.13 percent in the prior quarter. Under FDIC regulations, several changes to the assessment system take effect beginning the quarter after the DIF reserve ratio first reaches or exceeds 1.15 percent.

[1] Throughout the insurance fund discussion, FDIC-insured institutions include insured commercial banks and savings associations and, except where noted, exclude insured branches of foreign banks.
[2] Other borrowed money includes FHLB advances, term federal funds, mortgage indebtedness, and other borrowings.
[3] Figures for estimated insured deposits in this discussion include insured branches of foreign banks, in addition to insured commercial banks and savings institutions.
[4] There is an additional adjustment to the assessment base for banker's banks and custodial banks, as permitted under Dodd-Frank Wall Street Reform and Consumer Protection Act.

Table 1

Distribution of the Assessment Base for FDIC-Insured Institutions* by Asset Size Data as of June 30, 2016

Asset Size	Number of Institutions	Percent of Total Institutions	Assessment Base** ($ Bil.)	Percent of Base
Less Than $1 Billion	5,327	87.9	$1,119.3	7.9
$1 - $10 Billion	619	10.2	1,522.7	10.7
$10 - $50 Billion	73	1.2	1,484.3	10.5
$50 - $100 Billion	13	0.2	833.2	5.9
Over $100 Billion	26	0.4	9,210.0	65.0
Total	6,058	100.0	14,169.6	100.0

* Excludes insured U.S. branches of foreign banks.
** Average consolidated total assets minus average tangible equity, with adjustments for banker's banks and custodial banks.

Decrease in Overall Assessment Rates

Overall initial assessment rates will decline from a range of 5 basis points to 35 basis points to a range of 3 basis points to 30 basis points beginning in the third quarter, pursuant to regulations approved by the FDIC Board of Directors (Board) in February 2011 and April 2016. As a result of this change, the FDIC estimates that regular assessments are expected to decline by about one third.

New Pricing Method for Established Small Banks

The April 2016 final rule adopted by the Board amends the way insurance assessment rates are calculated for established small banks.[5,6] The rule updates the data and methodology that the FDIC uses to determine risk-based assessment rates for these institutions to better reflect risks and to help ensure that banks that take on greater risks pay more for deposit insurance than their less risky counterparts.

The rule revises the financial ratios method used to determine assessment rates for these banks so that it is based on a statistical model that estimates the probability of failure over three years. The rule eliminates risk categories for established small banks and uses the financial ratios method for all such banks (subject to minimum or maximum assessment rates based on a bank's CAMELS composite rating).

Changes to assessments approved in the April final rule are revenue neutral; that is, they leave aggregate assessment revenue collected from small banks approximately the same as it would have been absent the final rule.

Table 2 shows the schedule of initial and total assessment rates that will apply beginning in the third quarter of 2016. The rate schedule incorporates both the reduction in initial assessment rates from a range of 5 basis points to 35 basis points to a range of 3 basis points to 30 basis points and the new pricing method for established small banks. The FDIC estimates that assessment rates for approximately 93 percent of small banks will decline with the adoption of the new rate schedule.

[5] Generally, banks that have less than $10 billion in assets that have been federally insured for at least five years.
[6] https://www.gpo.gov/fdsys/pkg/FR-2016-05-20/pdf/2016-11181.pdf.

Table 2

Initial and Total Base Assessment Rates*
(in basis points per annum)
After the Reserve Ratio Reaches 1.15 Percent**

	Established Small Banks			Large & Highly Complex Institutions
	CAMELS Composite			
	1 or 2	3	4 or 5	
Initial Base Assessment Rate	3 to 16	6 to 30	16 to 30	3 to 30
Unsecured Debt Adjustment***	-5 to 0	-5 to 0	-5 to 0	-5 to 0
Brokered Deposit Adjustment	N/A	N/A	N/A	0 to 10
Total Base Assessment Rate	1.5 to 16	3 to 30	11 to 30	1.5 to 40

* Total base assessment rates in the table do not include the Depository Institution Debt Adjustment (DIDA).

** The reserve ratio for the immediately prior assessment period must also be less than 2 percent.

*** The unsecured debt adjustment cannot exceed the lesser of 5 basis points or 50 percent of an insured depository institution's initial base assessment rate; thus, for example, an insured depository institution with an initial base assessment rate of 3 basis points will have a maximum unsecured debt adjustment of 1.5 basis points and cannot have a total base assessment rate lower than 1.5 basis points.

Large Bank Surcharges and Small Bank Assessment Credits

On March 15, 2016, the FDIC Board approved a final rule to increase the DIF to the statutorily required minimum of 1.35 percent of estimated insured deposits.[7] Congress, in the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), increased the minimum DIF reserve ratio from 1.15 percent to 1.35 percent and required that the ratio reach that level by September 30, 2020. Further, the Dodd-Frank Act required that, in setting assessments, the FDIC offset the effect of the increase in the minimum reserve ratio from 1.15 to 1.35 percent on banks with less than $10 billion in assets.

To satisfy these requirements, the final rule imposes on large banks a surcharge of 4.5 basis points of their assessment base, after making certain adjustments.[8] The surcharges are to begin the quarter after the reserve ratio first reaches or surpasses 1.15 percent.[9] Therefore, beginning with the third quarter 2016 assessment period, large banks will pay quarterly surcharges in addition to their lower regular risk-based assessments.

The FDIC expects that surcharges will last eight quarters. In any event, surcharges will continue through the quarter in which the reserve ratio first meets or exceeds 1.35 percent, but not past the fourth quarter of 2018. If the reserve ratio has not reached 1.35 percent by the end of 2018, a shortfall assessment will be imposed on large banks to close the gap.

Small banks will receive credits to offset the portion of their assessments that help to raise the reserve ratio from 1.15 percent to 1.35 percent. When the reserve ratio is at or above 1.38 percent, the FDIC will automatically apply a small bank's credits to reduce its regular assessment up to the entire amount of the assessment.

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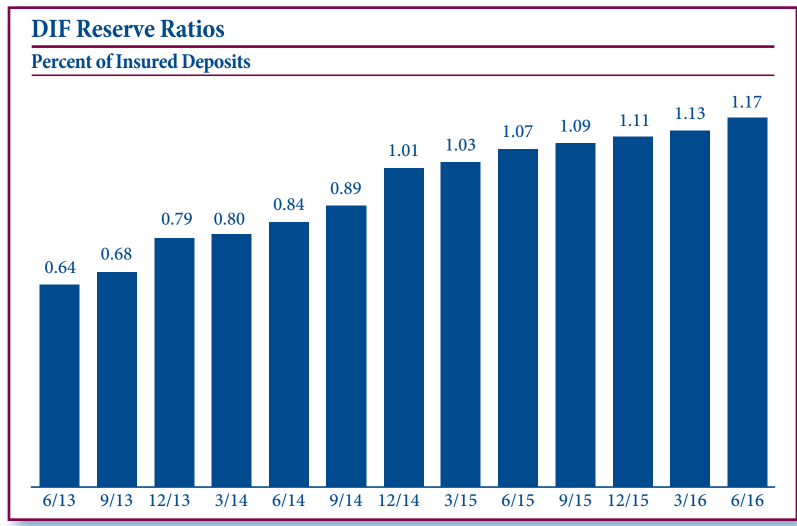
[7] https://www.federalregister.gov/articles/2016/03/25/2016-06770/assessments.
[8] Large banks are, generally, banks with assets of $10 billion or more.
[9] The assessment base for the surcharge will be a large bank's regular assessment base reduced by $10 billion (and subject to adjustment for affiliated banks).

Table I-C. Insurance Fund Balances and Selected Indicators

	Deposit Insurance Fund*												
(dollar figures in millions)	2nd Quarter 2016	1st Quarter 2016	4th Quarter 2015	3rd Quarter 2015	2nd Quarter 2015	1st Quarter 2015	4th Quarter 2014	3rd Quarter 2014	2nd Quarter 2014	1st Quarter 2014	4th Quarter 2013	3rd Quarter 2013	2nd Quarter 2013
Beginning Fund Balance	$75,120	$72,600	$70,115	$67,589	$65,296	$62,780	$54,320	$51,059	$48,893	$47,191	$40,758	$37,871	$35,742
Changes in Fund Balance:													
Assessments earned	2,328	2,328	2,160	2,170	2,328	2,189	2,030	2,009	2,224	2,393	2,224	2,339	2,526
Interest earned on investment securities	164	147	128	122	113	60	70	80	87	45	23	34	54
Realized gain on sale of investments	0	0	0	0	0	0	0	0	0	0	302	156	0
Operating expenses	441	415	447	410	434	396	408	406	428	422	436	298	439
Provision for insurance losses	-627	-43	-930	-578	-317	-426	-6,787	-1,663	-204	348	-4,588	-539	-33
All other income, net of expenses	2	5	12	2	3	6	-43	6	6	9	9	46	51
Unrealized gain/(loss) on available-for-sale securities	110	412	-298	64	-34	231	24	-91	73	25	-277	71	-96
Total fund balance change	2,790	2,520	2,485	2,526	2,293	2,516	8,460	3,261	2,166	1,702	6,433	2,887	2,129
Ending Fund Balance	77,910	75,120	72,600	70,115	67,589	65,296	62,780	54,320	51,059	48,893	47,191	40,758	37,871
Percent change from four quarters earlier	15.27	15.05	15.64	29.08	32.37	33.55	33.03	33.27	34.82	36.79	43.19	61.58	66.88
Reserve Ratio (%)	1.17	1.13	1.11	1.09	1.07	1.03	1.01	0.89	0.84	0.80	0.79	0.68	0.64
Estimated Insured Deposits	6,683,668	6,670,040	6,531,014	6,418,195	6,345,199	6,345,210	6,205,775	6,136,985	6,105,327	6,115,296	6,004,747	5,968,649	5,951,721
Percent change from four quarters earlier	5.33	5.12	5.24	4.58	3.93	3.76	3.35	2.82	2.58	1.95	-18.91	-17.66	-15.95
Domestic Deposits	11,240,142	11,154,730	10,950,091	10,695,508	10,629,336	10,616,459	10,408,189	10,213,201	10,099,416	9,962,545	9,825,480	9,631,665	9,424,637
Percent change from four quarters earlier	5.75	5.07	5.21	4.72	5.25	6.56	5.93	6.04	7.16	5.37	3.70	6.02	5.45
Assessment Base**	14,225,850	14,025,656	13,859,582	13,687,885	13,620,454	13,545,758	13,360,130	13,127,469	12,921,318	12,809,815	12,757,552	12,538,835	12,502,839
Percent change from four quarters earlier	4.44	3.54	3.74	4.27	5.41	5.75	4.72	4.69	3.35	2.97	2.59	2.14	2.82
Number of Institutions Reporting	6,067	6,131	6,191	6,279	6,357	6,428	6,518	6,598	6,665	6,739	6,821	6,900	6,949



Deposit Insurance Fund Balance and Insured Deposits ($ Millions)

	DIF Balance	DIF-Insured Deposits
6/13	$37,871	$5,951,721
9/13	40,758	5,968,649
12/13	47,191	6,004,747
3/14	48,893	6,115,296
6/14	51,059	6,105,327
9/14	54,320	6,136,985
12/14	62,780	6,205,775
3/15	65,296	6,345,210
6/15	67,589	6,345,199
9/15	70,115	6,418,195
12/15	72,600	6,531,014
3/16	75,120	6,670,040
6/16	77,910	6,683,668

Table II-C. Problem Institutions and Failed Institutions

(dollar figures in millions)	2016***	2015***	2015	2014	2013	2012	2011
Problem Institutions							
Number of institutions	147	228	183	291	467	651	813
Total assets	$28,970	$56,503	$46,780	$86,712	$152,687	$232,701	$319,432
Failed Institutions							
Number of institutions	3	5	8	18	24	51	92
Total assets****	$189	$6,389	$6,706	$2,914	$6,044	$11,617	$34,923

* Quarterly financial statement results are unaudited.
** Average consolidated total assets minus tangible equity, with adjustments for banker's banks and custodial banks.
*** Through June 30.
**** Total assets are based on final Call Reports submitted by failed institutions.

Table III-C. Estimated FDIC-Insured Deposits by Type of Institution

(dollar figures in millions) June 30, 2016	Number of Institutions	Total Assets	Domestic Deposits*	Est. Insured Deposits
Commercial Banks and Savings Institutions				
FDIC-Insured Commercial Banks	5,238	$15,425,648	$10,333,441	$5,950,187
FDIC-Supervised	3,482	2,371,820	1,866,511	1,316,850
OCC-Supervised	962	10,540,082	6,759,972	3,720,192
Federal Reserve-Supervised	794	2,513,746	1,706,958	913,146
FDIC-Insured Savings Institutions	820	1,108,343	867,753	706,300
OCC-Supervised Savings Institutions	389	709,269	567,490	467,075
FDIC-Supervised Savings Institutions	396	374,547	280,977	223,688
Federal Reserve-Supervised	35	24,527	19,286	15,538
Total Commercial Banks and Savings Institutions	6,058	16,533,991	11,201,194	6,656,488
Other FDIC-Insured Institutions				
U.S. Branches of Foreign Banks	9	99,397	38,948	27,180
Total FDIC-Insured Institutions	6,067	16,633,388	11,240,142	6,683,668

* Excludes $1.3 trillion in foreign office deposits, which are not FDIC insured.

Table IV-C. Distribution of Institutions and Assessment Base by Assessment Rate Range

Quarter Ending March 31, 2016 *(dollar figures in billions)*

Annual Rate in Basis Points	Number of Institutions	Percent of Total Institutions	Amount of Assessment Base*	Percent of Total Assessment Base
2.50-5.00	1,595	26.02	$1,811.9	12.92
5.01-7.50	3,069	50.06	9,858.1	70.29
7.51-10.00	952	15.53	1,914.6	13.65
10.01-15.00	330	5.38	344.4	2.46
15.01-20.00	13	0.21	12.8	0.09
20.01-25.00	141	2.30	77.8	0.55
25.01-30.00	0	0.00	0.0	0.00
30.01-35.00	30	0.49	6.2	0.04
greater than 35.00	1	0.02	0.0	0.00

* Beginning in the second quarter of 2011, the assessment base was changed to average consolidated total assets minus tangible equity, as required by the Dodd-Frank Act.

Notes to Users

This publication contains financial data and other information for depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). These notes are an integral part of this publication and provide information regarding the comparability of source data and reporting differences over time.

Tables I-A through VIII-A.

The information presented in Tables I-A through V-A of the *FDIC Quarterly Banking Profile* is aggregated for all FDIC-insured institutions, both commercial banks and savings institutions. Tables VI-A (Derivatives) and VII-A (Servicing, Securitization, and Asset Sales Activities) aggregate information only for insured commercial banks and state-chartered savings banks that file quarterly *Call Reports.* Table VIII-A (Trust Services) aggregates Trust asset and income information collected annually from all FDIC-insured institutions. Some tables are arrayed by groups of FDIC-insured institutions based on predominant types of asset concentration, while other tables aggregate institutions by asset size and geographic region. Quarterly and full-year data are provided for selected indicators, including aggregate condition and income data, performance ratios, condition ratios, and structural changes, as well as past due, noncurrent, and charge-off information for loans outstanding and other assets.

Tables I-B through VI-B.

The information presented in Tables I-B through VI-B is aggregated for all FDIC-insured commercial banks and savings institutions meeting the criteria for community banks that were developed for the FDIC's *Community Banking Study,* published in December, 2012: http://fdic.gov/regulations/resources/cbi/report/cbi-full.pdf.

The determination of which insured institutions are considered community banks is based on five steps.

The first step in defining a community bank is to aggregate all charter-level data reported under each holding company into a single banking organization. This aggregation applies both to balance-sheet measures and the number and location of banking offices. Under the FDIC definition, if the banking organization is designated as a community bank, every charter reporting under that organization is also considered a community bank when working with data at the charter level.

The second step is to exclude any banking organization where more than 50 percent of total assets are held in certain specialty banking charters, including: *credit card specialists, consumer nonbank banks, industrial loan companies, trust companies, bankers' banks,* and banks holding 10 percent or more of total assets in foreign offices.

Once the specialty organizations are removed, the third step involves including organizations that engage in basic banking activities as measured by the total loans-to-assets ratio (greater than 33 percent) and the ratio of core deposits to assets (greater than 50 percent). Core deposits are defined as non-brokered deposits in domestic offices. Analysis of the underlying data shows that these thresholds establish meaningful levels of basic lending and deposit gathering and still allow for a degree of diversity in how individual banks construct their balance sheets.

The fourth step includes organizations that operate within a limited geographic scope. This limitation of scope is used as a proxy measure for a bank's relationship approach to banking. Banks that operate within a limited market area have more ease in managing relationships at a personal level. Under this step, four criteria are applied to each banking organization. They include both a minimum and maximum number of total banking offices, a maximum level of deposits for any one office, and location-based criteria. The limits on the number of and deposits per office are gradually adjusted upward over time. For banking offices, banks must have more than one office, and the maximum number of offices starts at 40 in 1985 and reaches 75 in 2010. The maximum level of deposits for any one office is $1.25 billion in deposits in 1985 and $5 billion in deposits in 2010. The remaining geographic limitations are also based on maximums for the number of states (fixed at 3) and large metropolitan areas (fixed at 2) in which the organization maintains offices. Branch office data are based on the most recent data from the annual June 30 *Summary of Deposits Survey* that are available at the time of publication.

Finally, the definition establishes an *asset-size limit*, also adjusted upward over time from $250 million in 1985 to $1 billion in 2010, below which the limits on banking activities and geographic scope are waived. This final step acknowledges the fact that most of those small banks that are not excluded as specialty banks meet the requirements for banking activities and geographic limits in any event.

Summary of FDIC Research Definition of Community Banking Organizations

Community banks are designated at the level of the banking organization.

(All charters under designated holding companies are considered community banking charters.)

Exclude: Any organization with:

— No loans or no core deposits

— Foreign Assets ≥ 10% of total assets

— More than 50% of assets in certain specialty banks, including:

- credit card specialists
- consumer nonbank banks[1]
- industrial loan companies
- trust companies
- bankers' banks

Include: All remaining banking organizations with:

— Total assets < indexed size threshold[2]

— Total assets ≥ indexed size threshold, where:

- Loan to assets > 33%
- Core deposits to assets > 50%
- More than 1 office but no more than the indexed maximum number of offices.[3]
- Number of large MSAs with offices ≤ 2
- Number of states with offices ≤ 3
- No single office with deposits > indexed maximum branch deposit size.[4]

[1] Consumer nonbank banks are financial institutions with limited charters that can make commercial loans or take deposits, but not both.

[2] Asset size threshold indexed to equal $250 million in 1985 and $1 billion in 2010.

[3] Maximum number of offices indexed to equal 40 in 1985 and 75 in 2010.

[4] Maximum branch deposit size indexed to equal $1.25 billion in 1985 and $5 billion in 2010.

Tables I-C through IV-C.

A separate set of tables (Tables I-C through IV-C) provides comparative quarterly data related to the Deposit Insurance Fund (DIF), problem institutions, failed/assisted institutions, estimated FDIC-insured deposits, as well as assessment rate information. Depository institutions that are not insured by the FDIC through the DIF are not included in the *FDIC Quarterly Banking Profile.* U.S. branches of institutions headquartered in foreign countries and non-deposit trust companies are not included unless otherwise indicated. Efforts are made to obtain financial reports for all active institutions. However, in some cases, final financial reports are not available for institutions that have closed or converted their charters.

DATA SOURCES

The financial information appearing in this publication is obtained primarily from the Federal Financial Institutions Examination Council (FFIEC) *Consolidated Reports of Condition and Income (Call Reports)* and the OTS *Thrift Financial Reports* submitted by all FDIC-insured depository institutions. (TFR filers began filing Call Reports effective with the quarter ending March 31, 2012.) This information is stored on and retrieved from the FDIC's Research Information System (RIS) database.

COMPUTATION METHODOLOGY

Parent institutions are required to file consolidated reports, while their subsidiary financial institutions are still required to file separate reports. Data from subsidiary institution reports are included in the *Quarterly Banking Profile* tables, which can lead to double-counting. No adjustments are made for any double-counting of subsidiary data. Additionally, certain adjustments are made to the OTS *Thrift Financial Reports* to provide closer conformance with the reporting and accounting requirements of the FFIEC *Call Reports.* (TFR filers began filing Call Reports effective with the quarter ending March 31, 2012.)

All condition and performance ratios represent weighted averages, i.e., the sum of the individual numerator values divided by the sum of individual denominator values. All asset and liability figures used in calculating performance ratios represent average amounts for the period (beginning-of-period amount plus end-of-period amount plus any interim periods, divided by the total number of periods). For "pooling-of-interest" mergers, the assets of the acquired institution(s) are included in average assets since the year-to-date income includes the results of all merged institutions. No adjustments are made for "purchase accounting" mergers. Growth rates represent the percentage change over a 12-month period in totals for institutions in the base period to totals for institutions in the current period. For the community bank subgroup, growth rates will reflect changes over time in the number and identities of institutions designated as community banks, as well as changes in the assets and liabilities, and income and expenses of group members. Unless indicated otherwise, growth rates are not adjusted for mergers or other changes in the composition of the community bank subgroup.

All data are collected and presented based on the location of each reporting institution's main office. Reported data may include assets and liabilities located outside of the reporting institution's home state. In addition, institutions may relocate across state lines or change their charters, resulting in an inter-regional or inter-industry migration, e.g., institutions can move their home offices between regions, and savings institutions can convert to commercial banks or commercial banks may convert to savings institutions.

ACCOUNTING CHANGES

Accounting for Measurement-Period Adjustments Related to a Business Combination

In September 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-16, "Simplifying the Accounting for Measurement-Period Adjustments." Under Accounting Standards Codification Topic 805, Business Combinations (formerly FASB Statement No. 141(R), "Business Combinations"), if the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer reports provisional amounts in its financial statements for the items for which the accounting is incomplete. During the measurement period, the acquirer is required to adjust the provisional amounts recognized at the acquisition date, with a corresponding adjustment to goodwill, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. At present under Topic 805, an acquirer is required to retrospectively adjust the provisional amounts recognized at the acquisition date to reflect the new information. To simplify the accounting for the adjustments made to provisional amounts, ASU 2015-16 eliminates the requirement to retrospectively account for the adjustments. Accordingly, the ASU amends Topic 805 to require an acquirer to recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which adjustment amounts are determined. Under the ASU, the acquirer also must recognize in the financial statements for the same reporting period the effect on earnings, if any, resulting from the adjustments to the provisional amounts as if the accounting for the business combination had been completed as of the acquisition date.

In general, the measurement period in a business combination is the period after the acquisition date during which the acquirer may adjust provisional amounts reported for identifiable assets acquired, liabilities assumed, and consideration transferred for the acquiree for which the initial accounting for the business combination is incomplete at the end of the reporting period in which the combination occurs. Topic 805 provides additional guidance on the measurement period, which shall not exceed one year from the acquisition date, and adjustments to provisional amounts during this period.

For institutions that are public business entities, as defined under U.S. GAAP, ASU 2015-16 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. For institutions that are not public business entities (i.e., that are private companies), the ASU is effective for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. The ASU's amendments to Topic 805 should be applied prospectively to adjustments to provisional amounts that occur after the effective date of the ASU. Thus, institutions with a calendar year fiscal year that are public business entities must apply the ASU to any adjustments to provisional amounts that occur after January 1, 2016, beginning with their Call Reports for March 31, 2016. Institutions with a calendar year fiscal year that are private companies must apply the ASU to any adjustments to provisional amounts that occur after January 1, 2017, beginning with their Call Reports for December 31, 2017. Early application of ASU 2015-16 is permitted in Call Reports that have not been submitted.

For additional information, institutions should refer to ASU 2015-16, which is available at http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498.

Debt Issuance Costs

In April 2015, the FASB issued ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs." This ASU requires debt issuance costs associated with a recognized debt liability to be presented as a direct deduction from the face amount of the related debt liability, similar to debt discounts. The ASU is limited to the presentation of debt issuance costs; therefore, the recognition and measurement guidance for such costs is unaffected. At present, Accounting Standards Codification (ASC) Subtopic 835-30, Interest—Imputation of Interest, requires debt issuance costs to be reported on the balance sheet as an asset (i.e., a deferred charge). For Call Report purposes, the costs of issuing debt currently are reported, net of accumulated amortization, in "Other assets."

For institutions that are public business entities, as defined under U.S. GAAP, ASU 2015-03 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. For example, institutions with a calendar year fiscal year that are public business entities must apply the ASU in their Call Reports beginning March 31, 2016. For institutions that are not public business entities (i.e., that are private companies), the ASU is effective for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. Thus, institutions with a calendar year fiscal year that are private companies must apply the ASU in their December 31, 2016, and subsequent quarterly Call Reports. Early adoption of the guidance in ASU 2015-03 is permitted.

Extraordinary Items

In January 2015, the FASB issued ASU No. 2015-01, "Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items." This ASU eliminates from U.S. GAAP the concept of extraordinary items. At present, ASC Subtopic 225-20, Income Statement—Extraordinary and Unusual Items (formerly Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations"), requires an entity to separately classify, present, and disclose extraordinary events and transactions. An event or transaction is presumed to be an ordinary and usual activity of the reporting entity unless evidence clearly supports its classification as an extraordinary item. If an event or transaction currently meets the criteria for extraordinary classification, an institution must segregate the extraordinary item from the results of its ordinary operations and report the extraordinary item in its income statement as "Extraordinary items and other adjustments, net of income taxes."

ASU 2015-01 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Thus, for example, institutions with a calendar year fiscal year must begin to apply the ASU in their Call Reports for March 31, 2016. Early adoption of ASU 2015-01 is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. For Call Report purposes, an institution with a calendar year fiscal year must apply the ASU prospectively, that is, in general, to events or transactions occurring after the date of adoption. However, an institution with a fiscal year other than a calendar year may elect to apply ASU 2015-01 prospectively or, alternatively, it may elect to apply the ASU retrospectively to all prior calendar quarters included in the institution's year-to-date Call Report income statement that includes the beginning of the fiscal year of adoption.

After an institution adopts ASU 2015-01, any event or transaction that would have met the criteria for extraordinary classification before the adoption of the ASU should be reported in "Other noninterest income," or "Other noninterest expense," as appropriate, unless the event or transaction would otherwise be reportable in the income statement. In addition, consistent with ASU 2015-01, the agencies plan to remove reference to the term "extraordinary items" from the Call Report income statement.

For additional information, institutions should refer to ASU 2015-01, which is available at http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498.

Accounting by Private Companies for Identifiable Intangible Assets in a Business Combination

In December 2014, the FASB issued ASU No. 2014-18, "Accounting for Identifiable Intangible Assets in a Business Combination," which is a consensus of the Private Company Council (PCC). This ASU provides an accounting alternative that permits a private company, as defined in U.S. GAAP (and discussed in a later section of these Supplemental Instructions), to simplify the accounting for certain intangible assets. The accounting alternative applies when a private company is required to recognize or otherwise consider the fair value of intangible assets as a result of certain transactions, including when applying the acquisition method to a business combination under ASC Topic 805, Business Combinations (formerly FASB Statement No. 141 (revised 2007), "Business Combinations").

Under ASU 2014-18, a private company that elects the accounting alternative should no longer recognize separately from goodwill:

- Customer-related intangible assets unless they are capable of being sold or licensed independently from the other assets of a business, and
- Noncompetition agreements.

However, because mortgage servicing rights and core deposit intangibles are regarded as capable of being sold or licensed independently, a private company that elects this accounting alternative must recognize these intangible assets separately from goodwill, initially measure them at fair value, and subsequently measure them in accordance with ASC Topic 350, Intangibles–Goodwill and Other (formerly FASB Statement No. 142, "Goodwill and Other Intangible Assets").

A private company that elects the accounting alternative in ASU 2014-18 also must adopt the private company goodwill accounting alternative described in ASU 2014-02, "Accounting for Goodwill." However, a private company that elects the goodwill accounting alternative in ASU 2014-02 is not required to adopt the accounting alternative for identifiable intangible assets in ASU 2014-18.

A private company's decision to adopt ASU 2014-18 must be made upon the occurrence of the first business combination (or other transaction within the scope of the ASU) in fiscal years beginning after December 15, 2015. The effective date of the private company's decision to adopt the accounting alternative for identifiable intangible assets depends on the timing of that first transaction.

If the first transaction occurs in the private company's first fiscal year beginning after December 15, 2015, the adoption will be effective for that fiscal year's annual financial reporting period and all interim and annual periods thereafter. If the first transaction occurs in a fiscal year beginning after December 15, 2016, the adoption will be effective in the interim period that includes the date of the transaction and subsequent interim and annual periods thereafter.

Early application of the intangibles accounting alternative is permitted for any annual or interim period for which a private company's financial statements have not yet been made available for issuance. Customer-related intangible assets and noncompetition agreements that exist as of the beginning of the period of adoption should continue to be accounted for separately from goodwill, i.e., such existing intangible assets should not be combined with goodwill.

A bank or savings association that meets the private company definition in U.S. GAAP is permitted, but not required, to adopt ASU 2014-18 for Call Report purposes and may choose to early adopt the ASU, provided it also adopts the private company goodwill accounting alternative. If a private institution issues U.S. GAAP financial statements and adopts ASU 2014-18, it should apply the ASU's intangible asset accounting alternative in its Call Report in a manner consistent with its reporting of intangible assets in its financial statements.

For additional information on the private company accounting alternative for identifiable intangible assets, institutions should refer to ASU 2014-18, which is available at http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498.

Private Company Accounting Alternatives

In May 2012, the Financial Accounting Foundation, the independent private sector organization responsible for the oversight of the FASB, approved the establishment of the PCC to improve the process of setting accounting standards for private companies. The PCC is charged with working jointly with the FASB to determine whether and in what circumstances to provide alternative recognition, measurement, disclosure, display, effective date, and transition guidance for private companies reporting under U.S. GAAP. Alternative guidance for private companies may include modifications or exceptions to otherwise applicable existing U.S. GAAP standards.

The banking agencies have concluded that a bank or savings association that is a private company, as defined in U.S. GAAP (as discussed in a later section of these Supplemental Instructions), is permitted to use private company accounting alternatives issued by the FASB when preparing its Call Reports, except as provided in 12 U.S.C. 1831n(a) as described in the following sentence. If the agencies determine that a particular accounting principle within U.S. GAAP, including a private company accounting alternative, is inconsistent with the statutorily specified supervisory objectives, the agencies may prescribe an accounting principle for regulatory reporting purposes that is no less stringent than U.S. GAAP. In such a situation, an institution would not be permitted to use that particular private company accounting alternative or other accounting principle within U.S. GAAP for Call Report purposes. The agencies would provide appropriate notice if they were to disallow any accounting alternative under the statutory process.

Accounting by Private Companies for Goodwill

On January 16, 2014, the FASB issued ASU No. 2014-02, "Accounting for Goodwill," which is a consensus of the PCC. This ASU generally permits a private company to elect to amortize goodwill on a straight-line basis over a period of ten years (or less than ten years if more appropriate) and apply a simplified impairment model to goodwill. In addition, if a private company chooses to adopt the ASU's goodwill accounting alternative, the ASU requires the private company to make an accounting policy election to test goodwill for impairment at either the entity level or the reporting unit level. Goodwill must be tested for impairment when a triggering event occurs that indicates that the fair value of an entity (or a reporting unit) may be below its carrying amount. In contrast, U.S. GAAP does not otherwise permit goodwill to be amortized, instead requiring goodwill to be tested for impairment at the reporting unit level annually and between annual tests in certain circumstances. The ASU's goodwill accounting alternative, if elected by a private company, is effective prospectively for new goodwill recognized in annual periods beginning after December 15, 2014, and in interim periods within annual periods beginning after December 15, 2015. Goodwill existing as of the beginning of the period of adoption is to be amortized prospectively over ten years (or less than ten years if more appropriate). The ASU states that early application of the goodwill accounting alternative is permitted for any annual or interim period for which a private company's financial statements have not yet been made available for issuance.

A bank or savings association that meets the private company definition in ASU 2014-02, as discussed in the following section of these Supplemental Instructions (i.e., a private institution), is permitted, but not required, to adopt this ASU for Call Report purposes and may choose to early adopt the ASU. If a private institution issues U.S. GAAP financial statements and adopts the ASU, it should apply the ASU's goodwill accounting alternative in its Call Report in a manner consistent with its reporting of goodwill in its financial statements. Thus, for example, a private institution with a calendar year fiscal year that chooses to adopt ASU 2014-02 must apply the ASU's provisions in its December 31, 2015, and subsequent quarterly Call Reports unless early application of the ASU was elected. This would require the private institution to report in its December 31, 2015, Call Report one year's amortization of goodwill existing as of January 1, 2015, and the amortization of any new goodwill recognized in 2015.

For additional information on the private company accounting alternative for goodwill, institutions should refer to ASU 2014-02, which is available at http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498.

Definitions of Private Company and Public Business Entity

According to ASU No. 2014-02, "Accounting for Goodwill," a private company is a business entity that is not a public business entity. ASU No. 2013-12, "Definition of a Public Business Entity," which was issued in December 2013, added this term to the Master Glossary in the Accounting Standards Codification. This ASU states that a business entity, such as a bank or savings association, that meets any one of five criteria set forth in the ASU is a public business entity for reporting purposes under U.S. GAAP, including for Call Report purposes. An institution that is a public business entity is not permitted to apply the private company goodwill accounting alternative discussed in the preceding section when preparing its Call Report.

For additional information on the definition of a public business entity, institutions should refer to ASU 2013-12, which is available at http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498.

Reporting Certain Government-Guaranteed Mortgage Loans Upon Foreclosure

In August 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-14, "Classification of Certain Government-Guaranteed Mortgage Loans Upon Foreclosure," to address diversity in practice for how government-guaranteed mortgage loans are recorded upon foreclosure. The ASU updates guidance contained in ASC Subtopic 310-40, Receivables—Troubled Debt Restructurings by Creditors (formerly FASB Statement No. 15, "Accounting by Debtors and Creditors for Troubled Debt Restructurings," as amended), because U.S. GAAP previously did not provide specific guidance on how to categorize or measure foreclosed mortgage loans that are government guaranteed. The ASU clarifies the conditions under which a creditor must derecognize a government-guaranteed mortgage loan and recognize a separate "other receivable" upon foreclosure (that is, when a creditor receives physical possession of real estate property collateralizing a mortgage loan in accordance with the guidance in ASC Subtopic 310-40).

Under the ASU, institutions should derecognize a mortgage loan and record a separate other receivable upon foreclosure of the real estate collateral if the following conditions are met:

- The loan has a government guarantee that is not separable from the loan before foreclosure.
- At the time of foreclosure, the institution has the intent to convey the property to the guarantor and make a claim on the guarantee and it has the ability to recover under that claim.
- At the time of foreclosure, any amount of the claim that is determined on the basis of the fair value of the real estate is fixed (that is, the real estate property has been appraised for purposes of the claim and thus the institution is not exposed to changes in the fair value of the property).

This guidance is applicable to fully and partially government-guaranteed mortgage loans provided the three conditions identified above have been met. In such situations, upon foreclosure, the separate other receivable should be measured based on the amount of the loan balance (principal and interest) expected to be recovered from the guarantor.

For institutions that are public business entities, as defined under U.S. GAAP (as discussed in an earlier section of these Supplemental Instructions), ASU 2014-14 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2014. For example, institutions with a calendar year fiscal year that are public business entities must apply the ASU in their Call Reports beginning March 31, 2015. However, institutions that are not public business entities (i.e., that are private companies) are not required to apply the guidance in ASU 2014-14 until annual periods ending after December 15, 2015, and interim periods beginning after December 15, 2015. Thus, institutions with a calendar year fiscal year that are private companies must apply the ASU in their December 31, 2015, and subsequent quarterly Call Reports. Earlier adoption of the guidance in ASU 2014-14 is permitted if the institution has already adopted the amendments in ASU No. 2014-04, "Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure."

For additional information, institutions should refer to ASU 2014-14, which is available at http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498.

Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans Upon Foreclosure

In January 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-04, "Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure," to address diversity in practice for when certain loan receivables should be derecognized and the real estate collateral recognized. The ASU updated guidance contained in Accounting Standards Codification Subtopic 310-40, Receivables–Troubled Debt Restructurings by Creditors (formerly FASB Statement No.15, "Accounting by Debtors and Creditors for Troubled Debt Restructurings," as amended).

Under prior accounting guidance, all loan receivables were reclassified to other real estate owned (OREO) when the institution, as creditor, obtained physical possession of the property, regardless of whether formal foreclosure proceedings had taken place. The new ASU clarifies when a creditor is considered to have received physical possession (resulting from an in-substance repossession or foreclosure) of residential real estate collateralizing a consumer mortgage loan. Under the new guidance, physical possession for these residential real estate properties is considered to have occurred and a loan receivable would be reclassified to OREO only upon:

- The institution obtaining legal title upon completion of a foreclosure even if the borrower has redemption rights that provide the borrower with a legal right for a period of time after foreclosure to reclaim the property by paying certain amounts specified by law, or
- The completion of a deed in lieu of foreclosure or similar legal agreement under which the borrower conveys all interest in the residential real estate property to the institution to satisfy the loan.

Loans secured by real estate other than consumer mortgage loans collateralized by residential real estate should continue to be reclassified to OREO when the institution has received physical possession of a borrower's real estate, regardless of whether formal foreclosure proceedings take place.

For institutions that are public business entities, as defined under U.S. generally accepted accounting principles, ASU 2014-04 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2014. For example, institutions with a calendar year fiscal year that are public business entities must apply the ASU in their Call Reports beginning March 31, 2015. However, institutions that are not public business entities are not required to apply the guidance in ASU 2014-04 until annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015. Thus, institutions with a calendar year fiscal year that are not public business entities must apply the ASU in their December 31, 2015, and subsequent quarterly Call Reports. Earlier adoption of the guidance in ASU 2014-04 is permitted. Entities can elect to apply the ASU on either a modified retrospective transition basis or a prospective transition basis. Applying the ASU on a prospective transition basis should be less complex for institutions than applying the ASU on a modified retrospective transition basis. Under the prospective transition method, an institution should apply the new guidance to all instances where it receives physical possession of residential real estate property collateralizing consumer mortgage loans that occur after the date of adoption of the ASU. Under the modified retrospective transition method, an institution should apply a cumulative-effect adjustment to residential consumer mortgage loans and OREO existing as of the beginning of the annual period for which the ASU is effective. As a result of adopting the ASU on a modified retrospective basis, assets reclassified from OREO to loans should be measured at the carrying value of the real estate at the date of adoption while assets reclassified from loans to OREO should be measured at the lower of the net amount of the loan receivable or the OREO property's fair value less costs to sell at the time of adoption.

For additional information, institutions should refer to ASU 2014-04, which is available at http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498.

True-Up Liability Under an FDIC Loss-Sharing Agreement

An insured depository institution that acquires a failed insured institution may enter into a loss-sharing agreement with the FDIC under which the FDIC agrees to absorb a portion of the losses on a specified pool of the failed institution's assets during a specified time period. The acquiring institution typically records an indemnification asset representing its right to receive payments from the FDIC for losses during the specified time period on assets covered under the loss-sharing agreement.

Since 2009, most loss-sharing agreements have included a true-up provision that may require the acquiring institution to reimburse the FDIC if cumulative losses in the acquired loss-share portfolio are less

than the amount of losses claimed by the institution throughout the loss-sharing period. Typically, a true-up liability may result because the recovery period on the loss-share assets (e.g., eight years) is longer than the period during which the FDIC agrees to reimburse the acquiring institution for losses on the loss-share portfolio (e.g., five years).

Consistent with U.S. GAAP and bank guidance for "Offsetting," institutions are permitted to offset assets and liabilities recognized in the Report of Condition when a "right of setoff" exists. Under ASC Subtopic 210-20, Balance Sheet—Offsetting (formerly FASB Interpretation No. 39, "Offsetting of Amounts Related to Certain Contracts"), in general, a right of setoff exists when a reporting institution and another party each owes the other determinable amounts, the reporting institution has the right to set off the amounts each party owes and also intends to set off, and the right of setoff is enforceable at law. Because the conditions for the existence of a right of offset in ASC Subtopic 210-20 normally would not be met with respect to an indemnification asset and a true-up liability under a loss-sharing agreement with the FDIC, this asset and liability should not be netted for Call Report purposes. Therefore, institutions should report the indemnification asset gross (i.e., without regard to any true-up liability) in Other Assets, and any true-up liability in Other Liabilities.

In addition, an institution should not continue to report assets covered by loss-sharing agreements after the expiration of the loss-sharing period even if the terms of the loss-sharing agreement require reimbursements from the institution to the FDIC for certain amounts during the recovery period.

Indemnification Assets and Accounting Standards Update No. 2012-06 – In October 2012, the FASB issued Accounting Standards Update (ASU) No. 2012-06, "Subsequent Accounting for an Indemnification Asset Recognized at the Acquisition Date as a Result of a Government-Assisted Acquisition of a Financial Institution," to address the subsequent measurement of an indemnification asset recognized in an acquisition of a financial institution that includes an FDIC loss-sharing agreement. This ASU amends ASC Topic 805, Business Combinations (formerly FASB Statement No. 141 (revised 2007), "Business Combinations"), which includes guidance applicable to FDIC-assisted acquisitions of failed institutions.

Under the ASU, when an institution experiences a change in the cash flows expected to be collected on an FDIC loss-sharing indemnification asset because of a change in the cash flows expected to be collected on the assets covered by the loss-sharing agreement, the institution should account for the change in the measurement of the indemnification asset on the same basis as the change in the assets subject to indemnification. Any amortization of changes in the value of the indemnification asset should be limited to the lesser of the term of the indemnification agreement and the remaining life of the indemnified assets.

The ASU is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2012. For institutions with a calendar year fiscal year, the ASU takes effect January 1, 2013. Early adoption of the ASU is permitted. The ASU's provisions should be applied prospectively to any new indemnification assets acquired after the date of adoption and to indemnification assets existing as of the date of adoption arising from an FDIC-assisted acquisition of a financial institution. Institutions with indemnification assets arising from FDIC loss-sharing agreements are expected to adopt ASU 2012-06 for Call Report purposes in accordance with the effective date of this standard. For additional information, refer to ASU 2012-06, available at http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498.

Goodwill Impairment Testing – In September 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-08, "Testing Goodwill for Impairment," to address concerns about the cost and complexity of the existing goodwill impairment test in ASC Topic 350, Intangibles-Goodwill and Other (formerly FASB Statement No. 142, "Goodwill and Other Intangible Assets"). The ASU's amendments to ASC Topic 350 are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011 (i.e., for annual or interim tests performed on or after January 1, 2012, for institutions with a calendar year fiscal year). Early adoption of the ASU was permitted. Under ASU 2011-08, an institution has the option of first assessing qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test described in ASC Topic 350. If, after considering all relevant events and circumstances, an institution determines it is unlikely (that is, a likelihood of 50 percent or less) that the fair value of a reporting unit is less than its carrying amount (including goodwill), then the institution does not need to perform the two-step goodwill impairment test. If the institution instead concludes that the opposite is true (that is, it is likely that the fair value of a reporting unit is less than its carrying amount), then it is required to perform the first step and, if necessary, the second step of the two-step goodwill impairment test. Under ASU 2011-08, an institution may choose to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step goodwill impairment test.

Accounting for Loan Participations – Amended ASC Topic 860 (formerly FAS 166) modified the criteria that must be met in order for a transfer of a portion of a financial asset, such as a loan participation, to qualify for sale accounting—refer to previously published *Quarterly Banking Profile* notes: http://www5.fdic.gov/qbp/2011mar/qbpnot.html.

Other-Than-Temporary Impairment – When the fair value of an investment in an individual available-for-sale or held-to-maturity security is less than its cost basis, the impairment is either temporary or other-than-temporary. The amount of the total other-than-temporary impairment related to credit loss must be recognized in earnings, but the amount of total impairment related to other factors must be recognized in other comprehensive income, net of applicable taxes. To determine whether the impairment is other-than-temporary, an institution must apply the applicable accounting guidance—refer to previously published *Quarterly Banking Profile* notes: http://www5.fdic.gov/qbp/2011mar/qbpnot.html.

Accounting Standards Codification – refer to previously published Quarterly Banking Profile notes: http://www5.fdic.gov/qbp/2011sep/qbpnot.html.

DEFINITIONS (in alphabetical order)

All other assets – total cash, balances due from depository institutions, premises, fixed assets, direct investments in real estate, investment in unconsolidated subsidiaries, customers' liability on acceptances outstanding, assets held in trading accounts, federal funds sold, securities purchased with agreements to resell, fair market value of derivatives, prepaid deposit insurance assessments, and other assets.

All other liabilities – bank's liability on acceptances, limited-life preferred stock, allowance for estimated off-balance-sheet credit losses, fair market value of derivatives, and other liabilities.

Assessment base – effective April 1, 2011, the deposit insurance assessment base has changed to "average consolidated total assets minus average tangible equity" with an additional adjustment to the

assessment base for banker's banks and custodial banks, as permitted under Dodd-Frank. Previously the assessment base was "assessable deposits" and consisted of DIF deposits (deposits insured by the FDIC Deposit Insurance Fund) in banks' domestic offices with certain adjustments.

Assets securitized and sold – total outstanding principal balance of assets securitized and sold with servicing retained or other seller-provided credit enhancements.

Capital Purchase Program (CPP) – as announced in October 2008 under the TARP, the Treasury Department purchase of noncumulative perpetual preferred stock and related warrants that is treated as Tier 1 capital for regulatory capital purposes is included in "Total equity capital." Such warrants to purchase common stock or noncumulative preferred stock issued by publicly-traded banks are reflected as well in "Surplus." Warrants to purchase common stock or noncumulative preferred stock of not-publicly-traded bank stock are classified in a bank's balance sheet as "Other liabilities."

Common equity tier 1 capital ratio – ratio of common equity tier 1 capital to risk-weighted assets. Common equity tier 1 capital includes common stock instruments and related surplus, retained earnings, accumulated other comprehensive income (AOCI), and limited amounts of common equity tier 1 minority interest, minus applicable regulatory adjustments and deductions. Items that are fully deducted from common equity tier 1 capital include goodwill, other intangible assets (excluding mortgage servicing assets) and certain deferred tax assets; items that are subject to limits in common equity tier 1 capital include mortgage servicing assets, eligible deferred tax assets, and certain significant investments.

Construction and development loans – includes loans for all property types under construction, as well as loans for land acquisition and development.

Core capital – common equity capital plus noncumulative perpetual preferred stock plus minority interest in consolidated subsidiaries, less goodwill and other ineligible intangible assets. The amount of eligible intangibles (including servicing rights) included in core capital is limited in accordance with supervisory capital regulations.

Cost of funding earning assets – total interest expense paid on deposits and other borrowed money as a percentage of average earning assets.

Credit enhancements – techniques whereby a company attempts to reduce the credit risk of its obligations. Credit enhancement may be provided by a third party (external credit enhancement) or by the originator (internal credit enhancement), and more than one type of enhancement may be associated with a given issuance.

Deposit Insurance Fund (DIF) – the Bank (BIF) and Savings Association (SAIF) Insurance Funds were merged in 2006 by the Federal Deposit Insurance Reform Act to form the DIF.

Derivatives notional amount – the notional, or contractual, amounts of derivatives represent the level of involvement in the types of derivatives transactions and are not a quantification of market risk or credit risk. Notional amounts represent the amounts used to calculate contractual cash flows to be exchanged.

Derivatives credit equivalent amount – the fair value of the derivative plus an additional amount for potential future credit exposure based on the notional amount, the remaining maturity and type of the contract.

Derivatives transaction types:

Futures and forward contracts – contracts in which the buyer agrees to purchase and the seller agrees to sell, at a specified future date, a specific quantity of an underlying variable or index at a specified price or yield. These contracts exist for a variety of variables or indices, (traditional agricultural or physical commodities, as well as currencies and interest rates). Futures contracts are standardized and are traded on organized exchanges which set limits on counterparty credit exposure. Forward contracts do not have standardized terms and are traded over the counter.

Option contracts – contracts in which the buyer acquires the right to buy from or sell to another party some specified amount of an underlying variable or index at a stated price (strike price) during a period or on a specified future date, in return for compensation (such as a fee or premium). The seller is obligated to purchase or sell the variable or index at the discretion of the buyer of the contract.

Swaps – obligations between two parties to exchange a series of cash flows at periodic intervals (settlement dates), for a specified period. The cash flows of a swap are either fixed, or determined for each settlement date by multiplying the quantity (notional principal) of the underlying variable or index by specified reference rates or prices. Except for currency swaps, the notional principal is used to calculate each payment but is not exchanged.

Derivatives underlying risk exposure – the potential exposure characterized by the level of banks' concentration in particular underlying instruments, in general. Exposure can result from market risk, credit risk, and operational risk, as well as, interest rate risk.

Domestic deposits to total assets – total domestic office deposits as a percent of total assets on a consolidated basis.

Earning assets – all loans and other investments that earn interest or dividend income.

Efficiency ratio – Noninterest expense less amortization of intangible assets as a percent of net interest income plus noninterest income. This ratio measures the proportion of net operating revenues that are absorbed by overhead expenses, so that a lower value indicates greater efficiency.

Estimated insured deposits – in general, insured deposits are total domestic deposits minus estimated uninsured deposits. Beginning March 31, 2008, for institutions that file Call Reports, insured deposits are total assessable deposits minus estimated uninsured deposits. Beginning September 30, 2009, insured deposits include deposits in accounts of $100,000 to $250,000 that are covered by a temporary increase in the FDIC's standard maximum deposit insurance amount (SMDIA). The Dodd-Frank Wall Street Reform and Consumer Protection Act enacted on July 21, 2010, made permanent the standard maximum deposit insurance amount (SMDIA) of $250,000. Also, the Dodd-Frank Act amended the Federal Deposit Insurance Act to include noninterest-bearing transaction accounts as a new temporary deposit insurance account category. All funds held in noninterest-bearing transaction accounts were fully insured, without limit, from December 31, 2010, through December 31, 2012.

Failed/assisted institutions – an institution fails when regulators take control of the institution, placing the assets and liabilities into a bridge bank, conservatorship, receivership, or another healthy institution. This action may require the FDIC to provide funds to cover losses. An institution is defined as "assisted" when the institution remains open and receives assistance in order to continue operating.

Fair Value – the valuation of various assets and liabilities on the balance sheet—including trading assets and liabilities, available-for-sale securities, loans held for sale, assets and liabilities accounted for under the fair value option, and foreclosed assets—involves the use

of fair values. During periods of market stress, the fair values of some financial instruments and nonfinancial assets may decline.

FHLB advances – all borrowings by FDIC insured institutions from the Federal Home Loan Bank System (FHLB), as reported by Call Report filers, and by TFR filers prior to March 31, 2012.

Goodwill and other intangibles – intangible assets include servicing rights, purchased credit card relationships, and other identifiable intangible assets. Goodwill is the excess of the purchase price over the fair market value of the net assets acquired, less subsequent impairment adjustments. Other intangible assets are recorded at fair value, less subsequent quarterly amortization and impairment adjustments.

Loans secured by real estate – includes home equity loans, junior liens secured by 1-4 family residential properties, and all other loans secured by real estate.

Loans to individuals – includes outstanding credit card balances and other secured and unsecured consumer loans.

Long-term assets (5+ years) – loans and debt securities with remaining maturities or repricing intervals of over five years.

Maximum credit exposure – the maximum contractual credit exposure remaining under recourse arrangements and other seller-provided credit enhancements provided by the reporting bank to securitizations.

Mortgage-backed securities – certificates of participation in pools of residential mortgages and collateralized mortgage obligations issued or guaranteed by government-sponsored or private enterprises. Also, see "Securities," below.

Net charge-offs – total loans and leases charged off (removed from balance sheet because of uncollectability), less amounts recovered on loans and leases previously charged off.

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.

Net loans to total assets – loans and lease financing receivables, net of unearned income, allowance and reserves, as a percent of total assets on a consolidated basis.

Net operating income – income excluding discretionary transactions such as gains (or losses) on the sale of investment securities and extraordinary items. Income taxes subtracted from operating income have been adjusted to exclude the portion applicable to securities gains (or losses).

Noncurrent assets – the sum of loans, leases, debt securities, and other assets that are 90 days or more past due, or in nonaccrual status.

Noncurrent loans & leases – the sum of loans and leases 90 days or more past due, and loans and leases in nonaccrual status.

Number of institutions reporting – the number of institutions that actually filed a financial report.

New reporters – insured institutions filing quarterly financial reports for the first time.

Other borrowed funds – federal funds purchased, securities sold with agreements to repurchase, demand notes issued to the U.S. Treasury, FHLB advances, other borrowed money, mortgage indebtedness, obligations under capitalized leases and trading liabilities, less revaluation losses on assets held in trading accounts.

Other real estate owned – primarily foreclosed property. Direct and indirect investments in real estate ventures are excluded. The amount is reflected net of valuation allowances. For institutions that file a *Thrift Financial Report* (TFR), the valuation allowance subtracted also includes allowances for other repossessed assets. Also, for TFR filers the components of other real estate owned are reported gross of valuation allowances. (TFR filers began filing Call Reports effective with the quarter ending March 31, 2012.)

Percent of institutions with earnings gains – the percent of institutions that increased their net income (or decreased their losses) compared to the same period a year earlier.

"Problem" institutions – 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. "Problem" institutions are those institutions with financial, operational, or managerial weaknesses that threaten their continued financial viability. Depending upon the degree of risk and supervisory concern, they are rated either a "4" or "5." The number and assets of "problem" institutions are based on FDIC composite ratings. Prior to March 31, 2008, for institutions whose primary federal regulator was the OTS, the OTS composite rating was used.

Recourse – an arrangement in which a bank retains, in form or in substance, any credit risk directly or indirectly associated with an asset it has sold (in accordance with generally accepted accounting principles) that exceeds a pro rata share of the bank's claim on the asset. If a bank has no claim on an asset it has sold, then the retention of any credit risk is recourse.

Reserves for losses – the allowance for loan and lease losses on a consolidated basis.

Restructured loans and leases – loan and lease financing receivables with terms restructured from the original contract. Excludes restructured loans and leases that are not in compliance with the modified terms.

Retained earnings – net income less cash dividends on common and preferred stock for the reporting period.

Return on assets – bank net income (including gains or losses on securities and extraordinary items) as a percentage of average total (consolidated) assets. The basic yardstick of bank profitability.

Return on equity – bank net income (including gains or losses on securities and extraordinary items) as a percentage of average total equity capital.

Risk-based capital groups – definitions:

Capital Ratios Used to Determine Capital Evaluations for Assessment Purposes, Effective January 1, 2015*

Capital Evaluations	Total Risk-Based Capital Ratio	Tier 1 Risk-Based Capital Ratio	Common Equity Tier 1 Capital Ratio	Leverage Ratio
Well Capitalized	≥10%	≥8%	≥6.5%	≥5%
Adequately Capitalized**	≥8%	≥6%	≥4.5%	≥4%
Under-capitalized	Does not qualify as either Well Capitalized or Adequately Capitalized			

* Effective January 1, 2018, the supplemental leverage ratio will be added to capital evaluations for deposit insurance assessment purposes.
**An institution is Adequately Capitalized if it is not Well Capitalized, but satisfies each of the listed capital ratio standards for Adequately Capitalized.

Risk Categories and Assessment Rate Schedule – The current risk categories became effective January 1, 2007. Capital ratios and supervisory ratings distinguish one risk category from another. Effective April 1, 2011, risk categories for large institutions (generally those with at least $10 billion in assets) were eliminated. The following table shows the relationship of risk categories (I, II, III, IV) for small institutions to capital and supervisory groups as well as the initial base assessment rates (in basis points) for each risk category. Supervisory Group A generally includes institutions with CAMELS composite ratings of 1 or 2; Supervisory Group B generally includes institutions with a CAMELS composite rating of 3; and Supervisory Group C generally includes institutions with CAMELS composite ratings of 4 or 5. For purposes of risk-based assessment capital groups, undercapitalized includes institutions that are significantly or critically undercapitalized.

Capital Category	Supervisory Group A	Supervisory Group B	Supervisory Group C
1. Well Capitalized	I 5–9 bps	II 14 bps	III 23 bps
2. Adequately Capitalized	II 14 bps	II 14 bps	III 23 bps
3. Undercapitalized	III 23 bps	III 23 bps	IV 35 bps

Effective April 1, 2011, the initial base assessment rates are 5 to 35 basis points. An institution's total assessment rate may be less than or greater than its initial base assessment rate as a result of additional risk adjustments.

The base assessment rates for small institutions in Risk Category I are based on a combination of financial ratios and CAMELS component ratings (the financial ratios method).

As required by Dodd-Frank, the calculation of risk-based assessment rates for large institutions no longer relies on long-term debt issuer ratings. Rates for large institutions are based on CAMELS ratings and certain forward-looking financial measures combined into two scorecards—one for most large institutions and another for the remaining very large institutions that are structurally and operationally complex or that pose unique challenges and risks in case of failure (highly complex institutions). In general, a highly complex institution is an institution (other than a credit card bank) with more than $500 billion in total assets that is controlled by a parent or intermediate parent company with more than $500 billion in total assets or a processing bank or trust company with total fiduciary assets of $500 billion or more. The FDIC retains its ability to take additional information into account to make a limited adjustment to an institution's total score (the large bank adjustment), which will be used to determine an institution's initial base assessment rate.

Effective April 1, 2011, the three possible adjustments to an institution's initial base assessment rate are as follows: (1) Unsecured Debt Adjustment: An institution's rate may decrease by up to 5 basis points for unsecured debt. The unsecured debt adjustment cannot exceed the lesser of 5 basis points or 50 percent of an institution's initial base assessment rate (IBAR). Thus, for example, an institution with an IBAR of 5 basis points would have a maximum unsecured debt adjustment of 2.5 basis points and could not have a total base assessment rate lower than 2.5 basis points. (2) Depository Institution Debt Adjustment: For institutions that hold long-term unsecured debt issued by another insured depository institution, a 50 basis point charge is applied to the amount of such debt held in excess of 3 percent of an institution's Tier 1 capital. (3) Brokered Deposit Adjustment: Rates for small institutions that are not in Risk Category I and for large institutions that are not well capitalized or do not have a composite CAMELS rating of 1 or 2 may increase (not to exceed 10 basis points) if their brokered deposits exceed 10 percent of domestic deposits. After applying all possible adjustments (excluding the Depository Institution Debt Adjustment), minimum and maximum total base assessment rates for each risk category are as follows:

Total Base Assessment Rates*

	Risk Category I	Risk Category II	Risk Category III	Risk Category IV	Large and Highly Complex Institutions
Initial base assessment rate	5–9	14	23	35	5–35
Unsecured debt adjustment	-4.5–0	-5–0	-5–0	-5–0	-5–0
Brokered deposit adjustment	—	0–10	0–10	0–10	0–10
Total Base Assessment rate	2.5–9	9–24	18–33	30–45	2.5–45

* All amounts for all categories are in basis points annually. Total base rates that are not the minimum or maximum rate will vary between these rates. Total base assessment rates do not include the depository institution debt adjustment.

Beginning in 2007, each institution is assigned a risk-based rate for a quarterly assessment period near the end of the quarter following the assessment period. Payment is generally due on the 30th day of the last month of the quarter following the assessment period. Supervisory rating changes are effective for assessment purposes as of the examination transmittal date.

Special Assessment – On May 22, 2009, the FDIC board approved a final rule that imposed a 5 basis point special assessment as of June 30, 2009. The special assessment was levied on each insured depository institution's assets minus its Tier 1 capital as reported in its report of condition as of June 30, 2009. The special assessment was collected September 30, 2009, at the same time that the risk-based assessment for the second quarter of 2009 was collected. The special assessment for any institution was capped at 10 basis points of the institution's assessment base for the second quarter of 2009 risk-based assessment.

Prepaid Deposit Insurance Assessments – In November 2009, the FDIC Board of Directors adopted a final rule requiring insured depository institutions (except those that are exempted) to prepay their quarterly risk-based deposit insurance assessments for the fourth quarter of 2009, and for all of 2010, 2011, and 2012, on December 30, 2009. For regulatory capital purposes, an institution may assign a zero-percent risk weight to the amount of its prepaid deposit assessment asset. As required by the FDIC's regulation establishing the prepaid deposit insurance assessment program, this program ended with the final application of prepaid assessments to the quarterly deposit insurance assessments payable March 29, 2013. The FDIC issued refunds of any unused prepaid deposit insurance assessments on June 28, 2013.

Risk-weighted assets – assets adjusted for risk-based capital definitions which include on-balance-sheet as well as off-balance-sheet items multiplied by risk-weights that range from zero to 200 percent. A conversion factor is used to assign a balance sheet equivalent amount for selected off-balance-sheet accounts.

Securities – excludes securities held in trading accounts. Banks' securities portfolios consist of securities designated as "held-to-maturity,"

which are reported at amortized cost (book value), and securities designated as "available-for-sale," reported at fair (market) value.

Securities gains (losses) – realized gains (losses) on held-to-maturity and available-for-sale securities, before adjustments for income taxes. *Thrift Financial Report* (TFR) filers also include gains (losses) on the sales of assets held for sale. (TFR filers began filing Call Reports effective with the quarter ending March 31, 2012.)

Seller's interest in institution's own securitizations – the reporting bank's ownership interest in loans and other assets that have been securitized, except an interest that is a form of recourse or other seller-provided credit enhancement. Seller's interests differ from the securities issued to investors by the securitization structure. The principal amount of a seller's interest is generally equal to the total principal amount of the pool of assets included in the securitization structure less the principal amount of those assets attributable to investors, i.e., in the form of securities issued to investors.

Small Business Lending Fund – The Small Business Lending Fund (SBLF) was enacted into law in September 2010 as part of the Small Business Jobs Act of 2010 to encourage lending to small businesses by providing capital to qualified community institutions with assets of less than $10 billion. The SBLF Program is administered by the U.S. Treasury Department (http://www.treasury.gov/resource-center/sb-programs/Pages/Small-Business-Lending-Fund.aspx).

Under the SBLF Program, the Treasury Department purchased noncumulative perpetual preferred stock from qualifying depository institutions and holding companies (other than Subchapter S and mutual institutions). When this stock has been issued by a depository institution, it is reported as "Perpetual preferred stock and related surplus." For regulatory capital purposes, this noncumulative perpetual preferred stock qualifies as a component of Tier 1 capital. Qualifying Subchapter S corporations and mutual institutions issue unsecured subordinated debentures to the Treasury Department through the SBLF. Depository institutions that issued these debentures report them as "Subordinated notes and debentures." For regulatory capital purposes, the debentures are eligible for inclusion in an institution's Tier 2 capital in accordance with their primary federal regulator's capital standards. To participate in the SBLF Program, an institution with outstanding securities issued to the Treasury Department under the Capital Purchase Program (CPP) was required to refinance or repay in full the CPP securities at the time of the SBLF funding. Any outstanding warrants that an institution issued to the Treasury Department under the CPP remain outstanding after the refinancing of the CPP stock through the SBLF Program unless the institution chooses to repurchase them.

Subchapter S corporation – a Subchapter S corporation is treated as a pass-through entity, similar to a partnership, for federal income tax purposes. It is generally not subject to any federal income taxes at the corporate level. This can have the effect of reducing institutions' reported taxes and increasing their after-tax earnings.

Trust assets – market value, or other reasonably available value of fiduciary and related assets, to include marketable securities, and other financial and physical assets. Common physical assets held in fiduciary accounts include real estate, equipment, collectibles, and household goods. Such fiduciary assets are not included in the assets of the financial institution.

Unearned income & contra accounts – unearned income for *Call Report* filers only.

Unused loan commitments – includes credit card lines, home equity lines, commitments to make loans for construction, loans secured by commercial real estate, and unused commitments to originate or purchase loans. (Excluded are commitments after June 2003 for originated mortgage loans held for sale, which are accounted for as derivatives on the balance sheet.)

Yield on earning assets – total interest, dividend, and fee income earned on loans and investments as a percentage of average earning assets.