2024 VOLUME 18 NUMBER 1

FEDERAL DEPOSIT INSURANCE CORPORATION QUARTERLY

FOURTH QUARTER

FDIC

FDIC QUARTERLY 2024 VOLUME 18, NUMBER 1

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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FDIC QUARTERLY

2024 VOLUME 18, NUMBER 1

QUARTERLY BANKING PROFILE: FOURTH QUARTER 2023

Net income for the 4,587 FDIC-insured commercial banks and savings institutions declined $30 billion (43.9 percent) from one quarter ago to $38.4 billion in fourth quarter 2023. Higher noninterest expense (up $26.6 billion, or 18.9 percent), lower noninterest income (down $6.5 billion, or 8.8 percent), and higher provision expense (up $5.2 billion, or 26.5 percent) drove the decline in net income in the fourth quarter. However, it is estimated that 70 percent of the decrease in net income was caused by specific, non-recurring, noninterest expenses at large banks. These expenses include the special assessment, goodwill impairment, and legal, reorganization, and other one-time costs at large banks. Higher provision expense occurred as the industry built reserves, primarily for credit card and commercial real estate loans. The banking industry reported a quarterly ROA of 0.65 percent in the fourth quarter, down from 1.17 percent in the previous quarter and 1.16 percent in the year-ago quarter. See page 1.

COMMUNITY BANK PERFORMANCE

Community banks—which represent 90 percent of insured institutions—reported quarterly net income of $5.9 billion in fourth quarter 2023, a decline of $650.2 million (9.9 percent) from the prior quarter. Higher noninterest expense, increased provisions, and lower noninterest income more than exceeded higher net interest income and lower losses on the sale of securities. More than half (59.7 percent) of all community banks reported a decline in net income from third quarter 2023. The community bank pretax ROA declined 14 basis points from one quarter ago to 1.07 percent. See page 19.

INSURANCE FUND INDICATORS

The Deposit Insurance Fund (DIF) balance increased by $2.4 billion to $121.8 billion. The rise in the DIF was primarily driven by assessment income of $3.1 billion. Net investment income (including the effect of unrealized and realized gains and losses) added $0.8 billion. These gains were partially offset by provisions for insurance losses of $0.9 billion and operating expenses of $0.6 billion. One insured institution failed during the fourth quarter at an estimated cost to the Fund of $14.8 million. The DIF reserve ratio was 1.15 percent on December 31, 2023, up 2 basis points from the previous quarter and 10 basis points lower than the previous year. See page 31.

Featured Articles

THE EFFECTS OF POPULATION CHANGE ON COMMUNITY BANK DEPOSITS AND LOANS

For decades, U.S. rural county population generally declined while metropolitan county population grew robustly. The 2020 pandemic disrupted these trends, with potentially significant implications for community banks. Based on pre-pandemic data, community bank deposit growth correlated strongly with population growth. However, deposit growth kept pace with population in micropolitan counties but lagged in micropolitan and rural counties. The response of community bank loan portfolios to population growth also displayed different patterns among county types. Commercial real estate loan shares rose and residential loan shares fell, but at different rates. Commercial and industrial loan shares rose only in micropolitan counties. Agricultural loan shares rose only in metropolitan counties. If new population patterns persist, these relationships may materially affect the business models of community banks. See page 45.

2023 SUMMARY OF DEPOSITS HIGHLIGHTS

The 2023 Summary of Deposits article evaluates deposit and office trends by bank asset size group, community and noncommunity bank designation, and county type. Responses from the 2023 Summary of Deposits survey showed deposit declines of 4.8 percent between June 2022 and June 2023, the first annual decline in nearly 30 years. Deposit declines were greatest at large banks, while community banks reported deposit growth. The survey also showed the office closure rate improved from a year earlier, and community banks opened offices in metropolitan, micropolitan, and rural counties. See page 63.

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INSURED INSTITUTION PERFORMANCE

Full-Year 2023 Net Income Declined but Remained Well Above Pre-Pandemic Levels

Quarterly Net Income Fell 43.9 Percent From Third Quarter 2023, Driven by Higher Noninterest and Provision Expense and Lower Noninterest Income

The Net Interest Margin Fell Three Basis Points From the Prior Quarter

Provision Expense Increased From the Prior Quarter

Unrealized Losses on Securities Declined to the Lowest Level Since Second Quarter 2022

Loan Balances Increased Modestly From Last Quarter and One Year Ago

Domestic Deposits Increased for the First Time in Seven Quarters

The Noncurrent Loan Rate Increased Modestly but Remained Below Pre-Pandemic Levels

The Net Charge-Off Rate Increased and Was Above Pre-Pandemic Levels

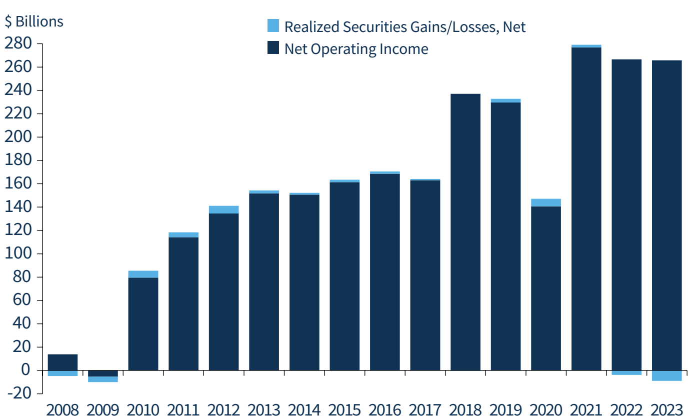
FULL-YEAR NET INCOME DECLINED IN 2023 BUT REMAINED WELL ABOVE PRE-PANDEMIC LEVELS

The banking industry reported full-year 2023 net income of $256.9 billion, down $6 billion (2.3 percent) from the prior year but still well above the pre-pandemic average of $193.5 billion. The decrease occurred as higher noninterest expense (up $52.2 billion, or 9.7 percent), increased provision expense (up $34.7 billion, or 67.2 percent), and higher realized losses on securities (up $7.6 billion, or 194.3 percent) offset growth in net operating revenue (up $79.4 billion, or 8.6 percent). Higher net interest income drove the increase in net operating revenue. The full-year net interest margin increased to 3.30 percent, up 35 basis points from 2022. The return-on-assets (ROA) ratio decreased by 1 basis point to 1.10 percent, modestly below the industry's pre-pandemic average ROA of 1.14 percent.[1]

Chart 1

Full-Year Net Income

All FDIC-Insured Institutions

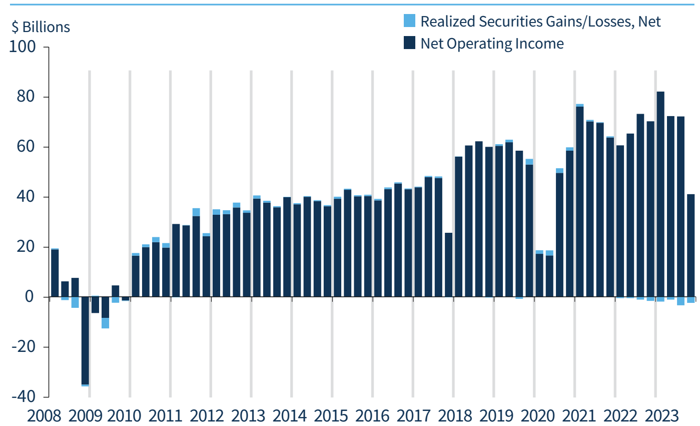


Source: FDIC.

Chart 2

Quarterly Net Income

All FDIC-Insured Institutions



Source: FDIC.

[1] The pre-pandemic average of quarterly items refers to the period first quarter 2015 through fourth quarter 2019 and for full-year items refers to the period full-year 2015 through full-year 2019. Both periods are used consistently throughout this report.

QUARTERLY NET INCOME FELL 43.9 PERCENT FROM THIRD QUARTER 2023, DRIVEN BY HIGHER NONINTEREST AND PROVISION EXPENSE AND LOWER NONINTEREST INCOME

Aggregate net income for the 4,587 FDIC-insured commercial banks and savings institutions declined $30 billion (43.9 percent) from the prior quarter to $38.4 billion. Higher noninterest expense (up $26.6 billion, or 18.9 percent), lower noninterest income (down $6.5 billion, or 8.8 percent), and higher provision expense (up $5.2 billion, or 26.5 percent) drove the decline in net income in the fourth quarter. However, it is estimated that 70 percent of the decrease in net income was caused by specific, non-recurring, noninterest expenses at large banks.[2] These expenses include the special assessment, goodwill impairment, and legal, reorganization, and other one-time costs at large banks. Higher provision expense occurred as the industry built reserves, primarily for credit card and commercial real estate loans.

The banking industry reported a quarterly ROA of 0.65 percent in the fourth quarter. The share of unprofitable institutions increased to 10.9 percent, the highest share of institutions since the 16.6 percent share reported in fourth quarter 2017.

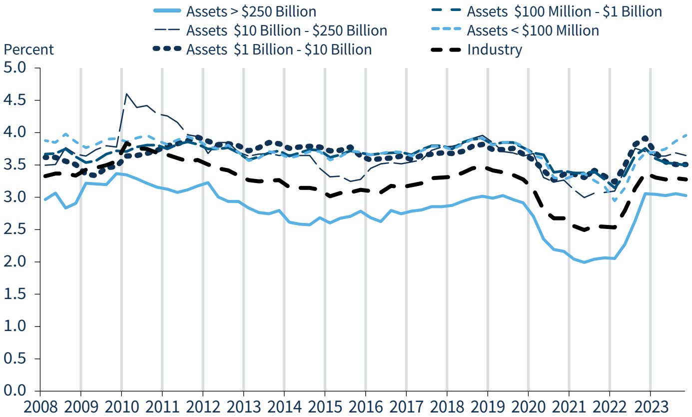
THE NET INTEREST MARGIN DECLINED FROM THE PRIOR QUARTER

The net interest margin (NIM) declined 3 basis points to 3.28 percent in the fourth quarter. NIM declined as the increase in deposit and non-deposit liability costs more than outpaced the increase in asset yields. Despite the quarterly decline, the industry NIM remained 3 basis points above the pre-pandemic average NIM of 3.25 percent.

Chart 3

Quarterly Net Interest Margin

All FDIC-Insured Institutions

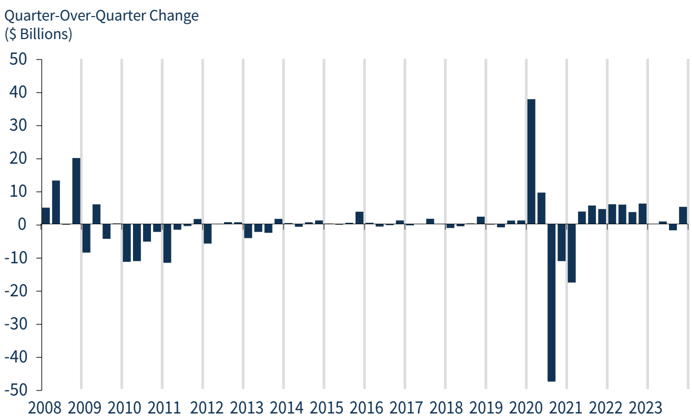


Source: FDIC.

Chart 4

Change in Quarterly Credit Loss Provisions

All FDIC-Insured Institutions



Source: FDIC.

[2] After taking into account the estimated tax benefits of the expenses.

NET OPERATING REVENUE DECLINED FOR THE THIRD CONSECUTIVE QUARTER

Net operating revenue (net interest income plus noninterest income) declined $7.1 billion (2.9 percent) from the third quarter to $242.2 billion. While net interest income and noninterest income both fell, the decline in noninterest income drove the overall decline. The largest contributors to the decline in noninterest income were "all other" noninterest income (down $2.6 billion, or 7.5 percent), servicing fees (down $2.4 billion, or 75.7 percent), and trading revenue (down $1.5 billion, or 11.3 percent).[3] Net interest income decreased $0.6 billion (0.4 percent) to $174.6 billion.

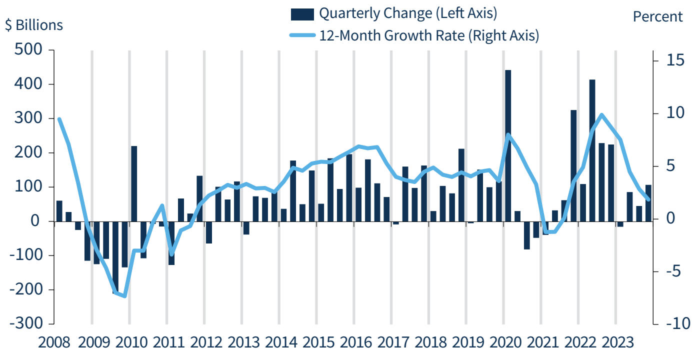
NON-RECURRING ITEMS DROVE NONINTEREST EXPENSE HIGHER

Noninterest expense increased to $167.6 billion during the quarter, driven by large non-recurring expenses. Due to the nature of the non-recurring items, the increase in expense was more substantial in larger banks. The efficiency ratio (noninterest expense to net operating revenue) of banks below $10 billion in total assets increased 2.5 percentage points to 64.9 percent, while the efficiency ratio of banks above $10 billion in total assets increased 11.6 percentage points to 66.3 percent.

Chart 5

Quarterly Change in Loan Balances

All FDIC-Insured Institutions

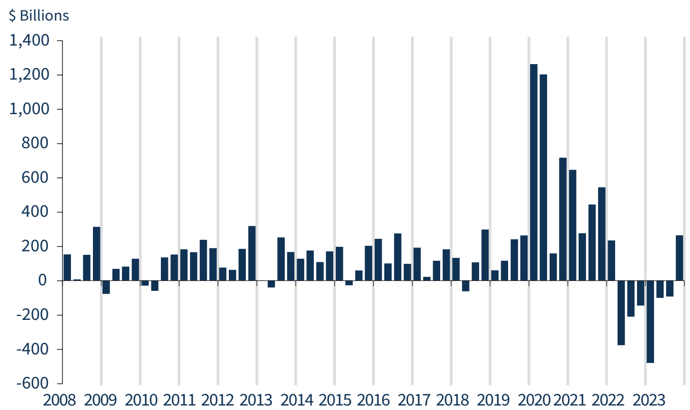


Source: FDIC.
Note: ASC Topics 810 and 860 resulted in the consolidation of large amounts of securitized loan balances back onto banks' balance sheets in the first quarter of 2010. Although the amount consolidated cannot be precisely quantified, the industry would have reported a decline in loan balances for the quarter absent this change in accounting standards.

Chart 6

Quarterly Change in Deposits

All FDIC-Insured Institutions



Source: FDIC.

[3] All other noninterest income includes material write-in items as well as income related to wire transfers and ATM fees, bank card and credit card interchange fees, safe deposit box rent, printing and sale of checks, earnings on/increase in value of cash surrender value of life insurance, and other noninterest sources.

PROVISION EXPENSE INCREASED FROM THE PRIOR QUARTER

Provisions for credit losses were $24.7 billion in fourth quarter 2023, up $5.2 billion from the previous quarter and $3.9 billion from the year-ago quarter. With the exception of the first and second quarters of 2020, this was the largest provision expense since fourth quarter 2010. The increase can be attributed to higher credit card balances and charge-offs, greater risk in office properties, and increasing delinquency levels across loan portfolios.

The reserve coverage ratio (the ratio of the allowance for credit losses to noncurrent loans) for the banking industry declined to 203.3 percent in fourth quarter 2023, down from 209.9 percent in the prior quarter. The decline in the ratio was due to noncurrent loan balances increasing at a faster pace than the allowance for credit losses.

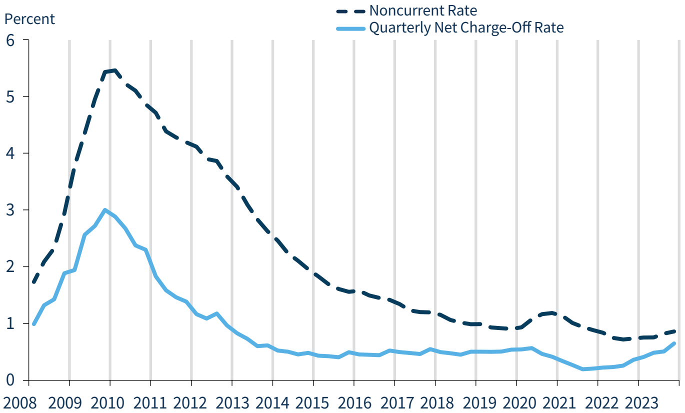
UNREALIZED LOSSES ON SECURITIES DECLINED TO THE LOWEST LEVEL SINCE SECOND QUARTER 2022[4]

The banking industry reported unrealized losses on securities of $477.6 billion in the fourth quarter, a decline of $206.3 billion (30.2 percent) from third quarter 2023. Lower unrealized losses on residential mortgage-backed securities accounted for about two-thirds of the total decrease. The amount of unrealized losses on securities was the lowest reported since second quarter 2022 but remained elevated compared to historical levels.

Chart 7

Noncurrent Loan Rate and Quarterly Net Charge-Off Rate

All FDIC-Insured Institutions

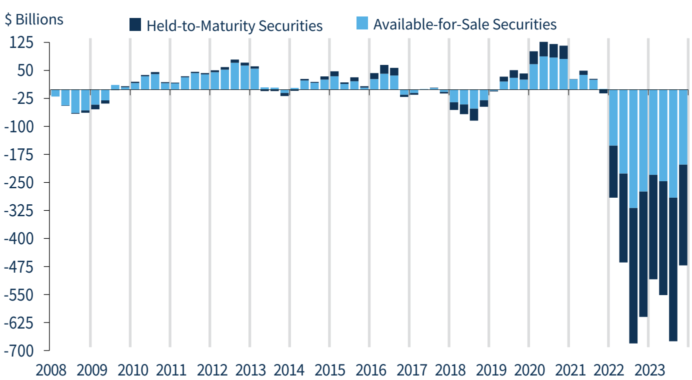


Source: FDIC.

Chart 8

Unrealized Gains (Losses) on Investment Securities

All FDIC-Insured Institutions



Source: FDIC.
Note: Insured Call Report filers only. Unrealized losses on securities solely reflect the difference between the market value and book value of non-equity securities as of quarter end.

[4] Unrealized losses on securities reflect the difference between the market value as of quarter-end and the book value of non-equity securities. This calculation does not account for any unrealized gains or losses in accumulated other comprehensive income because these cannot be derived from Call Reports.

BANKING INDUSTRY ASSETS INCREASED FROM THE PRIOR QUARTER

Total assets increased $259.9 billion (1.1 percent) from third quarter 2023. Nearly three-quarters of all banks reported quarterly asset growth. Higher cash balances (up $143.2 billion, or 5.3 percent) and securities holdings (up $131.1 billion, or 2.5 percent) led the increase, while lower levels of trading assets (down $98.7 billion, or 11.5 percent) partially offset the growth. The increase in securities holdings resulted from both portfolio growth and improvement in the fair value of securities.

LOAN BALANCES INCREASED MODESTLY FROM LAST QUARTER AND FROM ONE YEAR AGO

Total loan and lease balances grew $107.5 billion (0.9 percent) from the previous quarter. This was the highest quarterly loan growth rate reported by the industry in 2023. An increase in credit card loans (up $63.1 billion, or 6 percent) drove quarterly loan growth. About three-quarters of banks (75.5 percent) reported quarterly loan growth.

Total loan and lease balances increased $225.1 billion (1.8 percent) from the prior year, led by credit card loans (up $107.4 billion, or 10.6 percent) and 1–4 family residential loans (up $85.4 billion, or 3.4 percent).

DOMESTIC DEPOSITS INCREASED FOR THE FIRST TIME IN SEVEN QUARTERS

Domestic deposits increased $186.9 billion (1.1 percent) from third quarter 2023, the first quarterly increase in the past seven quarters. Growth in time deposits led the increase in domestic deposits, while noninterest-bearing deposits declined for the seventh consecutive quarter. Estimated insured deposits (up $46.6 billion, or 0.4 percent) increased during the quarter. Reported uninsured deposits decreased during the quarter but would have increased for the first time in seven quarters had a large bank's subsidiary transactions not affected reported data. Excluding that bank from the calculations, the industry's uninsured deposits increased $92.4 billion, or 1.4 percent, in the quarter.

DELINQUENCY RATES CONTINUED TO INCREASE HIGHER BUT REMAINED BELOW THEIR PRE-PANDEMIC AVERAGE RATES

Noncurrent loans (loans 90 days or more past due or in nonaccrual status) increased to 0.86 percent of total loans, up 4 basis points from the prior quarter but well below the pre-pandemic average of 1.28 percent. Credit card and nonfarm nonresidential commercial real estate loans drove the quarterly increase in the noncurrent rate. The share of total loans 30-89 days past due increased to 0.61 percent, up 7 basis points from the prior quarter but also below the pre-pandemic average.

THE NET CHARGE-OFF RATE INCREASED AND WAS ABOVE PRE-PANDEMIC LEVELS

The industry's net charge-off rate increased 14 basis points from the prior quarter and 29 basis points from the prior year to 0.65 percent, 17 basis points above its pre-pandemic average. Credit card loans led the annual increase in net charge-off balances. The net charge-off rate on credit card loans was 4.15 percent, the highest rate for this portfolio reported by the industry since first quarter 2012. Nonfarm nonresidential commercial real estate loans also contributed to the increase in net charge-offs, particularly among non-owner occupied properties in which the net charge-off rate of 0.51 percent was the highest level since fourth quarter 2012.

EQUITY CAPITAL INCREASED

Equity capital increased $52.1 billion (2.3 percent) from third quarter 2023, as an increase in accumulated other comprehensive income (up $83.5 billion) more than offset a decrease in retained earnings (down $33.8 billion). The leverage capital ratio declined 12 basis points from third quarter 2023 to 9.14 percent, and the tier 1 risk-based capital ratio fell 9 basis points to 13.92 percent. The number of institutions with capital ratios that did not meet Prompt Corrective Action requirements for the well-capitalized category increased by one from the prior quarter to six.[5]

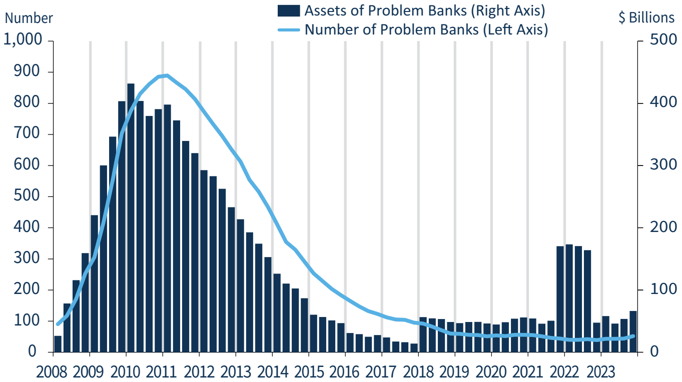
THE NUMBER OF PROBLEM BANKS INCREASED

The number of banks on the FDIC's "Problem Bank List" increased by eight, rising from 44 to 52.[6] These 52 banks represented 1.1 percent of total institutions by count. Total assets of problem institutions increased $12.8 billion quarter over quarter to $66.3 billion.

Chart 9

Number and Assets of Banks on the "Problem Bank List"

All FDIC-Insured Institutions



Source: FDIC.
Note: The asset values of insured financial institutions on the problem bank list are what were on record as of the last day of the quarter.

[5] Prompt Corrective Action categories are assigned based on reported capital ratios only and do not include the effects of regulatory downgrades.
[6] Banks on the FDIC's "Problem Bank List" have a CAMELS composite rating of "4" or "5" due to financial, operational, or managerial weaknesses, or a combination of such issues. It is common for banks to move on or off this list each quarter.

THE TOTAL NUMBER OF FDIC-INSURED INSTITUTIONS DECLINED

The number of FDIC-insured institutions that filed Call Reports declined from 4,614 in the third quarter to 4,587 in the fourth quarter. One bank opened, one bank failed, four banks did not file a Call Report after selling a majority of their assets, and 23 institutions merged with other banks during the fourth quarter.

Authors:

Nathan Hinton
Senior Financial Analyst
Division of Insurance and Research

James K. Presley-Nelson
Acting Chief, Financial Analysis Section
Division of Insurance and Research

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

	2023	2022	2021	2020	2019	2018	2017
Return on assets (%)	1.10	1.11	1.23	0.72	1.29	1.35	0.97
Return on equity (%)	11.50	11.82	12.21	6.85	11.38	11.98	8.60
Core capital (leverage) ratio (%)	9.14	8.97	8.73	8.82	9.66	9.70	9.63
Noncurrent assets plus other real estate owned to assets (%)	0.47	0.39	0.44	0.61	0.55	0.60	0.73
Net charge-offs to loans (%)	0.52	0.27	0.25	0.50	0.52	0.48	0.50
Asset growth rate (%)	0.30	-0.51	8.46	17.29	3.92	3.03	3.79
Net interest margin (%)	3.30	2.95	2.54	2.82	3.36	3.40	3.25
Net operating income growth (%)	-0.33	-3.68	96.90	-38.77	-3.14	45.45	-3.27
Number of institutions reporting	4,587	4,706	4,839	5,002	5,177	5,406	5,670
Commercial banks	4,026	4,127	4,232	4,375	4,518	4,715	4,918
Savings institutions	561	579	607	627	659	691	752
Percentage of unprofitable institutions (%)	5.21	3.55	3.10	4.70	3.73	3.46	5.61
Number of problem institutions	52	39	44	56	51	60	95
Assets of problem institutions (in billions)**	$66	$47	$170	$56	$46	$48	$14
Number of failed institutions	5	0	0	4	4	0	8

* Excludes insured branches of foreign banks (IBAs).
** Assets shown are what were on record as of the last day of the quarter.

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

(dollar figures in millions)	4th Quarter 2023	3rd Quarter 2023	4th Quarter 2022	%Change 22Q4-23Q4
Number of institutions reporting	4,587	4,614	4,706	-2.5
Total employees (full-time equivalent)	2,078,728	2,098,498	2,125,175	-2.2
CONDITION DATA				
Total assets	$23,668,802	$23,408,915	$23,598,511	0.3
Loans secured by real estate	5,929,696	5,889,672	5,766,658	2.8
1-4 Family residential mortgages	2,564,928	2,549,302	2,479,517	3.4
Nonfarm nonresidential	1,815,994	1,805,204	1,778,030	2.1
Construction and development	501,525	497,093	467,600	7.3
Home equity lines	271,580	269,313	273,003	-0.5
Commercial & industrial loans	2,482,326	2,487,090	2,532,551	-2.0
Loans to individuals	2,135,617	2,096,290	2,070,576	3.1
Credit cards	1,116,822	1,053,772	1,009,402	10.6
Farm loans	82,523	79,489	76,748	7.5
Other loans & leases	1,823,273	1,794,326	1,782,171	2.3
Less: Unearned income	1,566	2,482	1,954	-19.8
Total loans & leases	12,451,869	12,344,385	12,226,749	1.8
Less: Reserve for losses*	217,805	213,092	195,310	11.5
Net loans and leases	12,234,064	12,131,293	12,031,439	1.7
Securities**	5,434,911	5,303,798	5,883,844	-7.6
Other real estate owned	2,868	2,891	2,593	10.6
Goodwill and other intangibles	425,631	436,184	430,065	-1.0
All other assets	5,571,328	5,534,749	5,250,569	6.1
Total liabilities and capital	23,668,802	23,408,915	23,598,511	0.3
Deposits	18,813,298	18,553,521	19,214,548	-2.1
Domestic office deposits	17,345,214	17,158,289	17,725,359	-2.1
Foreign office deposits	1,468,084	1,395,232	1,489,189	-1.4
Other borrowed funds	1,724,260	1,745,002	1,351,897	27.5
Subordinated debt	57,881	57,206	65,187	-11.2
All other liabilities	776,148	808,232	760,160	2.1
Total equity capital (includes minority interests)	2,297,215	2,244,955	2,206,719	4.1
Bank equity capital	2,294,660	2,242,554	2,204,533	4.1
Loans and leases 30-89 days past due	75,938	66,813	67,922	11.8
Noncurrent loans and leases	107,131	101,518	89,873	19.2
Restructured loans and leases	36,483	29,341	44,061	-17.2
Mortgage-backed securities	2,921,478	2,870,156	3,150,180	-7.3
Earning assets	21,484,053	21,178,582	21,399,960	0.4
FHLB Advances	584,292	602,642	587,575	-0.6
Unused loan commitments	9,742,329	9,829,084	9,569,487	1.8
Trust assets	33,219,254	31,142,480	18,093,860	83.6
Assets securitized and sold	446,023	436,928	388,397	14.8
Notional amount of derivatives	194,773,722	207,341,064	192,875,312	1.0

INCOME DATA	Full Year 2023	Full Year 2022	%Change	4th Quarter 2023	4th Quarter 2022	%Change 22Q4-23Q4
Total interest income	$1,150,046	$750,894	53.2	$309,970	$242,249	28.0
Total interest expense	451,828	117,579	284.3	135,372	61,939	118.6
Net interest income	698,218	633,315	10.3	174,598	180,311	-3.2
Provision for credit losses***	86,324	51,628	67.2	24,676	20,803	18.6
Total noninterest income	305,378	290,855	5.0	67,602	62,940	7.4
Total noninterest expense	590,263	538,055	9.7	167,559	135,912	23.3
Securities gains (losses)	-11,488	-3,903	N/M	-3,848	-1,742	N/M
Applicable income taxes	59,131	67,275	-12.1	8,455	16,542	-48.9
Extraordinary gains, net****	878	-233	N/M	825	28	2,819.9
Total net income (includes minority interests)	257,269	263,076	-2.2	38,487	68,280	-43.6
Bank net income	256,858	262,819	-2.3	38,392	68,215	-43.7
Net charge-offs	62,917	31,455	100.0	20,136	10,890	84.9
Cash dividends	213,079	152,362	39.9	72,239	57,165	26.4
Retained earnings	43,779	110,457	-60.4	-33,847	11,050	-406.3
Net operating income	265,787	266,664	-0.3	40,841	69,859	-41.5

* For institutions that have adopted ASU 2016-13, this item represents the allowance for credit losses on loans and leases held for investment and allocated transfer risk.
** For institutions that have adopted ASU 2016-13, securities are reported net of allowances for credit losses.
*** For institutions that have adopted ASU 2016-13, this item represents provisions for credit losses on a consolidated basis; for institutions that have not adopted ASU 2016-13, this item represents the provision for loan and lease losses.
**** See Notes to Users for explanation.

N/M - Not Meaningful

TABLE III-A. Full Year 2023, All FDIC-Insured Institutions

FULL YEAR (The way it is…)	All Insured Institutions	Asset Concentration Groups* 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	4,587	10	5	1,016	2,503	326	40	225	395	67
Commercial banks	4,026	9	5	1,005	2,275	95	31	208	342	56
Savings institutions	561	1	0	11	228	231	9	17	53	11
Total assets (in billions)	$23,668.8	$514.4	$5,855.9	$303.3	$8,417.1	$619.8	$393.3	$50.5	$94.6	$7,419.9
Commercial banks	22,452.2	404.8	5,855.9	296.9	7,992.4	109.1	387.6	46.6	81.7	7,277.3
Savings institutions	1,216.6	109.6	0.0	6.4	424.7	510.8	5.7	3.9	13.0	142.6
Total deposits (in billions)	18,813.3	391.8	4,457.0	255.9	6,775.6	507.0	322.3	42.0	81.1	5,980.5
Commercial banks	17,830.9	308.3	4,457.0	252.1	6,443.5	87.4	317.5	39.5	70.6	5,854.9
Savings institutions	982.4	83.5	0.0	3.8	332.1	419.6	4.9	2.5	10.5	125.6
Bank net income (in millions)	256,858	12,514	64,646	3,469	85,157	3,697	4,732	694	979	80,968
Commercial banks	247,980	10,513	64,646	3,299	81,641	1,060	4,714	130	902	81,077
Savings institutions	8,878	2,001	0	171	3,516	2,638	19	565	78	-108
Performance Ratios (%)										
Yield on earning assets	5.43	14.12	5.38	4.96	5.28	3.23	6.97	4.18	4.56	5.19
Cost of funding earning assets	2.13	3.55	2.49	1.56	1.91	1.62	3.31	1.12	1.21	2.03
Net interest margin	3.30	10.57	2.89	3.40	3.37	1.61	3.66	3.06	3.35	3.16
Noninterest income to assets	1.31	6.32	1.65	0.57	0.98	0.71	1.02	4.77	0.87	1.15
Noninterest expense to assets	2.53	9.01	2.44	2.32	2.49	1.45	2.14	4.86	2.72	2.30
Credit loss provision to assets**	0.37	4.04	0.30	0.07	0.23	0.01	0.73	0.18	0.08	0.37
Net operating income to assets	1.14	2.61	1.16	1.20	1.08	0.61	1.23	1.88	1.07	1.12
Pretax return on assets	1.35	3.39	1.42	1.33	1.26	0.75	1.59	1.97	1.17	1.32
Return on assets	1.10	2.61	1.11	1.18	1.03	0.58	1.23	1.31	1.05	1.10
Return on equity	11.50	25.24	11.99	13.24	10.30	9.01	14.73	11.82	11.83	11.50
Net charge-offs to loans and leases	0.52	3.61	0.59	0.06	0.21	0.03	1.02	0.72	0.08	0.62
Loan and lease loss provision to net charge-offs	136.29	133.83	138.84	178.56	162.24	123.26	95.62	99.61	177.49	128.03
Efficiency ratio	57.47	54.39	57.54	61.44	58.53	64.31	47.05	63.08	67.75	56.94
% of unprofitable institutions	5.21	0.00	0.00	2.07	4.12	18.10	17.50	10.67	5.32	5.97
% of institutions with earnings gains	47.70	60.00	40.00	53.74	46.42	32.52	45.00	59.56	46.84	43.28
Condition Ratios (%)										
Earning assets to total assets	90.77	95.50	89.03	93.41	90.99	95.95	94.25	91.57	93.62	90.79
Loss Allowance to:										
Loans and leases	1.75	7.06	1.87	1.29	1.31	0.63	1.94	1.57	1.27	1.82
Noncurrent loans and leases	203.31	424.19	258.49	265.39	173.07	139.28	311.27	232.61	218.80	168.01
Noncurrent assets plus other real estate owned to assets	0.47	1.40	0.27	0.35	0.53	0.17	0.47	0.21	0.35	0.52
Equity capital ratio	9.69	10.12	9.00	9.29	10.34	7.52	8.62	12.47	9.43	9.72
Core capital (leverage) ratio	9.14	10.85	8.04	10.79	9.74	10.60	9.87	15.78	11.59	8.88
Common equity tier 1 capital ratio***	13.86	12.32	15.23	13.46	12.38	28.17	14.59	36.65	17.93	14.30
Tier 1 risk-based capital ratio***	13.92	12.46	15.30	13.46	12.43	28.17	14.61	36.65	17.93	14.35
Total risk-based capital ratio***	15.25	14.38	16.40	14.53	13.76	28.67	15.62	37.50	18.96	15.86
Net loans and leases to deposits	65.03	102.33	46.27	76.51	81.90	43.27	90.00	31.77	64.23	57.70
Net loans and leases to total assets	51.69	77.94	35.22	64.55	65.93	35.39	73.77	26.42	55.05	46.51
Domestic deposits to total assets	73.28	76.17	54.27	84.37	80.40	81.59	81.97	83.14	85.69	78.19
Structural Changes										
New reporters	6	0	0	0	0	0	0	6	0	0
Institutions absorbed by mergers	107	0	0	21	75	0	0	2	6	3
Failed institutions	5	0	0	2	1	0	0	0	0	2
PRIOR FULL YEARS (The way it was…)										
Number of institutions 2022	4,706	10	5	1,054	2,501	320	35	300	410	71
2020	5,002	11	5	1,163	2,667	291	36	277	485	67
2018	5,406	12	5	1,346	2,866	401	69	227	431	49
Total assets (in billions) 2022	$23,598.5	$452.8	$5,745.9	$298.5	$8,138.9	$720.6	$590.4	$70.3	$95.9	$7,485.3
2020	21,868.8	492.6	5,539.4	287.7	7,591.0	684.0	144.8	51.5	105.7	6,972.0
2018	17,943.0	651.7	4,285.9	286.8	6,373.8	346.0	218.3	36.7	75.9	5,667.9
Return on assets (%) 2022	1.11	3.67	0.95	1.22	1.18	0.86	1.33	1.99	1.01	1.03
2020	0.72	1.92	0.70	1.29	0.74	0.92	1.59	2.59	1.10	0.53
2018	1.35	2.96	1.17	1.32	1.26	1.13	1.42	2.94	1.12	1.40
Net charge-offs to loans & leases (%) 2022	0.27	2.12	0.32	0.05	0.11	0.01	0.38	0.13	0.06	0.31
2020	0.50	3.73	0.69	0.15	0.25	0.05	0.52	0.19	0.07	0.43
2018	0.48	3.87	0.50	0.15	0.18	0.02	0.76	1.41	0.17	0.37
Noncurrent assets plus OREO to assets (%) 2022	0.39	1.06	0.23	0.35	0.48	0.15	0.34	0.22	0.33	0.42
2020	0.61	0.92	0.38	0.69	0.76	0.30	0.26	0.34	0.56	0.66
2018	0.60	1.26	0.39	0.83	0.63	1.28	0.49	0.43	0.73	0.62
Equity capital ratio (%) 2022	9.34	10.65	9.26	8.66	9.76	5.27	8.15	10.27	8.35	9.39
2020	10.17	12.61	8.95	11.37	11.23	8.40	9.21	15.79	11.81	9.90
2018	11.25	15.29	9.88	11.34	11.94	11.08	10.51	16.74	12.31	11.04

* See Table IV-A for explanations.
** For institutions that have adopted ASU 2016-13, the numerator represents provisions for credit losses on a consolidated basis; for institutions that have not adopted ASU 2016-13, the numerator represents the provision for loan and lease losses.
*** Beginning March 2020, does not include institutions that have a Community Bank Leverage Ratio election in effect at the report date.

TABLE III-A. Full Year 2023, All FDIC-Insured Institutions

		Asset Size Distribution					Geographic Regions*					
FULL YEAR (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	4,587	699	2,899	831	144	14	540	519	979	1,171	1,035	343
Commercial banks	4,026	611	2,574	698	130	13	284	476	847	1,135	970	314
Savings institutions	561	88	325	133	14	1	256	43	132	36	65	29
Total assets (in billions)	$23,668.8	$42.9	$1,096.5	$2,336.8	$6,543.8	$13,648.7	$4,540.2	$4,871.1	$5,974.3	$4,225.4	$2,001.9	$2,055.8
Commercial banks	22,452.2	37.9	963.8	2,005.5	6,100.8	13,344.2	4,172.8	4,856.8	5,899.1	4,166.8	1,472.8	1,884.0
Savings institutions	1,216.6	5.1	132.7	331.3	443.0	304.5	367.4	14.4	75.2	58.6	529.2	171.8
Total deposits (in billions)	18,813.3	35.4	924.4	1,907.6	5,272.1	10,673.7	3,615.8	3,893.7	4,577.5	3,421.6	1,653.0	1,651.7
Commercial banks	17,830.9	31.7	819.2	1,649.9	4,914.0	10,416.1	3,326.6	3,882.0	4,523.9	3,371.9	1,211.5	1,514.9
Savings institutions	982.4	3.8	105.2	257.7	358.1	257.6	289.2	11.7	53.6	49.6	441.5	136.7
Bank net income (in millions)	256,858	384	11,722	25,741	79,309	139,701	43,962	55,966	71,832	42,065	18,328	24,706
Commercial banks	247,980	357	10,284	23,582	74,962	138,795	41,497	55,875	70,694	41,291	16,665	21,958
Savings institutions	8,878	27	1,439	2,159	4,348	906	2,465	90	1,138	774	1,664	2,747
Performance Ratios (%)												
Yield on earning assets	5.43	4.89	5.01	5.40	5.95	5.22	5.62	5.23	5.15	5.50	4.77	6.76
Cost of funding earning assets	2.13	1.08	1.48	1.83	2.28	2.17	2.56	1.87	2.02	2.16	1.76	2.44
Net interest margin	3.30	3.81	3.52	3.56	3.68	3.04	3.06	3.36	3.13	3.34	3.00	4.32
Noninterest income to assets	1.31	1.50	1.13	1.00	1.43	1.31	1.20	1.24	1.52	1.08	0.77	2.09
Noninterest expense to assets	2.53	3.88	2.98	2.63	2.69	2.39	2.36	2.47	2.47	2.48	2.28	3.54
Credit loss provision to assets**	0.37	0.08	0.11	0.22	0.53	0.34	0.35	0.43	0.26	0.36	0.15	0.81
Net operating income to assets	1.14	0.93	1.14	1.17	1.29	1.06	1.00	1.19	1.27	1.02	0.94	1.38
Pretax return on assets	1.35	1.06	1.29	1.41	1.52	1.27	1.23	1.35	1.53	1.24	1.09	1.60
Return on assets	1.10	0.91	1.09	1.13	1.23	1.03	0.98	1.17	1.22	1.00	0.91	1.22
Return on equity	11.50	7.20	11.52	11.58	12.66	10.94	9.74	11.95	12.98	10.63	10.91	12.62
Net charge-offs to loans and leases	0.52	0.08	0.09	0.25	0.59	0.59	0.49	0.62	0.36	0.50	0.19	0.97
Loan and lease loss provision to net charge-offs	136.29	183.01	166.24	128.73	141.48	132.92	135.70	131.65	153.76	137.57	149.37	125.79
Efficiency ratio	57.47	76.86	66.84	60.45	54.64	57.65	58.70	54.36	56.47	60.19	63.44	55.64
% of unprofitable institutions	5.21	12.16	4.35	2.65	3.47	7.14	8.33	6.74	5.52	2.22	4.35	9.91
% of institutions with earnings gains	47.70	58.51	48.43	38.15	36.11	42.86	37.22	54.53	46.27	45.60	53.82	46.65
Condition Ratios (%)												
Earning assets to total assets	90.77	92.76	93.65	93.01	92.02	89.55	90.13	90.35	89.83	90.68	92.80	94.10
Loss Allowance to:												
Loans and leases	1.75	1.38	1.27	1.32	1.87	1.84	1.75	1.74	1.58	1.82	1.29	2.38
Noncurrent loans and leases	203.31	176.07	240.36	202.62	210.26	196.26	176.02	202.26	215.59	195.31	147.62	308.44
Noncurrent assets plus other real estate owned to assets	0.47	0.48	0.39	0.49	0.58	0.42	0.55	0.46	0.37	0.48	0.51	0.53
Equity capital ratio	9.69	13.01	9.88	10.14	10.03	9.43	10.30	9.91	9.32	9.43	9.11	10.06
Core capital (leverage) ratio	9.14	14.50	11.32	10.60	9.64	8.45	9.50	8.71	8.58	8.95	10.18	10.32
Common equity tier 1 capital ratio***	13.86	22.53	15.39	13.46	13.37	14.12	14.01	13.16	14.21	13.12	15.27	14.50
Tier 1 risk-based capital ratio***	13.92	22.53	15.44	13.49	13.48	14.16	14.05	13.21	14.27	13.20	15.36	14.55
Total risk-based capital ratio***	15.25	23.57	16.56	14.55	14.85	15.53	15.33	14.45	15.67	14.69	16.51	15.84
Net loans and leases to deposits	65.03	67.20	77.22	84.94	77.79	54.11	66.59	63.81	62.38	60.09	65.54	81.54
Net loans and leases to total assets	51.69	55.46	65.10	69.34	62.67	42.31	53.03	51.01	47.80	48.66	54.12	65.51
Domestic deposits to total assets	73.28	82.54	84.3	81.55	79.25	68.09	75.52	77.31	67.56	66.67	82.55	79.99
Structural Changes												
New reporters	6	6	0	0	0	0	1	0	2	0	0	3
Institutions absorbed by mergers	107	29	54	21	3	0	12	14	30	27	21	3
Failed institutions	5	1	1	0	3	0	1	0	0	2	0	2
PRIOR FULL YEARS (The way it was...)												
Number of institutions 2022	4,706	761	2,964	823	145	13	558	534	1,011	1,198	1,053	352
2020	5,002	946	3,129	776	138	13	593	570	1,069	1,292	1,107	371
2018	5,406	1,278	3,353	638	128	9	659	626	1,163	1,379	1,182	397
Total assets (in billions) 2022	$23,598.5	$46.3	$1,098.0	$2,277.3	$7,091.5	$13,085.5	$4,546.1	$4,614.2	$5,575.3	$4,243.2	$1,992.9	$2,626.9
2020	21,868.8	57.2	1,101.4	2,069.8	6,358.4	12,282.0	4,015.1	4,485.2	5,205.7	4,134.1	1,792.6	2,236.1
2018	17,943.0	75.9	1,108.6	1,734.8	6,202.3	8,821.4	3,362.0	3,677.0	4,042.6	3,670.8	1,133.1	2,057.6
Return on assets (%) 2022	1.11	0.84	1.18	1.30	1.25	1.01	1.03	1.15	1.09	0.97	1.12	1.49
2020	0.72	0.84	1.21	1.11	0.71	0.61	0.62	0.59	0.87	0.49	0.98	1.03
2018	1.35	1.01	1.23	1.33	1.46	1.29	1.22	1.44	1.26	1.25	1.40	1.74
Net charge-offs to loans & leases (%) 2022	0.27	0.06	0.05	0.15	0.28	0.32	0.26	0.34	0.18	0.27	0.09	0.43
2020	0.50	0.13	0.12	0.22	0.66	0.51	0.48	0.54	0.41	0.53	0.31	0.70
2018	0.48	0.18	0.16	0.20	0.70	0.43	0.59	0.55	0.23	0.50	0.24	0.73
Noncurrent assets plus OREO to assets (%) 2022	0.39	0.51	0.34	0.47	0.46	0.35	0.47	0.39	0.33	0.39	0.44	0.37
2020	0.61	0.74	0.60	0.65	0.83	0.50	0.60	0.55	0.52	0.70	1.08	0.48
2018	0.60	0.97	0.73	0.64	0.62	0.57	0.58	0.65	0.54	0.68	0.76	0.44
Equity capital ratio (%) 2022	9.34	12.37	9.22	9.65	9.50	9.20	9.84	9.73	9.24	9.21	7.83	9.38
2020	10.17	13.43	11.27	10.94	10.84	9.58	10.49	10.78	9.59	9.83	10.08	10.44
2018	11.25	13.57	11.50	11.91	12.08	10.49	12.53	12.07	10.35	10.23	11.81	11.02

* See Table IV-A for explanations.
** For institutions that have adopted ASU 2016-13, the numerator represents provisions for credit losses on a consolidated basis; for institutions that have not adopted ASU 2016-13, the numerator represents the provision for loan and lease losses.
*** Beginning March 2020, does not include institutions that have a Community Bank Leverage Ratio election in effect at the report date.

TABLE IV-A. Fourth Quarter 2023, All FDIC-Insured Institutions

		Asset Concentration Groups*								
FOURTH QUARTER (The way it is…)	**All Insured Institutions**	**Credit Card Banks**	**Inter-national 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	4,587	10	5	1,016	2,503	326	40	225	395	67
Commercial banks	4,026	9	5	1,005	2,275	95	31	208	342	56
Savings institutions	561	1	0	11	228	231	9	17	53	11
Total assets (in billions)	$23,668.8	$514.4	$5,855.9	$303.3	$8,417.1	$619.8	$393.3	$50.5	$94.6	$7,419.9
Commercial banks	22,452.2	404.8	5,855.9	296.9	7,992.4	109.1	387.6	46.6	81.7	7,277.3
Savings institutions	1,216.6	109.6	0.0	6.4	424.7	510.8	5.7	3.9	13.0	142.6
Total deposits (in billions)	18,813.3	391.8	4,457.0	255.9	6,775.6	507.0	322.3	42.0	81.1	5,980.5
Commercial banks	17,830.9	308.3	4,457.0	252.1	6,443.5	87.4	317.5	39.5	70.6	5,854.9
Savings institutions	982.4	83.5	0.0	3.8	332.1	419.6	4.9	2.5	10.5	125.6
Bank net income (in millions)	38,392	2,728	8,793	775	10,429	696	1,011	242	217	13,502
Commercial banks	36,773	2,383	8,793	732	9,562	222	1,007	78	201	13,796
Savings institutions	1,619	345	0	43	867	474	4	164	16	-294
Performance Ratios (annualized, %)										
Yield on earning assets	5.82	14.77	5.91	5.33	5.59	3.40	7.32	4.47	4.90	5.53
Cost of funding earning assets	2.54	3.93	2.93	1.95	2.29	1.89	3.69	1.28	1.55	2.46
Net interest margin	3.28	10.84	2.98	3.37	3.30	1.51	3.63	3.18	3.34	3.07
Noninterest income to assets	1.15	6.26	1.37	0.55	0.80	0.73	0.91	5.14	0.85	1.07
Noninterest expense to assets	2.85	9.04	2.82	2.40	2.87	1.57	2.30	5.25	2.83	2.57
Credit loss provision to assets**	0.42	4.80	0.40	0.09	0.22	0.01	0.73	0.08	0.11	0.40
Net operating income to assets	0.69	2.17	0.66	1.07	0.54	0.45	1.03	2.13	0.97	0.77
Pretax return on assets	0.80	2.79	0.73	1.17	0.65	0.60	1.30	2.55	1.00	0.85
Return on assets	0.65	2.17	0.60	1.03	0.50	0.45	1.03	1.93	0.93	0.73
Return on equity	6.77	21.38	6.54	11.55	4.92	6.23	12.18	16.45	10.26	7.59
Net charge-offs to loans and leases	0.65	4.17	0.76	0.08	0.28	0.03	1.46	0.32	0.10	0.77
Loan and lease loss provision to net charge-offs	120.25	137.64	123.02	160.98	123.87	82.29	66.28	97.88	194.32	113.64
Efficiency ratio	66.04	54.06	69.91	63.94	66.86	71.84	49.53	62.36	70.74	66.26
% of unprofitable institutions	10.88	10.00	20.00	8.96	8.47	26.38	20.00	20.00	11.14	16.42
% of institutions with earnings gains	32.00	40.00	0.00	35.73	30.68	23.01	40.00	38.22	34.68	28.36
Structural Changes										
New reporters	1	0	0	0	0	0	0	1	0	0
Institutions absorbed by mergers	23	0	0	4	14	0	0	1	2	2
Failed institutions	1	0	0	1	0	0	0	0	0	0
PRIOR FOURTH QUARTERS (The way it was…)										
Return on assets (%) 2022	1.16	3.13	1.03	1.20	1.29	0.87	1.02	2.72	1.02	1.02
2020	1.10	4.49	1.05	1.15	1.15	0.90	2.34	2.68	1.05	0.83
2018	1.33	3.36	1.03	1.22	1.26	1.12	1.32	3.96	1.11	1.42
Net charge-offs to loans & leases (%) 2022	0.36	2.54	0.40	0.11	0.15	0.02	0.55	0.22	0.15	0.44
2020	0.42	2.78	0.54	0.18	0.24	0.06	0.45	0.17	0.09	0.37
2018	0.50	3.85	0.49	0.21	0.21	0.06	0.80	0.25	0.22	0.39

***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.
** For institutions that have adopted ASU 2016-13, the numerator represents provisions for credit losses on a consolidated basis; for institutions that have not adopted ASU 2016-13, the numerator represents the provision for loan and lease losses.

TABLE IV-A. Fourth Quarter 2023, All FDIC-Insured Institutions

FOURTH QUARTER (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	4,587	699	2,899	831	144	14	540	519	979	1,171	1,035	343
Commercial banks	4,026	611	2,574	698	130	13	284	476	847	1,135	970	314
Savings institutions	561	88	325	133	14	1	256	43	132	36	65	29
Total assets (in billions)	$23,668.8	$42.9	$1,096.5	$2,336.8	$6,543.8	$13,648.7	$4,540.2	$4,871.1	$5,974.3	$4,225.4	$2,001.9	$2,055.8
Commercial banks	22,452.2	37.9	963.8	2,005.5	6,100.8	13,344.2	4,172.8	4,856.8	5,899.1	4,166.8	1,472.8	1,884.0
Savings institutions	1,216.6	5.1	132.7	331.3	443.0	304.5	367.4	14.4	75.2	58.6	529.2	171.8
Total deposits (in billions)	18,813.3	35.4	924.4	1,907.6	5,272.1	10,673.7	3,615.8	3,893.7	4,577.5	3,421.6	1,653.0	1,651.7
Commercial banks	17,830.9	31.7	819.2	1,649.9	4,914.0	10,416.1	3,326.6	3,882.0	4,523.9	3,371.9	1,211.5	1,514.9
Savings institutions	982.4	3.8	105.2	257.7	358.1	257.6	289.2	11.7	53.6	49.6	441.5	136.7
Bank net income (in millions)	38,392	73	2,646	5,790	13,207	16,675	7,668	3,086	13,327	5,359	3,192	5,760
Commercial banks	36,773	70	2,287	5,307	12,446	16,663	7,114	3,072	13,040	5,144	3,223	5,180
Savings institutions	1,619	3	359	483	761	12	554	13	287	215	-31	580
Performance Ratios (annualized, %)												
Yield on earning assets	5.82	5.38	5.36	5.75	6.32	5.62	6.01	5.62	5.56	5.88	5.07	7.17
Cost of funding earning assets	2.54	1.42	1.86	2.24	2.68	2.59	3.00	2.32	2.41	2.55	2.11	2.81
Net interest margin	3.28	3.96	3.50	3.51	3.65	3.03	3.00	3.30	3.15	3.33	2.96	4.36
Noninterest income to assets	1.15	1.55	1.13	0.95	1.22	1.15	1.18	0.92	1.32	0.90	0.68	2.11
Noninterest expense to assets	2.85	4.27	3.07	2.66	2.89	2.84	2.61	3.07	2.71	2.86	2.43	3.65
Credit loss provision to assets**	0.42	0.11	0.14	0.25	0.60	0.39	0.46	0.44	0.24	0.47	0.17	0.93
Net operating income to assets	0.69	0.71	1.02	1.06	0.88	0.52	0.66	0.29	0.96	0.54	0.69	1.27
Pretax return on assets	0.80	0.82	1.15	1.24	1.00	0.60	0.82	0.35	1.11	0.56	0.72	1.46
Return on assets	0.65	0.69	0.97	1.00	0.81	0.49	0.68	0.26	0.89	0.51	0.64	1.13
Return on equity	6.77	5.41	10.16	10.12	8.25	5.18	6.67	2.60	9.54	5.41	7.30	11.38
Net charge-offs to loans and leases	0.65	0.10	0.13	0.32	0.74	0.74	0.64	0.76	0.45	0.66	0.24	1.19
Loan and lease loss provision to net charge-offs	120.25	184.94	152.65	111.90	129.21	114.21	135.46	114.34	116.08	115.01	134.88	117.88
Efficiency ratio	66.04	81.63	68.66	62.60	62.24	68.54	66.70	65.31	64.90	72.63	70.21	57.70
% of unprofitable institutions	10.88	22.32	9.24	7.34	8.33	14.29	14.07	12.14	10.01	8.63	10.82	14.29
% of institutions with earnings gains	32.00	36.34	33.84	24.43	19.44	14.29	20.00	33.91	31.66	34.50	36.62	26.53
Structural Changes												
New reporters	1	1	0	0	0	0	0	0	0	0	0	1
Institutions absorbed by mergers	23	5	14	4	0	0	4	1	4	9	4	1
Failed institutions	1	1	0	0	0	0	0	0	0	1	0	0
PRIOR FOURTH QUARTERS (The way it was…)												
Return on assets (%) 2022	1.16	0.78	1.28	1.37	1.17	1.11	1.10	1.23	1.24	0.94	1.18	1.27
2020	1.10	0.64	1.22	1.30	1.35	0.94	0.89	1.08	1.24	0.88	1.04	1.67
2018	1.33	0.87	1.24	1.32	1.49	1.24	1.25	1.45	1.19	1.19	1.34	1.81
Net charge-offs to loans and leases (%) 2022	0.36	0.09	0.11	0.20	0.36	0.44	0.34	0.46	0.24	0.35	0.12	0.59
2020	0.42	0.15	0.15	0.24	0.52	0.42	0.42	0.41	0.37	0.43	0.25	0.58
2018	0.50	0.25	0.19	0.21	0.73	0.44	0.58	0.58	0.24	0.51	0.30	0.78

*** 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
** For institutions that have adopted ASU 2016-13, the numerator represents provisions for credit losses on a consolidated basis; for institutions that have not adopted ASU 2016-13, the numerator represents the provision for loan and lease losses.

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

December 31, 2023	All Insured Institutions	Asset Concentration Groups*								
		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	0.46	0.39	0.35	0.47	0.47	0.41	0.17	0.86	0.83	0.52
Construction and development	0.35	0.00	0.42	0.51	0.31	0.50	0.17	0.66	0.64	0.54
Nonfarm nonresidential	0.24	0.14	0.23	0.36	0.23	0.22	0.04	0.63	0.51	0.31
Multifamily residential real estate	0.24	0.00	0.45	0.23	0.22	0.12	0.04	1.04	0.13	0.07
Home equity loans	0.60	0.31	0.82	0.53	0.60	0.42	0.46	0.93	0.63	0.58
Other 1-4 family residential	0.69	0.41	0.35	0.82	0.92	0.44	0.19	1.12	1.05	0.63
Commercial and industrial loans	0.33	0.91	0.46	0.67	0.31	0.37	0.53	0.62	1.01	0.25
Loans to individuals	1.69	1.78	1.18	1.04	1.33	0.40	2.64	1.54	1.33	1.93
Credit card loans	1.63	1.81	1.22	1.31	1.79	1.50	3.09	0.57	1.55	1.83
Other loans to individuals	1.75	1.48	1.06	1.01	1.29	0.37	2.63	1.59	1.33	2.04
All other loans and leases (including farm)	0.22	1.24	0.27	0.34	0.22	0.04	0.13	0.76	0.38	0.17
Total loans and leases	0.61	1.67	0.52	0.49	0.47	0.40	1.69	0.89	0.86	0.69
Percent of Loans Noncurrent**										
All real estate loans	1.03	1.04	0.99	0.46	0.82	0.49	0.24	0.69	0.51	1.86
Construction and development	0.50	0.00	1.18	0.38	0.43	0.53	0.36	0.29	0.22	0.74
Nonfarm nonresidential	1.15	2.26	1.70	0.46	0.73	0.44	0.45	0.70	0.54	3.38
Multifamily residential real estate	0.32	0.86	0.21	0.37	0.35	0.10	0.00	0.24	0.07	0.38
Home equity loans	1.70	0.00	5.44	0.21	1.08	0.64	1.09	0.53	0.36	2.51
Other 1-4 family residential	1.17	0.95	0.91	0.44	1.22	0.50	0.20	0.83	0.56	1.51
Commercial and industrial loans	0.73	0.74	0.74	0.84	0.83	0.41	0.47	0.81	0.74	0.57
Loans to individuals	1.13	1.79	1.03	0.36	0.62	0.17	0.85	0.56	0.49	1.21
Credit card loans	1.70	1.89	1.25	0.45	1.66	1.12	3.92	0.13	0.37	1.91
Other loans to individuals	0.52	0.56	0.22	0.35	0.54	0.14	0.80	0.58	0.49	0.45
All other loans and leases (including farm)	0.20	0.55	0.16	0.39	0.23	0.02	0.01	0.30	1.45	0.19
Total loans and leases	0.86	1.67	0.72	0.49	0.76	0.46	0.62	0.67	0.58	1.08
Percent of Loans Charged-Off (net, YTD)										
All real estate loans	0.07	0.02	0.02	0.01	0.06	0.00	-0.01	0.14	0.01	0.15
Construction and development	0.04	0.00	0.10	0.00	0.04	0.02	0.08	-0.01	-0.02	0.01
Nonfarm nonresidential	0.21	0.00	0.28	0.02	0.13	0.01	0.02	0.29	0.00	0.67
Multifamily residential real estate	0.05	0.00	0.00	0.03	0.05	0.00	0.00	0.26	0.00	0.09
Home equity loans	-0.06	0.00	-0.26	0.03	-0.02	-0.03	-0.35	0.15	0.00	-0.12
Other 1-4 family residential	0.00	0.02	0.00	0.01	0.00	0.00	-0.01	0.10	0.01	0.01
Commercial and industrial loans	0.35	2.32	0.34	0.19	0.36	0.05	0.62	3.05	0.16	0.23
Loans to individuals	2.29	3.82	2.30	0.49	1.23	0.37	1.57	2.10	0.44	2.32
Credit card loans	3.56	3.95	2.82	2.03	4.45	2.95	8.15	1.20	2.75	3.80
Other loans to individuals	1.02	2.34	0.58	0.32	1.00	0.31	1.47	2.14	0.43	0.89
All other loans and leases (including farm)	0.13	2.63	0.13	0.05	0.13	0.04	0.04	1.25	0.46	0.13
Total loans and leases	0.52	3.61	0.59	0.06	0.21	0.03	1.02	0.72	0.08	0.62
Loans Outstanding (in billions)										
All real estate loans	$5,929.7	$6.8	$700.0	$128.2	$3,544.1	$193.1	$62.5	$10.0	$40.9	$1,244.1
Construction and development	501.5	0.1	23.2	9.7	398.0	5.2	0.6	1.1	3.1	60.6
Nonfarm nonresidential	1,816.0	0.6	72.4	33.8	1,409.1	14.5	9.0	3.5	9.0	264.2
Multifamily residential real estate	611.5	0.0	114.1	5.1	410.2	5.4	1.1	0.3	1.3	74.1
Home equity loans	271.6	0.0	20.0	2.1	175.9	9.5	0.6	0.3	1.4	61.9
Other 1-4 family residential	2,564.9	6.0	435.9	30.0	1,089.4	157.7	51.2	4.2	22.7	767.9
Commercial and industrial loans	2,482.3	43.2	361.3	23.8	1,230.2	6.2	41.2	1.6	4.4	770.5
Loans to individuals	2,135.6	379.7	450.5	6.7	353.8	14.7	176.2	1.2	4.6	748.2
Credit card loans	1,116.8	349.1	351.3	0.7	25.2	0.4	2.7	0.1	0.0	387.4
Other loans to individuals	1,018.8	30.6	99.2	6.1	328.6	14.3	173.4	1.2	4.6	360.8
All other loans and leases (including farm)	1,905.8	1.7	590.0	39.7	496.3	6.8	16.0	0.7	2.8	751.7
Total loans and leases (plus unearned income)	12,453.4	431.4	2,101.7	198.4	5,624.3	220.9	295.9	13.6	52.8	3,514.5
Memo: Other Real Estate Owned (in millions)										
All other real estate owned	2,867.6	1.2	307.5	77.1	1,700.8	48.4	3.7	13.7	24.8	690.4
Construction and development	427.0	0.0	9.0	7.8	345.4	12.3	0.9	4.3	10.3	37.1
Nonfarm nonresidential	1,584.0	0.9	154.0	30.3	945.1	9.7	0.6	6.1	5.1	432.3
Multifamily residential real estate	43.3	0.0	0.0	1.0	42.2	0.0	0.0	0.0	0.0	0.0
1-4 family residential	746.8	0.3	138.5	11.5	334.4	26.4	2.3	3.2	9.0	221.0
Farmland	59.9	0.0	0.0	26.5	33.0	0.0	0.0	0.1	0.3	0.0

* See Table IV-A 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.

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

December 31, 2023	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
Percent of Loans 30-89 Days Past Due												
All loans secured by real estate	0.46	1.03	0.47	0.30	0.55	0.46	0.46	0.47	0.37	0.50	0.71	0.31
Construction and development	0.35	1.02	0.47	0.31	0.31	0.44	0.44	0.23	0.27	0.43	0.31	0.52
Nonfarm nonresidential	0.24	0.86	0.32	0.20	0.24	0.28	0.26	0.26	0.22	0.29	0.23	0.20
Multifamily residential real estate	0.24	0.12	0.26	0.19	0.23	0.30	0.29	0.04	0.24	0.50	0.27	0.05
Home equity loans	0.60	0.46	0.55	0.49	0.69	0.58	0.63	0.53	0.68	0.61	0.61	0.44
Other 1-4 family residential	0.69	1.44	0.68	0.47	1.01	0.55	0.66	0.71	0.45	0.68	1.62	0.48
Commercial and industrial loans	0.33	1.16	0.60	0.60	0.29	0.29	0.17	0.29	0.40	0.26	0.40	0.72
Loans to individuals	1.69	1.93	1.37	1.95	1.64	1.71	1.53	2.32	1.03	1.53	1.04	2.06
Credit card loans	1.63	4.04	4.35	3.73	1.69	1.55	1.95	2.00	1.13	1.39	0.75	1.79
Other loans to individuals	1.75	1.92	1.28	1.53	1.59	1.97	1.16	2.66	0.92	1.86	1.12	2.33
All other loans and leases (including farm)	0.22	0.34	0.33	0.43	0.22	0.20	0.27	0.14	0.30	0.16	0.23	0.15
Total loans and leases	0.61	1.02	0.51	0.45	0.68	0.62	0.56	0.73	0.46	0.54	0.65	0.88
Percent of Loans Noncurrent**												
All real estate loans	1.03	0.78	0.49	0.51	0.98	1.54	1.10	1.09	0.94	1.42	0.95	0.53
Construction and development	0.50	0.47	0.42	0.47	0.38	0.82	0.98	0.36	0.56	0.30	0.27	0.59
Nonfarm nonresidential	1.15	0.96	0.53	0.50	0.89	2.87	1.32	1.50	0.88	2.22	0.50	0.52
Multifamily residential real estate	0.32	0.47	0.19	0.33	0.39	0.26	0.55	0.26	0.17	0.43	0.12	0.18
Home equity loans	1.70	0.78	0.57	0.48	1.11	2.84	1.50	1.24	2.15	3.68	0.79	0.60
Other 1-4 family residential	1.17	0.82	0.48	0.61	1.41	1.30	1.09	1.01	1.10	1.34	2.03	0.63
Commercial and industrial loans	0.73	1.10	0.84	1.14	0.84	0.57	0.99	0.59	0.77	0.48	0.83	0.89
Loans to individuals	1.13	0.69	0.44	1.27	1.12	1.15	1.24	1.33	0.70	1.19	0.73	1.29
Credit card loans	1.70	1.76	1.98	4.00	1.78	1.59	2.06	2.07	1.10	1.48	1.19	1.85
Other loans to individuals	0.52	0.68	0.40	0.64	0.55	0.47	0.52	0.56	0.27	0.44	0.59	0.71
All other loans and leases (including farm)	0.20	0.55	0.52	0.52	0.16	0.18	0.36	0.10	0.20	0.15	0.34	0.13
Total loans and leases	0.86	0.78	0.53	0.65	0.89	0.94	1.00	0.86	0.73	0.93	0.87	0.77
Percent of Loans Charged-Off (net, YTD)												
All real estate loans	0.07	0.01	0.01	0.03	0.07	0.11	0.10	0.11	0.06	0.07	0.02	0.05
Construction and development	0.04	0.02	0.01	0.01	0.06	0.05	0.06	0.00	0.07	0.01	0.00	0.15
Nonfarm nonresidential	0.21	0.02	0.02	0.05	0.18	0.59	0.26	0.35	0.19	0.28	0.05	0.10
Multifamily residential real estate	0.05	-0.01	0.01	0.02	0.07	0.04	0.09	0.02	0.05	0.00	0.01	0.01
Home equity loans	-0.06	0.01	0.01	0.01	-0.02	-0.14	-0.03	-0.12	-0.09	-0.09	-0.01	0.02
Other 1-4 family residential	0.00	0.02	0.01	0.00	0.00	0.01	-0.01	0.00	0.02	0.00	0.00	0.01
Commercial and industrial loans	0.35	0.27	0.34	0.36	0.49	0.27	0.24	0.35	0.36	0.18	0.42	0.89
Loans to individuals	2.29	0.52	0.85	2.85	2.26	2.30	2.38	2.41	1.54	2.73	1.13	2.74
Credit card loans	3.56	13.72	4.53	9.17	3.71	3.33	4.21	3.81	2.55	3.40	2.21	4.04
Other loans to individuals	1.02	0.42	0.74	1.44	1.08	0.92	0.92	1.08	0.60	1.20	0.82	1.49
All other loans and leases (including farm)	0.13	0.04	0.17	0.18	0.10	0.14	0.09	0.16	0.14	0.10	0.27	0.08
Total loans and leases	0.52	0.08	0.09	0.25	0.59	0.59	0.49	0.62	0.36	0.50	0.19	0.97
Loans Outstanding (in billions)												
All real estate loans	$5,929.7	$16.6	$567.6	$1,228.9	$2,073.6	$2,043.1	$1,276.8	$1,010.1	$1,341.8	$919.8	$750.4	$630.7
Construction and development	501.5	1.1	58.7	136.2	208.3	97.2	90.3	76.9	87.1	72.3	125.1	49.8
Nonfarm nonresidential	1,816.0	3.5	205.4	511.5	722.9	372.8	407.6	337.1	301.4	225.8	298.2	245.9
Multifamily residential real estate	611.5	0.4	33.9	139.3	244.7	193.2	193.9	54.8	178.8	63.4	39.5	81.2
Home equity loans	271.6	0.3	16.8	41.2	100.6	112.7	74.2	57.9	68.2	27.6	22.1	21.6
Other 1-4 family residential	2,564.9	8.0	199.2	360.6	779.7	1,217.4	505.1	468.6	679.3	448.2	241.1	222.6
Commercial and industrial loans	2,482.3	2.8	85.4	247.6	812.7	1,333.8	419.7	635.5	594.2	433.8	196.2	203.0
Loans to individuals	2,135.6	1.6	28.3	93.8	823.9	1,188.1	401.4	489.3	428.6	319.1	83.3	413.8
Credit card loans	1,116.8	0.0	0.8	17.8	385.2	713.0	187.5	250.8	220.2	229.2	19.4	209.8
Other loans to individuals	1,018.8	1.6	27.4	76.0	438.7	475.0	213.9	238.5	208.5	90.0	63.9	204.0
All other loans and leases (including farm)	1,905.8	3.2	42.2	72.4	469.8	1,318.3	353.1	393.7	536.9	421.5	67.9	132.7
Total loans and leases (plus unearned income)	12,453.4	24.2	723.3	1,642.7	4,179.9	5,883.2	2,451.0	2,528.7	2,901.5	2,094.2	1,097.9	1,380.2
Memo: Other Real Estate Owned (in millions)												
All other real estate owned	2,867.6	17.4	388.3	618.8	778.5	1,064.6	427.4	603.0	549.9	542.7	528.5	216.2
Construction and development	427.0	2.9	122.2	165.0	98.3	38.6	54.6	45.5	24.7	101.7	174.7	25.8
Nonfarm nonresidential	1,584.0	8.0	163.9	329.2	365.5	717.4	155.1	428.4	285.5	361.5	247.5	106.0
Multifamily residential real estate	43.3	0.2	11.3	15.4	15.6	0.7	11.4	0.0	5.5	6.6	12.0	7.8
1-4 family residential	746.8	6.1	67.7	87.2	283.8	301.9	206.3	127.6	230.3	55.5	68.3	58.9
Farmland	59.9	0.1	23.3	21.2	15.3	0.0	0.0	1.5	3.1	11.5	26.1	17.8

* See Table IV-A 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.

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

(dollar figures in millions; notional amounts unless otherwise indicated)	4th Quarter 2023	3rd Quarter 2023	2nd Quarter 2023	1st Quarter 2023	4th Quarter 2022	% Change 22Q4-23Q4	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	1,185	1,186	1,188	1,178	1,141	3.9	10	500	529	132	14
Total assets of institutions reporting derivatives	$21,697,586	$21,461,772	$21,525,019	$21,778,642	$21,630,256	0.3	$650	$268,781	$1,687,519	$6,091,910	$13,648,727
Total deposits of institutions reporting derivatives	17,192,284	16,948,384	17,039,308	17,123,919	17,562,378	-2.1	474	224,162	1,377,982	4,915,946	10,673,720
Total derivatives	194,773,722	207,341,064	224,647,411	220,468,213	192,875,312	1.0	139	12,727	217,060	4,067,736	190,476,060
Derivative Contracts by Underlying Risk Exposure											
Interest rate	136,305,387	145,818,122	164,098,913	160,283,149	139,774,377	-2.5	139	12,531	212,183	2,134,796	133,945,739
Foreign exchange*	47,555,596	50,002,364	49,082,890	48,529,245	43,001,556	10.6	0	0	293	1,635,055	45,920,248
Equity	5,673,759	5,875,155	5,471,018	5,001,131	4,423,904	28.3	0	33	40	64,948	5,608,737
Commodity & other (excluding credit derivatives)	1,492,562	1,529,544	1,519,658	1,574,689	1,432,977	4.2	0	0	109	136,448	1,356,005
Credit	3,745,656	4,114,991	4,474,144	5,079,273	4,241,352	-11.7	0	19	3,816	96,489	3,645,332
Total	194,772,960	207,340,177	224,646,623	220,467,487	192,874,166	1.0	139	12,583	216,442	4,067,736	190,476,060
Derivative Contracts by Transaction Type											
Swaps	117,303,421	124,696,693	143,242,706	137,729,743	118,597,662	-1.1	0	1,721	155,723	2,539,568	114,606,409
Futures & forwards	31,806,329	34,215,361	33,316,618	34,501,963	28,748,264	10.6	0	653	6,827	1,005,474	30,793,375
Purchased options	19,595,099	20,220,077	20,127,902	20,067,871	19,695,467	-0.5	0	829	20,556	190,422	19,383,292
Written options	20,012,756	20,929,560	20,751,678	20,222,587	19,693,855	1.6	0	699	6,684	167,346	19,838,027
Total	188,717,605	200,061,690	217,438,904	212,522,163	186,735,249	1.1	0	3,902	189,790	3,902,811	184,621,102
Fair Value of Derivative Contracts											
Interest rate contracts	56,308	72,427	54,260	64,099	72,856	-22.7	0	40	1,014	169	55,086
Foreign exchange contracts	-14,861	17,473	9,781	2,917	-14,981	N/M	0	0	1	-154	-14,708
Equity contracts	-9,259	-2,176	-7,184	-5,957	4,403	-310.3	0	2	1	-547	-8,716
Commodity & other (excluding credit derivatives)	620	4,374	1,819	2,790	8,892	-93.0	0	0	2	213	405
Credit derivatives as guarantor**	21,218	11,961	15,417	12,909	5,346	296.9	0	2	8	-13	21,220
Credit derivatives as beneficiary**	-27,003	-10,044	-17,352	-14,434	-4,002	N/M	0	0	-3	-710	-26,290
Derivative Contracts by Maturity* **											
Interest rate contracts < 1 year	87,577,813	97,313,202	112,943,731	109,261,325	92,694,360	-5.5	0	883	20,933	990,520	86,565,475
1-5 years	29,658,884	29,223,353	29,392,066	30,208,347	27,375,717	8.3	0	3,843	103,309	699,352	28,852,381
> 5 years	21,811,911	21,228,573	21,500,253	21,259,200	20,667,400	5.5	0	2,274	66,682	319,252	21,423,702
Foreign exchange and gold contracts < 1 year	34,341,088	36,129,454	35,713,450	34,845,359	31,270,416	9.8	0	0	175	1,505,125	32,835,788
1-5 years	6,861,582	6,295,512	5,264,822	6,287,007	5,995,985	14.4	0	0	36	103,661	6,757,885
> 5 years	3,501,034	3,277,686	3,320,695	3,271,833	3,145,766	11.3	0	0	0	6,610	3,494,424
Equity contracts < 1 year	5,469,120	5,522,090	5,331,649	4,990,234	4,335,420	26.1	0	9	2	24,071	5,445,039
1-5 years	1,304,408	1,435,442	1,142,298	1,150,946	999,329	30.5	0	24	9	35,468	1,268,907
> 5 years	98,619	109,540	132,964	106,507	98,766	-0.1	0	0	0	1,011	97,608
Commodity & other contracts (including credit derivatives, excluding gold contracts) < 1 year	2,680,052	2,842,842	2,903,697	3,102,480	2,743,038	-2.3	0	1	228	48,473	2,631,349
1-5 years	2,517,059	2,637,051	3,038,310	3,290,726	2,844,783	-11.5	0	25	1,638	62,337	2,453,059
> 5 years	238,812	437,927	270,488	487,503	272,418	-12.3	0	68	2,009	9,742	226,993
Risk-Based Capital: Credit Equivalent Amount											
Total current exposure to tier 1 capital (%)	12.6	16.1	14.4	13.0	14.9		0.0	0.5	2.1	3.6	19.1
Total potential future exposure to tier 1 capital (%)	31.7	30.5	31.6	32.0	31.9		0.0	0.2	1.0	5.3	50.6
Total exposure (credit equivalent amount) to tier 1 capital (%)	44.3	46.5	46.0	45.1	46.8		0.0	0.8	3.1	8.9	69.8
Credit losses on derivatives******	-25.0	-21.0	-13.0	-13.0	101.0	-124.8	0.0	1.0	7.0	0.0	-32.0
HELD FOR TRADING											
Number of institutions reporting derivatives	151	156	153	157	164	-7.9	0	9	73	57	12
Total assets of institutions reporting derivatives	16,417,025	16,244,248	16,286,948	16,514,143	16,454,137	-0.2	0	4,577	339,414	3,096,031	12,977,003
Total deposits of institutions reporting derivatives	12,897,405	12,708,722	12,811,834	12,892,291	13,221,795	-2.5	0	3,783	279,892	2,501,309	10,112,421
Derivative Contracts by Underlying Risk Exposure											
Interest rate	131,458,549	140,720,039	157,949,351	155,617,474	135,502,070	-3.0	0	228	39,281	847,993	130,571,047
Foreign exchange	44,703,325	46,289,689	45,798,113	45,122,919	40,603,801	10.1	0	0	144	1,521,185	43,181,996
Equity	5,613,118	5,817,413	5,417,476	4,948,378	4,375,929	28.3	0	0	0	53,372	5,559,745
Commodity & other	1,427,211	1,482,346	1,476,394	1,532,080	1,391,961	2.5	0	0	17	104,466	1,322,729
Total	183,202,204	194,309,487	210,641,333	207,220,851	181,873,761	0.7	0	228	39,443	2,527,016	180,635,517
Trading Revenues: Cash & Derivative Instruments											
Interest rate**	6,018	641	3,479	5,728	4,623	30.2	0	0	1	56	5,961
Foreign exchange**	2,332	8,037	5,173	4,438	1,168	99.7	0	0	0	255	2,077
Equity**	3,602	2,262	3,995	5,335	3,099	16.2	0	0	0	431	3,172
Commodity & other (including credit derivatives)**	-305	2,286	1,027	2,086	785	-138.9	0	0	0	-160	-144
Total trading revenues**	11,647	13,227	13,674	17,586	9,675	20.4	0	0	1	582	11,065
Share of Revenue											
Trading revenues to gross revenues (%)**	4.6	5.2	5.6	7.6	4.8		0.0	0.0	0.0	1.3	5.5
Trading revenues to net operating revenues (%)**	48.2	25.7	27.0	33.5	20.8		0.0	0.0	0.1	10.1	63.7
HELD FOR PURPOSES OTHER THAN TRADING											
Number of institutions reporting derivatives	550	548	547	547	529	4.0	0	101	308	127	14
Total assets of institutions reporting derivatives	20,916,735	20,678,631	20,738,061	20,874,613	20,709,426	1.0	0	55,645	1,238,904	5,973,459	13,648,727
Total deposits of institutions reporting derivatives	16,546,754	16,294,514	16,387,383	16,457,598	16,788,787	-1.4	0	46,182	1,009,512	4,817,340	10,673,720
Derivative Contracts by Underlying Risk Exposure											
Interest rate	4,815,184	5,069,794	6,123,182	4,642,802	4,253,101	13.2	0	3,641	150,068	1,286,784	3,374,691
Foreign exchange	574,225	577,469	577,582	563,149	519,396	10.6	0	0	147	45,452	528,626
Equity	60,641	57,742	53,542	52,752	47,975	26.4	0	33	40	11,575	48,992
Commodity & other	65,351	47,198	43,264	42,609	41,016	59.3	0	0	92	31,983	33,276
Total notional amount	5,515,401	5,752,203	6,797,570	5,301,313	4,861,488	13.5	0	3,675	150,347	1,375,795	3,985,585

All line items are reported on a quarterly basis.
* Includes 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.
** Does not include banks filing the FFIEC 051 report form, which was introduced in first quarter 2017.
*** Derivative contracts subject to the risk-based capital requirements for derivatives.
**** Credit losses on derivatives is applicable to all banks filing the FFIEC 031 report form and banks filing the FFIEC 041 report form that have $300 million or more in total assets, but is not applicable to banks filing the FFIEC 051 form.
N/M - Not Meaningful

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

(dollar figures in millions)	4th Quarter 2023	3rd Quarter 2023	2nd Quarter 2023	1st Quarter 2023	4th Quarter 2022	% Change 22Q4-23Q4	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 Sold and Securitized with Servicing Retained or with Recourse or Other Seller-Provided Credit Enhancements											
Number of institutions reporting securitization activities	64	62	61	62	63	1.6	0	4	12	37	11
Outstanding Principal Balance by Asset Type**											
1-4 family residential loans	$299,981	$303,098	$251,654	$254,891	$257,043	16.7	$0	$3,044	$10,280	$63,345	$223,312
Home equity loans	4	4	4	4	5	-20.0	0	0	0	4	0
Credit card receivables	125	131	130	118	103	21.4	0	0	0	125	0
Auto loans	3,649	2,110	1,336	1,237	1,102	231.1	0	0	0	2,747	902
Other consumer loans	12,792	1,370	1,545	1,654	1,782	617.8	0	0	0	557	12,235
Commercial and industrial loans	5,837	5,157	5,481	5,499	5,787	0.9	0	0	0	0	5,837
All other loans, leases, and other assets	111,937	112,796	111,473	109,531	110,712	1.1	0	0	3,849	11,634	96,454
Total securitized and sold	434,325	424,666	371,623	372,936	376,533	15.3	0	3,044	14,129	78,412	338,740
Maximum Credit Exposure by Asset Type**											
1-4 family residential loans	571	866	874	648	633	-9.8	0	0	0	360	211
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
Auto loans	112	45	12	12	19	489.5	0	0	0	81	31
Other consumer loans	0	0	0	0	0	0.0	0	0	0	0	0
Commercial and industrial loans	276	259	210	207	219	26.0	0	0	0	0	276
All other loans, leases, and other assets	1,737	2,790	2,767	2,783	2,790	-37.7	0	0	98	339	1,300
Total credit exposure	2,696	3,960	3,863	3,649	3,661	-26.4	0	0	98	780	1,818
Total unused liquidity commitments provided to institution's own securitizations	211	199	229	251	236	-10.6	0	0	0	0	211
Securitized Loans, Leases, and Other Assets 30-89 Days Past Due (%)**											
1-4 family residential loans	3.9	3.5	2.7	2.3	2.9		0.0	2.4	4.0	3.9	4.0
Home equity loans	4.4	6.1	6.3	7.1	5.5		0.0	0.0	0.0	4.4	0.0
Credit card receivables	7.2	6.9	6.2	5.1	5.8		0.0	0.0	0.0	7.2	0.0
Auto loans	4.4	4.4	4.5	2.1	1.2		0.0	0.0	0.0	5.5	1.1
Other consumer loans	1.0	2.5	2.2	2.1	2.5		0.0	0.0	0.0	1.7	1.0
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	0.9	0.8	0.5	0.6	0.3		0.0	0.0	0.6	2.4	0.7
Total loans, leases, and other assets	2.5	2.3	1.6	1.4	1.7		0.0	0.0	0.0	1.4	2.9
Securitized Loans, Leases, and Other Assets 90 Days or More Past Due (%)**											
1-4 family residential loans	1.3	1.2	0.8	0.8	0.8		0.0	0.9	1.6	2.1	1.1
Home equity loans	27.4	25.5	27.0	28.6	28.1		0.0	0.0	0.0	27.4	0.0
Credit card receivables	10.4	8.4	6.2	6.8	5.8		0.0	0.0	0.0	10.4	0.0
Auto loans	0.5	0.3	0.3	0.2	0.0		0.0	0.0	0.0	0.6	0.1
Other consumer loans	0.3	1.7	1.5	1.7	1.9		0.0	0.0	0.0	1.3	0.2
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	1.0	0.9	0.9	0.6	0.6		0.0	0.0	0.7	0.8	1.1
Total loans, leases, and other assets	1.2	1.1	0.8	0.7	0.7		0.0	0.9	1.4	1.8	1.0
Securitized Loans, Leases, and Other Assets Charged-Off (net, YTD, annualized, %)**											
1-4 family residential loans	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
Home equity loans	2.9	2.9	1.2	0.1	4.0		0.0	0.0	0.0	2.9	0.0
Credit card receivables	24.8	16.0	10.0	4.2	1.9		0.0	0.0	0.0	24.8	0.0
Auto loans	0.9	0.8	0.4	0.2	0.0		0.0	0.0	0.0	1.1	0.2
Other consumer loans	0.2	1.2	0.8	0.4	0.8		0.0	0.0	0.0	1.2	0.2
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	0.3	0.2	0.1	0.1	0.2		0.0	0.0	0.0	1.9	0.1
Total loans, leases, and other assets	0.1	0.1	0.1	0.0	0.1		0.0	0.0	0.0	0.4	0.0
Seller's Interests in Institution's Own Securitizations - Carried as Securities or Loans***											
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	309	310	307	307	311	-0.6	4	92	140	63	10
Outstanding Principal Balance by Asset Type											
1-4 family residential loans	30,807	24,385	20,352	20,297	24,182	27.4	30	10,050	9,137	10,529	1,060
All other loans, leases, and other assets	149,036	149,386	146,945	144,741	144,016	3.5	0	40	325	44,932	103,738
Total sold and not securitized	179,843	173,770	167,297	165,038	168,198	6.9	30	10,091	9,462	55,462	104,799
Maximum Credit Exposure by Asset Type											
1-4 family residential loans	13,579	6,646	6,487	6,349	8,620	57.5	1	7,808	2,811	2,289	669
All other loans, leases, and other assets	44,351	44,053	43,182	41,996	41,742	6.3	0	40	391	14,068	29,852
Total credit exposure	57,930	50,699	49,669	48,344	50,362	15.0	1	7,849	3,202	16,357	30,521
Support for Securitization Facilities Sponsored by Other Institutions											
Number of institutions reporting securitization facilities sponsored by others	34	34	33	34	36	-5.6	0	11	11	4	8
Total credit exposure	11,786	18,578	20,303	21,042	20,230	-41.7	0	35	108	574	11,069
Total unused liquidity commitments	1,915	2,415	2,722	3,049	3,165	-39.5	0	0	0	0	1,915
Other											
Assets serviced for others****	6,213,730	6,453,146	6,238,588	6,226,181	6,329,175	-1.8	2,781	221,341	407,563	1,482,563	4,099,483
Asset-backed commercial paper conduits											
Credit exposure to conduits sponsored by institutions and others	5,127	5,071	4,920	4,090	4,128	24.2	0	0	0	27	5,100
Unused liquidity commitments to conduits sponsored by institutions and others	68,403	68,303	69,682	59,759	60,714	12.7	0	0	0	33	68,370
Net servicing income (for the quarter)	769	3,164	2,391	1,755	1,412	-45.5	6	107	337	207	112
Net securitization income (for the quarter)	54	57	30	29	38	42.1	0	-1	11	21	23
Total credit exposure to Tier 1 capital (%)*****	3.4	3.4	3.5	3.5	3.5		0.0	6.4	1.4	2.8	3.8

* Does not include banks filing the FFIEC 051 report form, which was introduced in first quarter 2017.
** Beginning in June 2018, for banks that file the FFIEC 041 report form, all other loans include home equity loans, credit card receivables, auto loans, other consumer loans, and commercial and industrial loans.
*** Beginning in June 2018, only includes banks that file the FFIEC 031 report form.
**** 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.
N/M- Not Meaningful

TABLE VIII-A. Trust Services (All FDIC-Insured Institutions)

	All Insured Institutions					Asset Size Distribution				
(dollar figures in millions)	Dec. 31 2023	Dec. 31 2022	Dec. 31 2021	Dec. 31 2020	% Change 2022-2023	Less Than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	$10 Billion to $250 Billion	Greater Than $250 Billion
Number of institutions reporting	4,587	4,706	4,839	5,002	-2.5	699	2,899	831	144	14
Number of institutions with fiduciary powers	1,452	1,492	1,530	1,578	-2.7	92	833	414	100	13
Commercial banks	1,347	1,383	1,418	1,461	-2.6	84	788	369	93	13
Savings institutions	105	109	112	117	-3.7	8	45	45	7	0
Number of institutions exercising fiduciary powers	1,082	1,113	1,136	1,171	-2.8	57	598	324	90	13
Commercial banks	999	1,026	1,048	1,079	-2.6	49	561	293	83	13
Savings institutions	83	87	88	92	-4.6	8	37	31	7	0
Number of institutions reporting fiduciary activity	1,017	1,054	1,082	1,118	-3.5	51	549	315	89	13
Commercial banks	943	975	1,002	1,034	-3.3	43	518	287	82	13
Savings institutions	74	79	80	84	-6.3	8	31	28	7	0
Fiduciary and related assets - managed assets										
Personal trust and agency accounts	768,263	724,569	829,466	744,217	6.0	7,018	89,381	90,904	281,614	299,346
Employee benefit and retirement-related trust and agency accounts:										
Employee benefit - defined contribution	738,102	601,082	743,274	594,988	22.8	2,609	32,589	11,031	33,001	658,871
Employee benefit - defined benefit	551,959	528,134	687,040	634,612	4.5	3,995	3,383	17,543	18,772	508,267
Other employee benefit and retirement-related accounts	437,453	426,702	511,215	454,678	2.5	7,690	115,626	36,977	64,915	212,245
Corporate trust and agency accounts	19,837	22,118	23,800	27,836	-10.3	0	4,710	2,908	3,662	8,558
Investment management and investment advisory agency accounts	2,726,782	2,392,989	2,737,362	2,319,578	13.9	23,373	163,406	145,573	545,728	1,848,702
Other fiduciary accounts	647,429	617,246	631,969	553,382	4.9	3,440	15,213	21,285	93,859	513,633
Total managed fiduciary accounts:										
Number of accounts	2,184,216	2,146,226	2,056,362	1,953,763	1.8	70,776	713,461	335,161	463,391	601,427
Assets	5,889,825	5,312,840	6,164,126	5,329,291	10.9	48,125	424,309	326,221	1,041,549	4,049,620
Noninterest-bearing deposits	1,430	3,217	5,748	4,917	-55.5	5	126	176	434	689
Interest-bearing deposits	89,621	89,983	83,337	77,995	-0.4	104	4,498	9,481	16,478	59,060
U.S. Treasury and U.S. Government agency obligations	237,718	199,351	128,256	131,620	19.2	1,860	14,158	18,081	82,860	120,759
State, county and municipal obligations	254,304	233,460	237,909	252,130	8.9	2,832	12,924	16,755	82,145	139,647
Money market mutual funds	206,469	169,195	163,650	156,493	22.0	2,049	19,450	21,717	66,361	96,893
Other short-term obligations	246,600	272,614	182,995	160,426	-9.5	52	608	507	11,312	234,120
Other notes and bonds	344,948	336,406	372,638	341,460	2.5	7,335	6,322	14,466	51,467	265,359
Common and preferred stocks	4,304,795	3,793,986	4,768,256	4,009,783	13.5	31,939	339,339	223,339	666,920	3,043,258
Real estate mortgages	1,492	1,754	1,777	2,048	-14.9	0	185	123	739	444
Real estate	63,932	60,830	54,334	49,113	5.1	502	8,013	10,126	19,161	26,130
Miscellaneous assets	138,518	152,046	165,226	143,307	-8.9	1,448	18,687	11,449	43,673	63,262
Fiduciary and related assets - non-managed assets										
Personal trust and agency accounts	417,053	422,875	452,829	386,951	-1.4	10,196	33,907	25,220	137,618	210,112
Employee benefit and retirement-related trust and agency accounts:										
Employee benefit - defined contribution	2,081,821	2,022,955	2,250,933	2,076,426	2.9	6,034	90,197	67,658	948,114	969,817
Employee benefit - defined benefit	2,473,832	2,354,149	2,978,654	3,036,632	5.1	28	17,656	14,477	846,829	1,594,841
Other employee benefit and retirement-related accounts	593,284	582,664	772,602	773,596	1.8	62,093	6,511	15,100	121,062	388,520
Corporate trust and agency accounts	4,291,916	4,023,734	4,157,683	3,846,196	6.7	2	96,735	289,987	305,763	3,599,428
Other fiduciary accounts	17,471,523	3,374,642	3,543,422	3,429,906	417.7	3,738	51,198	43,317	445,933	16,927,336
Total non-managed fiduciary accounts:										
Assets	27,329,429	12,781,020	14,156,130	13,549,707	113.8	82,091	296,205	455,759	2,805,320	23,690,055
Number of accounts	5,365,416	4,904,169	4,449,856	4,752,447	9.4	3,087,497	230,251	67,131	221,485	1,759,052
Custody and safekeeping accounts:										
Assets	128,174,279	127,319,328	143,798,749	129,464,890	0.7	11,677	2,062,183	1,652,322	12,323,804	112,124,293
Number of accounts	16,140,422	15,726,963	24,613,682	13,479,805	2.6	6,855	10,892,990	129,737	2,744,605	2,366,235
Fiduciary and related services income										
Personal trust and agency accounts	4,908	5,037	5,238	4,700	-2.6	77	387	583	1,825	2,035
Retirement-related trust and agency accounts:										
Employee benefit - defined contribution	1,032	1,051	1,128	1,030	-1.8	9	138	147	274	464
Employee benefit - defined benefit	868	997	1,079	1,102	-12.9	9	20	23	237	579
Other employee benefit and retirement-related accounts	2,519	2,716	2,700	2,243	-7.3	79	1,029	257	501	652
Corporate trust and agency accounts	1,678	1,581	1,736	1,885	6.1	0	139	182	498	859
Investment management agency accounts	11,148	11,018	11,134	9,585	1.2	114	1,107	1,033	3,476	5,418
Other fiduciary accounts	2,247	522	509	606	330.5	0	9	6	155	2,077
Custody and safekeeping accounts	15,185	17,048	17,752	16,127	-10.9	4	595	350	2,075	12,161
Other fiduciary and related services income	1,135	1,057	1,079	1,032	7.4	8	151	110	270	596
Total gross fiduciary and related services income	40,967	41,250	42,623	38,540	-0.7	301	3,685	2,784	9,357	24,841
Less: Expenses	39,734	36,360	35,700	34,303	9.3	220	2,952	2,038	7,641	26,883
Less: Net losses from fiduciary and related services	350	446	271	547	-21.5	1	3	9	65	272
Plus: Intracompany income credits for fiduciary and related services	22,348	9,303	6,276	7,335	140.2	0	437	375	2,626	18,910
Net fiduciary and related services income	22,969	13,513	12,646	10,779	70.0	80	1,054	1,018	4,231	16,586
Collective investment funds and common trust funds (market value)										
Domestic equity funds	1,076,210	893,341	1,140,121	894,542	20.5	840	21,663	11,289	5,264	1,037,153
International/global equity funds	360,540	296,903	344,854	312,134	21.4	0	22,566	41	2,207	335,726
Stock/bond blend funds	191,920	166,117	225,365	209,306	15.5	603	1,947	0	17,826	171,544
Taxable bond funds	96,719	82,052	157,802	153,517	17.9	0	5,514	1,805	3,425	85,975
Municipal bond funds	1,505	1,589	2,030	2,106	-5.3	0	0	37	672	796
Short-term investments/money market funds	159,176	143,746	165,770	156,498	10.7	0	2,998	0	1,895	154,283
Specialty/other funds	52,886	66,439	70,819	62,117	-20.4	0	13,639	2	1,176	38,070
Total collective investment funds	1,942,097	1,653,795	2,111,006	1,794,996	17.4	1,521	68,840	14,174	33,202	1,824,360

COMMUNITY BANK PERFORMANCE

Community banks are identified based on criteria defined in the FDIC's 2012 Community Banking Study. When comparing community bank performance across quarters, prior-quarter dollar amounts are based on community banks designated as such in the current quarter, adjusted for mergers. In contrast, prior-quarter ratios are based on community banks designated during the previous quarter.

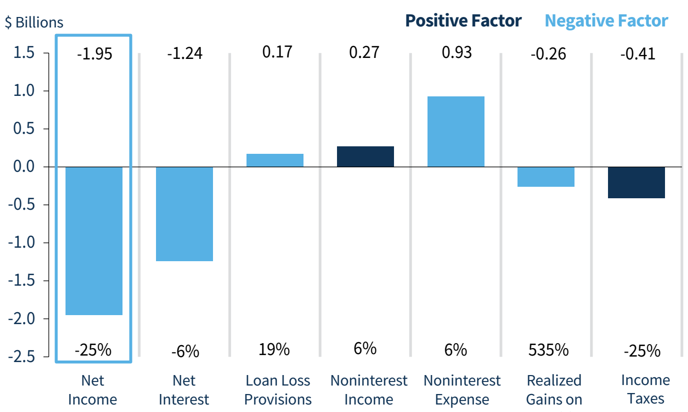
FULL-YEAR NET INCOME DECLINED IN 2023

Community banks reported full-year net income of $26.6 billion, down $2 billion (7.1 percent) from 2022. The decrease resulted from higher noninterest expense (up $4.4 billion, or 7.0 percent), higher provision expense (up $849.6 million, or $35.5 percent), and larger realized losses on the sale of securities (up $203 million, or 27.7 percent) more than offsetting higher net interest income (up $2.6 billion, or 3.2 percent) and higher noninterest income (up $181 million, or 0.9 percent). The full-year net interest margin decreased to 3.39 percent, down 6 basis points from 2022. The pretax return-on-assets (ROA) ratio decreased 17 basis point to 1.22 percent

Chart 1

Contributors to the Year-Over-Year Change in Income

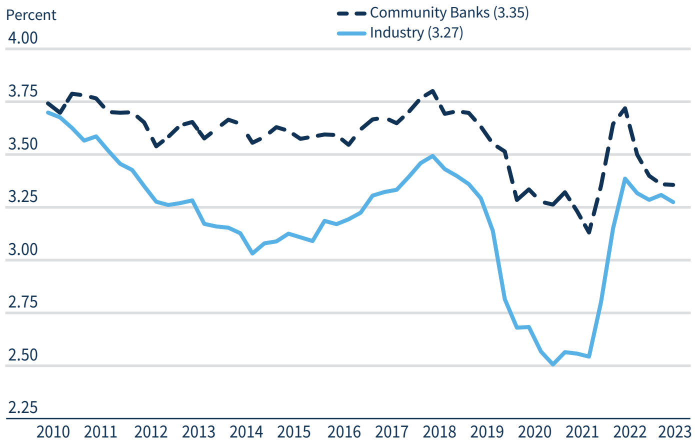
FDIC-Insured Community Banks



Source: FDIC.

Chart 2

Net Interest Margin



Source: FDIC.

QUARTERLY NET INCOME DECREASED FROM THE PRIOR QUARTER AND ONE YEAR AGO

Net income for the 4,140 community banks declined $650.2 million (9.9 percent) in fourth quarter 2023 from the prior quarter to $5.9 billion. Higher noninterest expense (up $647.9 million, or 3.9 percent), increased provisions (up $267.8 million, or 33.7 percent), and lower noninterest income (down $133.6 million, or 2.6 percent) more than exceeded higher net interest income (up $202.1 million, or 1 percent) and lower losses on the sale of securities (down $70.7 million, or 18.6 percent). More than half (59.7 percent) of all community banks reported a decline in net income from third quarter 2023.

The pretax ROA ratio at community banks declined 14 basis points from one quarter ago and 41 basis points from one year ago to 1.07 percent. The share of unprofitable community banks during the quarter was 11.0 percent, up from 6.7 percent in the prior quarter. Net income decreased $1.9 billion (24.7 percent) from fourth quarter 2022, driven primarily by higher noninterest expense and lower net interest income.

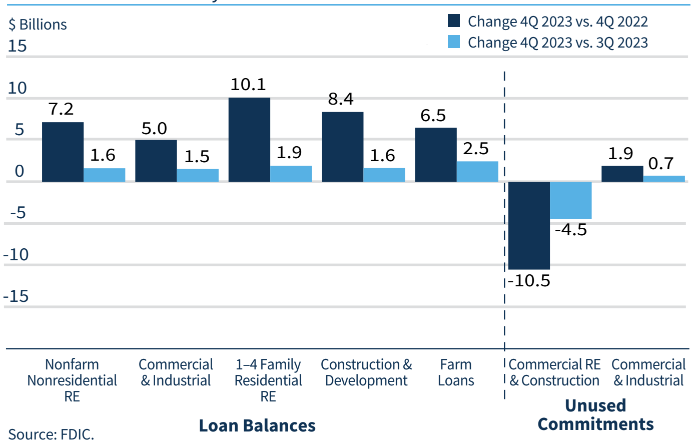
THE NET INTEREST MARGIN WAS UNCHANGED FROM THE PRIOR QUARTER

The community bank net interest margin (NIM) was unchanged in fourth quarter 2023 from the prior quarter at 3.35 percent. The NIM was down 36 basis points from the year-ago quarter because the yield on earning assets increased 88 basis points while the cost of funds increased 124 basis points.

Chart 3

Change in Loan Balances and Unused Commitments

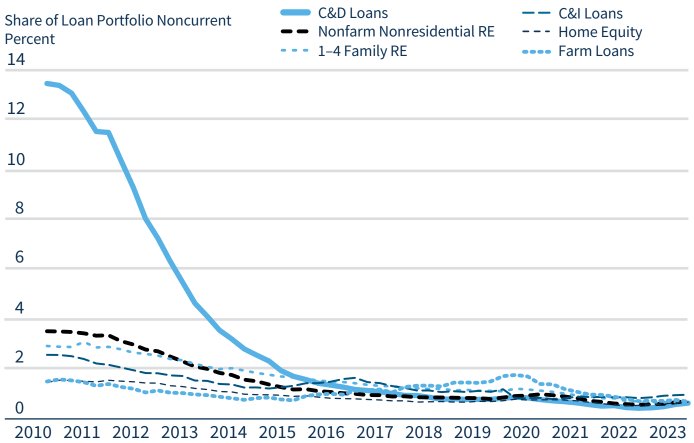
FDIC-Insured Community Banks



Source: FDIC.

Chart 4

Noncurrent Loan Rates for FDIC-Insured Community Banks



Source: FDIC.

NET OPERATING REVENUE INCREASED SLIGHTLY IN THE FOURTH QUARTER DUE TO HIGHER NET INTEREST INCOME

Community bank net operating revenue (net interest income plus noninterest income) increased $68.6 million (0.3 percent) quarter over quarter as higher net interest income offset lower noninterest income. Interest expense increased in the fourth quarter—mainly from domestic time deposits—by a lesser amount than interest income, causing a $202.1 million (1.0 percent) increase in net interest income. Noninterest income declined $133.6 million (2.6 percent) from the prior quarter predominantly due to higher net losses on loan sales, net servicing fees, and "all other" noninterest income.[1]

Net operating revenue declined $966.9 million (3.6 percent) year over year, as a $271.7 million increase in noninterest income was more than offset by a $1.2 billion decrease in net interest income. Although interest income rose across all loan types, net interest income declined due to higher interest expense. Higher "all other" noninterest income drove the annual increase in noninterest income.

NONINTEREST EXPENSE INCREASED QUARTER OVER QUARTER AND YEAR OVER YEAR

Noninterest expense increased $647.9 million (3.9 percent) from a quarter ago and $926.0 million (5.7 percent) from a year ago to $17.3 billion. Higher salaries and benefits expense and "all other" noninterest expense led the quarterly and yearly increases in noninterest expense.[2] The efficiency ratio (noninterest expense as a share of net operating revenue) increased 2.4 percentage points from a quarter ago to 66.3 percent, indicating that community banks were less efficient at generating revenue.

PROVISION EXPENSE INCREASED FROM THE PRIOR QUARTER AND ONE YEAR AGO

Quarterly provision expense of $1.1 billion was up $267.8 million (33.7 percent) from a quarter ago and $171.7 million (19.3 percent) from a year ago. The reserve coverage ratio (the ratio of the allowance for credit losses to noncurrent loans) decreased 10.5 percentage points from a quarter ago and 47.6 percentage points from a year ago to 227.8 percent, driven by higher noncurrent loan balances. Nevertheless, the community bank reserve coverage ratio was 27.0 percentage points higher than the reserve coverage ratio at noncommunity banks.

[1] All other noninterest income includes material write-in items as well as income related to wire transfers and ATM fees, bank card and credit card interchange fees, safe deposit box rent, printing and sale of checks, earnings on/increase in value of cash surrender value of life insurance, and other noninterest sources.

[2] All other noninterest expense includes material write-in items as well as expense related to data processing, advertising, and marketing; legal fees; and consulting and advisory fees.

UNREALIZED LOSSES ON SECURITIES DECREASED FROM THE PRIOR QUARTER[3]

Unrealized losses on securities totaled $53.4 billion in fourth quarter 2023, down $22.9 billion (30.0 percent) from the prior quarter and $12.5 billion (19.0 percent) from the prior year. Unrealized losses on held-to-maturity securities ($9.1 billion) and available-for-sale securities ($44.2 billion) both decreased quarter over quarter and year over year. Nearly all community banks (96.0 percent) reported unrealized losses on securities.

TOTAL ASSETS WERE UP FROM A YEAR AGO AND QUARTER AGO

Total assets at community banks increased $45.6 billion (1.7 percent) quarter over quarter and $118.0 billion (4.6 percent) year over year. Quarterly growth in total loans and leases was $32.5 billion (1.8 percent) in fourth quarter 2023, similar to the $31.8 billion (1.7 percent) increase in third quarter 2023. Total loans and leases grew $134.3 billion (7.8 percent) from a year ago. Securities balances increased $7.3 billion (1.4 percent) quarter over quarter and fell $37.7 billion (6.5 percent) year over year. Cash and balances due from depository institutions increased $18.3 billion (12.2 percent) year over year and $8.9 billion (5.6 percent) quarter over quarter.

LOAN GROWTH WAS BROAD BASED

Loan and lease balances increased from one quarter ago across all major portfolios. Increases in 1–4 family residential real estate loans ($8.6 billion, or 1.9 percent) and nonfarm nonresidential commercial real estate (CRE) loans ($9.1 billion, or 1.6 percent) led the quarter-over-quarter loan growth. The majority of community banks (76.2 percent) reported quarterly growth in total loan balances.

Loan and lease balances also increased 7.9 percent from the prior year. Increases in 1–4 family residential real estate loans ($41.7 billion, or 10.1 percent) and nonfarm nonresidential CRE loans ($38.2 billion, or 7.2 percent) led the year-over-year loan growth.

DEPOSITS INCREASED FROM THE PREVIOUS QUARTER

Community banks reported an increase in total deposits of 1.2 percent ($25.7 billion) during fourth quarter 2023, similar to an increase of 1.0 percent reported in third quarter 2023. More than half of all community banks (59.9 percent) reported an increase in deposit balances from the prior quarter. Community banks reported growth in both insured ($11.6 billion, or 0.7 percent) and uninsured deposit account balances ($14.9 billion, or 2.2 percent). In the fourth quarter, growth in interest-bearing deposit balances ($35.5 billion, or 2.1 percent) was somewhat offset by a decline in noninterest-bearing deposits ($9.8 billion, or 1.8 percent). Total deposits increased 2.3 percent ($51.2 billion) from one year ago.

[3] Unrealized losses on securities reflect the difference between the market value as of quarter-end and the book value of non-equity securities. This calculation does not account for any unrealized gains or losses in accumulated other comprehensive income because these cannot be derived from Call Reports.

THE NONCURRENT LOAN RATE AND NET CHARGE-OFF RATE INCREASED FROM THE PRIOR QUARTER

The share of loans and leases 90 days or more past due or in nonaccrual status increased 2 basis points from third quarter 2023 to 0.54 percent. Less than half of community banks (37.9 percent) reported quarter-over-quarter increases in noncurrent loan balances. Noncurrent loan balances for all major loan portfolios except farm loans increased from one quarter ago.

The community bank net charge-off rate increased 7 basis points from one quarter ago and 6 basis points from one year ago to 0.18 percent. This ratio is 3 basis points higher than the pre-pandemic average. Approximately 26.0 percent of the annual increase in net charge-off volume occurred in consumer loans, a relatively small loan portfolio at community banks (4.0 percent of total loan balances). The net charge-off rate for consumer loans increased 47 basis points from one year ago to 1.70 percent.

CAPITAL RATIOS REMAINED STABLE

The tier one risk-based capital ratio for community banks that did not file the community bank leverage ratio (CBLR) was 13.78 percent, up 2 basis points from the prior quarter, as reductions in risk-weighted assets outpaced tier 1 capital declines. The average CBLR for the 1,618 community banks that elected to use the CBLR framework was 12.18 percent, up 5 basis points from third quarter 2023. The leverage capital ratio for community banks was unchanged at 10.70 percent from a quarter ago.

ONE COMMUNITY BANK OPENED AND ONE FAILED IN FOURTH QUARTER 2023

The number of community banks declined to 4,140 in the fourth quarter, down 26 from the previous quarter. One community bank opened and one failed. Several banks transitioned from community to noncommunity banks or vice versa, and 20 merged out of existence during the quarter.

Authors:

Joseph R. Harris III
Senior Financial Analyst
Division of Insurance and Research

Brian L. Webb
Senior Financial Analyst
Division of Insurance and Research

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Table I-B. Selected Indicators, FDIC-Insured Community Banks*

	2023	2022	2021	2020	2019	2018	2017
Return on assets (%)	1.01	1.15	1.26	1.09	1.20	1.19	0.96
Return on equity (%)	10.74	11.97	11.70	9.72	10.24	10.51	8.65
Core capital (leverage) ratio (%)	10.70	10.50	10.16	10.32	11.14	11.13	10.80
Noncurrent assets plus other real estate owned to assets (%)	0.40	0.33	0.40	0.60	0.65	0.71	0.79
Net charge-offs to loans (%)	0.11	0.07	0.07	0.12	0.13	0.12	0.16
Asset growth rate (%)	-0.06	-2.05	8.86	12.15	2.55	0.23	0.36
Net interest margin (%)	3.39	3.44	3.28	3.39	3.66	3.73	3.62
Net operating income growth (%)	-10.94	-4.38	29.70	-2.07	0.13	25.30	0.60
Number of institutions reporting	4,140	4,256	4,386	4,556	4,750	4,978	5,224
Percentage of unprofitable institutions (%)	5.24	3.62	3.26	4.54	3.96	3.66	5.72

* Excludes insured branches of foreign banks (IBAs).

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

(dollar figures in millions)	4th Quarter 2023	3rd Quarter 2023	4th Quarter 2022	% Change 22Q4-23Q4
Number of institutions reporting	4,140	4,166	4,256	-2.7
Total employees (full-time equivalent)	365,131	368,184	374,611	-2.5
CONDITION DATA				
Total assets	$2,698,274	$2,682,213	$2,699,805	-0.1
Loans secured by real estate	1,452,543	1,446,035	1,406,272	3.3
1-4 Family residential mortgages	454,931	450,050	425,361	7.0
Nonfarm nonresidential	571,351	568,023	567,583	0.7
Construction and development	156,167	155,493	149,937	4.2
Home equity lines	46,060	45,888	43,827	5.1
Commercial & industrial loans	237,168	234,895	238,385	-0.5
Loans to individuals	74,370	73,818	79,349	-6.3
Credit cards	3,038	2,886	2,740	10.9
Farm loans	51,823	49,839	48,070	7.8
Other loans & leases	41,031	44,851	46,317	-11.4
Less: Unearned income	736	846	760	-3.1
Total loans & leases	1,856,198	1,848,590	1,817,633	2.1
Less: Reserve for losses*	22,731	22,653	22,026	3.2
Net loans and leases	1,833,467	1,825,937	1,795,607	2.1
Securities**	542,970	538,500	597,409	-9.1
Other real estate owned	777	746	789	-1.6
Goodwill and other intangibles	18,115	18,719	18,531	-2.2
All other assets	302,944	298,310	287,468	5.4
Total liabilities and capital	2,698,274	2,682,213	2,699,805	-0.1
Deposits	2,247,599	2,245,043	2,293,221	-2.0
Domestic office deposits	2,244,853	2,242,281	2,292,544	-2.1
Foreign office deposits	2,746	2,761	677	305.4
Brokered deposits	109,560	109,684	84,992	28.9
Estimated insured deposits	1,573,495	1,580,497	1,550,768	1.5
Other borrowed funds	157,374	157,557	130,354	20.7
Subordinated debt	173	176	320	-45.8
All other liabilities	28,544	29,744	25,390	12.4
Total equity capital (includes minority interests)	264,583	249,693	250,519	5.6
Bank equity capital	264,458	249,591	250,391	5.6
Loans and leases 30-89 days past due	8,310	7,034	6,480	28.2
Noncurrent loans and leases	9,979	9,505	7,997	24.8
Restructured loans and leases	2,802	2,762	3,950	-29.1
Mortgage-backed securities	223,353	218,740	242,060	-7.7
Earning assets	2,522,537	2,503,645	2,522,794	0.0
FHLB Advances	106,526	108,442	103,188	3.2
Unused loan commitments	394,931	409,528	424,657	-7.0
Trust assets	407,347	313,739	347,261	17.3
Assets securitized and sold	22,529	23,583	26,348	-14.5
Notional amount of derivatives	125,981	125,349	103,232	22.0

INCOME DATA	Full Year 2023	Full Year 2022	% Change	4th Quarter 2023	4th Quarter 2022	% Change 22Q4-23Q4
Total interest income	$123,660	$95,812	29.1	$33,697	$28,274	19.2
Total interest expense	40,505	11,051	266.5	12,816	5,120	150.3
Net interest income	83,155	84,761	-1.9	20,881	23,154	-9.8
Provision for credit losses***	3,246	2,577	26.0	1,063	972	9.4
Total noninterest income	19,367	19,855	-2.5	4,940	4,846	2.0
Total noninterest expense	66,251	64,636	2.5	17,292	17,121	1.0
Securities gains (losses)	-937	-789	18.7	-309	-61	403.1
Applicable income taxes	5,445	6,469	-15.8	1,221	1,721	-29.1
Extraordinary gains, net****	5	23	N/M	0	27	N/M
Total net income (includes minority interests)	26,648	30,169	-11.7	5,937	8,152	-27.2
Bank net income	26,639	30,160	-11.7	5,933	8,154	-27.2
Net charge-offs	2,045	1,120	82.6	828	516	60.4
Cash dividends	12,437	12,346	0.7	3,897	3,805	2.4
Retained earnings	14,202	17,814	-20.3	2,035	4,349	-53.2
Net operating income	27,449	30,821	-10.9	6,209	8,203	-24.3

* For institutions that have adopted ASU 2016-13, this item represents the allowance for credit losses on loans and leases held for investment and allocated transfer risk.
** For institutions that have adopted ASU 2016-13, securities are reported net of allowances for credit losses.
*** For institutions that have adopted ASU 2016-13, this item represents provisions for credit losses on a consolidated basis; for institutions that have not adopted ASU 2016-13, this item represents the provision for loan and lease losses.
**** See Notes to Users for explanation.

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)	4th Quarter 2023	3rd Quarter 2023	4th Quarter 2022	% Change 22Q4-23Q4
Number of institutions reporting	4,140	4,139	4,129	0.3
Total employees (full-time equivalent)	365,131	366,127	363,614	0.4
CONDITION DATA				
Total assets	$2,698,274	$2,652,657	$2,578,042	4.7
Loans secured by real estate	1,452,543	1,426,639	1,337,361	8.6
1-4 Family residential mortgages	454,931	446,304	412,438	10.3
Nonfarm nonresidential	571,351	562,219	532,843	7.2
Construction and development	156,167	153,638	143,961	8.5
Home equity lines	46,060	44,425	41,733	10.4
Commercial & industrial loans	237,168	233,565	225,757	5.1
Loans to individuals	74,370	74,052	70,457	5.6
Credit cards	3,038	2,886	2,696	12.7
Farm loans	51,823	49,527	47,339	9.5
Other loans & leases	41,031	40,750	40,106	2.3
Less: Unearned income	736	848	736	0.1
Total loans & leases	1,856,198	1,823,685	1,720,282	7.9
Less: Reserve for losses*	22,731	22,508	21,074	7.9
Net loans and leases	1,833,467	1,801,178	1,699,209	7.9
Securities**	542,970	535,690	580,289	-6.4
Other real estate owned	777	745	767	1.2
Goodwill and other intangibles	18,115	18,207	17,949	0.9
All other assets	302,944	296,838	279,828	8.3
Total liabilities and capital	2,698,274	2,652,657	2,578,042	4.7
Deposits	2,247,599	2,221,927	2,194,499	2.4
Domestic office deposits	2,244,853	2,219,166	2,192,047	2.4
Foreign office deposits	2,746	2,761	2,453	12.0
Brokered deposits	109,560	105,337	75,018	46.0
Estimated insured deposits	1,573,495	1,561,943	1,487,190	5.8
Other borrowed funds	157,374	154,563	120,216	30.9
Subordinated debt	173	176	181	-4.0
All other liabilities	28,544	29,399	24,131	18.3
Total equity capital (includes minority interests)	264,583	246,592	239,015	10.7
Bank equity capital	264,458	246,490	238,897	10.7
Loans and leases 30-89 days past due	8,310	6,948	6,297	32.0
Noncurrent loans and leases	9,979	9,472	7,685	29.9
Restructured loans and leases	2,802	2,834	3,810	-26.4
Mortgage-backed securities	223,353	217,119	233,746	-4.4
Earning assets	2,522,537	2,476,022	2,407,656	4.8
FHLB Advances	106,526	106,212	94,021	13.3
Unused loan commitments	394,931	401,273	404,885	-2.5
Trust assets	407,347	320,736	367,926	10.7
Assets securitized and sold	22,529	22,788	25,024	-10.0
Notional amount of derivatives	125,981	119,308	90,225	39.6

INCOME DATA	Full Year 2023	Full Year 2022	% Change	4th Quarter 2023	4th Quarter 2022	% Change 22Q4-23Q4
Total interest income	$123,558	$90,726	36.2	$33,670	$26,804	25.6
Total interest expense	40,467	10,169	297.9	12,803	4,684	173.3
Net interest income	83,091	80,557	3.1	20,867	22,120	-5.7
Provision for credit losses***	3,245	2,396	35.4	1,063	891	19.3
Total noninterest income	19,357	19,186	0.9	4,937	4,669	5.7
Total noninterest expense	66,189	61,900	6.9	17,276	16,366	5.6
Securities gains (losses)	-930	-734	26.8	-303	-49	523.2
Applicable income taxes	5,445	6,051	-10.0	1,222	1,634	-25.2
Extraordinary gains, net****	5	23	N/M	0	27	N/M
Total net income (includes minority interests)	26,644	28,685	-7.1	5,940	7,876	-24.6
Bank net income	26,635	28,679	-7.1	5,935	7,879	-24.7
Net charge-offs	2,044	1,036	97.3	828	464	78.3
Cash dividends	12,435	11,761	5.7	3,896	3,648	6.8
Retained earnings	14,200	16,918	-16.1	2,038	4,231	-51.8
Net operating income	27,439	29,289	-6.3	6,206	7,913	-21.6

* For institutions that have adopted ASU 2016-13, this item represents the allowance for credit losses on loans and leases held for investment and allocated transfer risk.
** For institutions that have adopted ASU 2016-13, securities are reported net of allowances for credit losses.
*** For institutions that have adopted ASU 2016-13, this item represents provisions for credit losses on a consolidated basis; for institutions that have not adopted ASU 2016-13, this item represents the provision for loan and lease losses.
**** See Notes to Users for explanation.

N/M - Not Meaningful

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

Fourth Quarter 2023 (dollar figures in millions)	All Community Banks	Geographic Regions*					
		New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Number of institutions reporting	4,140	447	466	902	1,127	943	255
Total employees (full-time equivalent)	365,131	69,844	38,173	74,357	71,139	81,064	30,554
CONDITION DATA							
Total assets	$2,698,274	$624,091	$271,652	$493,908	$517,470	$533,905	$257,248
Loans secured by real estate	1,452,543	380,906	145,749	257,888	258,988	274,026	134,987
1-4 Family residential mortgages	454,931	144,857	45,184	78,829	74,587	81,127	30,347
Nonfarm nonresidential	571,351	138,072	64,001	99,377	89,495	113,877	66,528
Construction and development	156,167	27,770	17,756	24,269	28,735	45,794	11,842
Home equity lines	46,060	11,367	5,911	10,140	6,224	5,953	6,465
Commercial & industrial loans	237,168	44,343	23,186	49,665	52,923	47,405	19,645
Loans to individuals	74,370	16,790	7,735	13,799	13,914	13,732	8,400
Credit cards	3,038	417	120	198	1,050	263	990
Farm loans	51,823	477	1,441	8,641	30,762	7,765	2,736
Other loans & leases	41,031	11,423	2,418	8,696	8,140	7,587	2,768
Less: Unearned income	736	114	88	75	131	195	134
Total loans & leases	1,856,198	453,826	180,442	338,613	364,595	350,320	168,402
Less: Reserve for losses**	22,731	4,555	2,254	4,209	4,637	4,546	2,531
Net loans and leases	1,833,467	449,271	178,188	334,405	359,959	345,774	165,871
Securities***	542,970	106,486	55,717	104,594	103,569	116,396	56,208
Other real estate owned	777	144	108	117	163	194	51
Goodwill and other intangibles	18,115	4,429	771	3,946	3,517	3,500	1,953
All other assets	302,944	63,760	36,869	50,846	50,262	68,041	33,165
Total liabilities and capital	2,698,274	624,091	271,652	493,908	517,470	533,905	257,248
Deposits	2,247,599	502,361	233,975	411,747	429,814	456,687	213,015
Domestic office deposits	2,244,853	501,628	233,975	411,747	429,814	456,687	211,002
Foreign office deposits	2,746	733	0	0	0	0	2,013
Brokered deposits	109,560	30,958	9,243	20,160	22,751	17,579	8,869
Estimated insured deposits	1,573,495	353,754	162,168	298,808	318,930	305,180	134,655
Other borrowed funds	157,374	49,588	9,259	30,173	33,981	20,493	13,880
Subordinated debt	173	7	0	16	1	139	10
All other liabilities	28,544	8,566	2,596	4,588	4,862	4,428	3,503
Total equity capital (includes minority interests)	264,583	63,569	25,823	47,384	48,811	52,157	26,839
Bank equity capital	264,458	63,564	25,825	47,272	48,810	52,149	26,838
Loans and leases 30-89 days past due	8,310	1,872	836	1,332	1,478	2,195	598
Noncurrent loans and leases	9,979	2,622	930	1,781	1,540	2,234	872
Restructured loans and leases	2,802	789	214	668	518	480	134
Mortgage-backed securities	223,353	55,800	22,558	38,726	33,686	43,143	29,440
Earning assets	2,522,537	584,118	254,470	460,782	483,947	498,641	240,578
FHLB Advances	106,526	37,373	6,418	21,926	23,411	10,303	7,094
Unused loan commitments	394,931	85,218	35,282	73,926	88,977	70,791	40,738
Trust assets	407,347	77,983	16,007	84,614	147,480	56,733	24,530
Assets securitized and sold	22,529	9,839	31	2,978	6,386	2,711	584
Notional amount of derivatives	125,981	52,805	8,952	17,328	28,408	9,854	8,634
INCOME DATA							
Total interest income	$33,697	$7,377	$3,807	$5,962	$6,382	$6,996	$3,173
Total interest expense	12,816	3,182	1,349	2,209	2,570	2,467	1,039
Net interest income	20,881	4,195	2,458	3,753	3,812	4,529	2,134
Provision for credit losses****	1,063	155	158	128	185	242	194
Total noninterest income	4,940	1,029	514	1,110	948	915	425
Total noninterest expense	17,292	3,734	1,979	3,061	3,217	3,623	1,677
Securities gains (losses)	-309	16	-54	-55	-78	-87	-50
Applicable income taxes	1,221	312	142	291	149	175	152
Extraordinary gains, net*****	0	0	0	0	0	0	0
Total net income (includes minority interests)	5,937	1,039	640	1,326	1,131	1,315	486
Bank net income	5,933	1,039	639	1,324	1,131	1,315	486
Net charge-offs	828	143	111	106	149	194	125
Cash dividends	3,897	663	379	891	653	1,041	270
Retained earnings	2,035	376	260	432	478	274	215
Net operating income	6,209	1,028	685	1,376	1,198	1,394	528

* See Table IV-A for explanation.
** For institutions that have adopted ASU 2016-13, this item represents the allowance for credit losses on loans and leases held for investment and allocated transfer risk.
*** For institutions that have adopted ASU 2016-13, securities are reported net of allowances for credit losses.
**** For institutions that have adopted ASU 2016-13, this item represents provisions for credit losses on a consolidated basis; for institutions that have not adopted ASU 2016-13, this item represents the provision for loan and lease losses.
***** See Notes to Users for explanation.

Table IV-B. Fourth Quarter 2023, FDIC-Insured Community Banks

Performance ratios (annualized, %)	All Community Banks		Fourth Quarter 2023, Geographic Regions*					
	4th Quarter 2023	3rd Quarter 2023	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Yield on earning assets	5.40	5.19	5.09	6.13	5.23	5.34	5.67	5.30
Cost of funding earning assets	2.05	1.84	2.20	2.17	1.94	2.15	2.00	1.73
Net interest margin	3.35	3.35	2.90	3.96	3.29	3.19	3.67	3.56
Noninterest income to assets	0.74	0.77	0.66	0.78	0.91	0.74	0.69	0.66
Noninterest expense to assets	2.59	2.51	2.41	2.98	2.50	2.52	2.74	2.62
Loan and lease loss provision to assets	0.16	0.12	0.10	0.24	0.10	0.14	0.18	0.30
Net operating income to assets	0.93	1.05	0.66	1.03	1.12	0.94	1.06	0.82
Pretax return on assets	1.07	1.22	0.87	1.18	1.32	1.00	1.13	1.00
Return on assets	0.89	1.01	0.67	0.96	1.08	0.88	1.00	0.76
Return on equity	9.32	10.71	6.72	10.55	11.66	9.63	10.48	7.44
Net charge-offs to loans and leases	0.18	0.11	0.13	0.25	0.13	0.17	0.22	0.30
Loan and lease loss provision to net charge-offs	128.56	156.09	107.49	142.71	119.78	121.58	126.21	159.54
Efficiency ratio	66.28	63.86	70.88	66.29	62.47	67.11	65.13	65.03
Net interest income to operating revenue	80.87	80.19	80.31	82.70	77.18	80.09	83.20	83.39
% of unprofitable institutions	10.97	6.77	14.99	12.23	10.42	8.52	10.60	15.69
% of institutions with earnings gains	32.05	36.87	17.67	34.55	30.82	34.16	37.75	26.67

*See Table IV-A for explanation.

Table V-B. Full Year 2023, FDIC-Insured Community Banks

Performance ratios (%)	All Community Banks		Full Year 2023, Geographic Regions*					
	Full Year 2023	Full Year 2022	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Yield on earning assets	5.04	3.89	4.83	5.31	4.92	4.99	5.32	5.02
Cost of funding earning assets	1.65	0.45	1.82	1.56	1.57	1.76	1.61	1.38
Net interest margin	3.39	3.44	3.02	3.75	3.35	3.24	3.70	3.65
Noninterest income to assets	0.74	0.76	0.65	0.70	0.87	0.76	0.75	0.65
Noninterest expense to assets	2.52	2.46	2.39	2.69	2.51	2.47	2.65	2.56
Loan and lease loss provision to assets	0.12	0.10	0.09	0.15	0.09	0.12	0.14	0.22
Net operating income to assets	1.05	1.17	0.77	1.13	1.16	1.05	1.26	0.99
Pretax return on assets	1.22	1.40	0.98	1.34	1.35	1.13	1.40	1.25
Return on assets	1.01	1.15	0.76	1.10	1.11	0.99	1.23	0.97
Return on equity	10.74	11.97	7.60	12.29	12.05	10.87	13.16	9.65
Net charge-offs to loans and leases	0.11	0.07	0.10	0.13	0.07	0.11	0.13	0.21
Loan and lease loss provision to net charge-offs	155.85	225.29	133.65	165.36	178.54	157.91	156.18	158.52
Efficiency ratio	64.17	61.42	68.44	63.51	62.13	64.76	62.26	62.87
Net interest income to operating revenue	81.11	81.02	81.25	83.36	78.15	79.91	82.17	83.90
% of unprofitable institutions	5.24	3.62	9.40	6.87	5.88	2.31	4.03	10.20
% of institutions with earnings gains	47.97	55.78	34.68	56.01	45.68	45.70	55.46	47.06

*See Table IV-A for explanation.

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

December 31, 2023	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	0.38	0.34	0.39	0.37	0.38	0.51	0.22
Construction and development	0.42	0.42	0.20	0.31	0.35	0.56	0.64
Nonfarm nonresidential	0.24	0.23	0.28	0.22	0.25	0.29	0.17
Multifamily residential real estate	0.23	0.25	0.09	0.20	0.35	0.38	0.05
Home equity loans	0.51	0.66	0.44	0.52	0.45	0.50	0.36
Other 1-4 family residential	0.58	0.43	0.67	0.66	0.59	0.81	0.27
Commercial and industrial loans	0.48	0.37	0.65	0.43	0.38	0.62	0.60
Loans to individuals	1.85	2.33	1.31	0.89	1.39	3.02	1.83
Credit card loans	3.86	2.58	1.66	1.28	6.00	1.36	3.57
Other loans to individuals	1.77	2.33	1.31	0.89	1.02	3.05	1.60
All other loans and leases (including farm)	0.30	0.22	0.26	0.19	0.27	0.51	0.43
Total loans and leases	0.45	0.41	0.46	0.39	0.41	0.63	0.36
Percent of Loans Noncurrent							
All loans secured by real estate	0.49	0.56	0.46	0.51	0.39	0.54	0.42
Construction and development	0.45	0.56	0.17	0.34	0.50	0.41	0.92
Nonfarm nonresidential	0.53	0.65	0.52	0.62	0.38	0.54	0.33
Multifamily residential real estate	0.29	0.44	0.17	0.18	0.27	0.15	0.13
Home equity loans	0.50	0.54	0.32	0.38	0.40	0.42	0.93
Other 1-4 family residential	0.50	0.51	0.53	0.53	0.38	0.59	0.35
Commercial and industrial loans	0.79	0.86	0.79	0.71	0.64	0.96	0.86
Loans to individuals	0.68	0.54	0.72	0.27	0.52	1.27	0.86
Credit card loans	2.62	1.99	0.34	0.41	2.75	0.85	3.94
Other loans to individuals	0.59	0.50	0.73	0.27	0.33	1.28	0.44
All other loans and leases (including farm)	0.46	0.12	0.66	0.48	0.32	0.82	1.05
Total loans and leases	0.54	0.58	0.52	0.53	0.42	0.64	0.52
Percent of Loans Charged-Off (net, YTD)							
All loans secured by real estate	0.02	0.02	0.04	0.03	0.01	0.02	0.01
Construction and development	0.01	0.03	0.00	0.01	0.02	0.01	0.00
Nonfarm nonresidential	0.04	0.04	0.07	0.07	0.03	0.03	0.01
Multifamily residential real estate	0.02	0.01	0.14	0.00	0.01	0.02	0.00
Home equity loans	0.01	-0.01	-0.02	0.00	0.00	0.04	0.09
Other 1-4 family residential	0.00	0.00	0.00	0.01	0.00	0.01	-0.01
Commercial and industrial loans	0.27	0.30	0.41	0.17	0.20	0.35	0.27
Loans to individuals	1.37	1.19	1.09	0.38	1.61	1.44	3.11
Credit card loans	9.39	4.60	1.91	1.67	15.98	1.68	8.72
Other loans to individuals	1.04	1.10	1.08	0.37	0.44	1.44	2.47
All other loans and leases (including farm)	0.16	0.17	0.40	0.18	0.03	0.24	0.62
Total loans and leases	0.11	0.10	0.13	0.07	0.11	0.13	0.21
Loans Outstanding (in billions)							
All real estate loans	$1,452.5	$380.9	$145.7	$257.9	$259.0	$274.0	$135.0
Construction and development	156.2	27.8	17.8	24.3	28.7	45.8	11.8
Nonfarm nonresidential	571.4	138.1	64.0	99.4	89.5	113.9	66.5
Multifamily residential real estate	136.9	56.7	8.1	25.8	19.9	10.6	15.9
Home equity loans	46.1	11.4	5.9	10.1	6.2	6.0	6.5
Other 1-4 family residential	454.9	144.9	45.2	78.8	74.6	81.1	30.3
Commercial and industrial loans	237.2	44.3	23.2	49.7	52.9	47.4	19.6
Loans to individuals	74.4	16.8	7.7	13.8	13.9	13.7	8.4
Credit card loans	3.0	0.4	0.1	0.2	1.1	0.3	1.0
Other loans to individuals	71.3	16.4	7.6	13.6	12.9	13.5	7.4
All other loans and leases (including farm)	92.9	11.9	3.9	17.3	38.9	15.4	5.5
Total loans and leases (plus unearned income)	1,856.9	453.9	180.5	338.7	364.7	350.5	168.5
Memo: Unfunded Commitments (in millions)							
Total Unfunded Commitments	394,931	85,218	35,282	73,926	88,977	70,791	40,738
Construction and development: 1-4 family residential	31,851	5,417	4,461	4,401	5,205	10,231	2,138
Construction and development: CRE and other	88,573	19,446	8,925	15,417	16,856	20,137	7,793
Commercial and industrial	126,322	29,565	9,646	27,469	26,360	20,589	12,692

* See Table IV-A for explanation.
Note: 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

Deposit Insurance Fund Increases by $2.4 Billion

DIF Reserve Ratio Rises 2 Basis Points, Ends Fourth Quarter at 1.15 Percent

One Institution Fails During the Fourth Quarter

During the fourth quarter, the Deposit Insurance Fund (DIF) balance increased by $2.4 billion to $121.8 billion. The rise in the DIF was primarily driven by assessment income of $3.1 billion. Net investment income (including the effect of unrealized and realized gains and losses) added $0.8 billion. These gains were partially offset by provisions for insurance losses of $0.9 billion, and operating expenses of $0.6 billion. One insured institution failed during the fourth quarter at an estimated cost to the Fund of $14.8 million.

The deposit insurance assessment base—average consolidated total assets minus average tangible equity—increased by 0.8 percent in the fourth quarter but fell by 0.6 percent compared to a year ago.[1,2]

Total estimated insured deposits increased by 0.5 percent in the fourth quarter and 3.6 percent year over year. The DIF's reserve ratio (the fund balance as a percent of insured deposits) was 1.15 percent on December 31, 2023, up 2 basis points from the previous quarter and 10 basis points lower than the previous year.

The FDIC adopted a DIF Restoration Plan on September 15, 2020, to return the reserve ratio to 1.35 percent, the statutory minimum, by September 2028 as required by law. Based on FDIC projections, the reserve ratio remains on track to reach 1.35 percent by the statutory deadline. The FDIC will continue to monitor factors affecting the reserve ratio, including but not limited to, insured deposit growth and potential losses due to bank failures and related reserves, as required under the current Restoration Plan.

Author:

Courtney Smith
Economic Analyst
Division of Insurance and Research

[1] There are additional adjustments to the assessment base for banker's banks and custodial banks.
[2] Figures for estimated insured deposits and the assessment base include insured branches of foreign banks, in addition to insured commercial banks and savings institutions.

Table I-C. Insurance Fund Balances and Selected Indicators*

	Deposit Insurance Fund**												
(dollar figures in millions)	4th Quarter 2023	3rd Quarter 2023	2nd Quarter 2023	1st Quarter 2023	4th Quarter 2022	3rd Quarter 2022	2nd Quarter 2022	1st Quarter 2022	4th Quarter 2021	3rd Quarter 2021	2nd Quarter 2021	1st Quarter 2021	4th Quarter 2020
Beginning Fund Balance	$119,339	$116,968	$116,071	$128,218	$125,457	$124,458	$123,039	$123,141	$121,935	$120,547	$119,362	$117,897	$116,434
Changes in Fund Balance:													
Assessments earned	3,107	3,225	3,127	3,306	2,142	2,145	2,086	1,938	1,967	1,662	1,589	1,862	1,884
Interest earned on investment securities	574	828	673	661	498	332	225	191	197	221	251	284	330
Realized gain on sale of investments	-450	-272	96	-1,666	0	0	0	0	0	0	0	0	0
Operating expenses	604	517	497	508	515	456	460	453	475	448	466	454	470
Provision for insurance losses	856	1,237	2,033	16,402	-48	-49	-86	100	8	-53	-42	-57	-48
All other income, net of expenses	30	4	3	12	114	6	29	8	61	65	2	1	9
Unrealized gain/(loss) on available-for-sale securities***	638	340	-472	2,450	474	-1,077	-547	-1,686	-536	-165	-233	-285	-338
Total fund balance change	2,439	2,371	897	-12,147	2,761	999	1,419	-102	1,206	1,388	1,185	1,465	1,463
Ending Fund Balance	121,778	119,339	116,968	116,071	128,218	125,457	124,458	123,039	123,141	121,935	120,547	119,362	117,897
Percent change from four quarters earlier	-5.02	-4.88	-6.02	-5.66	4.12	2.89	3.24	3.08	4.45	4.72	5.14	5.44	6.84
Reserve Ratio (%)	1.15	1.13	1.11	1.11	1.25	1.23	1.23	1.21	1.24	1.25	1.27	1.26	1.30
Estimated Insured Deposits	10,621,347	10,572,677	10,566,082	10,476,540	10,250,588	10,174,533	10,082,097	10,141,735	9,901,554	9,740,513	9,467,267	9,491,917	9,101,616
Percent change from four quarters earlier	3.62	3.91	4.80	3.30	3.53	4.46	6.49	6.85	8.79	9.46	7.41	16.33	16.53
Percent of Total Deposit Liabilites After Exclusions	59.96	59.70	59.59	58.77	56.19	55.26	54.35	53.73	52.97	53.68	53.55	54.44	54.23
Estimated Uninsured Deposits	7,092,691	7,138,166	7,166,271	7,350,969	7,990,618	8,237,106	8,467,915	8,733,003	8,789,753	8,406,506	8,210,729	7,944,581	7,682,682
Percent change from four quarters earlier	-11.24	-13.34	-15.37	-15.83	-9.09	-2.02	3.13	9.92	14.41	15.44	14.19	20.03	30.80
Percent of Total Deposit Liabilites After Exclusions	40.04	40.30	40.41	41.23	43.81	44.74	45.65	46.27	47.03	46.32	46.45	45.56	45.77
Total Deposit Liabilities After Exclusions**	17,714,038	17,710,843	17,732,353	17,827,509	18,241,205	18,411,639	18,550,012	18,874,738	18,691,306	18,147,019	17,677,996	17,436,499	16,784,297
Percent change from four quarters earlier	-2.89	-3.81	-4.41	-5.55	-2.41	1.46	4.93	8.25	11.36	12.15	10.45	17.99	22.66
Assessment Base***	20,888,833	20,715,414	20,847,512	20,730,703	21,013,090	21,027,438	21,053,458	20,936,245	20,677,903	20,123,703	19,771,625	19,305,586	18,904,751
Percent change from four quarters earlier	-0.59	-1.48	-0.98	-0.98	1.62	4.49	6.48	8.45	9.38	8.36	8.26	16.40	16.20
Number of Institutions Reporting	4,596	4,623	4,654	4,681	4,715	4,755	4,780	4,805	4,848	4,923	4,959	4,987	5,011

* Includes insured branches of foreign banks (IBAs) and any revisions to prior quarter data.
** Quarterly financial statement results are unaudited.
*** Includes unrealized postretirement benefit gain (loss).
**** Does not equal total deposits and domestic office deposits in the tables above due to adjustments to align with the determination of deposit insurance coverage in the event of a bank failure.
***** Average consolidated total assets minus tangible equity, with adjustments for banker's banks and custodial banks.

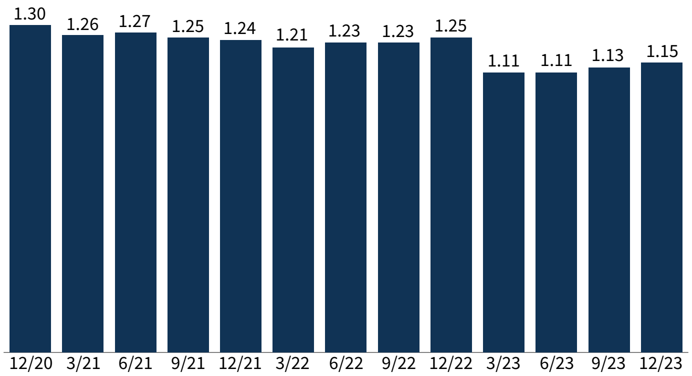
Table II-C. Problem Institutions and Failed Institutions

(dollar figures in millions)	2023	2022	2021	2020	2019	2018	2017
Problem Institutions							
Number of institutions	52	39	44	56	51	60	95
Total assets*	$66,279	$47,463	$170,172	$55,830	$46,190	$48,481	$13,939
Failed Institutions							
Number of institutions	5	0	0	4	4	0	8
Total assets**	$532,228	$0	$0	$455	$209	$0	$5,082

* Assets shown are what were on record as of the last day of the quarter.
** Total assets are based on final Call Reports submitted by failed institutions.

DIF Reserve Ratios

Percent of Insured Deposits



Deposit Insurance Fund Balance and Insured Deposits ($ Millions)

	DIF Balance	DIF-Insured Deposits
12/20	$117,897	$9,101,616
3/21	119,362	9,491,917
6/21	120,547	9,467,267
9/21	121,935	9,740,513
12/21	123,141	9,901,554
3/22	123,039	10,141,735
6/22	124,458	10,082,097
9/22	125,457	10,174,533
12/22	128,218	10,250,588
3/23	116,071	10,476,540
6/23	116,968	10,566,082
9/23	119,339	10,572,677
12/23	121,778	10,621,347

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

(dollar figures in millions) December 31, 2023	Number of Institutions	Total Assets	Domestic Deposits*	Est. Insured Deposits
Commercial Banks and Savings Institutions				
FDIC-Insured Commercial Banks	4,026	$22,452,226	$16,363,096	$9,755,825
FDIC-Supervised	2,651	3,869,581	3,090,794	2,094,846
OCC-Supervised	706	15,074,275	10,690,013	6,199,186
Federal Reserve-Supervised	669	3,508,369	2,582,290	1,461,794
FDIC-Insured Savings Institutions	561	1,216,577	982,118	815,717
OCC-Supervised	245	528,042	419,578	355,124
FDIC-Supervised	279	303,341	237,349	178,057
Federal Reserve-Supervised	37	385,193	325,191	282,537
Total Commercial Banks and Savings Institutions	4,587	23,668,802	17,345,214	10,571,543
Other FDIC-Insured Institutions				
U.S. Branches of Foreign Banks	9	109,313	57,454	49,805
Total FDIC-Insured Institutions	4,596	23,778,115	17,402,668	10,621,347

* Excludes $1.5 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 September 30, 2023 (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	2,786	60.3	$5,374.8	25.95
5.01 - 8.00	1,234	26.7	13,036.8	62.93
8.01 - 12.00	479	10.4	1,979.3	9.55
12.01 - 17.00	59	1.3	157.9	0.76
>17.00	65	1.4	166.5	0.80

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 VIII-A of the FDIC Quarterly Banking Profile is aggregated for all FDIC-insured Call Report filers, both commercial banks and savings 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: https://www.fdic.gov/resources/community-banking/cbi-study.html.

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 adjusted upward quarterly. For banking offices, banks must have more than one office, and the maximum number of offices is 40 in 1985 and reached 104 in 2023. The maximum level of deposits for any one office is $1.25 billion in deposits in 1985 and reached $10.28 billion in deposits in 2023. 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 quarterly and below which the limits on banking activities and geographic scope are waived. The asset-size limit is $250 million in 1985 and reached $2.06 billion in 2023. 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

— Assets held in foreign branches ≥ 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]

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 institutions, estimated FDIC-insured deposits, as well as

[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 $2.06 billion in 2023.
[3] Maximum number of offices indexed to equal 40 in 1985 and 104 in 2023.
[4] Maximum branch deposit size indexed to equal $1.25 billion in 1985 and $10.28 billion in 2023.

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* (TFR) 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, which is 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. When community bank growth rates are adjusted for mergers, prior period balances used in the calculations represent totals for the current group of community bank reporters, plus prior period amounts for any institutions that were subsequently merged into current community banks.

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; institutions can move their home offices between regions, savings institutions can convert to commercial banks, or commercial banks may convert to savings institutions.

ACCOUNTING CHANGES

Financial accounting pronouncements by the Financial Accounting Standards Board (FASB) can result in changes in an individual bank's accounting policies and in the Call Reports they submit. Such accounting changes can affect the aggregate amounts presented in the QBP for the current period and the period-to-period comparability of such financial data.

The current quarter's Financial Institution Letter (FIL) and related Call Report supplemental instructions can provide additional explanation to the QBP reader beyond any material accounting changes discussed in the QBP analysis.

https://www.fdic.gov/news/financial-institution-letters/2024/fil24001.html

https://www.fdic.gov/resources/bankers/call-reports/index.html

Further information on changes in financial statement presentation, income recognition and disclosure is available from the FASB.

https://www.fasb.org/standards

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 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. Previously, the assessment base consisted of deposit liabilities after exclusions.

Assessment rate schedule – Initial base assessment rates for small institutions (except new institutions) are based on a combination of financial ratios and CAMELS component ratings. Initial rates for large institutions—generally those with at least $10 billion in assets—are also based on CAMELS component ratings and certain 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). The FDIC may take additional information into account to make a limited adjustment to a large institution's scorecard results, which are used to determine a large institution's initial base assessment rate.

Initial rates for small institutions are subject to minimums and maximums based on an institution's CAMELS composite rating.

The current assessment rate schedule became effective January 1, 2023. Under the current schedule, initial base assessment rates range from 5 to 32 basis points. An institution's total base assessment rate may differ from its initial rate due to three possible adjustments: (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 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.

The assessment rate schedule effective January 1, 2023, is shown in the following table:

Total Base Assessment Rates*

	Established Small Banks CAMELS Composite			Large and Highly Complex Institutions
	1 or 2	3	4 or 5	
Initial Base Assessment Rate	5 to 18	8 to 32	18 to 32	5 to 32
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	2.5 to 18	4 to 32	13 to 32	2.5 to 42

* 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.

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.

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. Beginning March 2020, this ratio does not include institutions that have a Community Bank Leverage Ratio election in effect at the report date.

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.

Deposits liabilities after exclusions – amount equal to gross total deposit liabilities meeting the statutory definition of a deposit in Section 3(l) of the Federal Deposit Insurance Act, before deducting allowable exclusions. Deposit liabilities after exclusions may differ from amounts reported for total deposits or total domestic deposits due to adjustments made to align with the determination of deposit insurance coverage in the event of a bank failure, including reporting based on an unconsolidated single FDIC certificate number basis.

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 deposit liabilities after exclusions minus estimated uninsured deposits. Beginning September 30, 2009, insured deposits reflect an increase in the FDIC's standard maximum deposit insurance amount from $100,000 to $250,000. From December 31, 2010, through December 31, 2012, insured deposits also include all funds held in noninterest-bearing transaction accounts, without limit.

Estimated uninsured deposits – In general, institutions with $1 billion or more in total assets report estimated uninsured deposits in domestic offices of the bank and in insured branches in Puerto Rico and U.S. territories and possessions, including related interest accrued and unpaid. For institutions that do not report estimated uninsured deposits, the FDIC calculates this amount as the amount of deposit and retirement accounts with balances greater than the standard maximum deposit insurance amount (SMDIA), currently $250,000, minus the portion that is insured. The amount that is insured is estimated by multiplying the number of accounts with balances greater than the SMDIA, as reported on the Call Report, by the SMDIA. For example, under the current SMDIA, if an institution reports a number and amount of deposit and retirement accounts with balances greater than $250,000 of 1,000 and $500 million, respectively, estimated uninsured deposits as calculated by the FDIC would equal $250 million ($500,000,000 – 1,000 * $250,000).

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.

Liquidity ratio – liquid assets to total assets. Liquid assets include cash, federal funds sold, securities purchased under agreements to resell, and securities (including unrealized gains/losses on securities) less pledged securities.

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 filed 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-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" (reported at amortized cost (book value)), securities designated as "available-for-sale" (reported at fair (market) value), and equity securities with readily determinable fair values not held for trading.

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 (https://home.treasury.gov/policy-issues/small-business-programs/small-business-lending-fund).

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 and 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.

THE EFFECTS OF POPULATION CHANGE ON COMMUNITY BANK DEPOSITS AND LOANS

OVERVIEW

Over the past several decades, total U.S. population growth has been strong, but regional and county-level growth has varied widely. The county-level growth variability has had significant distributional effects, with population shifting both between regions of the country and within states, generally leading to more urban growth and rural population decline. This analysis summarizes recent population growth trends and estimates the impacts of population changes on bank deposits and loan portfolios for community banks based on data going back more than 20 years.[1] These estimates may be useful to community bankers in planning for growth and allocating resources toward supplying loans to meet new demand, as the effects of population growth vary between counties of differing population densities.

Deposits across banks at the county level grow as populations expand. Bank branches in metropolitan counties see faster deposit growth than do branches in micropolitan and rural counties, in which deposits tend to lag population changes by about a year.[2] Deposits in community banks in metropolitan counties tend to grow at roughly the same rate as population growth, while deposits in community banks in less-populous counties grow at a much slower rate. When population decreases, deposits still grow in community banks in metropolitan counties but decline in community banks in micropolitan and rural counties.

As with total deposits, population growth generally leads to higher loan volumes at local community banks.[3] This analysis finds that the effects of population growth on loan portfolio composition also differ among metropolitan, micropolitan, and rural counties. For commercial and industrial (C&I) loans and agricultural loans, population growth is associated with greater loan concentrations in some county types but lower loan concentrations in other county types. For commercial real estate loans (CRE) and single-family residential loans, population growth positively correlates with increases in loan concentrations across all county types, but the magnitude of the effect differs between

[1] Community banks are defined by asset size, business plan, geographic footprint, and number of branches. For the complete definition, see "FDIC Community Banking Study," December 2012, https://www.fdic.gov/resources/community-banking/report/2012/2012-cbi-study-full.pdf.

[2] County types are defined by Office of Management and Budget guidelines. Metropolitan counties contain a core urban area of at least 50,000 or more in population. Micropolitan counties contain an urban core of at least 10,000 but less than 50,000 in population. All other counties are rural.

[3] Throughout this article, references to loans, loan volumes, and loan shares are always in terms of value.

county types. Some U.S. population growth patterns reversed during the pandemic as individuals fled densely populated cities for less-densely populated micropolitan and rural counties. These new population trends, if they persist, could significantly affect the deposits and loan portfolios of community banks, and community banks may need to adapt their business models to changing local conditions.

Long-term population trends have the potential to deeply affect community banks. Rural depopulation reduces deposit funding and can challenge bank lending in such communities. Previous FDIC studies have found that these trends extend well beyond the past two decades: more than one-third of rural counties reached their peak populations before 1930.[4] This has led some community banks in counties with decreasing populations to focus on agricultural loans as demand for other loan types declined. In a self-reinforcing cycle, focus on agricultural loans can preclude the development of expertise in other loan types, consequently further restricting lending options for local communities. Alternatively, other banks opened branches in nearby micropolitan and metropolitan regions to diversify their loan portfolios.[5] This study further investigates the effects of population change on deposits and lending in rural, micropolitan, and metropolitan counties and suggests implications for changes in these trends after the 2020 pandemic.

Banking data are drawn from the FDIC Summary of Deposits (SOD) for branch-level variables and FDIC Consolidated Reports of Condition and Income (Call Reports) for bank-level variables. County-level population data are drawn from the U.S. Census, while indicators for metropolitan, micropolitan, and rural counties are fixed at their year 2000 designations and come from the U.S. Department of Agriculture (USDA). Other county-level control variables include average age and gender ratios (Census), employment (USDA), and personal income (Bureau of Economic Analysis). All data are annual spanning 2000 to 2022, inclusive.

[4] John M. Anderlik and Richard D. Cofer Jr., "Long-Term Trends in Rural Depopulation and Their Implications for Community Banks," *FDIC Quarterly* 8, no. 2 (2014): 44–59, https://www.fdic.gov/analysis/quarterly-banking-profile/fdic-quarterly/2014-vol8-2/article2.pdf.

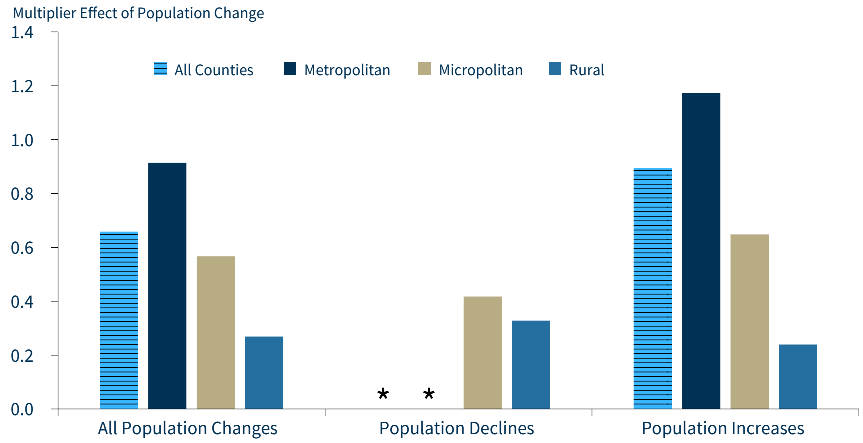
[5] Jeffrey Walser and John Anderlik, "Rural Depopulation: What Does It Mean for the Future Economic Health of Rural Areas and the Community Banks That Support Them?" *FDIC Banking Review 16*, no.3 (2004): 57–95, https://archive.fdic.gov/view/fdic/9811.

DEPOSIT GROWTH RESPONSE TO POPULATION CHANGE VARIES AMONG COUNTY TYPES

Population changes have significant implications for deposits at community banks. In aggregate, a 1 percent change in population is correlated with a 0.6 percent change in deposits (Chart 1). However, this relationship changes significantly if we separately analyze population increases and population declines. Population decreases are not statistically correlated with any change in community bank deposits, but there is a strong correlation between population increase and deposit growth. Specifically, a 1 percent increase in population is strongly correlated with a 0.86 percent increase in community bank deposits. These results are robust across the range of values for population growth that is typical for counties in the past 20 years.[6]

Chart 1

Deposits in Metropolitan Counties Increase More Sharply With Population Growth but Are Uncorrelated With Population Decline



Sources: FDIC, Office of Management and Budget, U.S. Census.
Note: Counties defined by Office of Management and Budget guidelines. Metropolitan counties have urban core populations greater than 50,000; micropolitan counties have 10,000 to 50,000; rural counties have less than 10,000. The coefficient is the multiplier effect of a 1 percentage point change in population growth on deposit growth.
*No statistically significant relationship between aggregate or metropolitan population declines and deposit growth.

The relationship between deposits and population growth becomes more nuanced when county types are disaggregated among metropolitan, micropolitan, and rural counties. Metropolitan counties respond most to population growth; deposit growth actually outpaces population growth, with a 1 percent increase in population generating 1.12 percent growth in community bank deposits. In metropolitan counties with declining population, which included about a third of metropolitan counties over the five years ending in June 2022, total deposits at community banks were unaffected by population decreases.

[6] Analysis of the counties that had the sharpest accelerations and decelerations in population growth or the strongest growth reversals revealed no significant additional relationship with deposits.

Deposits at community banks in micropolitan and rural counties grow significantly more slowly than population. In micropolitan counties, a 1 percent increase in population generates only 0.69 percent more deposits. In rural counties, the difference is even greater, as the same population increase is correlated with only 0.23 percent more deposits. This result may have implications for micropolitan and rural counties that have seen recent reversals in population growth trend, in that community banks may not see deposit growth commensurate with population increases. When population decreases in micropolitan and rural counties, total deposits in those counties typically decrease but at a slower rate than the rate of population decrease: for every 1 percent decrease in population, there is a 0.39 percent decrease in deposits in micropolitan counties and a 0.33 percent decrease in deposits in rural counties.

TIMING OF POPULATION CHANGES IS NOT A STRONG PREDICTOR OF TIMING OF DEPOSIT CHANGES

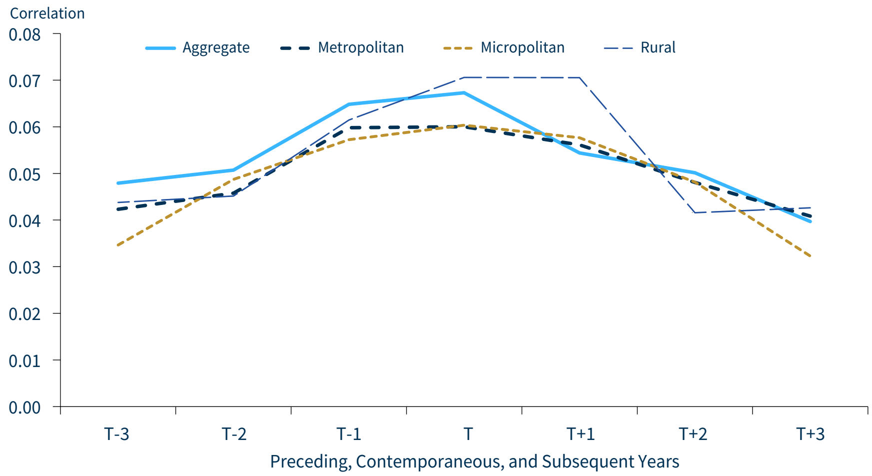
As county populations change, deposits in banks in those counties tend to also change: on average, a 1 percent change in population leads to between a 0.9 percent and 2 percent change in deposits. However, the speed at which deposits respond to population change differs across county types. In metropolitan counties, the strongest correlation suggests that population and deposits change simultaneously (Chart 2).[7] In micropolitan and rural counties, the correlation between population growth and community bank deposit growth peaks following a one-year lag, suggesting that deposits do not move into micropolitan and rural counties as quickly as they do in metropolitan counties.

While metropolitan counties report the strongest correlation between community bank deposits and population changes several years before and after a population decline, the strength of the correlation is weak (Chart 3). For micropolitan counties, correlation peaks contemporaneously with population outflows, while in rural counties correlation peaks in the year following a population decrease. These correlations, however, are even weaker than correlations in metropolitan counties.

[7] In the case of metropolitan counties, correlation is marginally stronger in the year preceding population growth, which may indicate depositors moving funds into a county before taking up residency, but which may also simply be an artifact of when in the year data are recorded. SOD data are recorded as of June 30 each year, while population data are gathered using surveys conducted throughout the year.

Chart 2

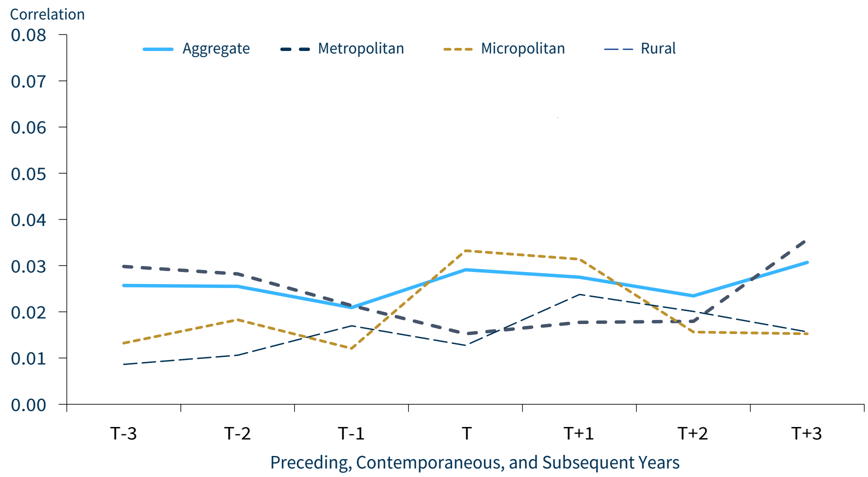
The Correlation of Deposits With Population Inflows Peaks Later in Rural Counties



Sources: FDIC, Office of Management and Budget, U.S. Census.
Note: Counties defined by Office of Management and Budget guidelines. Metropolitan counties have urban core populations greater than 50,000; micropolitan counties have 10,000 to 50,000; rural counties have less than 10,000.

Chart 3

The Correlation of Deposits With Population Outflows Peaks Latest in Metropolitan Counties



Sources: FDIC, Office of Management and Budget, U.S. Census.
Note: Counties defined by Office of Management and Budget guidelines. Metropolitan counties have urban core populations greater than 50,000; micropolitan counties have 10,000 to 50,000; rural counties have less than 10,000.

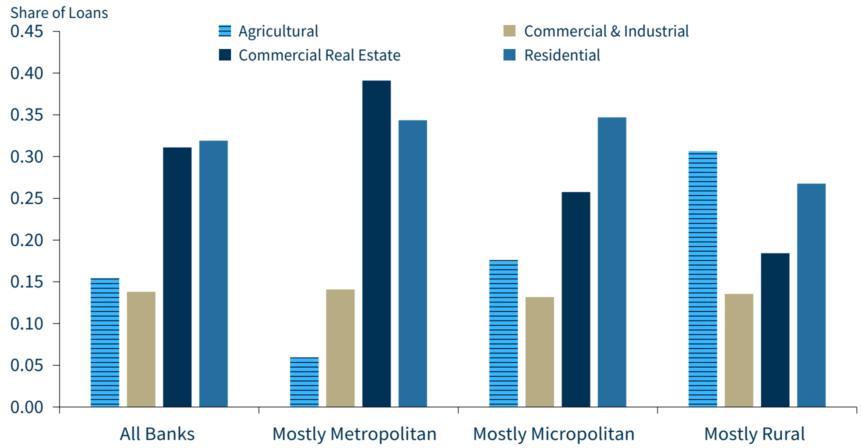
Correlations between population changes and community bank deposits are generally very weak. This indicates that the timing of population increase or decrease is not a strong predictor for when deposits may follow suit. This relationship becomes even weaker when considering deposit outflows. The weakness may arise from the relative rarity of deposit decreases and the insensitivity of bank deposits to population declines, especially in metropolitan counties.

RURAL COUNTIES HAVE MORE AGRICULTURAL LOANS; METROPOLITAN COUNTIES HAVE MORE CRE LOANS

The distribution of loans varies across community banks in rural, micropolitan, and metropolitan counties.[8] Community banks with most of their deposits in rural counties have relatively more agricultural loans, about 30 percent of total loans by value. The share of agricultural loans by value falls to 17 percent for micropolitan banks and 5 percent for metropolitan banks (Charts 4 and 5). Banks in metropolitan counties have more CRE loans, on average accounting for 38 percent of loans by value. The share of CRE loans by value falls to 26 percent for micropolitan banks and to 18 percent for rural banks. Micropolitan banks have the highest share of residential loans by value, at 35 percent, though the share at metropolitan banks is only marginally lower at 33 percent. At community banks in rural counties, residential loans on average make up 27 percent of total loans by value. C&I loans typically represent 13 to 15 percent of total loans by value, regardless of county type.

Chart 4

Banks With Deposits Mostly in Metropolitan Counties Concentrate More on Commercial Real Estate Loans and Less on Agricultural Loans

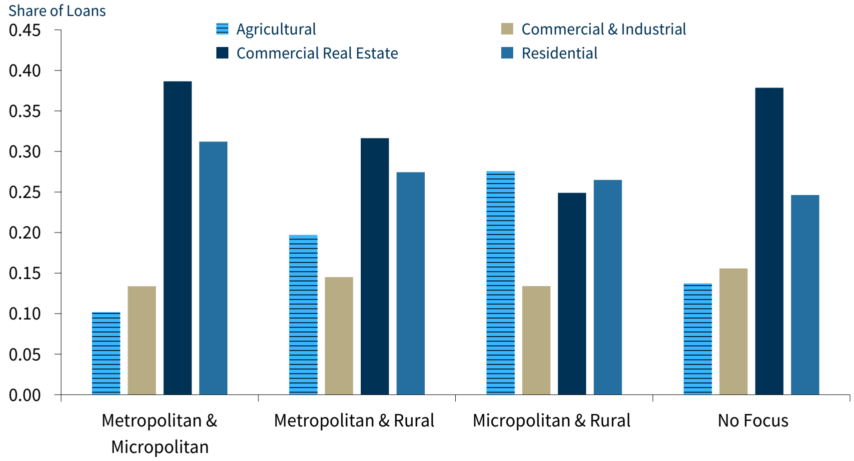


Sources: FDIC, Office of Management and Budget.
Note: Horizontal axis categories indicate location of deposits. "Mostly" indicates at least 70 percent of deposits in referenced county type. Counties defined by Office of Management and Budget guidelines. Metropolitan counties have urban core populations greater than 50,000; micropolitan counties have 10,000 to 50,000; rural counties have less than 10,000.

[8] Loan data are reported to the FDIC at the bank level, not the branch level, and so direct correlation between loans and county type is difficult. This study uses the approach of creating synthetic counties for each bank with characteristics constructed as the weighted average of all counties in which a bank has branches, with each county's weight calculated as the local share of total bank deposits.

Chart 5

Banks With Deposits Across Diverse County Types Focus More on CRE and Residential Loans



Sources: FDIC, Office of Management and Budget.
Note: Horizontal axis categories indicate location of deposits. Categories with two county types reflect banks with 40 to 70 percent of deposits in both referenced county types. "No Focus" reflects banks with less than 40 percent of deposits in each county type. Counties defined by Office of Management and Budget guidelines. Metropolitan counties have urban core populations greater than 50,000; micropolitan counties have 10,000 to 50,000; rural counties have less than 10,000.

POPULATION GROWTH CORRELATES WITH LOAN PORTFOLIO GROWTH BUT VARIES BY COUNTY TYPE

Loan volume growth is positively associated with population growth, with effects varying by geography. At community banks with deposits that are mostly in metropolitan counties, loan volume growth correlates with population growth at a one-to-one ratio: 1 percent population growth correlates to 0.98 percent growth in total loan value. In micropolitan counties, loan growth slightly exceeds population growth at 1.13 percent loan growth for every 1 percent growth in population. In rural counties, loan growth falls short of population growth, with 1 percent population growth correlated with only 0.68 percent loan growth.

Population growth is associated with changes in loan portfolio composition at community banks, and these effects vary by county type, especially for agricultural loans and for C&I loans. In general, population growth is correlated with a decrease in agricultural loans as a share of total loans, with each percentage point growth in county population reducing the share of agricultural loans by 10 basis points (Chart 6). This reduction accelerates to 18 basis points in micropolitan and rural counties, but the direction reverses to a 10 basis point increase in metropolitan counties, which is an unexpected result.[9] For aggregate C&I loans, there is no clear relationship between population

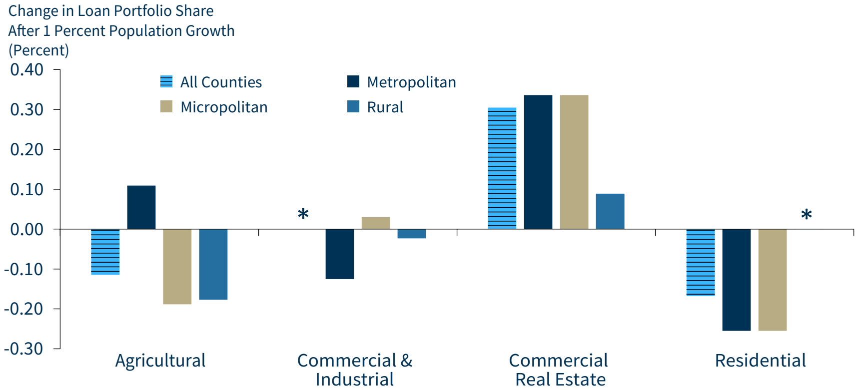
[9] Possible explanations include larger population bases allowing for expansion of agricultural loans in metropolitan counties or that metropolitan county banks open branches along the metropolitan county periphery, where more agriculture is possible. The cause of this relationship is beyond the scope of this analysis but may be investigated in future research.

changes and loan portfolio share; however, relationships emerge after differentiating by county types. In metropolitan and rural counties, a 1 percent population increase is correlated with a 9 basis point decrease in loan portfolio share. In micropolitan counties, the relationship reverses to a 7 basis point increase.

For other loan types, the direction of the effect of population growth on loan portfolio shares is consistent across county types; only the magnitude differs. For CRE loans nationally, a 1 percent increase in population correlates with a 30 basis point increase in loan portfolio share. Banks in metropolitan and micropolitan counties experience a greater increase at 37 basis points. The increase is less pronounced for banks in rural counties at only 12 basis points. For residential loans nationally, a 1 percent increase in population correlates with a 19 basis point decline in loan portfolio share. This decline accelerates to 34 basis points in metropolitan and micropolitan counties; however, in rural counties the effect of population growth is negligible on residential loan share—a less than 1 basis point decline.

Chart 6

Population Growth Correlates to Lower Loan Shares of Agricultural and Residential Loans and Higher Shares of Commercial Real Estate Loans



Sources: FDIC, Office of Management and Budget, U.S. Census.
Note: Counties defined by Office of Management and Budget guidelines. Metropolitan counties have urban core populations greater than 50,000; micropolitan counties have 10,000 to 50,000; rural counties have less than 10,000. Coefficients on C&I loan shares are significant only at the 10 percent threshold. All others at 5 percent.
*On average, there is no significant effect of population growth on C&I loan share nationally or on residential loan share in rural counties.

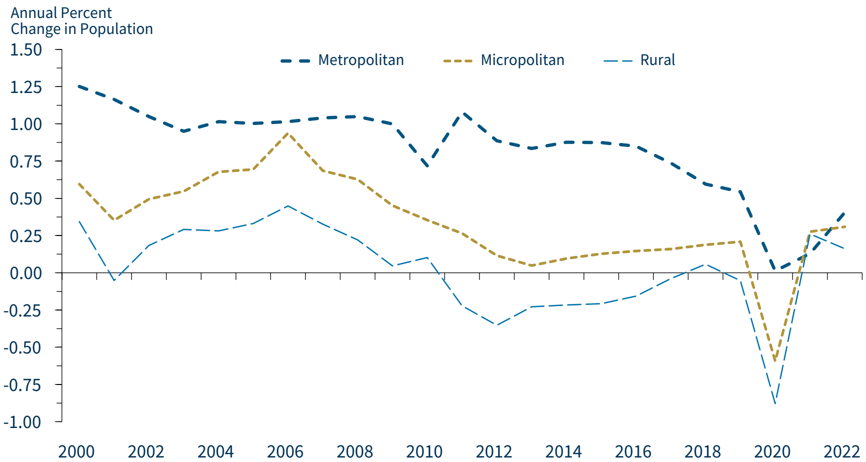
In summary, population growth generally is associated with higher CRE loan concentrations and consequently lower relative concentrations of agricultural, C&I, and residential loans. This relationship does not hold for agricultural loans in metropolitan counties, for C&I loans in micropolitan counties, and for residential loans in rural counties.

POPULATION GROWTH IN 2021 DIVERGED FROM THE PRE-PANDEMIC PATTERN

A well-documented trend of rural depopulation has extended back to at least the 1970s.[10] Rural counties are disproportionately likely to have declining populations, with more than 60 percent of rural counties shrinking between 2018 and 2020. Since 2010, aggregate rural population has fallen almost every year (Chart 7). In contrast, population growth in metropolitan counties has outpaced aggregate U.S. population growth, averaging nearly 1 percentage point growth annually since 2000. Micropolitan counties have also seen robust growth, although not nearly at the rates of metropolitan counties.

Chart 7

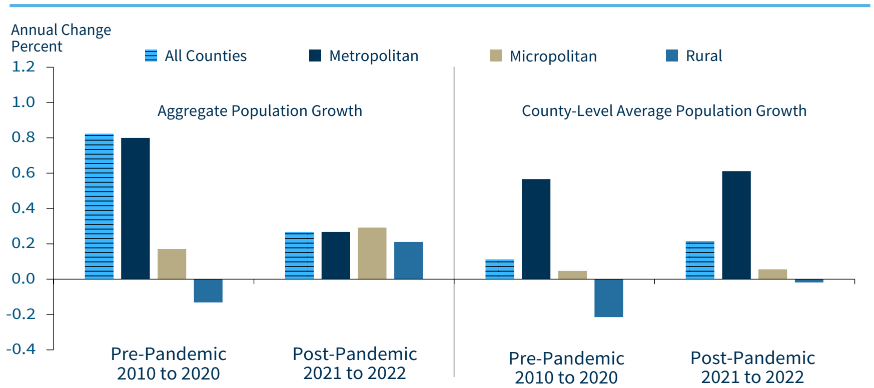
Rural Populations Have Mostly Decreased Since 2010, While Metropolitan County Populations Have Grown the Fastest



Sources: FDIC, Office of Management and Budget, U.S. Census.
Note: Counties defined by Office of Management and Budget guidelines. Metropolitan counties have urban core populations greater than 50,000; micropolitan counties have 10,000 to 50,000; rural counties have less than 10,000.

Chart 8

Some Long-Term Population Trends Reversed After the 2020 Pandemic



Sources: FDIC, Office of Management and Budget, U.S. Census.
Note: Counties defined by Office of Management and Budget guidelines. Metropolitan counties have urban core populations greater than 50,000; micropolitan counties have 10,000 to 50,000; rural counties have less than 10,000.

[10] See Anderlik and Cofer, "Long-Term Trends in Rural Development," and Kenneth M. Johnson and Daniel T. Lichter, "Rural Depopulation: Growth and Decline Processes Over the Past Century," Rural Sociology 84, no. 1 (2019):3-27, https://onlinelibrary.wiley.com/doi/abs/10.1111/ruso.12266, among others.

The 2020 pandemic spurred significant changes in population growth patterns. Dense urban centers, where maintaining social distancing was more difficult, became less desirable. Given the exigencies of the pandemic, 2020 may not be a representative year for population trends. Looking to 2021 may provide better insight into trends that could prove to be persistent. In 2021, the data reveal a complete reversal in pre-pandemic growth trends, with rural population growing faster than any other county type, followed by micropolitan counties, and finally metropolitan counties. Because aggregate statistics are often driven by the largest counties and may obscure trends in smaller "average" counties, Chart 8 compares growth trends both in total population and in averages across counties. The left side of the chart shows how aggregate metropolitan county population growth plummeted in 2021. However, the right side shows that the county average continued to grow at the same pace, which implies a reshuffling of growth from big cities to smaller cities and suburban counties. The largest metropolises were the most likely to see large population growth deceleration or outright declines: population declined in the top three most populous U.S. counties and eight of the ten most populous U.S. counties.[11] Given these declines, smaller metropolitan counties may have benefited from flight from urban centers. Future data will reveal the extent to which these novel trends prove persistent.

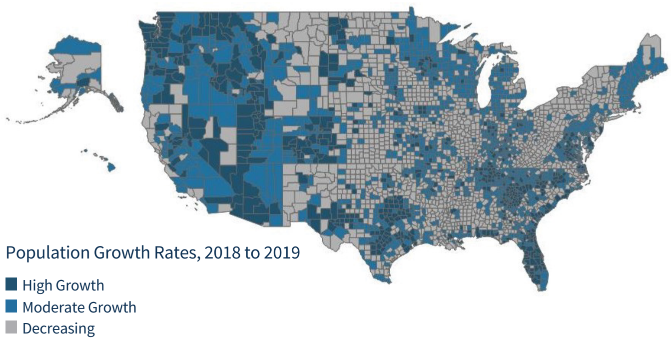
In the two years before the pandemic, population growth was concentrated in metropolitan counties, and 69 percent (753 counties) of those counties expanded. This compares with 47 percent of micropolitan counties and 39 percent of rural counties. Growth was strongest in the West, Upper Midwest, Texas, Florida, and the Northeast (Map 1). After onset of the pandemic, population growth broadened. Generally the same regions of the country continued to grow, but counties that were farther from urban centers and were previously shrinking or were growing anemically reported robust growth comparable to metropolitan centers before the pandemic (Map 2).

In 2021, aggregate U.S. population growth fell sharply, but the number of counties that were growing increased, and the vast majority of newly growing counties were micropolitan or rural. The share of metropolitan counties with population growth was essentially flat at roughly 70 percent, the number of growing counties ticking up only slightly from 753 to 760 (Table 1). For rural counties, this share rose from 39 percent to 44 percent as the number of growing rural counties rose from 541 to 603. Micropolitan counties saw the greatest gains: the share of growing counties rose from 47 percent to 58 percent as the number of growing micropolitan counties rose from 319 to 391.

[11] U.S. Census and FDIC staff analysis.

Map 1

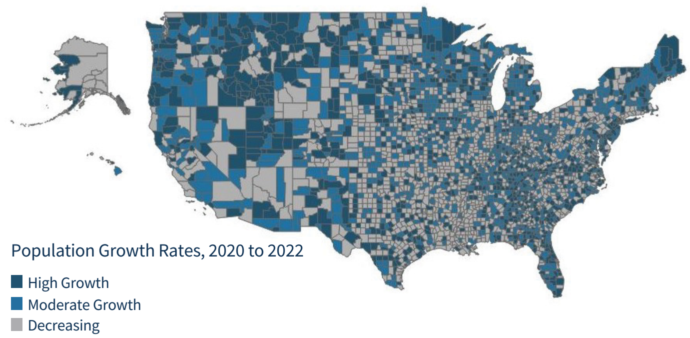
Pre-Pandemic Population Growth Was Concentrated Around Metropolitan Counties



Sources: FDIC, Office of Management and Budget, U.S. Census.
Note: Decreasing indicates growth rate below 0 percent. Moderate growth indicates growth between 0 and 0.96 percent. High growth captures the top quartile of the entire 2018 to 2022 period with growth more than 0.96 percent.

Map 2

Post-Pandemic Population Growth Was More Dispersed



Sources: FDIC, Office of Management and Budget, U.S. Census.
Note: Decreasing indicates growth rate below 0 percent. Moderate growth indicates growth between 0 and 0.96 percent. High growth captures the top quartile of the entire 2018 to 2022 period with growth more than 0.96 percent.

Table 1

County Population Growth Statistics Before and After 2020

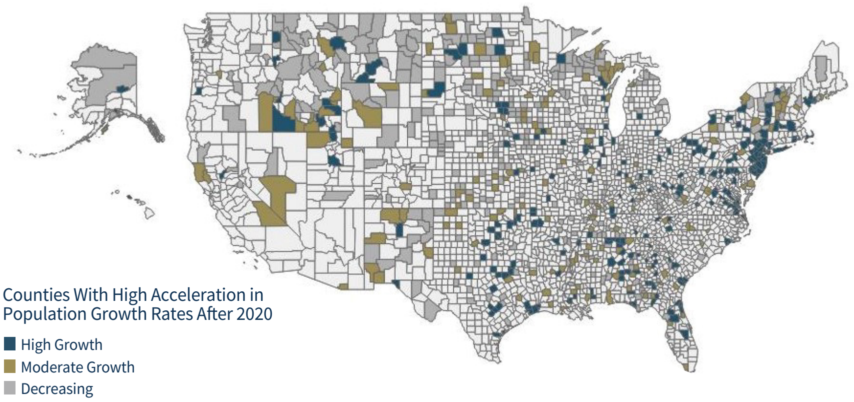
	Growth				Decline			
	2018 to 2019		**2020 to 2022**		**2018 to 2019**		**2020 to 2022**	
	Count	Share	Count	Share	Count	Share	Count	Share
Metropolitan	753	69.1	769	71.0	336	30.9	314	29.0
Micropolitan	319	47.3	365	54.2	356	52.7	308	45.8
Rural	541	39.3	599	43.4	837	60.7	780	56.6
Total	1,613	51.3	1,733	55.3	1,529	48.7	1,402	44.7

Sources: Office of Management and Budget, U.S. Census.

New population growth was not distributed evenly across the country. Among rural counties, population growth accelerated most sharply in counties in the North and in the Great Plains states in the Midwest (Map 3). Micropolitan counties reporting the greatest leaps in population growth were sprinkled throughout the United States but with slightly higher concentrations in the Northeast and the Mountain West. The biggest accelerations in population growth among metropolitan counties were concentrated in the Northeast.

Map 3

Population Growth Accelerated in Northern and Great Plains Rural Counties and Western Micropolitan Counties



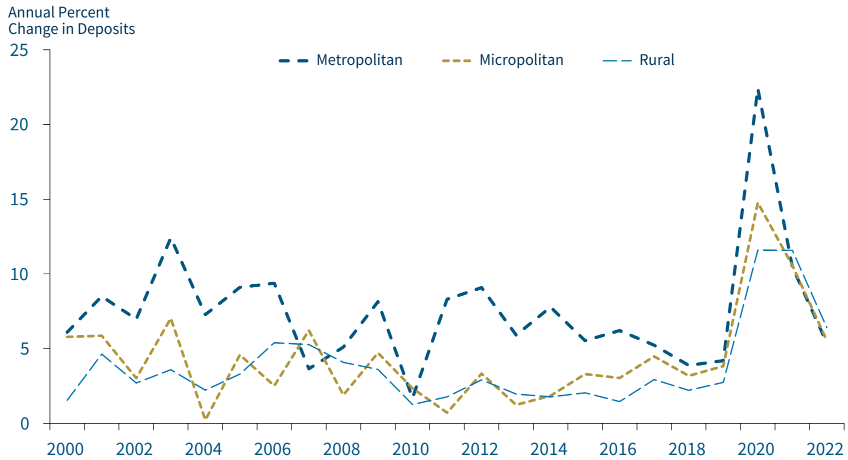
Sources: FDIC, Office of Management and Budget, U.S. Census.
Note: This map shows counties in the top quartile (across all counties) of post-pandemic acceleration in county population growth rates, with acceleration exceeding 0.76 percentage points.

DEPOSITS SURGED AFTER 2020, AND GEOGRAPHIC PATTERNS MIRRORED POPULATION GROWTH

Because of the unique nature of the 2020 pandemic, its attendant recession, and robust government support programs for households and businesses, deposits grew at unprecedented rates in banks across the country. Chart 9 shows that post-pandemic trends in deposit growth were not driven by outliers but were broadly experienced by counties of all population levels. Before the pandemic, metropolitan counties reported average annual deposit growth of 5.7 percent; after the pandemic, growth surged to 12.7 percent. Post-pandemic increases were even more dramatic in micropolitan and rural counties. From 2010 to 2020, micropolitan counties reported average deposit growth of 4.2 percent, which rose to 12.2 percent in 2021. For rural counties, average deposit growth rose from 4 percent to 11.8 percent. Post-pandemic, the average metropolitan county continued to see faster deposit growth than the average rural county, but deposit growth rates largely converged (Chart 10). In terms of aggregate deposit growth—as opposed to county-level averages—rural and micropolitan counties saw jumps in 2021 that exceeded growth in metropolitan counties.

Chart 9

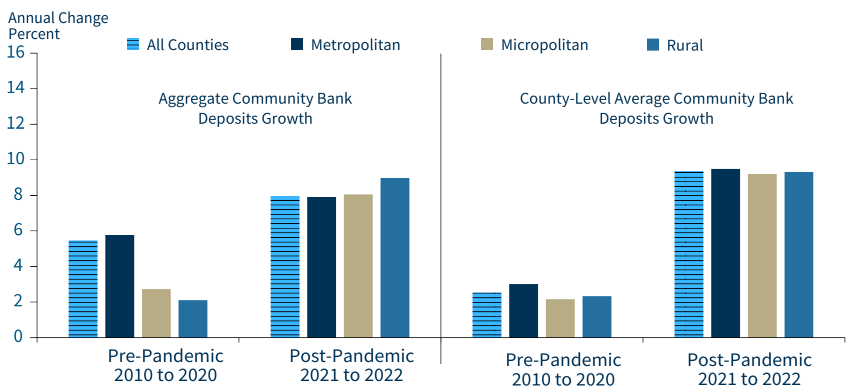
All County Types Have Reported Long-Term Deposit Growth, With Higher Growth Rates in Metropolitan Counties



Sources: FDIC, Office of Management and Budget, U.S. Census.
Note: Counties defined by Office of Management and Budget guidelines. Metropolitan counties have urban core populations greater than 50,000; micropolitan counties have 10,000 to 50,000; rural counties have less than 10,000.

Chart 10

Community Bank Deposits Surged After the 2020 Pandemic

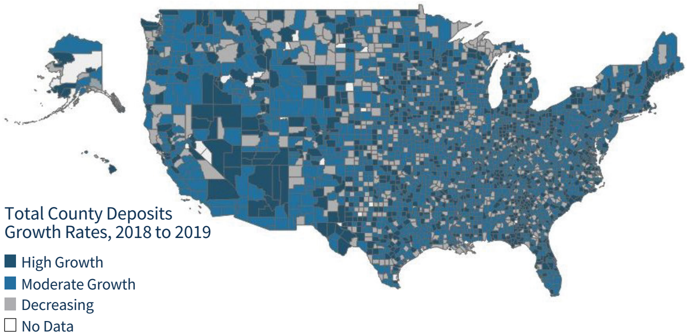


Sources: FDIC, Office of Management and Budget, U.S. Census.
Note: Counties defined by Office of Management and Budget guidelines. Metropolitan counties have urban core populations greater than 50,000; micropolitan counties have 10,000 to 50,000; rural counties have less than 10,000.

Deposit growth was far more common than population growth before the pandemic. From 2018 to 2019, about half of all counties were growing in population, but over the same period almost 80 percent of counties—2,451 counties—saw total deposits across local community bank branches rise (Table 2). From 2020 to 2021, the share of counties with growing deposits jumped to 98 percent. The geography of deposit growth broadened to include more counties, with rural counties representing the bulk of this broadening (Maps 4 and 5).

Map 4

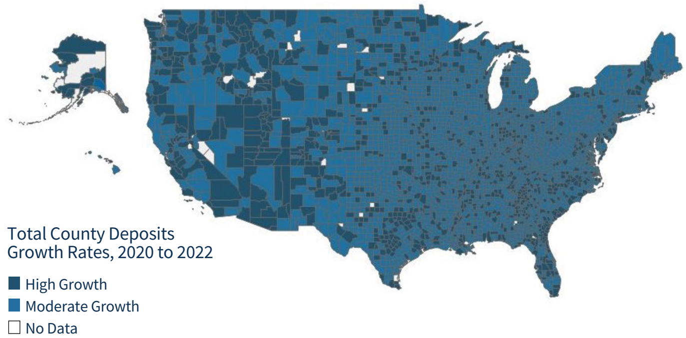
Pre-Pandemic Growth in Deposits Was Strongest in the Mountain West and South



Sources: FDIC, Office of Management and Budget, U.S. Census.
Note: Decreasing indicates growth rate below 0 percent. Moderate growth indicates growth between 0 and 4.56 percent. High growth captures the top quartile with growth more than 4.56 percent.

Map 5

Post-Pandemic Growth in Deposits Broadened to Include More Rural Counties



Sources: FDIC, Office of Management and Budget, U.S. Census.
Note: Moderate growth indicates growth between 0 and 12.42 percent. High growth captures the top quartile with growth more than 12.42 percent.

Table 2

County-Level Deposits Growth Statistics Before and After 2020

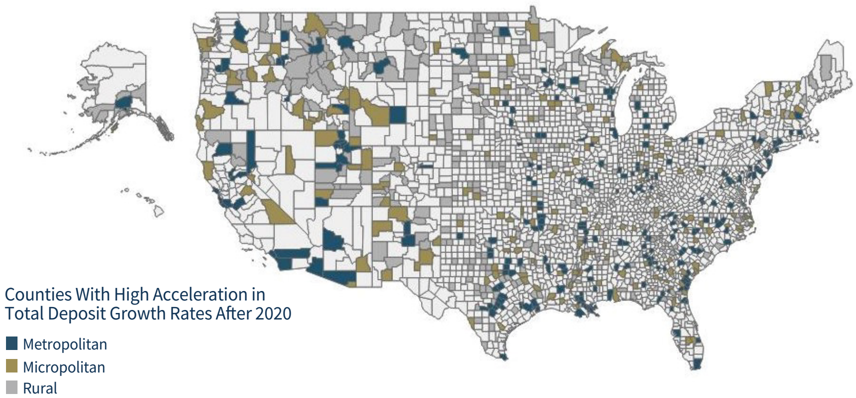
	Growth				Decline			
	2018 to 2019		**2020 to 2022**		**2018 to 2019**		**2020 to 2022**	
	Count	Share	Count	Share	Count	Share	Count	Share
Metropolitan	909	83.8	1,062	97.8	176	16.2	24	2.2
Micropolitan	531	79.0	661	98.4	141	21.0	11	1.6
Rural	1,011	74.8	1,311	96.9	341	25.2	42	3.1
Total	2,451	78.8	3,034	97.5	658	21.2	77	2.5

Sources: Office of Management and Budget, U.S. Census.

The counties in which deposit growth accelerated the most do not match the counties in which population growth accelerated the most. For rural counties, deposit growth increased the most in the North and Great Plains but also in the Mountain West (Map 5). In micropolitan counties, deposit growth acceleration was most pronounced in the Mountain West but also along the coast in Northern California and Southern Oregon as well as upstate New York (Map 6). For metropolitan counties, deposit growth concentrations occurred in the Southwest and Northwest, despite greater population growth in the Northeast.

Map 6

Growth in Deposits Accelerated Most in Northern Rural Counties and Western Micropolitan Counties



Sources: FDIC, Office of Management and Budget, U.S. Census.
Note: This map shows counties in the top quartile (across all counties) of post-pandemic acceleration in total county deposit growth rates, with acceleration exceeding 11.46 percentage points.

CONCLUSION

As population has grown and shifted across the United States over the past several decades, community bank managers, executives, and boards have had to consider the implications of population changes on their business models. Among these considerations are how to prepare for changes in deposits and how to allocate resources toward offering different types of loans. This analysis has attempted to quantify the impact of population growth on deposits and loans and to show how these relationships differ between metropolitan, micropolitan, and rural counties. While the results reflect relationships existing over two decades in the 2000s before the 2020 pandemic, they may yet be useful in considering effects of future changes in population.

The 2020 pandemic significantly altered pre-existing patterns of population growth across the country. If these changes persist in coming years, they may meaningfully affect both deposit growth and loan portfolios at community banks. Given the time delays and lower multiplier effects of population changes on deposits, banks in rural counties could see deposits continue to rise even if population growth decelerates or reverses, while banks in more populous counties may see sharper adjustments. Population changes may be associated with increasing loan concentrations. Community banks in rural counties may encounter greater relative demand for nonagricultural loans. The share of CRE loans in bank portfolios may rise in growing counties, while the relative demand for residential loans will likely fall. If the historical relationships outlined in this study continue to hold in coming years, changes in population growth patterns may require community banks to adjust their loan offerings and business practices to meet new demands.

Author:

Jared Rothman
Senior Financial Economist
Division of Insurance and Research

APPENDIX: REPORTING STANDARDS FOR LOCATION OF BRANCH-LEVEL DEPOSITS

The Summary of Deposits Survey includes the main office and each branch office location operating on June 30 of the survey year and requires institutions to report the deposits assigned to each office location.[12] However, banks are allowed significant discretion in how they determine the location of deposits and are encouraged to report these locations in a way consistent with their existing internal record-keeping practices. Common systems for assigning deposit locations include

- office in closest proximity to the accountholder's address
- office with highest level of account activity
- office where the original deposit account was opened
- office chosen based on branch manager compensation guidelines.

These conditions imply a significant caveat to any geographical analysis of deposits. Banks are not required to shift deposits between branches as accountholders move around the country. Accounts may remain at the original branch long after the accountholder has left; may be moved to where the accountholder is most often using banking services, even if the accountholder lives in another county; or may be assigned to a branch for reasons independent of the location of the accountholder. Results reported in this analysis should be understood in context of these data limitations, which may affect the magnitude of correlations and multiplier coefficients.

[12] FDIC, "Summary of Deposits Reporting Instructions," June 30, 2022, https://www.fdic.gov/resources/bankers/call-reports/call-summary-of-deposits.html.

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2023 SUMMARY OF DEPOSITS HIGHLIGHTS

INTRODUCTION

- **Domestic deposits declined 4.8 percent in the year ending June 2023**
- **Deposit declines were greatest at large banks**
- **Community banks reported deposit growth over the year**
- **Community banks opened offices in metro, micro, and rural counties**

Responses to the Summary of Deposits (SOD) Survey for the year ending June 30, 2023, reflected a decline in deposits following extraordinary growth in the years ending June 2020 and June 2021, and more moderate growth in the year ending June 2022. The surge in deposits from the fiscal and monetary stimulus during the pandemic, coupled with decreased consumer spending, began to decline in 2022. These deposits began leaving as interest rates increased, and again in the weeks following three bank failures in early 2023. Total domestic deposits of FDIC-insured institutions decreased 4.8 percent in the year ending June 2023, the first annual decline in deposits since 1995, while the number of banks decreased 2.6 percent.[1] The largest rate of deposit decline occurred at institutions with assets greater than $250 billion and institutions located in metropolitan counties. Deposit outflows largely subsided by second quarter 2023, declining slightly from $18.7 trillion to $18.6 trillion between March 31, 2023, and June 30, 2023. By June 30, 2023, deposit levels were still 9.2 percent above where they would have been using the pre-pandemic (June 2010 to June 2019) average annual growth rate of 5.4 percent.

The SOD Survey also showed a deceleration in office closures. Between June 2022 and June 2023, the number of offices fell 1.7 percent, continuing a 14-year trend of decline. This was a slower rate of office closures than the 3.8 percent in 2021 and the 3.2 percent in 2022. Banks located in metropolitan counties reported the largest decline in offices, a 1.9 percent decrease. Community banks reported a 0.3 percent increase in offices, while noncommunity banks reported a 2.7 percent decrease.

[1] An annual decline in deposits refers to a net decline in domestic deposits over the previous four quarters. The last annual decline in deposits occurred in March 1995, when deposits declined 0.1 percent between March 31, 1994, and March 31, 1995. The last quarterly decline in deposits—0.2 percent—occurred in second quarter 2018.

SUMMARY OF DEPOSITS OVERVIEW

The Summary of Deposits (SOD) Survey is a unique source of information about the number and physical locations of the tens of thousands of bank offices across the United States. The SOD data also include a dollar amount of domestic deposits for each bank office. While SOD data are informative, they have some limitations due to the varying methods used by banks for attributing deposits to bank offices, as described below.

The full reporting instructions for the survey can be found at https://www.fdic.gov/resources/bankers/call-reports/summary-of-deposits/summary-of-deposits-reporting-instructions.pdf.

The relevant reporting instructions are summarized below.

Institutions should assign deposits to each office in a manner consistent with their existing internal record-keeping practices.

The following are examples of procedures for assigning deposits to offices:

- Deposits assigned to the office in closest proximity to the accountholder's address
- Deposits assigned to the office where the account is most active
- Deposits assigned to the office where the account was opened
- Deposits assigned to offices for manager compensation or similar purposes

Other methods for assigning deposits to offices may also be used. Certain classes of deposits and deposits of certain types of customers may be assigned to a single office for reasons of convenience or efficiency. However, deposit allocations that diverge from the financial institution's internal record-keeping systems and misstate or distort the deposit gathering of an office should not be used.

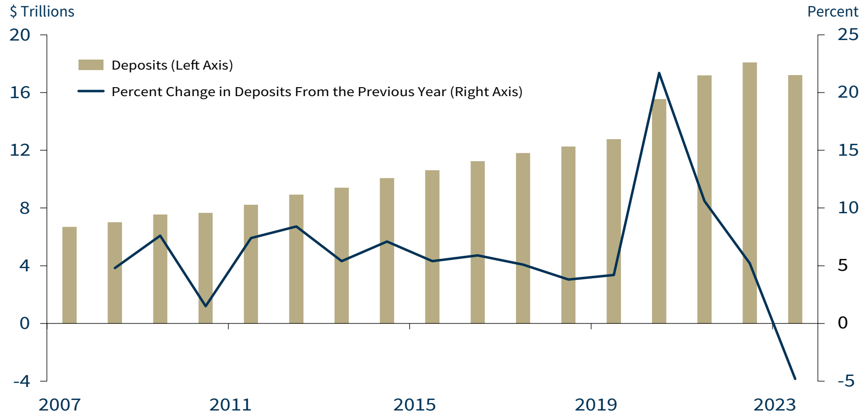
TOTAL DEPOSITS DECLINED FOR THE FIRST TIME SINCE 1995

Between June 2022 and June 2023, deposits decreased $874.1 billion to $17.2 trillion (4.8 percent).[2] This was the first year-over-year decrease in deposits since 1995 and a notable shift in deposit trends since the 2008 financial crisis (Chart 1). The increase in deposit balances in 2020 and 2021 followed changes in consumer behavior and fiscal and monetary responses stemming from the COVID-19 pandemic. However, by 2022, fiscal and monetary assistance had waned and deposit growth neared its pre-pandemic rate. The annual decline in deposits in 2023 followed a decline that began in second quarter 2022 and had moderated by second quarter 2023.

[2] Quarterly deposit data come from the *FDIC Quarterly Banking Profile*, which has published Consolidated Reports of Condition and Income (Call Report) data since 1984.

A confluence of factors contributed to the decline in deposits. Higher-than-normal inflation in late 2021 led to contractionary monetary policy beginning in early 2022. From January 2022 to June 2023, the federal funds rate increased 500 basis points while the overall cost of deposits increased only 166 basis points.[3] Lower yields on deposit rates lagged other market interest rates, such as those paid by money market funds, contributing to the decline in deposits. The rate of deposit decline increased following three bank failures in the first half of 2023, causing the largest quarterly decline in deposits since Consolidated Reports of Condition and Income (Call Report) data collection began in 1984.[4] Most of the quarterly deposit decline was in uninsured deposits, which include deposits in excess of the standard deposit insurance coverage limit of $250,000 per depositor, per FDIC-insured bank, per ownership category.[5]

Chart 1
Deposits Declined in 2023 After a Near-Record Increase in 2020



Source: FDIC Summary of Deposits, June 30, 2007, to June 30, 2023.

[3] The cost of deposits represents annualized total interest expense on deposits as a percentage of average deposits. The cost of deposits was 0.12 percent in fourth quarter 2021 and 1.78 percent in second quarter 2023. Source: Call Report data from December 31, 2021, to June 30, 2023.
[4] Quarterly Call Report data and annual SOD data became more standardized in 1984.
[5] "Insured Institution Performance," *FDIC Quarterly* 17, no. 2 (2023):1–7, https://www.fdic.gov/analysis/quarterly-banking-profile/qbp/2023mar/qbp.pdf#page=1.

DEPOSIT DECLINES WERE GREATEST AT LARGE BANKS

Banks with assets greater than $10 billion reported deposit declines in 2023, while banks with less than $10 billion in assets reported slight growth or no growth (Table 1).[6] Banks with total assets greater than $250 billion reported the largest decline in deposits, $675 billion or 6.8 percent. These 14 institutions represented about 77.5 percent of the total decline in the industry's deposits in the year ending June 30, 2023. Banks with assets between $1 billion and $10 billion reported 1.2 percent deposit growth, and the smallest banks reported slight deposit declines of 0.1 percent.

Despite the deposit declines from second quarter 2022 through second quarter 2023, the five-year trend in deposit growth remained strong across bank asset size categories, with average annual compound-adjusted deposit growth of more than 6.5 percent between 2018 and 2023 for all size categories. Banks with total assets less than $1 billion reported deposit growth at a cumulative 47.6 percent, and banks with total assets between $1 billion and $10 billion reported deposit growth at a cumulative 56.1 percent. The largest institutions reported the slowest cumulative deposit growth, 37.1 percent.

Table 1

Large Bank and Noncommunity Bank Deposit Growth Fell Behind Other Groups

Bank Size	Year-Over-Year Deposit Growth, Adjusted for Mergers (Percent)						Number of Banks
	2019	**2020**	**2021**	**2022**	**2023**	**2018 to 2023**	**2023**
Assets Greater Than $250 Billion	3.1	24.5	9.6	4.6	–6.8	37.1	14
Assets $10 Billion to $250 Billion	4.9	19.6	11.4	4.8	–4.1	40.5	142
Assets $1 Billion to $10 Billion	6.3	18.4	12.7	8.8	1.2	56.1	840
Assets Less Than $1 Billion	4.5	16.0	13.5	7.3	–0.1	47.6	3,649
Bank Designation							
Noncommunity Banks	3.9	22.6	10.3	4.8	–5.6	38.9	455
Community Banks	5.5	16.5	13.5	8.4	1.0	52.8	4,190

Source: FDIC Summary of Deposits, June 30, 2018, to June 30, 2023.
Note: Bank count is as of the June 30, 2022, to June 30, 2023, period.

[6] All growth rates for deposits and offices are merger-adjusted unless specified otherwise.

DEPOSIT GROWTH WAS SUSTAINED FOR COMMUNITY BANKS

Community banks continued to report deposit growth in 2023, while noncommunity banks reported a decline in deposits. Community bank year-over-year deposit growth was 1 percent or $22.4 billion, and noncommunity bank deposits fell 5.6 percent or $892.8 billion year over year. Community banks are smaller institutions, generally under $1 billion in total assets, with a business model focused on a limited geographic area.[7] By contrast, noncommunity banks are defined as banks with nontraditional business models or banks that serve three or more Metropolitan Statistical Areas (MSAs) or four or more states. As of June 30, 2023, there were 4,196 community banks holding 13 percent of total domestic deposits and 457 noncommunity banks holding 87 percent of total domestic deposits. Over the five-year period from 2018 to 2023, both noncommunity and community banks reported average annual deposit growth of more than 5 percent, resulting in 38.9 percent cumulative deposit growth for noncommunity banks and 52.8 percent cumulative deposit growth for community banks.

METROPOLITAN AND RURAL BANKS REPORTED DEPOSIT DECLINES

Annual deposit growth rates in micropolitan areas slowed for the year ending June 30, 2023, while deposits declined in metropolitan and rural areas (Table 2).[8] Growth rates for offices in metropolitan areas declined 5.2 percent after increasing 5.2 percent one year earlier, and growth rates in rural areas decreased 2.5 percent after increasing 4.3 percent the previous year. Growth rates in micropolitan areas slowed from 5.9 percent to 1.1 percent.

From 2018 to 2023, offices in metropolitan areas reported the highest deposit growth rate of the three county types, with a 40.8 percent cumulative increase in deposits. Banks in micropolitan areas had the second-highest five-year growth at 40.5 percent. Banks in rural areas had the lowest cumulative deposit growth at 30.9 percent. As of 2023, offices in metropolitan areas continued to hold the majority of total deposits ($15.8 trillion or 91.6 percent of total deposits), followed by offices in micropolitan areas ($796.3 billion or 4.6 percent of total deposits) and rural areas ($653.4 billion or 3.8 percent of total deposits).[9]

[7] Community banks are defined by the 2012 FDIC Community Banking Study, https://www.fdic.gov/resources/community-banking/report/2012/2012-cbi-study-full.pdf. The definition encompasses small banks and larger banks that focus on traditional lending and deposit-taking activities.

[8] The U.S. Census Bureau defines micropolitan Core-Based Statistical Areas (CBSAs) as statistical areas that consist of one or more counties "associated with at least one urban cluster of at least 10,000 but less than 50,000 population." Metropolitan CBSAs consist of one or more counties that "contain a city of 50,000 or more inhabitants, or contain a Census Bureau-defined urbanized area (UA) and have a total population of at least 100,000."

[9] CBSAs were redrawn in 2023, such that geographical coverage differed between 2023 and 2020. The 2023 SOD metro-micro-rural designations reflect the new 2023 census delineations, while 2020–2022 SOD reports used the 2020 census delineations. Therefore, reported 2023 findings cannot be cross-compared with previous years.

Table 2

Deposits in Micropolitan Counties Rose and Deposits in Metropolitan and Rural Counties Fell in 2023							
County Type	Year-Over-Year Change (Percent)						
	2018	2019	2020	2021	2022	2023	2018 to 2023
Metropolitan	3.9	4.2	22.5	10.6	5.2	–5.2	40.8
Micropolitan	3.7	3.9	14.6	10.1	5.9	1.1	40.5
Rural	2.1	3.0	12.7	11.0	4.3	–2.5	30.9

Source: FDIC Summary of Deposits, June 30, 2018, to June 30, 2023.
Note: Data are not adjusted for mergers.

NUMBER OF BANKS AND OFFICES CONTINUED TO DECREASE

Between June 2022 and June 2023, the number of banks declined from 4,771 to 4,645 and the number of offices declined from 79,214 to 77,786 (Table 3). Although the number of banks and offices continued to decrease, offices per bank have remained relatively stable because the rate of office consolidation has not outpaced the rate of bank consolidation. Banks that acquire other banks will often keep some office locations to retain depositors of the acquired bank.

A 4.8 percent decline in deposits outpaced the 2.6 percent decline in the number of banks, resulting in a 2.3 percent decline in deposits per institution. The average balance of deposits per office decreased 3.1 percent in 2023 to $221.3 million.

Table 3

Deposits Decreased While Offices Per Bank Remained Stable in 2023

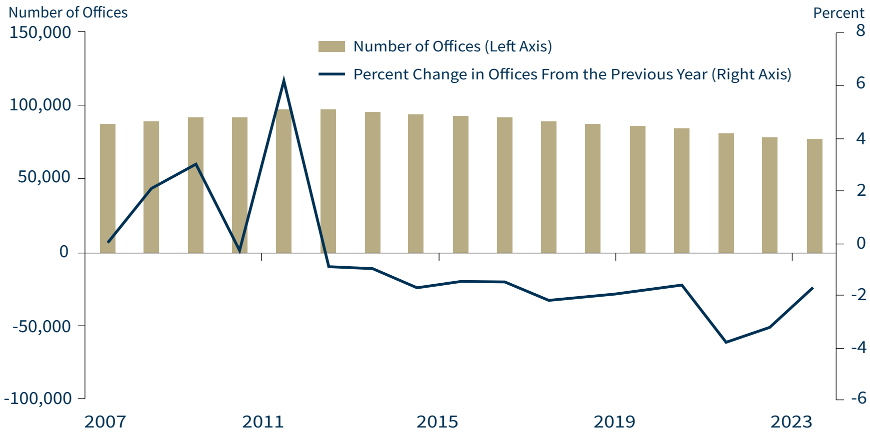
Year	Number of Banks	Number of Offices	Offices Per Bank	Deposits ($ Billions)	Deposits Per Institution ($ Millions)	Deposits Per Office ($ Thousands)
2018	5,541	88,065	15.9	12,262	2,213	139,242
2019	5,303	86,382	16.3	12,772	2,408	147,854
2020	5,066	84,972	16.8	15,546	3,069	182,958
2021	4,950	81,781	16.5	17,196	3,474	210,271
2022	4,771	79,214	16.6	18,091	3,792	228,385
2023	4,645	77,786	16.7	17,217	3,706	221,333

Source: FDIC Summary of Deposits, June 30, 2023.
Note: Data are not adjusted for mergers.

THE RATE OF OFFICE CLOSURES CONTINUED TO DECLINE AND RETURNED TO PRE-PANDEMIC LEVELS

The rate of office decline was stable from 2012 to 2020, ranging from 0.9 percent to 2.2 percent. The rate increased after 2020 to 3.8 percent in 2021 and 3.2 percent in 2022. The number of offices declined 1.7 percent between June 2022 and June 2023, slightly above the pre-pandemic average decline of 1.4 percent (Chart 2).[10] Only 482 (10.4 percent) banks reported net office closures in 2023, while 293 (6.3 percent) reported net office openings, and 3,861 (83.1 percent) reported no net change in office count.

Chart 2
The Rate of Office Closures Slowed After a Record Rate of Decline in 2021



Source: FDIC Summary of Deposits, June 30, 2007, to June 30, 2023.

LARGE BANKS REPORTED THE LARGEST REDUCTION IN OFFICES

The largest banks reported the largest decline in offices in the year ending June 30, 2023, a reduction of 3.5 percent or 843 offices (Table 4). Banks with assets between $10 billion and $250 billion reported an annual office reduction of 2.7 percent or 590 offices. Conversely, banks with assets between $1 billion and $10 billion reported no change, and the smallest banks reported a year-over-year increase in offices of 0.7 percent or 108 offices. From 2018 to 2023, banks with assets between $10 billion and $250 billion reported a total decline in offices of 17.9 percent and banks with assets over $250 billion reported a total decline in offices of 20.6 percent, while the smallest banks increased their number of offices 4.2 percent. Banks with assets between $1 billion and $10 billion reported a modest decline in offices from 2018 to 2023, closing a net of only six offices in 2023 and reporting a cumulative reduction of just 2.9 percent or 545 offices over the five-year period.

[10] The period June 2010 to June 2019 is used throughout this article as the pre-pandemic average period. It begins one year after the end of the Great Recession and ends in the final SOD Survey period before the onset of the pandemic in early 2020. See Angela Hinton, Michael Hoffman, Caitlyn R. Kasper, and Joycelyn Lu, "2022 Summary of Deposits Highlights," FDIC Quarterly 17 no. 1, (2023):48–55, https://www.fdic.gov/analysis/quarterly-banking-profile/fdic-quarterly/2023-vol17-1/fdic-v17n1-4q2022.pdf.

Table 4

When Adjusting for Mergers and the Movement of Banks Between Size Groups, the Smallest Banks Opened Offices on Net From 2018 to 2023

Bank Size	Year-Over-Year Office Growth, Adjusted for Mergers (Percent)					
	2019	**2020**	**2021**	**2022**	**2023**	**2018 to 2023**
Assets Greater Than $250 Billion	−3.9	−2.5	−6.9	−5.6	−3.5	−20.6
Assets $10 Billion to $250 Billion	−3.7	−3.6	−4.6	−4.8	−2.7	−17.9
Assets $1 Billion to $10 Billion	0.1	0.0	−2.0	−1.0	0.0	−2.9
Assets Less Than $1 Billion	1.4	1.1	0.4	0.5	0.7	4.2

Source: FDIC Summary of Deposits, June 30, 2018, to June 30, 2023.

COMMUNITY BANKS OPENED OFFICES IN ALL CENSUS CATEGORIES IN 2023

In the year ending June 30, 2023, community banks opened a net 82 offices, with net office increases reported in all three county types (Table 5). Community banks increased offices by 1.5 percent between 2018 and 2023. On the other hand, noncommunity banks closed 1,413 offices in 2023, resulting in an annual decline of 2.7 percent across the three county types. Noncommunity banks reduced offices by 17.5 percent between 2018 and 2023.

Table 5

Community Banks Added Offices in 2023 and From 2018 to 2023, While Noncommunity Bank Offices Declined

County Type		Year-Over-Year Change in Offices, Adjusted for Mergers (Percent)						Number of Offices
		2019	**2020**	**2021**	**2022**	**2023**	**2018 to 2023**	**2023**
Metropolitan	Noncommunity Banks	−3.2	−2.5	−5.4	−4.6	−2.6	−17.0	44,207
	Community Banks	1.4	1.0	0.0	0.0	0.2	2.6	15,760
Micropolitan	Noncommunity Banks	−4.3	−3.1	−6.5	−5.6	−2.7	−20.4	3,821
	Community Banks	0.3	0.0	−0.6	−0.3	0.5	−0.1	5,108
Rural	Noncommunity Banks	−3.5	−4.3	−5.8	−5.8	−3.7	−21.1	3,006
	Community Banks	0.2	−0.2	−0.2	−0.3	0.4	−0.1	5,884
All	Noncommunity Banks	−3.3	−2.6	−5.5	−4.7	−2.7	−17.5	51,034
	Community Banks	0.9	0.5	−0.2	−0.1	0.3	1.5	26,752

Source: FDIC Summary of Deposits, June 30, 2018, to June 30, 2023.

ALMOST ALL COUNTIES IN THE UNITED STATES HAVE AT LEAST ONE OFFICE OF AN FDIC-INSURED INSTITUTION

Office locations of FDIC-insured institutions are geographically widespread, with offices in 99 percent of the counties in the United States. Of all U.S. counties with an office presence, 4.7 percent have a single office. Most counties with a single office are rural (76.5 percent) and a majority of these counties are served by a community bank (65.8 percent). Of the 1,279 rural counties with an office presence, 65 percent are served by at least one community bank, underscoring the ongoing importance of community banks in rural areas.

MERGER ADJUSTING OVERVIEW

Merger adjusting Summary of Deposits (SOD) data is a way to analyze annual SOD data while holding the underlying set of institutions constant within designated categories like size groupings or community bank status. Non-merger-adjusted SOD growth rates reflect the effects of changes in the universe of banks that fall into each category. For example, an unadjusted SOD deposit growth rate between June 30, 2019, and June 30, 2020, would compare the deposits of the 9 banks with more than $250 billion in assets that existed as of June 30, 2019, with the 13 that existed as of June 30, 2020. Without adjusting for mergers and organic asset growth that can contribute to the change in the number of banks in this size group, it might appear that the largest banks are winning the competition for deposits or that small banks are losing their deposit base. However, over time, some smaller bank deposits "become" larger bank deposits as some smaller banks are acquired by larger banks, two smaller banks merge to form a larger bank, or some smaller banks cross the threshold into a larger asset size group. Without controlling for the change in bank categorization in these instances, some smaller banks' deposits would contribute to the growth of the larger bank category and subtract from the growth of the smaller bank category.

To control for these effects, bank deposit data can be "merger adjusted" to identify the changes in deposit growth that resulted solely from the organic growth of deposits, as opposed to changes resulting from the effects of mergers or movement between designated categories. In such an analysis, the specific banks in each asset size group are identified as of the most recent quarter. Then, the banks that those banks acquired over the period being analyzed are identified, and the deposits of the acquired banks are added to the deposits of the acquiring bank in the previous period.

In this article, merger adjusting is conducted in one-year increments. For example, the merger-adjusted growth rate of the largest institutions (those with more than $250 billion in assets) between 2022 and 2023 depicts the growth over that year of the combined deposits of the June 30, 2022, cohort of the largest institutions and the deposits of all the institutions they acquired between 2022 and 2023. Any bank that was not involved in a merger, but became a bank with more than $250 billion in assets in that time period, is assigned to the $250 billion group in the previous period. The same process is conducted for each increment of one year. The five-year growth rate is the compounded growth rate based on each growth rate between 2018 and 2023.

For a comprehensive primer on the process of merger adjusting bank data, read Eric C. Breitenstein and Derek K. Thieme, "Merger Adjusting Bank Data: A Primer," *FDIC Quarterly* 13, no. 1 (2019):31–49, https://www.fdic.gov/analysis/quarterly-banking-profile/fdic-quarterly/2019-vol13-1/fdic-v13n1-4q2018-article.pdf.

NON-MERGER-ADJUSTED ANALYSIS

Data that are non-merger-adjusted provide value by showing shifts in industry composition. In this raw non-merger-adjusted data, the smallest banks and the largest banks reported declining deposit balances in 2023, while banks with assets between $1 billion and $10 billion reported marginal deposit growth (Table 6). Banks with more than $250 billion in assets in June 2023 reported 67.5 percent growth in deposits between 2018 and 2023, while banks with less than $1 billion in assets reported a 4.2 percent decline in deposits during that period.

Table 6

Large Banks Reported the Largest Deposit Growth From 2018 to 2023 on a Non-Merger-Adjusted Basis							
Bank Size	Year-Over-Year Deposit Growth, Not Adjusted for Mergers (Percent)						Number of Banks
	2019	**2020**	**2021**	**2022**	**2023**	**2018 to 2023**	**2023**
Assets Greater Than $250 Billion	3.9	41.2	9.6	5.5	−1.3	67.5	14
Assets $10 Billion to $250 Billion	7.0	3.1	13.8	6.0	−12.5	16.5	142
Assets $1 Billion to $10 Billion	1.4	18.9	10.1	3.4	1.5	39.2	840
Assets Less Than $1 Billion	−2.8	−0.7	3.9	1.2	−5.6	−4.2	3,649
Bank Designation							
Noncommunity Banks	4.5	23.9	10.4	5.3	−4.8	43.2	455
Community Banks	2.2	8.9	12.1	4.8	−4.8	24.5	4,190

Source: FDIC Summary of Deposits, June 30, 2018, to June 30, 2023.
Note: Bank count is as of the June 30, 2022, to June 30, 2023, period.

Community banks and noncommunity banks reported deposit declines of 4.8 percent in the year ending June 30, 2023. From 2018 to 2023, community banks reported deposit growth of 24.5 percent and noncommunity banks reported deposit growth of 43.2 percent. Much of the deposit growth for noncommunity banks was a result of merger activity and re-designations in 2020, when there were 57 community banks acquired by noncommunity banks and 33 community banks re-designated as noncommunity banks.

On a non-merger-adjusted basis, the smallest banks reported the largest net decline from 2018 to 2023 in the offices they operated. This contrasts with the merger-adjusted results for offices operated by the smallest banks, which increased over this timeframe. Banks with less than $1 billion in assets as of June 2023 reported a 26.1 percent decline in offices between 2018 and 2023 (Table 7). Banks with assets between $1 billion and $10 billion increased offices, reporting a 4.1 percent increase over this period.

Table 7

The Smallest Banks Reported the Largest Decline in Offices From 2018 to 2023 on a Non-Merger-Adjusted Basis						
Bank Size	Year-Over-Year Office Growth, Not Adjusted for Mergers (Percent)					
	2019	**2020**	**2021**	**2022**	**2023**	**2018 to 2023**
Assets Greater Than $250 Billion	−3.9	10.2	−6.9	−3.0	2.6	−2.0
Assets $10 Billion to $250 Billion	0.8	−9.4	−1.4	−3.8	−6.8	−19.3
Assets $1 Billion to $10 Billion	0.0	5.0	−0.2	−1.9	1.1	4.1
Assets Less Than $1 Billion	−4.6	−10.6	−6.1	−4.0	−3.8	−26.1
All Banks	**−1.9**	**−1.6**	**−3.8**	**−3.2**	**−1.7**	**−11.7**

Source: FDIC Summary of Deposits, June 30, 2018, to June 30, 2023.

Table 7 illustrates how non-merger-adjusted data for offices can be volatile as banks move in and out of asset size groups due to asset growth, mergers, or acquisitions. For example, the number of offices operated by banks with more than $250 billion in assets grew 2.6 percent between June 2022 and June 2023, while the number of offices of banks with between $10 billion and $250 billion in assets declined 6.8 percent. This shift was heavily influenced by two banks in the smaller size group merging to form one bank with more than $250 billion in assets, shifting their offices into the larger size group. The numbers in Table 7 reflect not just openings and closures of offices, but shifts in the ownership of offices resulting from mergers and asset growth.

OFFICE CLOSINGS WERE RELATIVELY LESS FREQUENT IN RURAL COUNTIES

The number of offices across all county types, and between community and noncommunity banks, continued to decline through June 30, 2023. Among the three county types, both the number and the rate of net office closures were highest in metropolitan areas, followed by micropolitan areas and then rural areas.

Table 8

The Number of Offices in All County Types Has Declined Over the Past Five Years

County Type		Year-Over-Year Change in Offices, Not Adjusted for Mergers (Percent)					Number of Offices
		2019	**2020**	**2021**	**2022**	**2018 to 2023**	**2023**
Metropolitan	Noncommunity Banks	–1.7	–1.1	–4.9	–3.4	–1.2	–11.8
	Community Banks	–2.9	–3.3	–1.7	–3.6	–3.8	–14.5
	All Banks	–2.1	–1.7	–4.1	–3.4	–1.9	–12.5
Micropolitan	Noncommunity Banks	–2.7	–0.5	–3.7	–3.0	0.5	–9.2
	Community Banks	–0.9	–2.0	–2.8	–2.4	–2.1	–9.8
	All Banks	–1.7	–1.4	–3.2	–2.6	–1.0	–9.5
Rural	Noncommunity Banks	–0.7	–0.8	–2.0	–3.0	0.4	–6.0
	Community Banks	–1.4	–2.1	–2.2	–1.8	–2.0	–9.1
	All Banks	–1.1	–1.7	–2.1	–2.2	–1.2	–8.1
All	Noncommunity Banks	–1.7	–1.0	–4.7	–3.3	–1.0	–11.2
	Community Banks	–2.2	–2.8	–2.0	–3.0	–3.1	–12.5

Source: FDIC Summary of Deposits, June 30, 2018, to June 30, 2023.

Metropolitan areas contain the vast majority of bank offices, roughly 60,000 of 78,000 total offices, or 77.1 percent. Between 2018 and 2023, banks reduced offices in metropolitan areas by 8,558 (12.5 percent). Community banks reduced offices in metropolitan areas at a slightly higher rate (14.5 percent) than did noncommunity banks (11.8 percent) (Table 8). As these figures are not adjusted for mergers, this does not mean that community banks closed 14.5 percent of offices in metropolitan counties in that time, but rather that 14.5 percent of their offices closed or became offices of noncommunity banks through mergers or re-designations.

Micropolitan and rural county types fared slightly better than metropolitan areas in net office closings. Community banks serve micropolitan and rural areas with more offices than do noncommunity banks—66.2 percent of the office locations in rural areas and 57.2 percent of the office locations in micropolitan areas are of community banks.

CONCLUSION

Large banks and small banks, community banks and noncommunity banks, and banks in metropolitan areas and rural areas all reported deposit declines and office closures in 2023. Banks with less than $1 billion in assets and community banks maintained or grew their deposits between June 30, 2022, and June 30, 2023. Banks with more than $10 billion in assets reported the largest deposit declines, driven by declines in uninsured deposits.

Smaller institutions reported net office openings in the year ending June 30, 2023, while larger institutions continued to close offices. Community banks also reported net office openings in all census categories, while noncommunity banks reported office closings in all census categories. Community banks continue to operate more offices than noncommunity banks in rural counties and have closed offices at slower rates in those counties. The relatively large presence of community banks in rural counties reflects their important role in serving local communities.

After adjusting for mergers, banks growing into and out of asset categories, and census re-designations, banks of all sizes, community and noncommunity banks, and banks in metropolitan, micropolitan, and rural areas all reported strong deposit growth over the past five years. The banking industry continues to shift due to mergers and acquisitions, new bank charters, bank failures, and re-designations of geographical areas.

Authors:

Michael Hoffman
Economic Analyst
Division of Insurance and Research

Camille Keith
Financial Analyst
Division of Insurance and Research

Joycelyn Lu
Financial Analyst
Division of Insurance and Research

LaShawn Reed-Butler
Financial Analyst
Division of Insurance and Research