FDIC **Quarterly**

Quarterly Banking Profile: Fourth Quarter 2014

Brick-and-Mortar Banking Remains Prevalent in an Increasingly Virtual World

FDIC

2015, Volume 9, Number 1

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FDIC-insured institutions reported aggregate net income of $36.9 billion in the fourth quarter of 2014, down $2.9 billion (7.3 percent) from earnings of $39.8 billion that the industry reported a year earlier. The decline in earnings was mainly attributable to a $4.4 billion increase in litigation expenses at a few large banks. More than half of the 6,509 insured institutions reporting (61.2 percent) had year-over-year growth in quarterly earnings. The proportion of banks that were unprofitable during the fourth quarter fell to 9.4 percent from 12.7 percent a year earlier. *See page 1.*

Community Bank Performance

Community banks—which represent 93 percent of insured institutions—reported net income of $4.8 billion in the fourth quarter, up $1 billion (27.7 percent) from one year earlier. The increase was driven by higher net operating revenue and lower loan loss provisions. In the fourth quarter of 2014, loan balances at community banks grew at a faster pace than in the industry, asset quality indicators continued to show improvement, and community banks accounted for 45 percent of small loans to businesses. *See page 15.*

Insurance Fund Indicators

Estimated insured deposits increased by 1 percent in the fourth quarter of 2014, and increased by 3.2 percent for all of 2014. The DIF reserve ratio was 1.01 percent at December 31, 2014, up from 0.88 percent at September 30, 2014, and 0.79 percent at December 31, 2013. Four FDIC-insured institutions failed during the quarter. *See page 22.*

Featured Article:
Brick-and-Mortar Banking Remains Prevalent in an Increasingly Virtual World

This paper chronicles long-term trends in the number and density of U.S. banking offices from 1935 to 2014. The study examines the effects that population trends, bank crises, changes in banking laws, and online and mobile banking have had on the number and density of banking offices, and explores the relationship between technology and brick-and-mortar bank offices. *See page 37.*

Quarterly Banking Profile Fourth Quarter 2014

INSURED INSTITUTION PERFORMANCE

- ***Fourth Quarter Net Income of $36.9 Billion Is $2.9 Billion Less Than a Year Earlier***
- ***Full-Year Earnings Fall $1.7 Billion, to $152.7 Billion***
- ***Increased Litigation Expenses, Reduced Mortgage Revenues Cause Decline in Profits***
- ***Quarterly Earnings at Community Banks Rise 28 Percent (see page 15)***
- ***Pace of Loan Growth Picks Up***
- ***"Problem List" Falls Below 300 for First Time Since 2008***

Quarterly ROA Falls Below 1 Percent for First Time in 2 Years

Strengthening loan growth helped lift revenues at most banks, but higher litigation expenses at a few large banks and lower noninterest income from sales, securitization, and servicing of residential mortgage loans caused the industry's fourth-quarter net income to fall below the level of a year earlier. A majority of banks—61 percent—reported improved quarterly earnings, while the proportion of unprofitable institutions fell to 9.4 percent from 12.7 percent in fourth quarter 2013. However, fourth-quarter net income of $36.9 billion was $2.9 billion (7.3 percent) less than in fourth quarter 2013, as the four largest banks reported year-over-year declines in quarterly net income totaling $4.1 billion. The average return on assets (ROA) fell to 0.96 percent from 1.09 percent the year before. This is the first time in two years that the average quarterly ROA has fallen below 1 percent.

Most Banks Report Increased Revenues

Net operating revenue—the sum of net interest income and total noninterest income—increased by $923 million (0.6 percent) in the fourth quarter compared with fourth quarter 2013. Net interest income was $1.1 billion (1 percent) higher, while total noninterest income was $160 million (0.3 percent) lower. The increase in net interest income was attributable to growth in interest-bearing assets, which increased 6.2 percent in the 12 months ended December 31. Almost 71 percent of all banks reported higher net interest income than a year earlier. The average net interest margin in the fourth quarter was 3.12 percent, compared with 3.27 percent in fourth quarter 2013 and 3.15 percent in third quarter 2014. The decline in noninterest income was primarily the result of a $1.6 billion (30.8 percent) drop in revenue from the sale, securitization, and servicing of residential mortgage loans. More than half of all banks (54.4 percent) reported higher noninterest income than the year-earlier quarter.

Chart 1

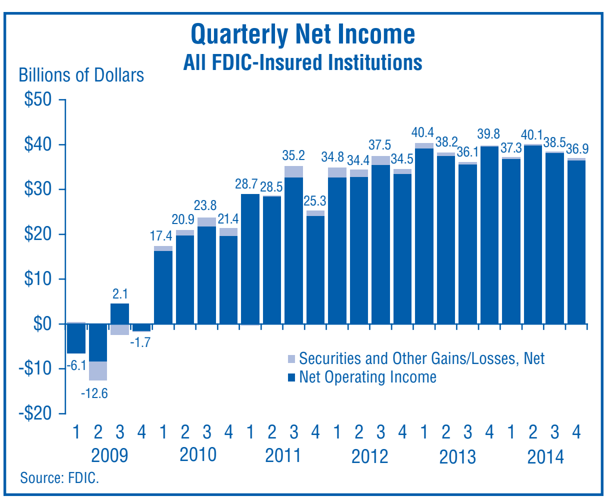
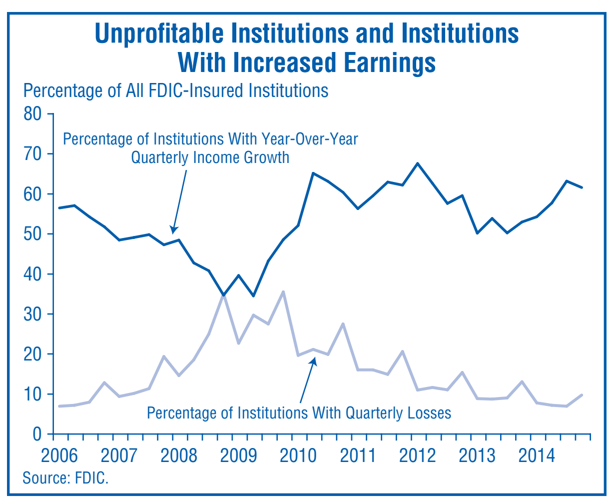


Chart 2



Loss Provisions Rise for a Second Consecutive Quarter

For a second consecutive quarter, the amount that banks set aside for loan-loss provisions was higher than a year earlier. Loan-loss provisions totaled $8.2 billion in the fourth quarter, up $878 million (12 percent) versus fourth quarter 2013. Noninterest expenses were $4.9 billion (4.8 percent) higher, as itemized litigation expenses at a few of the largest banks were $4.4 billion more than the year-earlier quarter.

Full-Year Earnings Post First Decline in Five Years

Full-year 2014 net income totaled $152.7 billion, $1.7 billion (1.1 percent) less than the industry earned in 2013. This is the first decline in annual net income in five years. The full-year ROA was 1.01 percent, marking the third year in a row that annual ROA exceeded 1 percent. Reduced revenues from mortgage sales, securitization, and servicing (down $9.1 billion, or 35.1 percent), and increased litigation expenses (up $6.5 billion) were the main contributors to the drop in full-year earnings. Almost two out of every three banks (64 percent) reported increased earnings in 2014, but 7 of the 10 largest banks reported lower earnings. Although more than two-thirds of all banks reported higher net operating revenue, the industry total was essentially unchanged from 2013, as net interest income rose by $5.5 billion (1.3 percent), and noninterest income fell by $5.5 billion (2.2 percent). This is the first time in four years that annual net interest income has increased. Full-year loan-loss provisions were $2.7 billion (8.4 percent) lower in 2014. Noninterest expenses were $5.2 billion (1.2 percent) higher, as the higher litigation expenses were offset in part by a $3.5 billion (72.9 percent) reduction in goodwill impairment charges.

Net Charge-Off Rate Falls to an Eight-Year Low

Asset-quality indicators continued to improve in the fourth quarter, as net charge-offs (NCOs) posted a year-over-year decline for the 18th consecutive quarter. Fourth-quarter NCOs were $2.2 billion (18.3 percent) lower than in fourth quarter 2013. The largest improvements were in retail loan categories. Residential mortgage loan NCOs fell by $785 million (49.9 percent), while charge-offs of home equity lines of credit were $446 million (39.1 percent) lower, and credit card NCOs were $356 million (6.4 percent) less than in fourth quarter 2013. The average net charge-off rate in the fourth quarter fell to 0.48 percent, from 0.62 percent a year earlier. This is the lowest fourth quarter NCO rate since 2006.

Noncurrent Loan Rate Falls Below 2 Percent

The amount of loans that were noncurrent (90 days or more past due or in nonaccrual status) declined for the 19th quarter in a row. During the three months ended December 31, noncurrent loan balances fell by $9.2 billion (5.4 percent). The biggest improvements occurred in real estate loan portfolios. Noncurrent residential mortgage balances fell by $5.3 billion (4.9 percent) during the quarter, while noncurrent nonfarm nonresidential real estate loans declined by $1.6 billion (9.4 percent), and noncurrent real estate construction and development loan balances declined by $887 million (15.1 percent). The percentage of total loans and leases that were noncurrent fell from 2.11 percent to 1.96 percent during the quarter. This is the first time since the end of first quarter 2008 that the noncurrent rate has been below 2 percent.

Chart 3

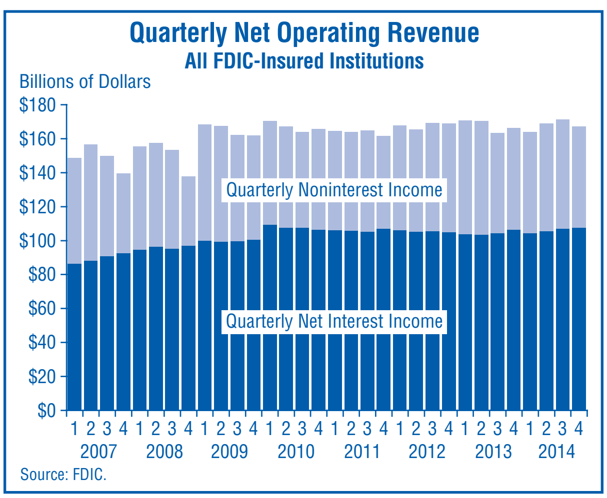
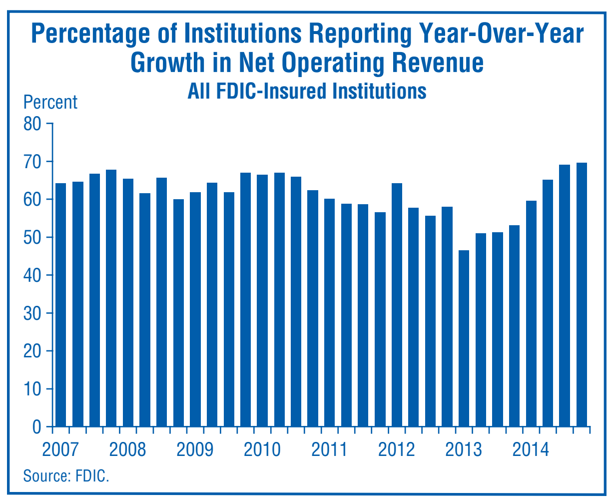


Chart 4



The Industry Continues to Release Reserves

Insured institutions reduced their reserves for loan losses by $2.6 billion (2.1 percent) in the fourth quarter, as net charge-offs of $9.9 billion exceeded the $8.2 billion that banks set aside in loan-loss provisions. This is the 19th consecutive quarter that the industry's loss reserves have declined. At the end of 2014, reserves totaled $122.6 billion, the lowest since the end of first quarter 2008. The ratio of reserves to total loans and leases fell to 1.48 percent at year-end, a seven-year low. Despite the reduction in reserves, the industry's coverage ratio of reserves to noncurrent loans and leases improved for the ninth quarter in a row, rising from 72.9 percent to 75.4 percent. This is the highest level for the coverage ratio since third quarter 2008.

Retained Earnings Are More Than Double the Year-Ago Level

Equity capital increased by $15.7 billion (0.9 percent) during the quarter. Retained earnings contributed $13.9 billion to capital growth, more than twice the $4.8 billion of a year earlier. Total risk-based capital rose by $20.3 billion (1.3 percent). At the end of 2014, 98.6 percent of all insured institutions, representing 99.8 percent of industry assets, met or exceeded the requirements for the highest regulatory capital category, as defined for Prompt Corrective Action purposes.

12-Month Loan Growth Rate Rises Above 5 Percent

Total assets increased by $204.4 billion (1.3 percent), as loan and lease balances rose by $149.4 billion (1.8 percent), holdings of U.S. Treasury securities increased by $59.9 billion (17.3 percent), and balances at Federal Reserve banks grew by $58.6 billion (4.4 percent). Loan growth was led by commercial and industrial (C&I) loans, which increased by $42.2 billion (2.5 percent); credit cards, which posted a seasonal $35.4 billion (5.2 percent) increase; nonfarm nonresidential real estate loans, which rose by $16.7 billion (1.5 percent); and real estate construction and development loans, which grew by $7.9 billion (3.4 percent). Loans to small businesses and farms increased by $2.9 billion (0.4 percent), as small C&I loans rose by $4.2 billion (1.4 percent). For the 12 months ended December 31, total loan and lease balances were up by 5.3 percent, the highest 12-month growth rate since mid-year 2008. Eighty percent of the increase in Treasury securities and 85 percent of the growth in Federal Reserve balances in the fourth quarter occurred at banks with assets greater than $250 billion, which are subject to a new Liquidity Coverage Ratio rule.

Large Denomination Deposits Continue to Lead Growth in Liabilities

Deposits increased by $167.3 billion (1.4 percent) in the fourth quarter, as balances in domestic offices rose by $195.2 billion (1.9 percent), and deposits in foreign offices fell by $27.9 billion (2 percent). Most of the growth in domestic deposits occurred in accounts with balances greater than $250,000. Balances in these large denomination accounts increased by $158.9 billion (3.1 percent), while balances in domestic accounts of less than $250,000 rose by $50.3 billion (1 percent). Time deposits posted their largest quarterly increase since third quarter 2008, rising by $96.8 billion (6 percent). Nondeposit liabilities increased by $22.5 billion (1.1 percent), as banks increased their Federal Home Loan Bank advances by $21.1 billion (4.8 percent).

Chart 5

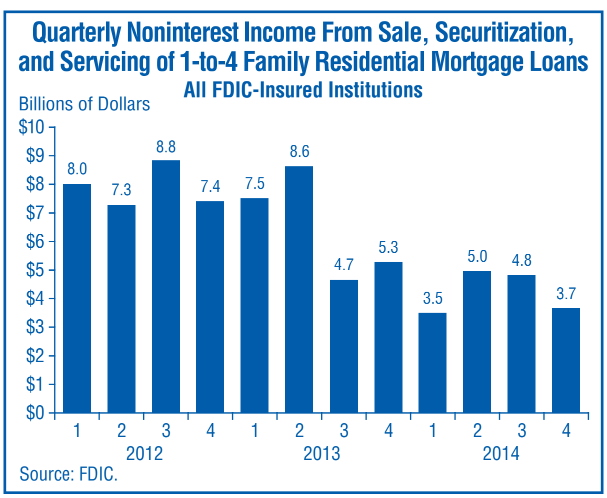
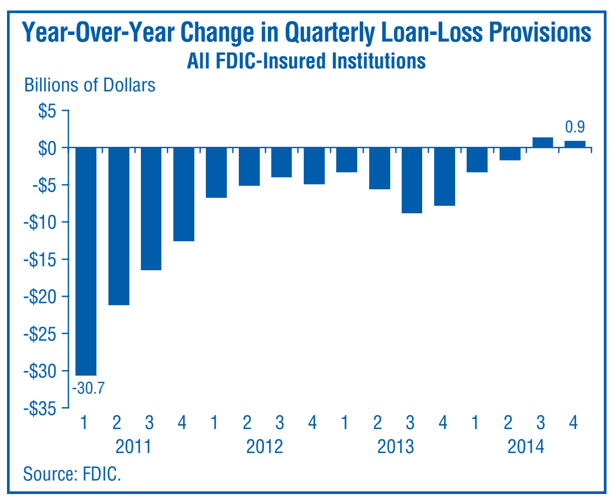


Chart 6



No New Charters Added in 2014

The number of FDIC-insured commercial banks and savings institutions reporting financial results fell to 6,509 at year-end, from 6,589 at the end of September, and 6,812 at the end of 2013. During the fourth quarter, mergers absorbed 75 institutions, while four insured institutions failed. For the full year, there were 274 institutions absorbed by mergers and 18 failures. This is the smallest number of bank failures in a year since 2007. In 2013, there were 24 failures. No new banks were chartered in 2014, marking the second time in the last three years that there have been no new bank charters. There were 2,047,879 full-time equivalent employees reported at year-end 2014, down 761 from September 30, and down 20,840 from year-end 2013. The number of banks on the FDIC's "Problem List" declined from 329 to 291 during the fourth quarter, and total assets of "problem" banks fell from $102 billion to $87 billion. The "Problem List" is at its lowest level since year-end 2008.

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Chart 7

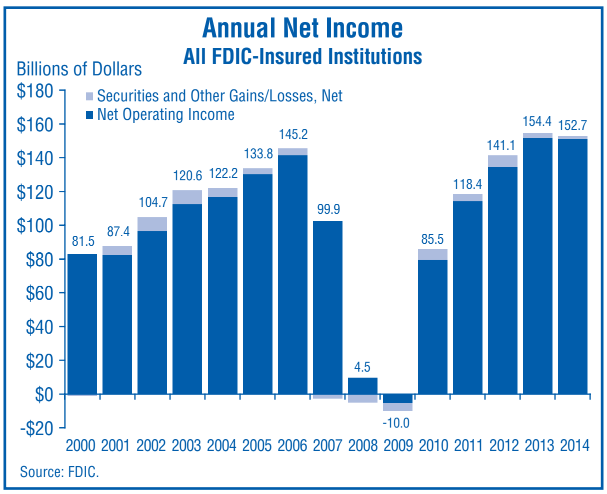


Chart 8

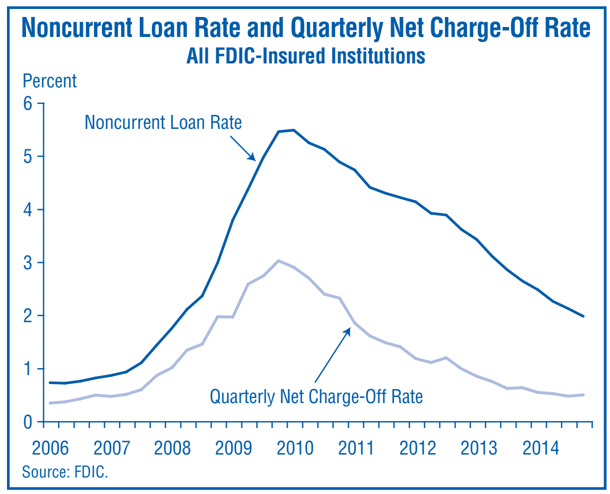


Chart 9

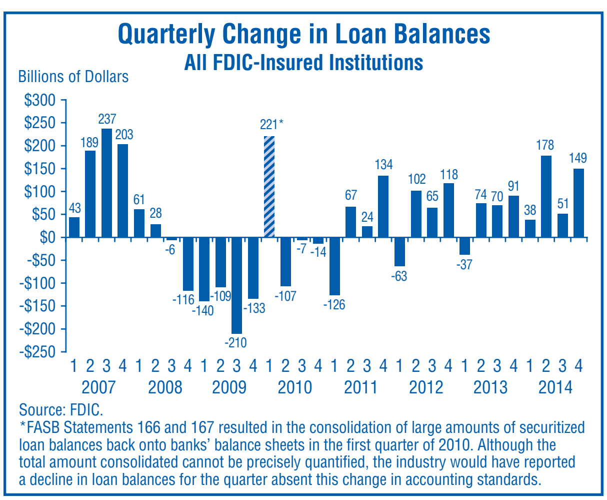


Chart 10

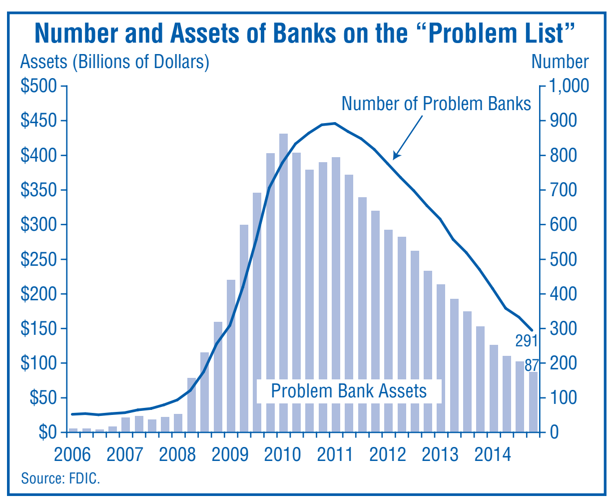


TABLE I-A. Selected Indicators, All FDIC-Insured Institutions*

	2014	2013	2012	2011	2010	2009	2008
Return on assets (%)	1.01	1.07	1.00	0.88	0.65	-0.08	0.03
Return on equity (%)	9.03	9.54	8.91	7.79	5.85	-0.73	0.35
Core capital (leverage) ratio (%)	9.46	9.40	9.15	9.07	8.89	8.60	7.47
Noncurrent assets plus other real estate owned to assets (%)	1.20	1.63	2.20	2.61	3.11	3.37	1.91
Net charge-offs to loans (%)	0.49	0.69	1.10	1.55	2.55	2.52	1.29
Asset growth rate (%)	5.58	1.94	4.03	4.30	1.77	-5.45	6.19
Net interest margin (%)	3.14	3.26	3.42	3.60	3.76	3.49	3.16
Net operating income growth (%)	-0.43	12.83	17.81	43.56	1,594.54	-155.98	-90.71
Number of institutions reporting	6,509	6,812	7,083	7,357	7,658	8,012	8,305
Commercial banks	5,642	5,876	6,096	6,291	6,530	6,840	7,087
Savings institutions	867	936	987	1,066	1,128	1,172	1,218
Percentage of unprofitable institutions (%)	6.13	8.15	10.98	16.23	22.15	30.84	24.89
Number of problem institutions	291	467	651	813	884	702	252
Assets of problem institutions (in billions)	$87	$153	$233	$319	$390	$403	$159
Number of failed institutions	18	24	51	92	157	140	25
Number of assisted institutions	0	0	0	0	0	8	5

* Excludes insured branches of foreign banks (IBAs).

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

(dollar figures in millions)	4th Quarter 2014	3rd Quarter 2014	4th Quarter 2013	%Change 13Q4-14Q4
Number of institutions reporting	6,509	6,589	6,812	-4.4
Total employees (full-time equivalent)	2,047,879	2,048,640	2,068,719	-1.0
CONDITION DATA				
Total assets	$15,553,660	$15,349,215	$14,731,284	5.6
Loans secured by real estate	4,170,832	4,136,122	4,065,706	2.6
1-4 Family residential mortgages	1,842,131	1,838,272	1,829,850	0.7
Nonfarm nonresidential	1,150,052	1,133,309	1,109,351	3.7
Construction and development	238,587	230,646	210,132	13.5
Home equity lines	492,329	496,129	509,517	-3.4
Commercial & industrial loans	1,715,395	1,673,177	1,566,544	9.5
Loans to individuals	1,418,259	1,382,425	1,353,299	4.8
Credit cards	718,467	683,022	691,394	3.9
Farm loans	77,599	72,946	70,645	9.8
Other loans & leases	929,376	897,347	838,819	10.8
Less: Unearned income	1,991	1,922	1,895	5.1
Total loans & leases	8,309,470	8,160,094	7,893,117	5.3
Less: Reserve for losses	122,630	125,265	135,910	-9.8
Net loans and leases	8,186,839	8,034,829	7,757,207	5.5
Securities	3,219,058	3,166,177	3,001,760	7.2
Other real estate owned	21,979	24,890	30,208	-27.2
Goodwill and other intangibles	360,214	363,942	368,318	-2.2
All other assets	3,765,569	3,759,377	3,573,792	5.4
Total liabilities and capital	15,553,660	15,349,215	14,731,284	5.6
Deposits	11,763,885	11,596,584	11,192,129	5.1
Domestic office deposits	10,367,939	10,172,706	9,791,027	5.9
Foreign office deposits	1,395,946	1,423,878	1,401,102	-0.4
Other borrowed funds	1,387,688	1,393,691	1,311,851	5.8
Subordinated debt	98,083	97,389	99,618	-1.5
All other liabilities	561,780	534,016	472,983	18.8
Total equity capital (includes minority interests)	1,742,224	1,727,535	1,654,703	5.3
Bank equity capital	1,734,848	1,719,110	1,643,415	5.6
Loans and leases 30-89 days past due	69,968	66,217	75,897	-7.8
Noncurrent loans and leases	162,686	171,931	207,255	-21.5
Restructured loans and leases	84,019	89,187	99,212	-15.3
Mortgage-backed securities	1,728,580	1,718,438	1,673,882	3.3
Earning assets	13,882,348	13,695,290	13,076,173	6.2
FHLB Advances	464,272	443,155	406,163	14.3
Unused loan commitments	6,478,463	6,435,169	6,120,553	5.8
Trust assets	18,365,112	18,189,653	19,655,376	-6.6
Assets securitized and sold	972,438	967,824	742,448	31.0
Notional amount of derivatives	221,922,457	242,940,419	237,016,804	-6.4

INCOME DATA	Full Year 2014	Full Year 2013	%Change	4th Quarter 2014	4th Quarter 2013	%Change 13Q4-14Q4
Total interest income	$469,776	$470,430	-0.1	$119,029	$118,933	0.1
Total interest expense	47,126	53,286	-11.6	11,549	12,536	-7.9
Net interest income	422,650	417,144	1.3	107,480	106,397	1.0
Provision for loan and lease losses	29,739	32,456	-8.4	8,213	7,335	12.0
Total noninterest income	246,723	252,220	-2.2	59,679	59,839	-0.3
Total noninterest expense	421,904	416,751	1.2	107,616	102,725	4.8
Securities gains (losses)	3,201	4,473	-28.4	860	497	73.0
Applicable income taxes	67,493	69,699	-3.2	15,117	16,707	-9.5
Extraordinary gains, net	-116	240	N/M	0	73	-99.9
Total net income (includes minority interests)	153,321	155,172	-1.2	37,073	40,039	-7.4
Bank net income	152,685	154,387	-1.1	36,919	39,820	-7.3
Net charge-offs	39,489	53,571	-26.3	9,852	12,062	-18.3
Cash dividends	90,212	93,158	-3.2	23,016	35,041	-34.3
Retained earnings	62,473	61,229	2.0	13,903	4,778	191.0
Net operating income	151,154	151,803	-0.4	36,439	39,676	-8.2

N/M - Not Meaningful

TABLE III-A. Full Year 2014, All FDIC-Insured Institutions

		Asset Concentration Groups*								
FULL YEAR (The way it is...)	**All Insured Institutions**	**Credit Card Banks**	**International Banks**	**Agricultural Banks**	**Commercial Lenders**	**Mortgage Lenders**	**Consumer Lenders**	**Other Specialized <$1 Billion**	**All Other <$1 Billion**	**All Other >$1 Billion**
Number of institutions reporting	6,509	15	3	1,515	3,222	553	52	374	708	67
Commercial banks	5,642	12	3	1,496	2,912	166	41	335	618	59
Savings institutions	867	3	0	19	310	387	11	39	90	8
Total assets (in billions)	$15,553.7	$484.1	$3,735.9	$273.5	$4,878.1	$439.6	$176.0	$61.9	$129.1	$5,375.5
Commercial banks	14,484.2	389.4	3,735.9	268.6	4,477.1	156.6	89.9	56.9	107.8	5,201.9
Savings institutions	1,069.4	94.7	0.0	4.8	401.0	283.0	86.1	5.0	21.3	173.6
Total deposits (in billions)	11,763.9	259.7	2,633.3	226.8	3,795.3	328.0	148.1	49.9	108.2	4,214.6
Commercial banks	10,945.5	192.4	2,633.3	223.6	3,501.1	122.4	76.0	46.4	91.1	4,059.2
Savings institutions	818.4	67.3	0.0	3.2	294.2	205.5	72.1	3.5	17.1	155.4
Bank net income (in millions)	152,685	14,689	27,134	3,103	43,915	4,313	1,787	1,336	1,109	55,300
Commercial banks	140,663	10,622	27,134	3,002	40,751	2,518	968	720	1,004	53,943
Savings institutions	12,023	4,067	0	101	3,164	1,795	819	616	105	1,356
Performance Ratios (%)										
Yield on earning assets	3.49	10.68	2.77	4.14	3.84	3.45	3.96	3.13	3.95	2.97
Cost of funding earning assets	0.35	0.83	0.37	0.48	0.41	0.67	0.47	0.38	0.47	0.20
Net interest margin	3.14	9.85	2.41	3.65	3.43	2.78	3.49	2.74	3.48	2.77
Noninterest income to assets	1.63	5.01	1.68	0.62	1.18	1.00	1.37	5.68	0.93	1.80
Noninterest expense to assets	2.79	6.63	2.58	2.52	2.85	2.17	2.61	5.12	3.01	2.60
Loan and lease loss provision to assets	0.20	2.39	0.13	0.11	0.12	0.05	0.47	0.07	0.11	0.13
Net operating income to assets	1.00	3.22	0.74	1.15	0.93	0.95	1.05	2.16	0.85	1.04
Pretax return on assets	1.46	5.02	1.06	1.38	1.31	1.43	1.65	3.04	1.06	1.55
Return on assets	1.01	3.22	0.74	1.17	0.94	0.96	1.05	2.21	0.87	1.06
Return on equity	9.03	20.87	7.83	10.30	7.79	8.10	10.78	15.32	7.51	9.43
Net charge-offs to loans and leases	0.49	2.81	0.73	0.13	0.24	0.21	0.62	0.33	0.24	0.41
Loan and lease loss provision to net charge-offs	75.31	107.55	52.28	137.01	71.34	35.52	107.81	70.59	82.85	66.17
Efficiency ratio	61.88	46.32	67.64	62.66	65.42	59.51	54.46	62.32	72.48	59.76
% of unprofitable institutions	6.13	0.00	0.00	2.64	6.64	9.76	3.85	9.36	7.34	2.99
% of institutions with earnings gains	63.90	66.67	33.33	64.16	68.19	51.54	59.62	54.55	59.60	55.22
Condition Ratios (%)										
Earning assets to total assets	89.25	92.17	86.95	92.40	90.19	94.12	96.70	91.04	92.40	88.84
Loss allowance to:										
Loans and leases	1.48	3.13	1.85	1.40	1.28	1.14	1.15	1.85	1.43	1.36
Noncurrent loans and leases	75.38	284.22	80.12	146.48	96.89	38.27	73.82	114.52	81.13	50.03
Noncurrent assets plus other real estate owned to assets	1.20	0.88	0.85	0.83	1.17	2.19	1.19	0.73	1.39	1.43
Equity capital ratio	11.15	15.13	9.48	11.42	11.97	12.07	9.87	14.78	11.83	11.12
Core capital (leverage) ratio	9.46	12.33	8.32	10.50	10.20	11.53	9.81	13.97	11.49	8.97
Tier 1 risk-based capital ratio	12.96	12.33	12.63	14.52	12.83	21.43	13.82	31.51	20.01	12.48
Total risk-based capital ratio	14.42	14.72	13.49	15.62	14.29	22.46	14.64	32.54	21.18	14.28
Net loans and leases to deposits	69.59	144.30	47.81	76.51	86.99	82.52	83.73	33.76	63.98	61.63
Net loans to total assets	52.64	77.41	33.70	63.46	67.68	61.56	70.49	27.22	53.61	48.32
Domestic deposits to total assets	66.66	51.66	45.71	82.94	77.27	74.58	84.18	79.77	83.80	70.33
Structural Changes										
New reporters	0	0	0	0	0	0	0	0	0	0
Institutions absorbed by mergers	274	0	0	45	193	9	0	3	12	12
Failed institutions	18	0	0	1	13	2	0	0	2	0
PRIOR FULL YEARS (The way it was...)										
Number of institutions 2013	6,812	16	4	1,532	3,378	588	55	405	772	62
2011	7,357	18	4	1,545	3,769	732	59	377	790	63
2009	8,012	23	4	1,568	4,453	766	83	289	770	56
Total assets (in billions) 2013	$14,731.3	$590.9	$3,700.5	$261.6	$4,921.3	$486.9	$162.5	$62.8	$137.6	$4,407.1
2011	13,891.4	538.7	3,456.4	215.7	4,086.2	825.4	97.2	56.1	138.6	4,477.2
2009	13,086.8	501.6	3,107.1	182.0	4,546.7	810.1	96.5	38.1	116.1	3,688.7
Return on assets (%) 2013	1.07	3.35	0.86	1.15	0.91	0.98	1.15	1.93	0.85	1.11
2011	0.88	3.49	0.74	1.11	0.63	0.56	1.68	1.92	0.92	0.89
2009	-0.08	-4.51	0.08	0.81	-0.43	0.65	0.33	0.74	0.80	0.53
Net charge-offs to loans & leases (%) 2013	0.69	3.20	0.97	0.14	0.43	0.37	0.80	0.48	0.33	0.49
2011	1.55	5.26	1.97	0.40	1.18	0.90	1.87	0.56	0.54	1.25
2009	2.52	9.77	3.07	0.65	2.02	1.24	2.74	0.78	0.54	2.19
Noncurrent assets plus OREO to assets (%) 2013	1.63	0.93	1.07	0.95	1.65	2.14	1.23	0.84	1.44	2.18
2011	2.61	1.41	1.61	1.46	3.05	2.61	1.28	1.11	1.69	3.25
2009	3.37	2.40	2.75	1.55	3.87	3.17	1.45	0.69	1.34	3.66
Equity capital ratio (%) 2013	11.16	14.73	9.28	10.97	11.79	11.62	9.51	13.50	11.34	11.52
2011	11.16	15.11	8.89	11.22	11.69	10.39	9.82	14.51	11.45	12.08
2009	10.88	21.49	8.75	10.95	10.48	9.48	11.15	17.74	11.27	11.95

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

Note: Blue font identifies data that are also presented in the prior years' data at the bottom of the table.

TABLE III-A. Full Year 2014, 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**	**Greater Than $10 Billion**	**New York**	**Atlanta**	**Chicago**	**Kansas City**	**Dallas**	**San Francisco**
Number of institutions reporting	6,509	1,872	3,956	574	107	807	812	1,406	1,599	1,372	513
Commercial banks	5,642	1,645	3,439	467	91	449	735	1,176	1,530	1,282	470
Savings institutions	867	227	517	107	16	358	77	230	69	90	43
Total assets (in billions)	$15,553.7	$109.8	$1,232.0	$1,576.4	$12,635.4	$2,956.0	$3,217.9	$3,595.8	$3,404.4	$904.4	$1,475.1
Commercial banks	14,484.2	96.8	1,045.3	1,288.1	12,054.1	2,488.9	3,131.2	3,489.7	3,344.7	798.0	1,231.7
Savings institutions	1,069.4	13.1	186.7	288.3	581.3	467.1	86.8	106.1	59.7	106.4	243.4
Total deposits (in billions)	11,763.9	92.5	1,024.3	1,227.9	9,419.3	2,180.6	2,477.2	2,634.6	2,567.0	751.7	1,152.8
Commercial banks	10,945.5	82.3	876.8	1,013.0	8,973.5	1,841.5	2,412.5	2,555.0	2,520.3	663.6	952.6
Savings institutions	818.4	10.2	147.5	214.9	445.8	339.0	64.6	79.5	46.8	88.1	200.3
Bank net income (in millions)	152,685	864	12,032	16,538	123,251	24,056	32,087	30,462	35,362	10,063	20,656
Commercial banks	140,663	754	10,366	14,195	115,348	21,016	31,375	29,378	34,869	8,743	15,282
Savings institutions	12,023	110	1,667	2,343	7,903	3,040	712	1,084	493	1,320	5,374
Performance Ratios (%)											
Yield on earning assets	3.49	4.13	4.19	4.19	3.33	3.51	3.65	2.76	3.72	3.96	4.07
Cost of funding earning assets	0.35	0.47	0.50	0.43	0.32	0.42	0.28	0.28	0.39	0.33	0.44
Net interest margin	3.14	3.66	3.69	3.76	3.00	3.09	3.37	2.47	3.32	3.63	3.63
Noninterest income to assets	1.63	1.13	1.10	1.21	1.74	1.49	1.62	1.82	1.46	1.37	2.10
Noninterest expense to assets	2.79	3.45	3.16	3.00	2.73	2.74	2.97	2.68	2.68	3.07	2.88
Loan and lease loss provision to assets	0.20	0.11	0.12	0.17	0.21	0.27	0.23	0.10	0.17	0.13	0.32
Net operating income to assets	1.00	0.78	0.98	1.08	1.00	0.83	0.97	0.88	1.06	1.13	1.49
Pretax return on assets	1.46	0.93	1.26	1.49	1.48	1.23	1.44	1.22	1.57	1.50	2.27
Return on assets	1.01	0.80	1.00	1.08	1.00	0.84	1.00	0.88	1.07	1.14	1.49
Return on equity	9.03	6.54	9.08	9.12	9.04	7.03	8.16	8.96	10.31	10.34	11.80
Net charge-offs to loans and leases	0.49	0.23	0.22	0.27	0.56	0.55	0.53	0.36	0.60	0.23	0.47
Loan and lease loss provision to net charge-offs	75.31	86.89	85.17	92.08	73.46	94.26	72.59	64.50	52.66	93.98	111.65
Efficiency ratio	61.88	76.92	69.73	63.55	60.74	62.53	63.75	66.36	59.38	64.94	52.20
% of unprofitable institutions	6.13	11.38	4.35	2.26	0.93	7.81	9.61	7.54	3.75	3.72	7.99
% of institutions with earnings gains	63.90	58.17	66.15	67.07	63.55	59.23	65.27	60.24	65.60	67.06	65.30
Condition Ratios (%)											
Earning assets to total assets	89.25	91.66	92.49	91.70	88.61	89.27	88.27	88.67	88.62	91.60	92.83
Loss allowance to:											
Loans and leases	1.48	1.54	1.44	1.37	1.50	1.36	1.52	1.57	1.58	1.34	1.31
Noncurrent loans and leases	75.38	101.34	106.32	84.79	71.47	92.44	65.88	71.64	62.15	97.03	144.64
Noncurrent assets plus other real estate owned to assets	1.20	1.46	1.38	1.41	1.15	0.89	1.55	1.11	1.46	1.18	0.65
Equity capital ratio	11.15	12.30	11.21	11.91	11.04	11.83	12.45	9.81	10.21	11.07	12.47
Core capital (leverage) ratio	9.46	11.99	10.80	10.63	9.15	9.55	9.70	8.73	8.93	10.02	11.39
Tier 1 risk-based capital ratio	12.96	19.56	15.75	14.36	12.48	13.40	12.94	12.21	12.25	13.85	15.02
Total risk-based capital ratio	14.42	20.65	16.89	15.45	14.01	15.09	14.60	13.35	13.85	15.00	16.17
Net loans and leases to deposits	69.59	67.40	77.13	85.72	66.69	71.32	75.24	60.01	67.37	74.32	77.96
Net loans to total assets	52.64	56.74	64.12	66.77	49.72	52.61	57.92	43.97	50.80	61.77	60.93
Domestic deposits to total assets	66.66	84.18	83.08	77.52	63.55	65.41	74.28	61.90	56.84	82.77	76.93
Structural Changes											
New reporters	0	0	0	0	0	0	0	0	0	0	0
Institutions absorbed by mergers	274	87	162	22	3	26	46	60	58	57	27
Failed institutions	18	10	8	0	0	3	4	6	1	2	2
PRIOR FULL YEARS (The way it was...)											
Number of institutions 2013	6,812	2,056	4,090	559	107	840	869	1,470	1,659	1,431	543
2011	7,357	2,415	4,284	551	107	915	957	1,552	1,773	1,542	618
2009	8,012	2,848	4,492	565	107	986	1,121	1,647	1,879	1,660	719
Total assets (in billions) 2013	$14,731.3	$119.7	$1,246.1	$1,468.7	$11,896.8	$2,927.3	$2,998.8	$3,376.9	$3,223.2	$870.0	$1,335.1
2011	13,891.4	138.7	1,279.9	1,410.9	11,061.8	2,864.6	2,942.8	3,184.5	2,918.2	813.0	1,168.4
2009	13,086.8	158.9	1,354.4	1,461.4	10,112.1	2,567.2	3,427.3	2,934.4	1,145.6	784.8	2,227.5
Return on assets (%) 2013	1.07	0.70	0.91	1.16	1.07	0.88	0.98	0.95	1.24	1.08	1.55
2011	0.88	0.52	0.56	0.79	0.93	1.01	0.52	0.78	0.95	0.95	1.47
2009	-0.08	-0.05	-0.10	-0.37	-0.03	-0.83	0.01	0.18	0.76	0.34	-0.25
Net charge-offs to loans & leases (%) 2013	0.69	0.35	0.36	0.41	0.78	0.93	0.66	0.49	0.87	0.32	0.57
2011	1.55	0.62	0.90	1.18	1.72	1.86	1.66	1.19	1.85	0.89	1.15
2009	2.52	0.88	1.25	1.91	2.87	2.76	2.29	2.36	2.40	1.35	3.44
Noncurrent assets plus OREO to assets (%) 2013	1.63	1.75	1.81	1.89	1.57	1.12	2.23	1.47	1.99	1.58	0.91
2011	2.61	2.34	3.01	3.13	2.50	1.78	3.84	2.31	2.76	2.60	1.97
2009	3.37	2.24	3.29	3.58	3.36	2.33	4.16	3.20	4.28	3.04	3.19
Equity capital ratio (%) 2013	11.16	11.68	10.78	11.80	11.11	12.02	12.19	9.66	10.43	10.87	12.65
2011	11.16	11.83	10.65	11.73	11.14	12.26	11.98	8.68	11.12	10.93	13.48
2009	10.88	11.96	9.86	10.72	11.02	12.53	11.66	8.59	10.70	10.28	11.11

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

Note: Blue font identifies data that are also presented in the prior years' data at the bottom of the table.

TABLE IV-A. Fourth Quarter 2014, All FDIC-Insured Institutions

FOURTH QUARTER (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	6,509	15	3	1,515	3,222	553	52	374	708	67
Commercial banks	5,642	12	3	1,496	2,912	166	41	335	618	59
Savings institutions	867	3	0	19	310	387	11	39	90	8
Total assets (in billions)	$15,553.7	$484.1	$3,735.9	$273.5	$4,878.1	$439.6	$176.0	$61.9	$129.1	$5,375.5
Commercial banks	14,484.2	389.4	3,735.9	268.6	4,477.1	156.6	89.9	56.9	107.8	5,201.9
Savings institutions	1,069.4	94.7	0.0	4.8	401.0	283.0	86.1	5.0	21.3	173.6
Total deposits (in billions)	11,763.9	259.7	2,633.3	226.8	3,795.3	328.0	148.1	49.9	108.2	4,214.6
Commercial banks	10,945.5	192.4	2,633.3	223.6	3,501.1	122.4	76.0	46.4	91.1	4,059.2
Savings institutions	818.4	67.3	0.0	3.2	294.2	205.5	72.1	3.5	17.1	155.4
Bank net income (in millions)	36,919	3,702	4,830	741	11,554	997	403	382	267	14,044
Commercial banks	33,772	2,592	4,830	721	10,724	552	220	190	245	13,696
Savings institutions	3,147	1,110	0	20	830	445	182	192	21	348
Performance Ratios (annualized, %)										
Yield on earning assets	3.46	10.59	2.73	4.17	3.81	3.39	4.05	3.10	3.95	2.90
Cost of funding earning assets	0.34	0.83	0.33	0.47	0.41	0.69	0.46	0.37	0.45	0.18
Net interest margin	3.12	9.76	2.39	3.70	3.40	2.70	3.58	2.72	3.50	2.72
Noninterest income to assets	1.55	4.95	1.46	0.63	1.20	1.01	1.32	6.41	0.95	1.66
Noninterest expense to assets	2.79	6.68	2.66	2.65	2.85	2.26	2.75	5.45	3.12	2.49
Loan and lease loss provision to assets	0.21	2.54	0.17	0.14	0.12	0.01	0.57	0.06	0.11	0.12
Net operating income to assets	0.94	3.08	0.51	1.08	0.95	0.86	0.93	2.43	0.81	1.03
Pretax return on assets	1.35	4.71	0.72	1.29	1.31	1.35	1.46	3.44	0.99	1.50
Return on assets	0.96	3.08	0.52	1.10	0.96	0.91	0.93	2.49	0.83	1.05
Return on equity	8.56	20.43	5.48	9.55	7.97	7.54	9.36	16.89	7.02	9.44
Net charge-offs to loans and leases	0.48	2.74	0.73	0.19	0.24	0.12	0.65	0.45	0.26	0.38
Loan and lease loss provision to net charge-offs	83.37	118.44	69.08	114.60	73.61	16.59	122.69	49.88	76.07	66.72
Efficiency ratio	63.46	47.25	74.50	64.95	65.96	63.13	56.93	61.09	74.14	59.44
% of unprofitable institutions	9.37	0.00	0.00	7.72	8.91	12.48	5.77	14.17	11.02	4.48
% of institutions with earnings gains	61.22	80.00	33.33	58.09	65.64	54.43	57.69	54.55	56.92	58.21
Structural Changes										
New reporters	0	0	0	0	0	0	0	0	0	0
Institutions absorbed by mergers	75	0	0	8	54	3	0	1	5	4
Failed institutions	4	0	0	0	4	0	0	0	0	0
PRIOR FOURTH QUARTERS (The way it was...)										
Return on assets (%) 2013	1.09	3.65	0.92	1.08	0.96	0.96	0.91	2.18	0.76	1.04
2011	0.73	3.13	0.60	1.04	0.38	0.48	1.39	2.11	0.85	0.86
2009	-0.05	0.53	0.29	0.54	-0.84	0.65	0.32	1.25	0.73	0.31
Net charge-offs to loans & leases (%) 2013	0.62	3.09	0.81	0.20	0.38	0.28	0.88	0.66	0.37	0.40
2011	1.38	4.34	1.72	0.51	1.12	0.90	1.88	0.65	0.73	1.10
2009	3.00	9.50	3.59	1.04	2.59	1.34	2.66	0.77	0.84	2.80

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

Note: Blue font identifies data that are also presented in the prior quarters' data at the bottom of the table.

TABLE IV-A. Fourth Quarter 2014, All FDIC-Insured Institutions

		Asset Size Distribution				Geographic Regions*					
FOURTH QUARTER (The way it is...)	All Insured Institutions	Less Than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater Than $10 Billion	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Number of institutions reporting	6,509	1,872	3,956	574	107	807	812	1,406	1,599	1,372	513
Commercial banks	5,642	1,645	3,439	467	91	449	735	1,176	1,530	1,282	470
Savings institutions	867	227	517	107	16	358	77	230	69	90	43
Total assets (in billions)	$15,553.7	$109.8	$1,232.0	$1,576.4	$12,635.4	$2,956.0	$3,217.9	$3,595.8	$3,404.4	$904.4	$1,475.1
Commercial banks	14,484.2	96.8	1,045.3	1,288.1	12,054.1	2,488.9	3,131.2	3,489.7	3,344.7	798.0	1,231.7
Savings institutions	1,069.4	13.1	186.7	288.3	581.3	467.1	86.8	106.1	59.7	106.4	243.4
Total deposits (in billions)	11,763.9	92.5	1,024.3	1,227.9	9,419.3	2,180.6	2,477.2	2,634.6	2,567.0	751.7	1,152.8
Commercial banks	10,945.5	82.3	876.8	1,013.0	8,973.5	1,841.5	2,412.5	2,555.0	2,520.3	663.6	952.6
Savings institutions	818.4	10.2	147.5	214.9	445.8	339.0	64.6	79.5	46.8	88.1	200.3
Bank net income (in millions)	36,919	190	3,128	4,199	29,403	6,209	8,150	7,450	7,314	2,500	5,297
Commercial banks	33,772	164	2,668	3,600	27,339	5,435	7,984	7,111	7,196	2,206	3,841
Savings institutions	3,147	25	460	599	2,064	775	165	339	118	294	1,456
Performance Ratios (annualized, %)											
Yield on earning assets	3.46	4.17	4.22	4.21	3.27	3.49	3.56	2.71	3.69	4.02	4.04
Cost of funding earning assets	0.34	0.46	0.49	0.43	0.31	0.42	0.26	0.27	0.36	0.32	0.44
Net interest margin	3.12	3.71	3.73	3.78	2.97	3.06	3.30	2.45	3.33	3.69	3.60
Noninterest income to assets	1.55	1.16	1.16	1.21	1.63	1.42	1.47	1.69	1.34	1.41	2.19
Noninterest expense to assets	2.79	3.67	3.24	3.08	2.70	2.70	2.82	2.65	2.81	3.17	2.94
Loan and lease loss provision to assets	0.21	0.12	0.13	0.18	0.23	0.27	0.22	0.11	0.21	0.16	0.37
Net operating income to assets	0.94	0.68	1.00	1.07	0.92	0.84	0.98	0.84	0.85	1.11	1.46
Pretax return on assets	1.35	0.79	1.27	1.42	1.35	1.20	1.38	1.10	1.30	1.46	2.23
Return on assets	0.96	0.69	1.03	1.08	0.94	0.85	1.01	0.84	0.86	1.12	1.47
Return on equity	8.56	5.63	9.14	9.04	8.46	7.13	8.17	8.51	8.43	10.08	11.64
Net charge-offs to loans and leases	0.48	0.28	0.30	0.25	0.54	0.51	0.49	0.38	0.61	0.27	0.44
Loan and lease loss provision to net charge-offs	83.37	73.01	67.89	110.19	82.46	101.83	76.68	65.38	65.03	97.49	134.49
Efficiency ratio	63.46	80.36	70.09	65.12	62.38	63.86	63.17	68.25	64.09	65.72	52.79
% of unprofitable institutions	9.37	18.22	6.17	4.36	0.00	9.79	13.42	9.74	7.88	7.65	10.53
% of institutions with earnings gains	61.22	55.66	63.04	65.85	66.36	56.88	64.53	59.03	61.66	63.34	61.79
Structural Changes											
New reporters	0	0	0	0	0	0	0	0	0	0	0
Institutions absorbed by mergers	75	18	52	4	1	8	8	20	15	17	7
Failed institutions	4	2	2	0	0	1	0	1	1	0	1
PRIOR FOURTH QUARTERS (The way it was...)											
Return on assets (%) 2013	1.09	0.59	0.88	1.07	1.12	1.05	0.86	1.06	1.20	0.98	1.55
2011	0.73	0.30	0.40	0.60	0.79	0.83	0.25	0.69	0.86	0.82	1.44
2009	-0.05	-0.51	-0.67	-0.57	0.11	0.16	-0.41	0.06	0.77	0.17	-0.38
Net charge-offs to loans & leases (%) 2013	0.62	0.44	0.41	0.38	0.68	0.80	0.59	0.46	0.73	0.32	0.57
2011	1.38	0.78	1.09	1.22	1.46	1.55	1.45	1.21	1.58	1.00	1.06
2009	3.00	1.23	1.99	2.42	3.32	2.96	2.78	2.98	2.71	1.62	4.28

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

Note: Blue font identifies data that are also presented in the prior quarters' data at the bottom of the table.

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

December 31, 2014	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	1.01	0.13	1.58	0.66	0.62	1.09	0.68	1.55	1.45	1.47
Construction and development	0.48	0.00	0.87	0.83	0.40	0.68	1.00	1.59	1.02	0.57
Nonfarm nonresidential	0.34	0.00	0.49	0.51	0.33	0.38	0.86	0.94	1.08	0.25
Multifamily residential real estate	0.19	0.00	0.20	0.25	0.18	0.22	0.57	0.76	0.90	0.22
Home equity loans	0.70	0.67	1.03	0.45	0.56	0.70	0.46	0.33	0.86	0.72
Other 1-4 family residential	1.77	0.13	2.55	1.33	1.16	1.22	0.73	2.24	1.83	2.32
Commercial and industrial loans	0.26	0.85	0.35	0.76	0.22	0.53	0.17	1.29	0.93	0.20
Loans to individuals	1.34	1.20	1.35	1.51	1.23	1.07	0.77	1.76	1.99	1.60
Credit card loans	1.14	1.21	1.14	1.28	1.20	1.49	0.38	1.20	1.35	1.10
Other loans to individuals	1.55	1.17	1.73	1.52	1.23	1.03	0.89	1.82	2.00	1.91
All other loans and leases (including farm)	0.44	0.01	0.39	0.35	0.19	0.14	0.25	0.41	0.38	0.64
Total loans and leases	0.84	1.17	1.00	0.63	0.54	1.02	0.71	1.47	1.38	1.09
Percent of Loans Noncurrent**										
All real estate loans	3.35	0.43	5.41	1.18	1.78	3.28	3.70	1.88	1.98	5.52
Construction and development	2.09	0.00	1.29	1.97	2.15	1.48	20.81	1.92	3.50	1.79
Nonfarm nonresidential	1.33	0.00	0.88	1.65	1.27	1.75	8.62	2.02	2.25	1.36
Multifamily residential real estate	0.44	0.00	0.28	0.86	0.48	0.69	2.65	1.61	1.49	0.35
Home equity loans	2.63	0.00	3.87	0.82	1.45	2.04	2.72	1.00	0.63	3.42
Other 1-4 family residential	5.63	0.46	9.07	1.22	2.77	3.64	2.97	1.84	1.89	8.40
Commercial and industrial loans	0.50	0.72	0.45	1.23	0.60	0.88	0.51	1.58	1.54	0.32
Loans to individuals	0.89	1.14	1.08	0.55	0.74	0.55	0.75	0.64	1.05	0.72
Credit card loans	1.12	1.16	1.07	0.36	1.11	1.13	1.16	0.62	0.58	1.08
Other loans to individuals	0.66	0.55	1.09	0.57	0.71	0.48	0.62	0.64	1.05	0.48
All other loans and leases (including farm)	0.20	0.00	0.16	0.31	0.30	0.10	6.30	0.31	0.40	0.10
Total loans and leases	1.96	1.10	2.31	0.95	1.32	2.97	1.56	1.62	1.76	2.71
Percent of Loans Charged-Off (net, YTD)										
All real estate loans	0.20	0.05	0.34	0.09	0.20	0.15	0.32	0.21	0.18	0.16
Construction and development	0.03	0.00	-0.17	0.04	0.16	0.16	-0.14	0.27	0.39	-0.42
Nonfarm nonresidential	0.10	0.00	0.03	0.13	0.13	0.15	0.25	0.22	0.23	-0.01
Multifamily residential real estate	0.02	0.00	0.00	0.12	0.05	0.11	-0.02	-0.55	0.04	-0.05
Home equity loans	0.59	0.00	0.62	0.19	0.39	0.56	0.86	0.16	0.14	0.78
Other 1-4 family residential	0.20	0.06	0.38	0.13	0.27	0.13	0.15	0.25	0.17	0.10
Commercial and industrial loans	0.24	2.06	0.21	0.32	0.21	0.79	0.16	0.50	0.46	0.17
Loans to individuals	1.95	2.89	2.75	0.43	0.76	1.52	0.78	0.60	0.46	1.69
Credit card loans	3.12	2.96	3.62	0.90	3.33	3.39	2.10	1.72	1.56	3.05
Other loans to individuals	0.77	1.31	1.26	0.40	0.54	1.12	0.38	0.50	0.44	0.85
All other loans and leases (including farm)	0.09	0.00	0.09	0.00	0.17	0.11	0.07	0.94	0.00	0.03
Total loans and leases	0.49	2.81	0.73	0.13	0.24	0.21	0.62	0.33	0.24	0.41
Loans Outstanding (in billions)										
All real estate loans	$4,170.8	$0.3	$466.8	$104.7	$2,067.0	$244.5	$29.0	$12.1	$53.4	$1,193.0
Construction and development	238.6	0.0	6.8	5.9	167.5	4.6	0.5	0.9	3.1	49.5
Nonfarm nonresidential	1,150.1	0.0	34.6	29.1	805.0	19.7	2.5	4.1	12.9	242.2
Multifamily residential real estate	297.4	0.0	53.1	3.1	193.8	5.6	0.3	0.3	1.4	39.6
Home equity loans	492.3	0.0	78.2	2.2	196.0	13.6	6.4	0.4	2.2	193.4
Other 1-4 family residential	1,842.1	0.3	236.4	26.7	671.1	200.3	19.2	5.7	29.8	652.6
Commercial and industrial loans	1,715.4	31.8	267.6	21.5	793.9	6.5	6.8	2.2	6.2	578.8
Loans to individuals	1,418.3	354.6	253.5	6.6	243.9	6.6	86.5	1.8	6.0	458.6
Credit card loans	718.5	338.9	161.0	0.5	19.8	0.7	19.9	0.2	0.1	177.4
Other loans to individuals	699.8	15.7	92.5	6.1	224.1	6.0	66.6	1.6	5.9	281.2
All other loans and leases (including farm)	1,007.0	0.2	295.3	43.3	240.4	16.2	3.2	1.0	4.7	402.9
Total loans and leases (plus unearned income)	8,311.5	386.9	1,283.2	176.1	3,345.2	273.8	125.5	17.2	70.2	2,633.3
Memo: Other Real Estate Owned (in millions)										
All other real estate owned	21,978.8	0.2	1,124.0	585.8	12,699.2	1,415.4	136.2	167.4	540.1	5,310.4
Construction and development	6,379.6	0.0	3.0	216.9	4,934.5	155.8	25.4	63.8	173.0	807.1
Nonfarm nonresidential	5,121.9	0.0	59.0	209.4	3,796.6	85.1	38.0	54.2	167.2	712.4
Multifamily residential real estate	444.7	0.0	1.0	20.6	351.8	9.0	0.1	6.2	10.3	45.6
1-4 family residential	5,980.4	0.2	563.0	98.0	2,939.6	389.5	64.7	40.4	178.7	1,706.3
Farmland	257.0	0.0	0.0	40.8	192.6	2.0	0.0	2.8	10.9	7.9
GNMA properties	3,756.9	0.0	462.0	0.1	483.8	774.1	8.0	0.0	0.1	2,029.0

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

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

		Asset Size Distribution				Geographic Regions*					
December 31, 2014	All Insured Institutions	Less Than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater Than $10 Billion	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Percent of Loans 30-89 Days Past Due											
All loans secured by real estate	1.01	1.35	0.78	0.65	1.15	0.70	1.21	1.07	1.41	0.91	0.42
Construction and development	0.48	0.96	0.53	0.46	0.46	0.55	0.58	0.52	0.25	0.53	0.32
Nonfarm nonresidential	0.34	1.14	0.52	0.30	0.27	0.39	0.32	0.39	0.26	0.42	0.22
Multifamily residential real estate	0.19	0.75	0.43	0.14	0.17	0.19	0.27	0.18	0.12	0.38	0.13
Home equity loans	0.70	0.86	0.56	0.52	0.73	0.51	0.80	0.85	0.71	0.52	0.34
Other 1-4 family residential	1.77	1.92	1.28	1.28	1.94	1.16	1.98	1.79	2.50	1.79	0.71
Commercial and industrial loans	0.26	1.06	0.61	0.36	0.21	0.23	0.15	0.35	0.27	0.35	0.26
Loans to individuals	1.34	2.03	1.80	1.47	1.32	1.12	1.78	1.27	1.34	0.91	1.09
Credit card loans	1.14	3.28	1.58	1.85	1.11	0.94	1.30	0.93	1.22	0.36	1.39
Other loans to individuals	1.55	2.01	1.82	1.29	1.55	1.46	2.30	1.38	1.50	1.19	0.83
All other loans and leases (including farm)	0.44	0.33	0.31	0.21	0.46	1.24	0.20	0.59	0.08	0.27	0.29
Total loans and leases	0.84	1.23	0.78	0.65	0.88	0.76	0.97	0.87	0.95	0.74	0.52
Percent of Loans Noncurrent**											
All real estate loans	3.35	1.72	1.48	1.92	4.19	2.16	4.24	3.85	4.83	1.87	1.28
Construction and development	2.09	2.72	2.65	2.30	1.73	2.69	2.98	1.95	1.59	1.29	1.63
Nonfarm nonresidential	1.33	2.09	1.45	1.35	1.25	1.60	1.26	1.43	1.32	1.01	1.13
Multifamily residential real estate	0.44	1.63	0.96	0.53	0.32	0.32	0.49	0.58	0.53	0.71	0.33
Home equity loans	2.63	0.79	0.78	0.99	2.96	2.02	3.31	2.81	2.77	1.73	0.98
Other 1-4 family residential	5.63	1.71	1.51	3.06	6.87	3.12	6.63	6.52	8.33	3.34	1.59
Commercial and industrial loans	0.50	1.85	1.18	0.91	0.39	0.63	0.40	0.50	0.47	0.68	0.45
Loans to individuals	0.89	0.86	1.07	0.79	0.89	0.91	1.02	0.84	0.88	0.71	0.78
Credit card loans	1.12	1.05	1.06	1.59	1.10	0.96	1.21	0.98	1.15	1.15	1.30
Other loans to individuals	0.66	0.86	1.07	0.40	0.66	0.81	0.80	0.79	0.51	0.49	0.31
All other loans and leases (including farm)	0.20	0.50	0.36	0.66	0.15	0.27	0.14	0.15	0.22	0.25	0.22
Total loans and leases	1.96	1.52	1.35	1.61	2.10	1.47	2.31	2.19	2.54	1.38	0.90
Percent of Loans Charged-Off (net, YTD)											
All real estate loans	0.20	0.19	0.17	0.15	0.22	0.20	0.22	0.25	0.25	0.10	0.02
Construction and development	0.03	0.20	0.24	0.04	-0.07	0.33	0.17	0.13	-0.46	0.02	-0.31
Nonfarm nonresidential	0.10	0.26	0.17	0.12	0.06	0.12	0.15	0.17	0.00	0.07	0.04
Multifamily residential real estate	0.02	0.14	0.15	0.07	-0.01	0.01	0.05	0.04	0.02	0.05	0.01
Home equity loans	0.59	0.13	0.21	0.25	0.66	0.37	0.85	0.54	0.68	0.47	0.12
Other 1-4 family residential	0.20	0.21	0.17	0.22	0.20	0.26	0.10	0.25	0.33	0.11	0.03
Commercial and industrial loans	0.24	0.38	0.41	0.26	0.22	0.28	0.21	0.24	0.19	0.19	0.36
Loans to individuals	1.95	0.60	0.76	1.55	2.01	2.03	2.02	1.27	2.57	1.10	1.68
Credit card loans	3.12	4.00	3.78	3.40	3.11	2.71	3.10	3.12	3.67	1.99	3.23
Other loans to individuals	0.77	0.56	0.54	0.70	0.79	0.81	0.82	0.65	1.15	0.65	0.37
All other loans and leases (including farm)	0.09	0.00	0.17	0.19	0.08	0.10	0.06	0.12	0.07	0.21	0.08
Total loans and leases	0.49	0.23	0.22	0.27	0.56	0.55	0.53	0.36	0.60	0.23	0.47
Loans Outstanding (in billions)											
All real estate loans	$4,170.8	$43.5	$612.9	$765.4	$2,749.1	$851.5	$896.1	$812.0	$822.7	$346.9	$441.5
Construction and development	238.6	2.6	53.0	62.5	120.5	44.8	50.7	38.6	35.7	46.7	22.1
Nonfarm nonresidential	1,150.1	11.4	238.4	304.1	596.2	264.9	233.5	185.2	166.7	136.5	163.2
Multifamily residential real estate	297.4	1.3	32.2	68.1	195.8	105.5	36.2	79.4	25.6	12.5	38.2
Home equity loans	492.3	1.1	27.6	48.4	415.2	91.2	128.5	123.1	101.0	19.5	29.1
Other 1-4 family residential	1,842.1	19.9	218.9	264.1	1,339.2	341.0	436.6	365.0	403.1	118.0	178.5
Commercial and industrial loans	1,715.4	7.5	105.1	169.1	1,433.7	259.7	424.0	350.7	352.5	122.3	206.2
Loans to individuals	1,418.3	4.0	34.8	78.8	1,300.7	301.1	360.6	206.3	296.9	56.8	196.5
Credit card loans	718.5	0.0	2.4	25.8	690.2	194.4	189.4	52.0	170.4	19.1	93.2
Other loans to individuals	699.8	3.9	32.5	53.0	610.4	106.7	171.2	154.3	126.5	37.7	103.3
All other loans and leases (including farm)	1,007.0	8.3	49.1	54.4	895.2	164.8	211.9	237.3	285.6	40.5	66.8
Total loans and leases (plus unearned income)	8,311.5	63.3	801.9	1,067.6	6,378.6	1,577.1	1,892.7	1,606.4	1,757.7	566.5	911.1
Memo: Other Real Estate Owned (in millions)											
All other real estate owned	21,978.8	633.8	6,117.9	4,897.4	10,329.7	2,994.3	6,142.2	4,285.4	4,434.6	2,736.0	1,386.3
Construction and development	6,379.6	217.5	2,771.7	1,860.5	1,529.9	678.6	1,813.9	857.9	1,358.8	1,170.4	500.1
Nonfarm nonresidential	5,121.9	207.9	1,965.1	1,441.8	1,507.2	777.4	1,117.5	1,050.6	930.0	855.9	390.5
Multifamily residential real estate	444.7	21.7	158.9	97.7	166.4	154.5	46.9	83.5	79.6	48.0	32.3
1-4 family residential	5,980.4	175.5	1,073.3	1,042.1	3,689.5	1,134.9	1,581.5	1,352.6	1,007.1	524.4	379.9
Farmland	257.0	11.3	135.3	87.7	22.7	18.4	59.3	53.3	33.2	70.5	22.3
GNMA properties	3,756.9	0.0	13.7	367.5	3,375.7	230.6	1,523.0	887.6	988.0	66.9	60.9

*** Regions:**

New York - Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, U.S. Virgin Islands

Atlanta - Alabama, Florida, Georgia, North Carolina, South Carolina, Virginia, West Virginia

Chicago - Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin

Kansas City - Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota

Dallas - Arkansas, Colorado, Louisiana, Mississippi, New Mexico, Oklahoma, Tennessee, Texas

San Francisco - Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, Pacific Islands, Utah, Washington, Wyoming

** Noncurrent loan rates represent the percentage of loans in each category that are past due 90 days or more or that are in nonaccrual status.

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

(dollar figures in millions; notional amounts unless otherwise indicated)	4th Quarter 2014	3rd Quarter 2014	2nd Quarter 2014	1st Quarter 2014	4th Quarter 2013	% Change 13Q4-14Q4	Asset Size Distribution: Less Than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater Than $10 Billion
ALL DERIVATIVE HOLDERS										
Number of institutions reporting derivatives	1,399	1,391	1,405	1,399	1,389	0.7	70	839	390	100
Total assets of institutions reporting derivatives	$13,921,587	$13,713,773	$13,522,747	$13,250,723	$13,073,465	6.5	$4,983	$350,914	$1,174,734	$12,390,956
Total deposits of institutions reporting derivatives	10,461,400	10,291,404	10,169,200	9,980,762	9,855,694	6.1	4,141	288,543	931,509	9,237,207
Total derivatives	221,922,457	242,940,419	239,124,560	231,754,089	237,016,804	-6.4	251	19,663	94,141	221,808,402
Derivative Contracts by Underlying Risk Exposure										
Interest rate	173,939,550	190,894,481	191,553,140	184,417,973	193,081,248	-9.9	250	17,310	88,503	173,833,486
Foreign exchange*	34,745,833	37,993,284	33,394,780	32,803,408	29,508,031	17.8	0	2,212	4,717	34,738,904
Equity	2,577,118	2,317,271	2,135,462	2,105,011	2,028,018	27.1	0	63	327	2,576,728
Commodity & other (excluding credit derivatives)	1,210,879	1,327,011	1,214,397	1,263,060	1,208,874	0.2	0	3	102	1,210,773
Credit	9,449,078	10,408,372	10,826,781	11,164,636	11,190,633	-15.6	0	75	492	9,448,511
Total	221,922,457	242,940,419	239,124,560	231,754,089	237,016,804	-6.4	251	19,663	94,141	221,808,402
Derivative Contracts by Transaction Type										
Swaps	135,167,761	148,328,645	146,511,551	141,282,323	152,466,706	-11.3	41	7,275	52,920	135,107,524
Futures & forwards	43,368,380	45,058,906	45,263,675	42,478,719	40,026,988	8.3	53	7,181	21,348	43,339,799
Purchased options	16,370,106	17,990,978	17,268,335	17,177,576	16,107,374	1.6	19	750	5,381	16,363,957
Written options	16,004,450	17,560,543	16,843,011	16,905,448	16,197,549	-1.2	138	4,378	13,833	15,986,100
Total	210,910,697	228,939,072	225,886,572	217,844,066	224,798,616	-6.2	251	19,585	93,482	210,797,379
Fair Value of Derivative Contracts										
Interest rate contracts	60,026	65,132	72,249	72,732	71,270	-15.8	0	2	-192	60,217
Foreign exchange contracts	-4,845	13,334	4,729	5,563	5,991	N/M	0	0	2	-4,848
Equity contracts	3,769	-657	412	1,548	32	11,678.1	0	3	0	3,766
Commodity & other (excluding credit derivatives)	-3,376	219	965	-893	1,350	N/M	0	0	1	-3,378
Credit derivatives as guarantor	47,533	67,082	95,094	80,869	74,838	-36.5	0	0	0	47,533
Credit derivatives as beneficiary	-36,635	-62,731	-90,465	-77,438	-71,220	N/M	0	0	-25	-36,609
Derivative Contracts by Maturity**										
Interest rate contracts < 1 year	71,808,679	79,984,759	81,212,198	77,787,391	77,758,364	-7.7	52	4,719	18,001	71,785,908
1-5 years	33,727,298	40,334,338	38,531,826	37,365,369	44,157,011	-23.6	32	3,502	25,561	33,698,202
> 5 years	22,213,805	22,393,371	24,203,418	24,025,868	24,629,775	-9.8	26	3,980	24,859	22,184,939
Foreign exchange contracts < 1 year	22,074,006	22,803,490	20,746,687	20,017,155	18,289,804	20.7	0	1,739	3,350	22,068,917
1-5 years	2,574,448	2,446,736	2,420,184	2,297,506	2,324,853	10.7	0	0	57	2,574,391
> 5 years	968,769	1,021,146	1,016,489	974,355	1,029,279	-5.9	0	0	0	968,769
Equity contracts < 1 year	996,138	763,470	698,674	673,720	645,046	54.4	0	4	31	996,103
1-5 years	351,853	323,010	292,130	305,141	291,190	20.8	0	11	102	351,741
> 5 years	100,903	77,484	81,116	89,804	135,907	-25.8	0	15	21	100,866
Commodity & other contracts < 1 year	347,453	391,671	360,565	379,469	338,091	2.8	0	3	41	347,409
1-5 years	179,386	217,997	150,937	140,984	163,812	9.5	0	0	3	179,383
> 5 years	20,727	19,107	18,082	18,960	5,903	251.1	0	0	0	20,727
Risk-Based Capital: Credit Equivalent Amount										
Total current exposure to tier 1 capital (%)	28.7	26.0	23.5	23.5	26.1		0.1	0.4	0.6	32.7
Total potential future exposure to tier 1 capital (%)	48.5	53.2	55.1	56.2	58.1		0.1	0.3	0.5	55.3
Total exposure (credit equivalent amount) to tier 1 capital (%)	77.3	79.2	78.6	79.7	84.3		0.2	0.7	1.1	87.9
Credit losses on derivatives***	91.0	83.0	69.0	13.0	264.0	-65.5	0.0	0.0	0.0	91.0
HELD FOR TRADING										
Number of institutions reporting derivatives	250	244	247	243	252	-0.8	11	86	90	63
Total assets of institutions reporting derivatives	11,275,850	11,015,493	10,889,636	10,638,660	10,559,491	6.8	759	39,941	314,083	10,921,068
Total deposits of institutions reporting derivatives	8,458,142	8,262,859	8,185,855	7,997,380	7,964,587	6.2	634	32,879	247,290	8,177,340
Derivative Contracts by Underlying Risk Exposure										
Interest rate	170,690,631	187,909,519	188,493,096	181,282,028	189,138,537	-9.8	75	1,934	22,353	170,666,270
Foreign exchange	32,536,146	33,675,874	30,164,255	29,208,486	27,636,688	17.7	0	0	3,570	32,532,576
Equity	2,559,758	2,300,741	2,119,239	2,089,047	2,011,294	27.3	0	0	0	2,559,758
Commodity & other	1,205,276	1,320,794	1,206,811	1,256,235	1,200,547	0.4	0	0	15	1,205,261
Total	206,991,811	225,206,928	221,983,401	213,835,794	219,987,066	-5.9	75	1,934	25,938	206,963,864
Trading Revenues: Cash & Derivative Instruments										
Interest rate	663	-826	2,878	2,010	357	85.7	0	0	29	633
Foreign exchange	2,840	4,892	2,026	2,137	1,550	83.2	0	0	3	2,837
Equity	643	652	722	608	490	31.2	0	0	-1	644
Commodity & other (including credit derivatives)	255	946	795	1,427	509	-49.9	0	0	-1	255
Total trading revenues	4,401	5,664	6,421	6,183	2,906	51.4	0	0	31	4,370
Share of Revenue										
Trading revenues to gross revenues (%)	3.8	4.8	5.4	5.4	2.5		0.0	0.1	0.9	3.9
Trading revenues to net operating revenues (%)	18.8	23.8	24.6	26.9	11.3		0.0	0.5	5.5	19.2
HELD FOR PURPOSES OTHER THAN TRADING										
Number of institutions reporting derivatives	1,274	1,271	1,287	1,282	1,253	1.7	59	768	353	94
Total assets of institutions reporting derivatives	13,613,308	13,421,530	13,229,856	12,945,001	12,763,130	6.7	4,225	321,833	1,058,035	12,229,215
Total deposits of institutions reporting derivatives	10,218,363	10,061,662	9,938,935	9,738,920	9,611,265	6.3	3,507	264,712	839,661	9,110,483
Derivative Contracts by Underlying Risk Exposure										
Interest rate	3,248,919	2,984,963	3,060,043	3,135,945	3,942,711	-17.6	176	15,376	66,151	3,167,217
Foreign exchange	647,004	724,435	819,319	849,536	843,789	-23.3	0	2,209	979	643,816
Equity	17,361	16,530	16,223	15,965	16,724	3.8	0	63	327	16,970
Commodity & other	5,602	6,216	7,586	6,825	8,327	-32.7	0	3	87	5,512
Total notional amount	3,918,885	3,732,144	3,903,171	4,008,271	4,811,550	-18.6	176	17,651	67,544	3,833,515

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

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

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

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

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

(dollar figures in millions)	4th Quarter 2014	3rd Quarter 2014	2nd Quarter 2014	1st Quarter 2014	4th Quarter 2013	% Change 13Q4-14Q4	Asset Size Distribution: Less Than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater Than $10 Billion
Assets Securitized and Sold with Servicing Retained or with Recourse or Other Seller-Provided Credit Enhancements										
Number of institutions reporting securitization activities	77	74	73	76	83	-7.2	1	24	18	34
Outstanding Principal Balance by Asset Type										
1-4 family residential loans	$847,494	$845,272	$844,184	$598,462	$610,275	38.9	$16	$2,399	$19,105	$825,974
Home equity loans	36	38	39	41	42	-14.3	0	0	0	36
Credit card receivables	18,499	16,782	16,692	16,349	19,405	-4.7	0	75	0	18,424
Auto loans	3,951	4,198	4,312	4,735	4,676	-15.5	0	0	1,276	2,675
Other consumer loans	6,191	6,425	4,945	4,462	4,607	34.4	0	2	0	6,189
Commercial and industrial loans	11	10	1,217	1,881	1,987	-99.4	0	9	0	2
All other loans, leases, and other assets	96,257	95,099	94,757	96,071	101,456	-5.1	0	3,538	4,927	87,791
Total securitized and sold	972,438	967,824	966,146	722,001	742,448	31.0	16	6,022	25,308	941,091
Maximum Credit Exposure by Asset Type										
1-4 family residential loans	2,915	2,806	2,908	2,912	2,809	3.8	0	5	51	2,858
Home equity loans	0	0	0	0	0	0.0	0	0	0	0
Credit card receivables	1,529	1,418	1,450	1,455	603	153.6	0	30	0	1,499
Auto loans	0	0	0	5	0	0.0	0	0	0	0
Other consumer loans	194	188	192	174	164	18.3	0	0	0	194
Commercial and industrial loans	0	0	25	38	27	-100.0	0	0	0	0
All other loans, leases, and other assets	1,369	1,129	1,416	1,308	1,633	-16.2	0	1	0	1,368
Total credit exposure	6,007	5,541	5,991	5,892	5,236	14.7	0	37	51	5,919
Total unused liquidity commitments provided to institution's own securitizations	17	17	17	120	121	-86.0	0	0	0	17
Securitized Loans, Leases, and Other Assets 30-89 Days Past Due (%)										
1-4 family residential loans	3.9	3.9	3.5	3.3	4.3		0.0	1.4	4.3	3.9
Home equity loans	7.5	8.0	9.1	8.8	10.4		0.0	0.0	0.0	7.5
Credit card receivables	0.7	0.8	0.8	0.9	0.8		0.0	1.7	0.0	0.7
Auto loans	0.9	0.7	0.7	0.6	1.0		0.0	0.0	0.0	1.3
Other consumer loans	4.9	4.8	5.5	5.2	5.6		0.0	0.0	0.0	4.9
Commercial and industrial loans	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	0.4	0.4	0.3	0.8		0.0	0.5	0.1	0.3
Total loans, leases, and other assets	3.5	3.5	3.2	2.9	3.7		0.0	0.9	3.3	3.5
Securitized Loans, Leases, and Other Assets 90 Days or More Past Due (%)										
1-4 family residential loans	2.2	2.2	2.3	3.3	3.4		0.0	1.6	5.0	2.1
Home equity loans	43.3	42.0	40.3	37.8	36.5		0.0	0.0	0.0	43.3
Credit card receivables	0.5	0.5	0.6	0.7	0.6		0.0	1.7	0.0	0.5
Auto loans	0.1	0.1	0.1	0.1	0.1		0.0	0.0	0.0	0.1
Other consumer loans	5.3	5.2	6.3	6.7	7.3		0.0	0.0	0.0	5.3
Commercial and industrial loans	2.4	3.0	0.0	0.0	0.0		0.0	2.9	0.0	0.0
All other loans, leases, and other assets	3.3	6.5	9.2	8.7	9.2		0.0	0.7	1.1	3.5
Total loans, leases, and other assets	2.3	2.6	2.9	3.9	4.1		0.0	1.1	4.0	2.2
Securitized Loans, Leases, and Other Assets Charged-off (net, YTD, annualized, %)										
1-4 family residential loans	0.4	0.3	0.2	0.1	0.9		0.0	0.2	0.0	0.4
Home equity loans	1.0	0.1	0.1	-0.1	0.2		0.0	0.0	0.0	1.0
Credit card receivables	1.7	1.5	1.2	0.6	2.2		0.0	7.9	0.0	1.7
Auto loans	0.2	0.1	0.1	0.0	0.2		0.0	0.0	0.0	0.3
Other consumer loans	0.8	0.6	0.3	0.2	0.9		0.0	0.0	0.0	0.8
Commercial and industrial loans	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	0.6	0.9	0.7	0.9		0.0	0.0	0.0	0.9
Total loans, leases, and other assets	0.4	0.3	0.3	0.2	0.9		0.0	0.2	0.0	0.4
Seller's Interests in Institution's Own Securitizations - Carried as Loans										
Home equity loans	0	0	0	0	0	0.0	0	0	0	0
Credit card receivables	12,247	12,198	12,905	13,116	12,850	-4.7	0	324	0	11,923
Commercial and industrial loans	0	0	2	2	3	-100.0	0	0	0	0
Seller's Interests in Institution's Own Securitizations - Carried as Securities										
Home equity loans	0	0	0	0	0	0.0	0	0	0	0
Credit card receivables	0	0	0	0	0	0.0	0	0	0	0
Commercial and industrial loans	0	0	0	48	52	-100.0	0	0	0	0
Assets Sold with Recourse and Not Securitized										
Number of institutions reporting asset sales	1,104	1,104	1,101	1,088	1,084	1.8	135	744	176	49
Outstanding Principal Balance by Asset Type										
1-4 family residential loans	40,885	41,064	42,240	43,720	46,519	-12.1	1,605	14,621	8,993	15,666
Home equity, credit card receivables, auto, and other consumer loans	714	709	727	755	776	-8.0	0	2	29	683
Commercial and industrial loans	91	52	53	69	62	46.8	0	13	77	0
All other loans, leases, and other assets	69,561	66,271	65,112	65,974	67,794	2.6	1	95	1,195	68,270
Total sold and not securitized	111,251	108,096	108,131	110,518	115,150	-3.4	1,606	14,731	10,295	84,618
Maximum Credit Exposure by Asset Type										
1-4 family residential loans	9,887	9,848	9,646	9,573	10,756	-8.1	113	2,171	3,367	4,236
Home equity, credit card receivables, auto, and other consumer loans	137	140	141	155	160	-14.4	0	2	3	131
Commercial and industrial loans	27	23	24	33	27	0.0	0	13	13	0
All other loans, leases, and other assets	17,955	17,233	16,849	16,970	17,058	5.3	1	15	71	17,869
Total credit exposure	28,006	27,244	26,660	26,732	28,002	0.0	114	2,201	3,454	22,237
Support for Securitization Facilities Sponsored by Other Institutions										
Number of institutions reporting securitization facilities sponsored by others	126	132	134	138	148	-14.9	12	70	25	19
Total credit exposure	44,248	41,590	42,375	42,058	44,707	-1.0	9	170	276	43,793
Total unused liquidity commitments	1,150	918	1,122	1,017	981	17.2	0	0	0	1,150
Other										
Assets serviced for others*	4,416,458	4,412,810	4,461,406	4,556,249	4,712,533	-6.3	5,279	193,041	297,183	3,920,955
Asset-backed commercial paper conduits										
Credit exposure to conduits sponsored by institutions and others	11,981	10,189	12,129	12,110	12,317	-2.7	5	0	5	11,972
Unused liquidity commitments to conduits sponsored by institutions and others	28,924	27,948	28,274	30,515	31,113	-7.0	0	0	178	28,746
Net servicing income (for the quarter)	1,207	2,886	2,773	2,142	4,627	-73.9	7	187	105	908
Net securitization income (for the quarter)	339	384	318	285	377	-10.1	0	5	13	322
Total credit exposure to Tier 1 capital (%)**	5.5	5.3	5.4	5.4	5.8		0.9	1.8	2.3	6.5

* 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.

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

	All Insured Institutions					Asset Size Distribution			
(dollar figures in millions)	Dec 31 2014	Dec 31 2013	Dec 31 2012	Dec 31 2011	% Change 2013-2014	Less Than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater Than $10 Billion
Number of institutions reporting	6,509	6,812	7,083	7,357	-4.4	1,872	3,956	574	107
Number of institutions with fiduciary powers	1,925	1,991	2,035	2,103	-3.3	272	1,238	339	76
Commercial banks	1,786	1,847	1,890	1,945	-3.3	252	1,169	294	71
Savings institutions	139	144	145	158	-3.5	20	69	45	5
Number of institutions exercising fiduciary powers	1,437	1,474	1,509	1,549	-2.5	170	912	285	70
Commercial banks	1,322	1,356	1,391	1,424	-2.5	151	858	248	65
Savings institutions	115	118	118	125	-2.5	19	54	37	5
Number of institutions reporting fiduciary activity	1,358	1,397	1,425	1,475	-2.8	157	860	273	68
Commercial banks	1,250	1,287	1,316	1,356	-2.9	138	810	239	63
Savings institutions	108	110	109	119	-1.8	19	50	34	5
Fiduciary and related assets - managed assets									
Personal trust and agency accounts	689,810	671,348	620,437	590,720	2.7	16,306	70,392	71,058	532,054
Noninterest-bearing deposits	8,695	7,903	6,888	2,513	10.0	28	1,038	187	7,442
Interest-bearing deposits	79,671	97,316	73,891	32,497	-18.1	724	5,803	6,109	67,035
U.S. Treasury and U.S. Government agency obligations	101,054	127,030	127,203	105,356	-20.4	2,467	3,672	13,569	81,346
State, county and municipal obligations	180,592	176,967	188,959	190,756	2.0	6,357	9,001	20,084	145,150
Money market mutual funds	106,171	113,048	123,659	120,634	-6.1	3,034	7,512	13,114	82,511
Other short-term obligations	189,900	210,851	216,496	168,266	-9.9	31	185	574	189,110
Other notes and bonds	198,865	224,723	249,140	250,388	-11.5	7,614	6,510	14,065	170,676
Common and preferred stocks	2,913,836	2,696,901	2,285,814	1,914,375	8.0	38,271	130,790	191,690	2,553,085
Real estate mortgages	1,997	1,936	1,979	1,676	3.2	357	282	317	1,041
Real estate	44,090	47,344	47,780	42,400	-6.9	1,250	7,281	6,492	29,067
Miscellaneous assets	124,397	101,484	130,329	111,270	22.6	1,037	14,708	9,239	99,413
Employee benefit and retirement-related trust and agency accounts:									
Employee benefit - defined contribution	361,688	403,358	391,320	350,146	-10.3	1,076	7,348	10,761	342,502
Employee benefit - defined benefit	612,609	582,751	536,981	509,157	5.1	1,984	8,621	20,125	581,879
Other employee benefit and retirement-related accounts	310,988	276,831	232,272	226,786	12.3	3,620	27,252	37,050	243,066
Corporate trust and agency accounts	20,957	22,832	26,349	26,208	-8.2	7	453	3,666	16,832
Investment management and investment advisory agency accounts	1,562,067	1,299,675	1,205,463	1,008,692	20.2	36,072	62,184	109,908	1,353,902
Other fiduciary accounts	391,149	548,705	439,316	227,747	-28.7	2,103	10,533	22,874	355,639
Total managed fiduciary accounts:									
Assets	3,949,267	3,805,501	3,452,138	2,939,455	3.8	61,169	186,782	275,442	3,425,874
Number of accounts	1,640,907	1,557,892	1,432,574	1,384,740	5.3	79,733	260,251	291,057	1,009,866
Fiduciary and related assets - nonmanaged assets									
Personal trust and agency accounts	289,438	277,994	263,746	270,066	4.1	9,816	22,361	20,590	236,672
Employee benefit and retirement-related trust and agency accounts:									
Employee benefit - defined contribution	2,208,443	3,122,490	2,572,659	2,244,273	-29.3	101,516	8,435	88,352	2,010,140
Employee benefit - defined benefit	4,208,533	3,983,936	3,488,956	3,921,237	5.6	14,420	23,989	21,443	4,148,681
Other employee benefit and retirement-related accounts	1,633,203	2,637,899	2,302,988	1,815,808	-38.1	1,836	26,807	33,394	1,571,166
Corporate trust and agency accounts	2,572,387	2,473,708	2,621,721	2,813,065	4.0	919	21,574	397,085	2,152,809
Other fiduciary accounts	3,503,841	3,353,847	2,826,297	2,520,115	4.5	2,483	30,239	24,317	3,446,802
Total nonmanaged fiduciary accounts:									
Assets	14,415,844	15,849,875	14,076,366	13,584,563	-9.0	130,991	133,404	585,181	13,566,269
Number of accounts	3,875,917	14,373,918	14,124,850	13,399,102	-73.0	281,081	475,186	187,487	2,932,163
Custody and safekeeping accounts:									
Assets	83,495,451	80,166,103	74,236,727	74,108,600	4.2	364,875	906,097	724,417	81,500,062
Number of accounts	9,339,740	9,477,551	10,381,593	11,127,410	-1.5	6,185,016	552,483	461,239	2,141,002
Fiduciary and related services income									
Personal trust and agency accounts	4,872	4,655	4,417	4,376	4.7	116	320	523	3,914
Retirement-related trust and agency accounts:									
Employee benefit - defined contribution	1,190	1,281	1,202	1,171	-7.1	20	50	193	927
Employee benefit - defined benefit	1,382	1,336	1,283	1,755	3.4	10	51	46	1,276
Other employee benefit and retirement-related accounts	1,498	1,350	1,194	1,041	11.0	38	240	204	1,016
Corporate trust and agency accounts	1,371	1,318	1,306	1,636	4.0	0	37	250	1,084
Investment management agency accounts	6,995	6,125	5,400	4,952	14.2	165	445	773	5,612
Other fiduciary accounts	827	816	847	1,640	1.3	2	21	7	797
Custody and safekeeping accounts	13,088	12,493	11,559	9,348	4.8	68	324	510	12,186
Other fiduciary and related services income	1,155	1,451	1,386	2,137	-20.4	17	99	141	899
Total gross fiduciary and related services income	32,522	30,992	28,766	28,221	4.9	438	1,684	2,658	27,742
Less: Expenses	30,804	29,523	28,034	25,118	4.3	282	1,227	2,115	27,180
Less: Net losses from fiduciary and related services	224	245	274	206	-8.6	0	3	10	210
Plus: Intracompany income credits for fiduciary and related services	5,406	5,507	6,001	5,374	-1.8	0	19	231	5,155
Net fiduciary and related services income	6,756	6,562	6,273	8,104	3.0	153	374	755	5,475
Collective investment funds and common trust funds (market value)									
Domestic equity funds	615,200	373,714	299,291	274,259	64.6	7,692	761	10,568	596,179
International/global equity funds	193,624	186,382	147,535	123,322	3.9	8,196	2,635	3,422	179,372
Stock/bond blend funds	143,065	125,635	114,754	99,901	13.9	2,641	290	1,322	138,813
Taxable bond funds	154,239	145,958	183,240	212,230	5.7	3,122	3,090	1,976	146,052
Municipal bond funds	4,374	4,263	5,649	5,981	2.6	43	332	280	3,719
Short-term investments/money market funds	178,284	178,395	163,709	204,104	-0.1	1,697	186	25	176,375
Specialty/other funds	47,543	77,419	80,365	81,065	-38.6	618	328	5,807	40,790
Total collective investment funds	1,336,330	1,091,766	994,544	1,000,862	22.4	24,009	7,622	23,399	1,281,300

COMMUNITY BANK PERFORMANCE

- ***Net Income of $4.8 Billion Increased 28 Percent From Fourth Quarter 2013***
- ***Higher Net Operating Revenue and Lower Loan Loss Provisions Boosted Earnings***
- ***Full-Year 2014 Net Income Increased From Higher Net Interest Income***
- ***All Major Loan Balances Increased From the Previous Quarter and the Year Before***

Earnings Increased From Fourth Quarter 2013, Outpacing Industry

Community banks reported net income of $4.8 billion in fourth quarter 2014, up $1 billion (27.7 percent) from the year before.[1] Higher net operating revenue (the sum of net interest income and total noninterest income) and lower loan loss provisions lifted earnings for the 6,037 community banks. Despite the improved earnings at community banks, yearly earnings declined 7 percent for the banking industry. About 61 percent of community banks reported higher year-over-year earnings, while 9.7 percent were unprofitable during the quarter. The pretax return on assets was 1.18 percent, down 6 basis points from third quarter 2014, but up 21 basis points from fourth quarter 2013.[2]

[1] Prior-period dollar amounts used for comparisons are merger-adjusted, meaning the same institutions identified as community banks and the industry in the current quarter are used to determine dollar amounts in prior periods, after taking into account acquisitions. Performance ratios are not merger-adjusted.

[2] Pretax ROA is used for comparison because C corporations are taxed at the bank level, while S corporations pass tax obligations to their shareholders—58 percent of community banks were C corporations, while 35 percent were S corporations during the fourth quarter of 2014.

Net Interest Margin Widened 51 Basis Points Between Community Banks and Industry

Net interest income—which accounts for about 79 percent of net operating revenue at community banks—totaled $17.2 billion during fourth quarter 2014, up $1 billion (6.4 percent) from fourth quarter 2013. Community banks contributed more than half (56 percent) of the banking industry's annual growth (up $1.8 billion, or 1.7 percent) in net interest income. Close to 71 percent of community banks increased net interest income from the year-earlier quarter. The net interest margin (NIM) stood at 3.63 percent, down 2 basis points from fourth quarter 2013, as average asset yields fell more rapidly than the average funding costs. Community banks posted a NIM 51 basis points above the industry average—the largest gap since fourth quarter 2006. About 81 percent of community banks reported NIM above the industry's average of 3.12 percent.

Chart 1

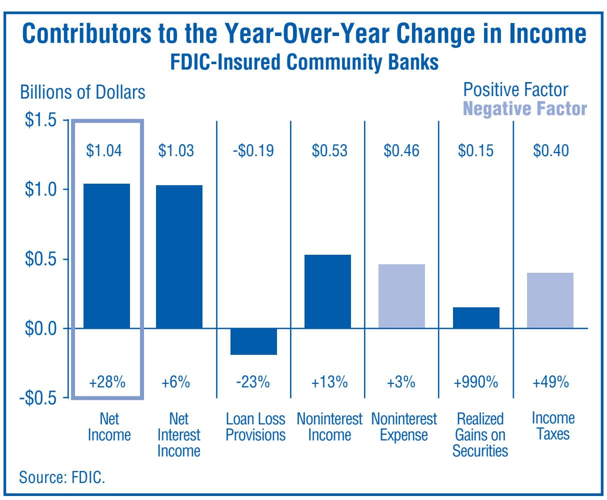
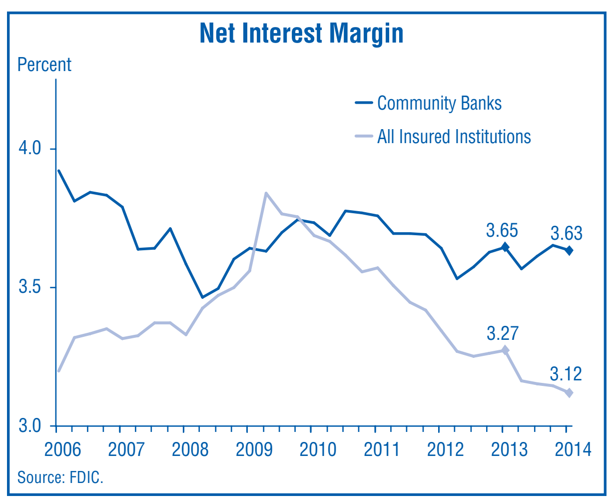


Chart 2



Noninterest Income Expanded 12.8 Percent From Fourth Quarter 2013

Noninterest income totaled $4.6 billion in the fourth quarter 2014, up $526 million (12.8 percent) from the 2013 quarter—outperforming the industry (up $37.9 million, or 0.1 percent). More than half (54 percent) of community banks reported higher noninterest income than a year earlier. Close to 85 percent of the annual increase in noninterest income was contributed by all other noninterest income (up $262.6 million, or 16.3 percent) and loan sale revenue (up $182.9 million, or 26.3 percent).[3]

Noninterest Expense Increased From Fourth Quarter 2013

Noninterest expense of $15.3 billion in fourth quarter 2014 increased $458.2 million (3.1 percent) from the 2013 quarter. The annual increase was led by higher salary employee benefits (up $505 million, or 6.5 percent). Almost two out of every three community banks (62 percent) reported higher noninterest expense from fourth quarter 2013. Full-time employees at community banks totaled 442,233 in fourth quarter 2014, up 5,371 (1.2 percent) from a year earlier. The average asset per employee was $4.7 million in the most recent quarter, up from $4.5 million in fourth quarter 2013.

Full-Year 2014 Earnings Increased 9.1 Percent to $18.6 Billion

Full-year 2014 net income totaled $18.6 billion, an increase of $1.6 billion (9.1 percent) from 2013. Higher net interest income (up $3.9 billion, or 6.2 percent) and lower loan-loss provisions (down $658 million, or 20.8 percent) offset a decline in noninterest income (down $329 million, or 1.8 percent) and an increase in noninterest expense (up $1.6 billion, or 2.8 percent). Almost three out of every four community banks (74 percent) reported higher net interest income from 2013.

Close to 77 Percent of Community Banks Increased Loans From the Year Before

Loan balances at community banks totaled $1.4 trillion during the fourth quarter, up $33 billion (2.5 percent) from the third quarter 2014. With close to 70 percent of community banks increasing loans from the previous quarter, quarterly loan growth at community banks outperformed the banking industry (1.8 percent). All major loan categories increased from the previous quarter, led by nonfarm nonresidential loans (up $7.7 billion, or 2 percent), commercial and industrial loans (up $6.3 billion, or 3.4 percent), 1-to-4 family (up $5.4 billion, or 1.5 percent), construction and development (up $2.7 billion, or 3.3 percent), and agricultural production loans (up $2.7 billion, or 5.9 percent). With more than a quarter (26 percent) of the annual industry

[3] All other noninterest income includes items that are greater than $25,000 and exceed 3 percent of all other noninterest income reported. They include income and fees from printing and sale of checks, earnings on increase in value of cash surrender value of life insurance, income and fees from automated teller machines, rent and other income from other real estate owned, safe deposit box rent, net change in the fair values of financial instruments accounted for under a fair value option, bank card and credit card interchange fees, and gains on bargain purchases.

Chart 3

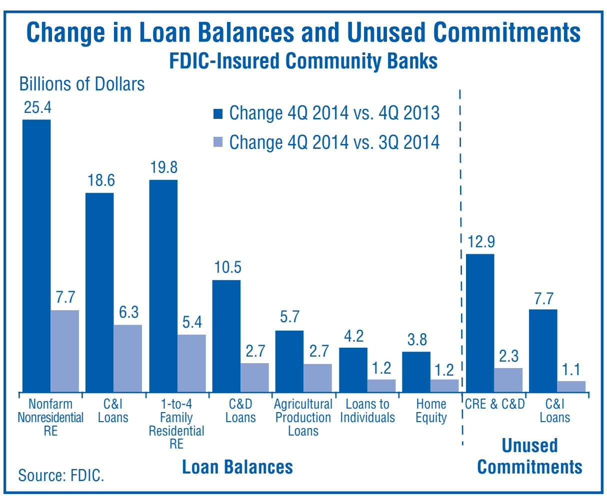
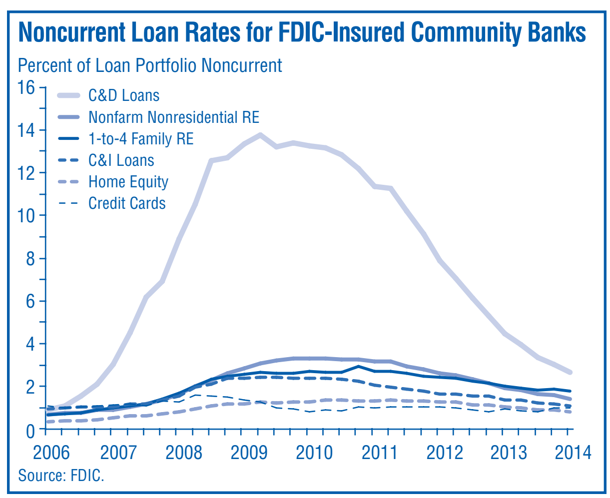


Chart 4



loan growth being contributed by community banks, loan balances for community banks grew $108.1 billion (8.6 percent) from fourth quarter 2013. With a year-over-year growth of 8.6 percent, community banks outpaced the industry (5.3 percent). All major loan categories at community banks increased from the year earlier, with 42 percent of the yearly increase being driven by nonfarm nonresidential (up $25.4 billion, or 6.8 percent) and 1-to-4 family (up $19.8 billion, or 5.7 percent). Total unused commercial real estate (CRE) loan commitments—including construction and development—totaled $66.6 billion during the fourth quarter 2014, an increase of $2.3 billion (3.6 percent) from the previous quarter. Growth in unused CRE loan commitments indicates continued credit extension, as off-balance and on-balance CRE loans increased from third quarter 2014.

Small Loans to Businesses Increased From the Previous Quarter and the Year Before

Small loans to businesses—loans to commercial borrowers up to $1 million, and farm loans up to $500,000—at community banks totaled $299.6 billion in fourth quarter 2014, up $3.2 billion (1.1 percent) from third quarter 2014. All small loan categories increased, led by commercial and industrial loans (up $1.8 billion, or 2 percent), agricultural production loans (up $0.8 billion, or 2.8 percent), nonfarm nonresidential loans (up $0.5 billion, or 0.3 percent), and farmland loans (up $0.1 billion, or 0.4 percent). Close to 60 percent of community banks reported higher volume in small loans to business from fourth quarter 2013, resulting in an increase of $10 billion (3.4 percent). More than half (52 percent) of the yearly increase in small loans to businesses at community banks was led by commercial and industrial loans (up $5.1 billion, or 5.9 percent). Community banks continued to hold 45 percent of small loans to businesses.

Noncurrent Rate Continued to Decline

Community banks reported noncurrent loan balances of $18.7 billion, down $4.4 billion (19.1 percent) from fourth quarter 2013. Close to 61 percent of community banks lowered their noncurrent loan balances from the year before. The noncurrent rate stood at 1.36 percent in the most current quarter, a decline of 14 basis points from the previous quarter, and 43 basis points from the 2013 quarter. The noncurrent rate was down 60 basis points from the banking industry rate of 1.96 percent. Major loan categories had a decline in noncurrent rates from fourth quarter 2013, except for credit cards (up 5 basis points). Construction and development loans continued to have the highest noncurrent rate (2.64 percent), 55 basis points higher than the industry rate of 2.09 percent. However, the noncurrent rate for construction and development loans has declined for 17 consecutive quarters. The quarterly net charge-off rate was 0.25 percent, down 12 basis points from fourth quarter 2013, and it remained below the industry rate of 0.48 percent. Major loan categories had a decline in net charge-off rate from the year earlier, except for credit cards, which grew 87 basis points. Credit cards continued to have the highest net charge-off rate among the major loan categories (4.88 percent); however, this level is well below the 11.9 percent reported in fourth quarter 2008.

Four Community Banks Failed in the Fourth Quarter

The number of FDIC-insured community banks totaled 6,037 in fourth quarter 2014, down 70 banks from the previous quarter. Four community banks failed during the quarter.

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

	2014	2013	2012	2011	2010	2009	2008
Return on assets (%)	0.93	0.90	0.83	0.55	0.21	-0.14	0.18
Return on equity (%)	8.49	8.28	7.68	5.19	2.07	-1.39	1.69
Core capital (leverage) ratio (%)	10.58	10.44	10.18	9.98	9.57	9.30	9.57
Noncurrent assets plus other real estate owned to assets (%)	1.34	1.73	2.27	2.84	3.25	3.26	2.29
Net charge-offs to loans (%)	0.21	0.32	0.58	0.87	1.11	1.25	0.68
Asset growth rate (%)	2.31	0.33	2.25	1.60	-2.27	3.50	4.42
Net interest margin (%)	3.61	3.59	3.67	3.74	3.71	3.56	3.63
Net operating income growth (%)	5.37	14.49	56.06	207.25	211.87	-157.91	-69.03
Number of institutions reporting	6,037	6,306	6,541	6,798	7,014	7,249	7,445
Percentage of unprofitable institutions (%)	6.31	8.40	11.15	16.34	22.16	29.70	23.71

* 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 2014	3rd Quarter 2014	4th Quarter 2013	%Change 13Q4-14Q4
Number of institutions reporting	6,037	6,107	6,306	-4.3
Total employees (full-time equivalent)	442,233	445,091	452,938	-2.4
CONDITION DATA				
Total assets	$2,064,114	$2,031,691	$2,017,457	2.3
Loans secured by real estate	1,039,753	1,017,248	993,090	4.7
1-4 Family residential mortgages	364,961	355,435	349,488	4.4
Nonfarm nonresidential	400,398	396,549	392,183	2.1
Construction and development	85,104	82,913	77,261	10.2
Home equity lines	50,063	49,205	47,635	5.1
Commercial & industrial loans	190,501	186,274	179,463	6.2
Loans to individuals	59,009	58,288	55,611	6.1
Credit cards	1,826	1,790	1,850	-1.3
Farm loans	48,599	46,094	43,287	12.3
Other loans & leases	31,168	29,467	27,910	11.7
Less: Unearned income	590	573	553	6.6
Total loans & leases	1,368,438	1,336,798	1,298,806	5.4
Less: Reserve for losses	18,991	19,460	20,264	-6.3
Net loans and leases	1,349,447	1,317,338	1,278,542	5.5
Securities	448,768	452,683	461,415	-2.7
Other real estate owned	8,743	9,449	11,358	-23.0
Goodwill and other intangibles	12,604	12,569	12,639	-0.3
All other assets	244,551	239,651	253,503	-3.5
Total liabilities and capital	2,064,114	2,031,691	2,017,457	2.3
Deposits	1,693,611	1,672,415	1,667,710	1.6
Domestic office deposits	1,693,380	1,672,198	1,667,469	1.6
Foreign office deposits	230	217	241	-4.5
Brokered deposits	60,581	59,437	53,555	13.1
Estimated insured deposits	1,305,346	1,300,099	1,313,732	-0.6
Other borrowed funds	125,406	117,201	118,379	5.9
Subordinated debt	497	400	447	11.2
All other liabilities	15,617	15,625	14,294	9.3
Total equity capital (includes minority interests)	228,983	226,049	216,628	5.7
Bank equity capital	228,852	225,895	216,485	5.7
Loans and leases 30-89 days past due	9,515	9,026	10,769	-11.6
Noncurrent loans and leases	18,686	20,022	23,245	-19.6
Restructured loans and leases	10,815	11,347	12,461	-13.2
Mortgage-backed securities	195,080	197,944	203,738	-4.2
Earning assets	1,911,229	1,879,870	1,858,757	2.8
FHLB Advances	92,918	85,853	83,871	10.8
Unused loan commitments	250,284	248,670	233,843	7.0
Trust assets	286,949	238,806	275,818	4.0
Assets securitized and sold	15,945	18,900	14,862	7.3
Notional amount of derivatives	43,789	43,486	40,543	8.0

INCOME DATA	Full Year 2014	Full Year 2013	%Change	4th Quarter 2014	4th Quarter 2013	%Change 13Q4-14Q4
Total interest income	$75,696	$75,695	0.0	$19,443	$19,255	1.0
Total interest expense	9,102	10,338	-11.96	2,271	2,456	-7.6
Net interest income	66,594	65,357	1.9	17,172	16,799	2.2
Provision for loan and lease losses	2,505	3,196	-21.6	643	827	-22.3
Total noninterest income	17,686	18,553	-4.7	4,628	4,218	9.7
Total noninterest expense	58,516	59,083	-1.0	15,290	15,368	-0.5
Securities gains (losses)	559	564	-0.8	167	25	575.1
Applicable income taxes	5,194	4,503	15.3	1,219	887	37.5
Extraordinary gains, net	2	40	-94.1	1	-5	N/M
Total net income (includes minority interests)	18,627	17,732	5.1	4,815	3,954	21.8
Bank net income	18,603	17,709	5.1	4,807	3,951	21.7
Net charge-offs	2,711	3,983	-31.9	838	1,187	-29.4
Cash dividends	9,172	8,712	5.3	3,005	2,654	13.2
Retained earnings	9,431	8,997	4.8	1,802	1,297	38.9
Net operating income	18,180	17,253	5.4	4,677	3,942	18.7

N/M - Not Meaningful

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

Fourth Quarter 2014 (dollar figures in millions)		Geographic Regions*					
	All Community Banks	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Number of institutions reporting	6,037	711	749	1,338	1,541	1,296	402
Total employees (full-time equivalent)	442,233	87,336	58,874	94,098	72,043	95,923	33,959
CONDITION DATA							
Total assets	$2,064,114	$524,271	$253,194	$387,949	$328,097	$402,497	$168,106
Loans secured by real estate	1,039,753	303,519	135,639	194,622	143,127	177,804	85,042
1-4 Family residential mortgages	364,961	123,359	43,334	71,614	47,107	59,036	20,511
Nonfarm nonresidential	400,398	106,515	59,415	70,898	47,953	73,056	42,560
Construction and development	85,104	16,419	14,957	11,802	10,969	24,226	6,731
Home equity lines	50,063	16,510	7,897	12,059	4,483	4,522	4,591
Commercial & industrial loans	190,501	45,246	20,459	35,084	31,129	41,599	16,983
Loans to individuals	59,009	11,623	7,818	11,952	10,150	13,735	3,731
Credit cards	1,826	201	144	466	468	330	217
Farm loans	48,599	494	1,063	7,820	27,788	9,091	2,343
Other loans & leases	31,168	8,910	2,082	5,670	5,324	6,567	2,614
Less: Unearned income	590	157	96	85	29	119	103
Total loans & leases	1,368,438	369,635	166,964	255,062	217,490	248,677	110,610
Less: Reserve for losses	18,991	4,395	2,495	3,812	3,078	3,461	1,750
Net loans and leases	1,349,447	365,240	164,469	251,251	214,413	245,216	108,860
Securities	448,768	103,299	51,089	87,478	73,990	99,284	33,628
Other real estate owned	8,743	1,151	2,296	1,767	1,367	1,628	535
Goodwill and other intangibles	12,604	4,122	1,274	2,184	1,653	2,432	940
All other assets	244,551	50,459	34,067	45,271	36,675	53,938	24,143
Total liabilities and capital	2,064,114	524,271	253,194	387,949	328,097	402,497	168,106
Deposits	1,693,611	412,609	210,481	321,632	268,642	340,105	140,141
Domestic office deposits	1,693,380	412,476	210,435	321,605	268,642	340,105	140,118
Foreign office deposits	230	133	47	27	0	0	23
Brokered deposits	60,581	19,134	6,731	11,427	9,316	8,861	5,112
Estimated insured deposits	1,305,346	310,757	163,188	262,863	214,592	252,169	101,776
Other borrowed funds	125,406	48,069	12,774	20,200	21,522	16,294	6,547
Subordinated debt	497	312	44	68	4	7	63
All other liabilities	15,617	5,291	1,669	2,872	1,845	2,338	1,602
Total equity capital (includes minority interests)	228,983	57,991	28,226	43,177	36,084	43,753	19,754
Bank equity capital	228,852	57,941	28,209	43,142	36,081	43,728	19,752
Loans and leases 30-89 days past due	9,515	2,691	1,480	1,791	1,089	2,035	430
Noncurrent loans and leases	18,686	6,122	3,056	3,885	1,864	2,655	1,104
Restructured loans and leases	10,815	2,590	1,923	2,867	1,264	1,265	907
Mortgage-backed securities	195,080	57,569	22,340	35,103	25,388	38,400	16,280
Earning assets	1,911,229	488,524	232,088	358,514	304,533	371,243	156,326
FHLB Advances	92,918	38,468	9,624	13,902	14,912	12,063	3,949
Unused loan commitments	250,284	62,408	29,952	46,735	42,408	45,335	23,447
Trust assets	286,949	61,702	12,472	78,826	76,397	48,588	8,964
Assets securitized and sold	15,945	5,672	520	6,220	766	672	2,095
Notional amount of derivatives	43,789	15,338	5,753	6,749	5,629	7,100	3,221
INCOME DATA							
Total interest income	$19,443	$4,750	$2,471	$3,588	$3,107	$3,920	$1,607
Total interest expense	2,271	705	293	409	367	370	126
Net interest income	17,172	4,045	2,178	3,180	2,740	3,549	1,481
Provision for loan and lease losses	643	216	78	97	102	138	13
Total noninterest income	4,628	857	557	1,214	722	923	354
Total noninterest expense	15,290	3,482	2,072	3,040	2,341	3,064	1,290
Securities gains (losses)	167	76	17	23	25	19	7
Applicable income taxes	1,219	392	88	267	157	184	131
Extraordinary gains, net	1	0	0	2	-1	0	0
Total net income (includes minority interests)	4,815	888	514	1,014	885	1,106	408
Bank net income	4,807	884	513	1,012	885	1,104	408
Net charge-offs	838	165	134	241	119	151	28
Cash dividends	3,005	386	303	717	522	840	237
Retained earnings	1,802	499	210	295	363	264	171
Net operating income	4,677	830	499	992	865	1,089	403

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

Table IV-B. Fourth Quarter 2014, FDIC-Insured Community Banks

	All Community Banks		Fourth Quarter 2014, Geographic Regions*					
	4th Quarter 2014	3rd Quarter 2014	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Performance ratios (annualized, %)								
Yield on earning assets	4.11	4.14	3.93	4.30	4.03	4.13	4.28	4.18
Cost of funding earning assets	0.48	0.49	0.58	0.51	0.46	0.49	0.40	0.33
Net interest margin	3.63	3.65	3.34	3.79	3.57	3.64	3.87	3.85
Noninterest income to assets	0.91	0.90	0.66	0.89	1.26	0.89	0.93	0.86
Noninterest expense to assets	2.99	2.94	2.68	3.31	3.16	2.89	3.09	3.12
Loan and lease loss provision to assets	0.13	0.11	0.17	0.12	0.10	0.13	0.14	0.03
Net operating income to assets	0.92	0.95	0.64	0.80	1.03	1.07	1.10	0.97
Pretax return on assets	1.18	1.24	0.98	0.96	1.33	1.29	1.30	1.30
Return on assets	0.94	0.97	0.68	0.82	1.05	1.09	1.11	0.99
Return on equity	8.48	8.74	6.15	7.34	9.46	9.90	10.22	8.34
Net charge-offs to loans and leases	0.25	0.17	0.18	0.32	0.38	0.22	0.25	0.10
Loan and lease loss provision to net charge-offs	76.79	103.18	130.71	58.38	40.34	85.78	90.91	45.58
Efficiency ratio	69.80	68.36	70.69	75.32	68.87	67.24	68.24	70.03
Net interest income to operating revenue	78.77	78.95	82.51	79.63	72.37	79.13	79.37	80.69
% of unprofitable institutions	9.71	6.76	10.13	14.15	10.09	8.05	7.79	11.94
% of institutions with earnings gains	61.17	62.94	57.38	63.82	58.82	61.78	63.35	61.44

Table V-B. Full Year 2014, FDIC-Insured Community Banks

	All Community Banks		Full Year 2014, Geographic Regions*					
	Full Year 2014	Full Year 2013	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Performance ratios (%)								
Yield on earning assets	4.10	4.16	3.93	4.32	4.02	4.09	4.25	4.15
Cost of funding earning assets	0.49	0.57	0.60	0.53	0.47	0.50	0.42	0.34
Net interest margin	3.61	3.59	3.34	3.79	3.55	3.59	3.84	3.81
Noninterest income to assets	0.89	0.94	0.64	0.86	1.20	0.89	0.91	0.88
Noninterest expense to assets	2.93	2.99	2.65	3.22	3.08	2.79	3.02	3.08
Loan and lease loss provision to assets	0.13	0.16	0.17	0.12	0.12	0.10	0.13	0.04
Net operating income to assets	0.91	0.87	0.61	0.77	0.99	1.13	1.11	0.96
Pretax return on assets	1.19	1.12	0.96	1.02	1.30	1.36	1.32	1.31
Return on assets	0.93	0.90	0.65	0.79	1.00	1.15	1.13	0.98
Return on equity	8.49	8.28	5.89	7.23	9.16	10.54	10.47	8.25
Net charge-offs to loans and leases	0.21	0.32	0.21	0.28	0.28	0.16	0.18	0.07
Loan and lease loss provision to net charge-offs	92.42	80.24	117.15	65.81	66.25	97.85	115.23	90.06
Efficiency ratio	69.10	69.87	70.61	73.92	68.44	65.70	67.54	69.62
Net interest income to operating revenue	79.01	77.89	82.91	80.09	73.16	78.85	79.49	80.17
% of unprofitable institutions	6.31	8.40	8.02	10.15	7.77	3.76	3.78	9.20
% of institutions with earnings gains	64.12	53.49	59.35	65.55	60.01	66.26	67.05	65.92

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

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

December 31, 2014	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	0.71	0.72	0.88	0.74	0.52	0.83	0.37
Construction and development	0.52	0.76	0.55	0.45	0.37	0.52	0.27
Nonfarm nonresidential	0.44	0.44	0.54	0.44	0.32	0.55	0.25
Multifamily residential real estate	0.25	0.18	0.29	0.43	0.17	0.44	0.18
Home equity loans	0.54	0.64	0.61	0.55	0.34	0.52	0.30
Other 1-4 family residential	1.21	1.14	1.59	1.25	0.93	1.44	0.73
Commercial and industrial loans	0.48	0.37	0.65	0.51	0.51	0.51	0.43
Loans to individuals	1.75	2.72	1.89	1.21	1.02	2.14	0.68
Credit card loans	1.84	3.26	1.46	1.22	2.91	1.14	0.91
Other loans to individuals	1.74	2.71	1.90	1.21	0.93	2.17	0.66
All other loans and leases (including farm)	0.29	0.33	0.34	0.23	0.26	0.33	0.42
Total loans and leases	0.70	0.73	0.89	0.70	0.50	0.82	0.39
Percent of Loans Noncurrent**							
All loans secured by real estate	1.51	1.74	1.96	1.72	0.99	1.18	1.04
Construction and development	2.64	3.13	4.38	3.13	2.03	1.46	2.00
Nonfarm nonresidential	1.40	1.58	1.69	1.62	1.11	1.05	1.04
Multifamily residential real estate	0.63	0.33	1.44	1.29	0.56	0.82	0.28
Home equity loans	0.82	0.90	0.81	1.01	0.48	0.59	0.60
Other 1-4 family residential	1.76	2.24	1.74	1.94	1.07	1.33	1.05
Commercial and industrial loans	1.08	1.14	1.14	1.21	1.00	0.93	1.06
Loans to individuals	0.84	0.95	1.88	0.48	0.49	0.83	0.37
Credit card loans	0.99	1.72	0.56	0.83	1.41	0.52	0.76
Other loans to individuals	0.83	0.94	1.90	0.46	0.45	0.84	0.35
All other loans and leases (including farm)	0.58	2.30	0.61	0.45	0.27	0.33	0.52
Total loans and leases	1.37	1.66	1.83	1.52	0.86	1.07	1.00
Percent of Loans Charged-Off (net, YTD)							
All loans secured by real estate	0.17	0.19	0.23	0.26	0.11	0.09	0.01
Construction and development	0.21	0.35	0.43	0.36	0.07	0.11	-0.28
Nonfarm nonresidential	0.15	0.12	0.22	0.27	0.15	0.08	0.05
Multifamily residential real estate	0.10	0.03	0.28	0.24	0.13	0.18	0.00
Home equity loans	0.21	0.19	0.25	0.32	0.13	0.17	0.00
Other 1-4 family residential	0.20	0.27	0.19	0.27	0.12	0.11	0.01
Commercial and industrial loans	0.31	0.28	0.39	0.36	0.31	0.30	0.21
Loans to individuals	0.72	0.75	0.77	0.59	0.69	0.86	0.51
Credit card loans	4.30	5.54	1.59	3.28	8.73	1.68	2.05
Other loans to individuals	0.60	0.66	0.75	0.48	0.31	0.84	0.40
All other loans and leases (including farm)	0.15	0.10	0.53	0.15	0.06	0.26	0.25
Total loans and leases	0.21	0.21	0.28	0.28	0.16	0.18	0.07
Loans Outstanding (in billions)							
All loans secured by real estate	$1,039.8	$303.5	$135.6	$194.6	$143.1	$177.8	$85.0
Construction and development	85.1	16.4	15.0	11.8	11.0	24.2	6.7
Nonfarm nonresidential	400.4	106.5	59.4	70.9	48.0	73.1	42.6
Multifamily residential real estate	80.4	39.2	5.9	14.0	7.2	6.1	8.0
Home equity loans	50.1	16.5	7.9	12.1	4.5	4.5	4.6
Other 1-4 family residential	365.0	123.4	43.3	71.6	47.1	59.0	20.5
Commercial and industrial loans	190.5	45.2	20.5	35.1	31.1	41.6	17.0
Loans to individuals	59.0	11.6	7.8	12.0	10.1	13.7	3.7
Credit card loans	1.8	0.2	0.1	0.5	0.5	0.3	0.2
Other loans to individuals	57.2	11.4	7.7	11.5	9.7	13.4	3.5
All other loans and leases (including farm)	79.8	9.4	3.1	13.5	33.1	15.7	5.0
Total loans and leases	1,369.0	369.8	167.1	255.1	217.5	248.8	110.7
Memo: Unfunded Commitments (in millions)							
Total Unfunded Commitments	250,284	62,408	29,952	46,735	42,408	45,335	23,447
Construction and development: 1-4 family residential	19,549	4,292	3,535	2,106	2,305	5,568	1,743
Construction and development: CRE and other	45,722	13,854	6,469	6,504	5,402	10,139	3,354
Commercial and industrial	85,978	20,058	8,837	17,706	14,634	16,093	8,651

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

** Noncurrent loan rates represent the percentage of loans in each category that are past due 90 days or more or that are in nonaccrual status.

INSURANCE FUND INDICATORS

- ***Insured Deposits Grow by 1 Percent***
- ***DIF Reserve Ratio Rises 13 Basis Points to 1.01 Percent***
- ***Four Institutions Fail During Fourth Quarter***

Total assets of the 6,509 FDIC-insured institutions increased by 1.3 percent ($204.4 billion) during the fourth quarter of 2014. Total deposits increased by 1.4 percent ($167.3 billion), domestic office deposits increased by 1.9 percent ($195.2 billion), and foreign office deposits decreased by 2 percent ($27.9 billion). Domestic noninterest-bearing deposits increased by 1.7 percent ($46.6 billion), savings deposits and interest-bearing checking accounts increased by 0.9 percent ($51.8 billion), and domestic time deposits increased by 6 percent ($96.8 billion). For the twelve months ending December 31, total domestic deposits grew by 5.9 percent ($576.9 billion), with interest-bearing deposits increasing by 4.7 percent ($336 billion) and noninterest-bearing deposits rising by 9.2 percent ($240.9 billion).[1] Foreign deposits decreased by 0.4 percent, other borrowed money increased by 15.3 percent, while securities sold under agreements to repurchase declined by 9.3 percent over the same twelve-month period.[2] At the end of the fourth quarter, domestic deposits funded 66.7 percent of industry assets, the largest share since the fourth quarter of 1993, when the share was 67.9 percent.

Total estimated insured deposits increased by 1 percent in the quarter ending December 31, and by 3.2 percent for all of 2014.[3] For institutions existing at the start and the end of the fourth quarter, insured deposits increased during the quarter at 3,752 institutions (58 percent), decreased at 2,735 institutions (42 percent), and remained unchanged at 31 institutions.

The condition of the Deposit Insurance Fund (DIF) continues to improve. The DIF increased by $8.5 billion during the fourth quarter to $62.8 billion. The main drivers of the increase were a negative provision for insurance losses of $6.8 billion—reflecting a reduction in estimated losses from failed institution assets—and assessment income of $2 billion. Interest revenue, combined with unrealized gains on available-for-sale securities and all other revenue (net of expenses) added another $51 million. Fourth quarter operating expenses reduced the fund balance by $408 million. For all of 2014, 18 insured institutions with combined assets of $2.9 billion failed, down from 24 failures with combined assets of $6 billion in 2013. The DIF's reserve ratio—the fund balance as a percent of estimated insured deposits—was 1.01 percent as of the fourth quarter, up from 0.88 percent in the prior quarter and 0.79 percent one year earlier.

Effective April 1, 2011, the deposit insurance assessment base changed to average consolidated total assets minus average tangible equity.[4] Revisions to insurance assessment rates and risk-based pricing rules for large banks (banks with assets greater than $10 billion) also became effective on that date.[5] Table 1 shows the distribution of the assessment base by institution asset size category as of the fourth quarter.

[1] Throughout the insurance fund discussion, FDIC-insured institutions include insured commercial banks and savings associations and, except where noted, exclude insured branches of foreign banks.

[2] Other borrowed money includes FHLB advances, term federal funds, mortgage indebtedness, and other borrowings.

[3] Figures for estimated insured deposits in this discussion include insured branches of foreign banks, in addition to insured commercial banks and savings institutions.

[4] There is an additional adjustment to the assessment base for banker's banks and custodial banks, as permitted under Dodd-Frank.

[5] The Fourth Quarter 2010 *Quarterly Banking Profile* includes a more detailed explanation of these changes.

Table 1

Distribution of the Assessment Base for FDIC-Insured Institutions* by Asset Size Data as of December 31, 2014				
Asset Size	Number of Institutions	Percent of Total Institutions	Assessment Base** ($ Bil.)	Percent of Base
Less Than $1 Billion	5,828	89.5	$1,184.8	8.9
$1 - $10 Billion	574	8.8	1,398.9	10.5
$10 - $50 Billion	72	1.1	1,449.5	10.9
$50 - $100 Billion	12	0.2	819.2	6.2
Over $100 Billion	23	0.4	8,433.4	63.5
Total	6,509	100.0	13,285.9	100.0

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

Dodd-Frank requires that, for at least five years, the FDIC must make available to the public the reserve ratio and the Designated Reserve Ratio (DRR) using both estimated insured deposits and the new assessment base. As of December 31, 2014, the FDIC reserve ratio would have been 0.47 percent using the new assessment base (compared to 1.01 percent using estimated insured deposits), and the 2 percent DRR using estimated insured deposits would have been 0.93 percent using the new assessment base.

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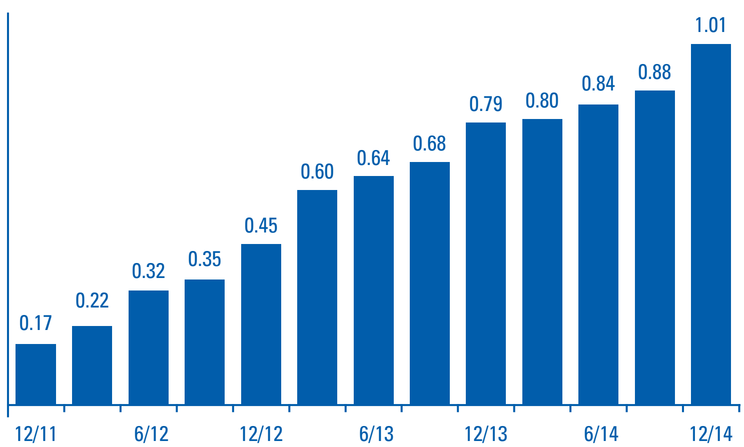
Table I-C. Insurance Fund Balances and Selected Indicators

(dollar figures in millions)	Deposit Insurance Fund*												
	4th Quarter 2014	3rd Quarter 2014	2nd Quarter 2014	1st Quarter 2014	4th Quarter 2013	3rd Quarter 2013	2nd Quarter 2013	1st Quarter 2013	4th Quarter 2012	3rd Quarter 2012	2nd Quarter 2012	1st Quarter 2012	4th Quarter 2011
Beginning Fund Balance	$54,320	$51,059	$48,893	$47,191	$40,758	$37,871	$35,742	$32,958	$25,224	$22,693	$15,292	$11,827	$7,813
Changes in Fund Balance:													
Assessments earned	2,030	2,009	2,224	2,393	2,224	2,339	2,526	2,645	2,937	2,833	2,933	3,694	3,209
Interest earned on investment securities	70	80	87	45	23	34	54	-9	66	-8	81	20	33
Realized gain on sale of investments	0	0	0	0	302	156	0	0	0	0	0	0	0
Operating expenses	408	406	428	422	436	298	439	436	469	442	407	460	334
Provision for insurance losses	-6,787	-1,663	-204	348	-4,588	-539	-33	-499	-3,344	-84	-807	12	1,533
All other income, net of expenses	-43	6	6	9	9	46	51	55	1,878	57	4,095	63	2,599
Unrealized gain/(loss) on available-for-sale securities	24	-91	73	25	-277	71	-96	30	-22	7	-108	160	40
Total fund balance change	8,460	3,261	2,166	1,702	6,433	2,887	2,129	2,784	7,734	2,531	7,401	3,465	4,014
Ending Fund Balance	62,780	54,320	51,059	48,893	47,191	40,758	37,871	35,742	32,958	25,224	22,693	15,292	11,827
Percent change from four quarters earlier	33.03	33.27	34.82	36.79	43.19	61.58	66.88	133.73	178.67	222.85	479.49	NM	NM
Reserve Ratio (%)	1.01	0.88	0.84	0.80	0.79	0.68	0.64	0.60	0.45	0.35	0.32	0.22	0.17
Estimated Insured Deposits**	6,203,524	6,139,153	6,110,547	6,120,779	6,010,854	5,967,558	5,951,124	5,999,614	7,405,043	7,248,466	7,081,206	7,031,331	6,973,468
Percent change from four quarters earlier	3.21	2.88	2.68	2.02	-18.83	-17.67	-15.96	-14.67	6.19	7.32	8.55	10.22	10.66
Domestic Deposits	10,408,068	10,213,079	10,099,338	9,962,453	9,825,398	9,631,580	9,424,504	9,454,658	9,474,585	9,084,803	8,937,725	8,848,706	8,782,134
Percent change from four quarters earlier	5.93	6.04	7.16	5.37	3.70	6.02	5.45	6.85	7.88	6.55	8.40	10.51	11.34
Number of Institutions Reporting	6,518	6,598	6,665	6,739	6,821	6,900	6,949	7,028	7,092	7,190	7,254	7,317	7,366

DIF Reserve Ratios

Percent of Insured Deposits



Deposit Insurance Fund Balance and Insured Deposits

($ Millions)

	DIF Balance	DIF-Insured Deposits
12/11	$11,827	$6,973,468
3/12	15,292	7,031,331
6/12	22,693	7,081,206
9/12	25,224	7,248,466
12/12	32,958	7,405,043
3/13	35,742	5,999,614
6/13	37,871	5,951,124
9/13	40,758	5,967,558
12/13	47,191	6,010,854
3/14	48,893	6,120,779
6/14	51,059	6,110,547
9/14	54,320	6,139,153
12/14	62,780	6,203,524

Table II-C. Problem Institutions and Failed/Assisted Institutions

(dollar figures in millions)	2014	2013	2012	2011	2010	2009
Problem Institutions						
Number of institutions	291	467	651	813	884	702
Total assets	$86,712	$152,687	$232,701	$319,432	$390,017	$402,782
Failed Institutions						
Number of institutions	18	24	51	92	157	140
Total assets***	$2,914	$6,044	$11,617	$34,923	$92,085	$169,709
Assisted Institutions****						
Number of institutions	0	0	0	0	0	8
Total assets	$0	$0	$0	$0	$0	$1,917,482

* Quarterly financial statement results are unaudited. NM - Not meaningful

** Beginning in the third quarter of 2009, estimates of insured deposits are based on a $250,000 general coverage limit. The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) temporarily provided unlimited coverage for noninterest-bearing transaction accounts for two years beginning December 31, 2010, and ending December 31, 2012.

*** Total assets are based on final Call Reports submitted by failed institutions.

**** Assisted institutions represent eight institutions under a single holding company that received assistance in 2009.

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

(dollar figures in millions)

December 31, 2014	Number of Institutions	Total Assets	Domestic Deposits*	Est. Insured Deposits
Commercial Banks and Savings Institutions				
FDIC-Insured Commercial Banks	5,642	$14,484,233	$9,549,646	$5,498,463
FDIC-Supervised	3,719	2,296,401	1,780,740	1,310,632
OCC-Supervised	1,065	9,955,158	6,272,963	3,437,487
Federal Reserve-Supervised	858	2,232,674	1,495,944	750,344
FDIC-Insured Savings Institutions	867	1,069,427	818,292	676,165
OCC-Supervised Savings Institutions	448	706,826	546,639	456,501
FDIC-Supervised Savings Institutions	419	362,601	271,654	219,664
Total Commercial Banks and Savings Institutions	6,509	15,553,660	10,367,939	6,174,628
Other FDIC-Insured Institutions				
U.S. Branches of Foreign Banks	9	96,701	40,130	28,895
Total FDIC-Insured Institutions	6,518	15,650,361	10,408,068	6,203,524

* Excludes $1.4 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, 2014 *(dollar figures in billions)*

Annual Rate in Basis Points	Number of Institutions	Percent of Total Institutions	Amount of Assessment Base*	Percent of Total Assessment Base
2.50-5.00	1,476	22.37	$3,451.2	26.33
5.01-7.50	3,043	46.12	7,985.7	60.93
7.51-10.00	1,177	17.84	1,007.4	7.69
10.01-15.00	553	8.38	477.4	3.64
15.01-20.00	25	0.38	92.6	0.71
20.01-25.00	267	4.05	54.4	0.42
25.01-30.00	4	0.06	20.5	0.16
30.01-35.00	49	0.74	9.7	0.07
greater than 35.00	4	0.06	8.3	0.06

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

Notes to Users

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

Tables I-A through VIII-A.

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

Tables I-B through VI-B.

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

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

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

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

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

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

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

Summary of FDIC Research Definition of Community Banking Organizations

Community banks are designated at the level of the banking.

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

Exclude: Any organization with:

— No loans or no core deposits

— Foreign Assets ≥ 10% of total assets

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

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

Include: All remaining banking organizations with:

— Total assets < indexed size threshold[2]

— Total assets ≥ indexed size threshold, where:

- Loan to assets > 33%
- Core deposits to assets > 50%
- More than 1 office but no more than the indexed maximum number of offices.[3]

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

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

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

- 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/assisted institutions, estimated FDIC-insured deposits, as well as assessment rate information. Depository institutions that are not insured by the FDIC through the DIF are not included in the *FDIC Quarterly Banking Profile*. U.S. branches of institutions headquartered in foreign countries and non-deposit trust companies are not included unless otherwise indicated. Efforts are made to obtain financial reports for all active institutions. However, in some cases, final financial reports are not available for institutions that have closed or converted their charters.

DATA SOURCES

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

COMPUTATION METHODOLOGY

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

All 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.

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

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

ACCOUNTING CHANGES

Private Company Accounting Alternatives, Including Accounting for Goodwill

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

A bank or savings association that meets the private company definition in ASU 2014-02 is permitted, but not required, to adopt this ASU for Call Report purposes and may choose to early adopt the ASU. For example, a calendar year private institution could begin to apply the provisions of ASU 2014-02 in its Call Report for September 30, 2014, in which case it would report nine months' amortization of goodwill existing as of January 1, 2014, and the amortization of any new goodwill recognized in the first nine months of 2014. Goodwill amortization expense should be reported unless the amortization is associated with a discontinued operation, in which case the goodwill amortization should be included within the results of discontinued as "Extraordinary items and other adjustments, net of income taxes."

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

Definitions of Private Company and Public Business Entity

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

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

Reporting Certain Government-Guaranteed Mortgage Loans Upon Foreclosure

In August 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-14, "Classification of Certain Government-Guaranteed Mortgage Loans Upon Foreclosure," to address diversity in practice for how government-guaranteed mortgage loans are recorded upon foreclosure. The ASU updates guidance contained in ASC Subtopic 310-40, Receivables—Troubled Debt Restructurings by Creditors (formerly FASB Statement No. 15, "Accounting by Debtors and Creditors for Troubled Debt Restructurings," as amended), because U.S. GAAP previously did not provide specific guidance on how to categorize or measure foreclosed mortgage loans that are government guaranteed.

This guidance is applicable to fully and partially government-guaranteed mortgage loans. Upon foreclosure, the separate other receivable should be measured based on the amount of the loan balance (principal and interest) expected to be recovered from the guarantor. This other receivable should be reported in "All other assets." Any interest income earned on the other receivable would be reported in "Other interest income." Other real estate owned would not be recognized by the institution.

For institutions that are public business entities, as defined under U.S. GAAP, ASU 2014-14 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2014. For example, institutions with a calendar year fiscal year that are public business entities must apply the ASU in their Call Reports beginning March 31, 2015. However, institutions that are not public business entities (i.e., that are private companies) are not required to apply the guidance in ASU 2014-14 until annual periods ending after December 15, 2015, and interim periods beginning after December 15, 2015. Thus, institutions with a calendar year fiscal year that are private companies must apply the ASU in their December 31, 2015, and subsequent quarterly Call Reports. Earlier adoption of the guidance in ASU 2014-14 is permitted if the institution has already adopted the amendments in ASU No. 2014-04, "Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans Upon Foreclosure." Entities can elect to apply ASU 2014-14 on either a modified retrospective transition basis or a prospective transition basis. For additional information, institutions should refer to ASU 2014-14, which is available at http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498.

Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans Upon Foreclosure

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

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

— The institution obtaining legal title upon completion of a foreclosure even if the borrower has redemption rights that provide the borrower with a legal right for a period of time after foreclosure to reclaim the property by paying certain amounts specified by law, or

— The completion of a deed in lieu of foreclosure or similar legal agreement under which the borrower conveys all interest in the residential real estate property to the institution to satisfy the loan.

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

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

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

True-Up Liability Under an FDIC Loss-Sharing Agreement

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

Since 2009, most loss-sharing agreements have included a true-up provision that may require the acquiring institution to reimburse the FDIC if cumulative losses in the acquired loss-share portfolio are less than the amount of losses claimed by the institution throughout the loss-sharing period. Typically, a true-up liability may result because the recovery period on the loss-share assets (e.g., eight years) is longer than the period during which the FDIC agrees to reimburse the acquiring institution for losses on the loss-share portfolio (e.g., five years).

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

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

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

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

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

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

Extended Net Operating Loss Carryback Period – The Worker, Homeownership, and Business Assistance Act of 2009, which was enacted on November 6, 2009, permits banks and other businesses, excluding those banking organizations that received capital from the U.S. Treasury under the Troubled Asset Relief Program, to elect a net operating loss carryback period of three, four, or five years instead of the usual carryback period of two years for any one tax year ending after December 31, 2007, and beginning before January 1, 2010. For calendar-year banks, this extended carryback period applies to either the 2008 or 2009 tax year. The amount of the net operating loss that can be carried back to the fifth carryback year is limited to 50 percent of the available taxable income for that fifth year, but this limit does not apply to other carryback years.

Under generally accepted accounting principles, banks may not record the effects of this tax change in their balance sheets and income statements for financial and regulatory reporting purposes until the period in which the law was enacted, i.e., the fourth quarter of 2009. Therefore, banks should recognize the effects of this fourth quarter 2009 tax law change on their current and deferred tax assets and liabilities, including valuation allowances for deferred tax assets, in their *Call Reports* for December 31, 2009. Banks should not amend their *Call Reports* for prior quarters for the effects of the extended net operating loss carryback period.

The American Recovery and Reinvestment Act of 2009, which was enacted on February 17, 2009, permits qualifying small businesses, including FDIC-insured institutions, to elect a net operating loss carryback period of three, four, or five years instead of the usual carryback period of two years for any tax year ending in 2008 or, at the small business's election, any tax year beginning in 2008. Under generally accepted accounting principles, institutions may not record the effect of this tax change in their balance sheets and income statements for financial and regulatory reporting purposes until the period in which the law was enacted, i.e., the first quarter of 2009.

Troubled Debt Restructurings and Current Market Interest Rates – Many institutions are restructuring or modifying the terms of loans to provide payment relief for those borrowers who have suffered deterioration in their financial condition. Such loan restructurings may include, but are not limited to, reductions in principal or accrued interest, reductions in interest rates, and extensions of the maturity date. Modifications may be executed at the original contractual interest rate on the loan, a current market interest rate, or a below-market interest rate. Many of these loan modifications meet the definition of a troubled debt restructuring (TDR).

The TDR accounting and reporting standards are set forth in ASC Subtopic 310-40, Receivables – Troubled Debt Restructurings by Creditors (formerly FASB Statement No. 15, "Accounting by Debtors and Creditors for Troubled Debt Restructurings," as amended). This guidance specifies that a restructuring of a debt constitutes a TDR if, at the date of restructuring, the creditor for economic or legal reasons related to a debtor's financial difficulties grants a concession to the debtor that it would not otherwise consider.

In the Call Report, until a loan that is a TDR is paid in full or otherwise settled, sold, or charged off, it must be reported in the appropriate loan category, as well as identified as a performing TDR loan, if it is in compliance with its modified terms. If a TDR is not in compliance with its modified terms, it is reported as a past-due and nonaccrual loan in the appropriate loan category, as well as distinguished from other past due and nonaccrual loans. To be considered in compliance with its modified terms, a loan that is a TDR must not be in nonaccrual status and must be current or less than 30 days past due on its contractual principal and interest payments under the modified repayment terms. A loan restructured in a TDR is an impaired loan. Thus, all TDRs must be measured for impairment in accordance with ASC Subtopic 310-10, Receivables – Overall (formerly FASB Statement No. 114, "Accounting by Creditors for Impairment of a Loan," as amended), and the Call Report Glossary entry for "Loan Impairment." Consistent with ASC Subtopic 310-10, TDRs may be aggregated and measured for impairment with other impaired loans that share common risk characteristics by using historical statistics, such as average recovery period and average amount recovered, along with a composite effective interest rate. The outcome of such an aggregation approach must be consistent with the impairment measurement methods prescribed in ASC Subtopic 310-10 and Call Report instructions for loans that are "individually" considered impaired instead of the measurement method prescribed in ASC Subtopic 450-20, Contingencies – Loss Contingencies (formerly FASB Statement No. 5, "Accounting for Contingencies") for loans not individually considered impaired that are collectively evaluated for impairment. When a loan not previously considered individually impaired is restructured and determined to be a TDR, absent a partial charge-off, it generally is not appropriate for the impairment estimate on the loan to decline as a result of the change from the impairment measurement method prescribed in ASC Subtopic 450-20 to the methods prescribed in ASC Subtopic 310-10.

Troubled Debt Restructurings and Accounting Standards Update No. 2011-02 – In April 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-02, "A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring," to provide additional guidance to help creditors determine whether a concession has been granted to a borrower and whether a borrower is experiencing financial difficulties. The guidance is also intended to reduce diversity in practice in identifying and reporting TDRs. This ASU was effective for public companies for interim and annual periods beginning on or after June 15, 2011, and should have been applied retrospectively to the beginning of the annual period of adoption for purposes of identifying TDRs. The measurement of impairment for any newly identified TDRs resulting from retrospective application should have been applied prospectively in the first interim or annual period beginning on or after June 15, 2011. (For most public institutions, the ASU takes effect July 1, 2011, but retrospective application begins as of January 1, 2011.) Nonpublic companies should apply the new guidance for annual periods ending after December 15, 2012, including interim periods within those annual periods. (For most nonpublic institutions, the ASU took effect January 1, 2012.) Early adoption of the ASU was permitted for both public and nonpublic entities. Nonpublic entities that adopt early are subject to a retrospective identification requirement. For additional information, refer to ASU 2011-02, available at http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498.

Accounting for Loan Participations – Amended ASC Topic 860 (formerly FAS 166) modified the criteria that must be met in order for a transfer of a portion of a financial asset, such as a loan participation, to qualify for sale accounting. These changes apply to transfers of loan participations on or after the effective date of amended ASC Topic 860 (January 1, 2010, for banks with calendar year fiscal year), including advances under lines of credit that are transferred on or after the effective date of amended ASC Topic 860 even if the line of credit agreements were entered into before this effective date. Therefore, banks with a calendar-year fiscal year must account for transfers of loan participations on or after January 1, 2010, in accordance with amended ASC Topic 860. In general, loan participations transferred before the effective date of amended ASC Topic 860 are not affected by this new accounting standard.

Under amended ASC Topic 860, if a transfer of a portion of an entire financial asset meets the definition of a "participating interest," then the transferor (normally the lead lender) must evaluate whether the transfer meets all of the conditions in this accounting standard to qualify for sale accounting.

Other-Than-Temporary Impairment – When the fair value of an investment in an individual available-for-sale or held-to-maturity security is less than its cost basis, the impairment is either temporary or other-than-temporary. The amount of the total other-than-temporary impairment related to credit loss must be recognized in earnings, but the amount of total impairment related to other factors must be recognized in other comprehensive income, net of applicable taxes. To determine whether the impairment is other-than-temporary, an institution must apply the applicable accounting guidance – refer to previously published *Quarterly Banking Profile* notes: http://www2.fdic.gov/qbp/2011mar/qbpnot.html.

ASC Topics 860 & 810 (formerly FASB Statements 166 & 167) – In June 2009, the FASB issued Statement No. 166, Accounting for Transfers of Financial Assets (FAS 166), and Statement No. 167, Amendments to FASB Interpretation No. 46(R) (FAS 167), which change the way entities account for securitizations and special purpose entities. FAS 166 revised FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, by eliminating the concept of a "qualifying special-purpose entity," creating the concept of a "participating interest," changing the requirements for derecognizing financial assets, and requiring additional disclosures. FAS 167 revised FASB Interpretation No. 46(R), Consolidation of Variable Interest Entities, by changing how a bank or other company determines when an entity that is insufficiently capitalized or is not controlled through voting or similar rights, i.e., a "variable interest entity" (VIE), should be consolidated. Under FAS 167, a bank must perform a qualitative assessment to determine whether its variable interest or interests give it a controlling financial interest in a VIE. If a bank's variable interest or interests provide it with the power to direct the most significant activities of the VIE, and the right to receive benefits or the obligation to absorb losses that could potentially be significant to the VIE, the bank is the primary beneficiary of, and therefore must consolidate, the VIE.

Both FAS 166 and FAS 167 take effect as of the beginning of each bank's first annual reporting period that begins after November 15, 2009, for interim periods therein, and for interim and annual reporting periods thereafter (i.e., as of January 1, 2010, for banks with a calendar year fiscal year). Earlier application is prohibited. Banks are expected to adopt FAS 166 and FAS 167 for Call Report purposes in accordance with the effective date of these two standards. Also, FAS 166 has modified the criteria that must be met in order for a transfer of a portion of a financial asset, such as a loan participation, to qualify for sale accounting. These changes apply to transfers of loan participations on or after the effective date of FAS 166. Therefore, banks with a calendar year fiscal year must account for transfers of loan participations on or after January 1, 2010, in accordance with FAS 166. In general, loan participations transferred before the effective date of FAS 166 (January 1, 2010, for calendar year banks) are not affected by this new accounting standard and pre-FAS 166 participations that were properly accounted for as sales under FASB Statement No. 140 will continue to be reported as having been sold.

Accounting Standards Codification – **refer to previously published *Quarterly Banking Profile* notes:** http://www2.fdic.gov/qbp/2011sep/qbpnot.html.

DEFINITIONS (in alphabetical order)

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

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

Assessment base – effective April 1, 2011, the deposit insurance assessment base has changed to "average consolidated total assets minus average tangible equity" with an additional adjustment to the assessment base for banker's banks and custodial banks, as permitted under Dodd-Frank. Previously the assessment base was "assessable deposits" and consisted of DIF deposits (deposits insured by the FDIC Deposit Insurance Fund) in banks' domestic offices with certain adjustments.

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

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

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

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

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

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

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

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

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

Derivatives transaction types:

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

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

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

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

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

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

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

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

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

Fair Value – the valuation of various assets and liabilities on the balance sheet—including trading assets and liabilities, available-for-sale securities, loans held for sale, assets and liabilities accounted for under the fair value option, and foreclosed assets—involves the use of fair values. During periods of market stress, the fair values of some financial instruments and nonfinancial assets may decline.

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

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

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

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

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

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

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

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

Net interest margin – the difference between interest and dividends earned on interest-bearing assets and interest paid to depositors and other creditors, expressed as a percentage of average earning assets. No adjustments are made for interest income that is tax exempt.

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

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

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

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

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

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

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

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

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

"Problem" institutions – federal regulators assign a composite rating to each financial institution, based upon an evaluation of financial and operational criteria. The rating is based on a scale of 1 to 5 in ascending order of supervisory concern. "Problem" institutions are those institutions with financial, operational, or managerial weaknesses that threaten their continued financial viability. Depending upon the degree of risk and supervisory concern, they are rated either a "4" or "5." The number and assets of "problem" institutions are based on FDIC composite ratings. Prior to March 31, 2008, for institutions whose primary federal regulator was the OTS, the OTS composite rating was used.

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

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

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

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

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

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

Risk-based capital groups – definition:

(Percent)	Total Risk-Based Capital*		Tier 1 Risk-Based Capital*		Tier 1 Leverage		Tangible Equity
Well-capitalized	≥10	***and***	≥6	***and***	≥5		–
Adequately capitalized	≥8	***and***	≥4	***and***	≥4		–
Undercapitalized	≥6	***and***	≥3	***and***	≥3		–
Significantly undercapitalized	<6	***or***	<3	***or***	<3	***and***	>2
Critically undercapitalized	–		–		–		≤2

* As a percentage of risk-weighted assets.

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

<table>
<tr><th rowspan="2">Capital Category</th><th colspan="3">Supervisory Group</th></tr>
<tr><th>A</th><th>B</th><th>C</th></tr>
<tr><td>1. Well Capitalized</td><td>I
5–9 bps</td><td rowspan="2">II
14 bps</td><td rowspan="2">III
23 bps</td></tr>
<tr><td>2. Adequately Capitalized</td><td>II
14 bps</td></tr>
<tr><td>3. Undercapitalized</td><td colspan="2">III
23 bps</td><td>IV
35 bps</td></tr>
</table>

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

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

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

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

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

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

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

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

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

[Note: Effective January 1, 2014, a small number of "advanced approach institutions" began reporting Tier 1 capital based on regulatory capital standards approved by the banking agencies in July 2013. For all other FDIC-insured institutions, prior existing reporting will continue until January 2015 when mandatory compliance for all institutions is scheduled to begin. http://www.fdic.gov/regulations/capital/. At that time a revised assessment rate schedule will be used to reflect the changes in the regulatory capital rules. http://www.fdic.gov/news/news/financial/2014/fil14037.html]

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

Securities – excludes securities held in trading accounts. Banks' securities portfolios consist of securities designated as "held-to-maturity," which are reported at amortized cost (book value), and securities designated as "available-for-sale," reported at fair (market) value.

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

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

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

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

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

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

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

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

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

Brick-and-Mortar Banking Remains Prevalent in an Increasingly Virtual World

The lobbies, tellers, drive-through lanes, and vaults associated with physical banking offices have long represented the public face of U.S. banks and thrift institutions. These offices have traditionally provided customers with a full spectrum of financial transactions that support the ordinary business of life: cashing a check, getting a small business loan, applying for a mortgage, opening a savings account. Over time, the spread of automated teller machines (ATMs), the rise of online and mobile banking, and the formation of nonbank sources of credit and transaction services have reduced customers' day-to-day dependence on physical offices. Nonetheless, as of June 2014, some 6,669 banks and thrifts continued to operate 94,725 brick-and-mortar offices, providing testament to the enduring value of physical access to banking services in an increasingly virtual banking world.

This report chronicles long-term trends in the banking offices—the headquarters and branches operated by federally insured banks and thrift institutions—from 1935 to 2014.[1] While the number of offices and their density relative to population are estimated back to 1935, this report focuses on the period from 1987 to 2014. The availability of detailed, office-level data for federally insured banks and thrifts during this period provided the FDIC the ability to explore how population and economic growth, as well as technological and legislative forces, have shaped the nation's bank office footprint over almost three decades.

The long-term growth of offices in the United States is highlighted in three distinct cyclical periods since 1987. The total number of offices declined nearly every year between 1989 and 1995, and again between 2009 and 2014. These two periods of decline bracketed a period of significant expansion between 1995 and 2009, when the total number of offices increased each year. This expansion varied geographically and occurred along with the rise of large branch office networks. Four main factors contributed to changes in the distribution of offices since 1987:

- Growing population and geographic shifts in population,
- Banking crises,
- Federal and state legislative changes that relaxed branching laws, and
- Technological innovation and the rise of electronic banking.

This study discusses the notion of ***office density*** in terms of the number of offices per 10,000 people, facilitating a comparison of how "well-banked" an area is compared with other areas at particular points in time. It also takes a closer look at office growth in the most recent period from 2008 to 2014, using more detailed data to go beyond studying net changes and explore the components of gross openings and closings. Overall, the data provide a better understanding of how bank office trends affect community banks, as defined in the 2012 *FDIC Community Banking Study*.[2]

What are the key considerations in an institution's decision to open or close an office? Many of the factors that determine where to open a new office are specific to the institution and the market in which it operates: its business strategy, competition, experience, real estate costs, and the demographics of the market. Other factors, such as traffic flow and access to a site from nearby roads, are also considered. For an office that is already operating, the institution has data on transactions volume and profitability that can be used when determining whether it should be closed. The collective decisions of individual institutions to open and close offices create the geographic distribution of offices across cities, counties, states, and ultimately the nation.

The number of offices in the United States has increased over the long term. The interval between 1935 and 2014 can be divided into five distinct periods: two periods of expansion and three periods of contraction (see Chart 1). The two expansions occurred between 1945 and 1989, and between 1995 and 2009. Contractions occurred between 1935 and 1945, and between 1989 and 1995, and another that began in 2009. Far more offices have been added during

[1] In this paper, "office" refers to the deposit-taking headquarters and branch offices of federally insured banks and thrifts that are identified in the FDIC's annual Summary of Deposits survey. For years before 1987, offices are identified from historical sources. For the Summary of Deposits definition of "office," see the 2014 Summary of Deposits Reporting Instructions, p. 9, https://www2.fdic.gov/sod/pdf/SOD_Instructions.pdf.

[2] FDIC, 2012 *FDIC Community Banking Study* (Washington, DC: Federal Deposit Insurance Corporation, December 2012), https://www.fdic.gov/regulations/resources/cbi/report/cbi-full.pdf.

expansions than have been removed during contractions, so that the total number of offices increased by 67,222, or 244 percent, between 1935 and 2014.

Office growth has outpaced the nation's population growth over the long term and has tended to follow regional migration patterns. Between 1970 and 2014, the U.S. population grew by over 50 percent, while the number of offices more than doubled. Much of the nation's population growth occurred in the Sunbelt states of the South and West and many of these states also experienced strong office growth.

Domestic migration since 1991 has tended to be from states in the Northeast and Midwest to those in the South and West, as shown in Table 1. The patterns of office changes observed in the Northeast and the South suggest that migration can exert a strong influence on where banks locate offices. The Midwest appears to be an outlier. While net migration to the Midwest was negative, the institutions there nevertheless added offices. Factors other than population that help explain the growth in offices are explored in subsequent sections.

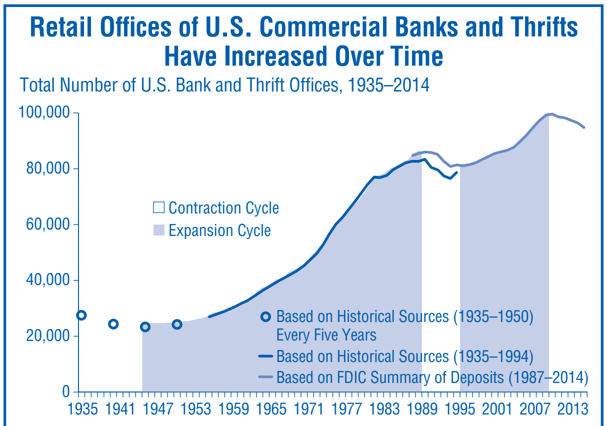
Most offices in the United States are located in metropolitan (metro) areas, and most of the net office growth since 1987 has occurred in metro areas. Just over 79 percent of offices in 2014 were located in metro areas, up from 77.8 percent in 1987, with 11 percent located in micropolitan (micro) areas and the remaining 10 percent located in rural areas.[3] Over 90 percent of the net growth in offices since 1987 occurred in metro areas, 7 percent occurred in micro areas, and slightly more than 2 percent in rural areas. Four of the ten large metropolitan areas that experienced the greatest proportional growth in offices during this period were located in Texas.[4] Six of the ten large metros that experienced the greatest proportional loss of offices were located in California.

The ten metropolitan areas with the largest proportional increases in population between 1987 and 2013 were located primarily in the Sunbelt. All but one of these metros saw at least 32 percent growth in offices between 1987 and 2014 (see Table 2).

[3] The metropolitan and micropolitan area definitions used in this study are from the Office of Management and Budget's 2013 definitions, which are available at http://www.whitehouse.gov/sites/default/files/omb/bulletins/2013/b-13-01.pdf. The most recent metro area population data are from 2013. A few dozen offices are located outside of the 50 states, the District of Columbia, and Puerto Rico, in other U.S. territories or outlying areas that are not assigned a metropolitan, micropolitan, or rural designation.

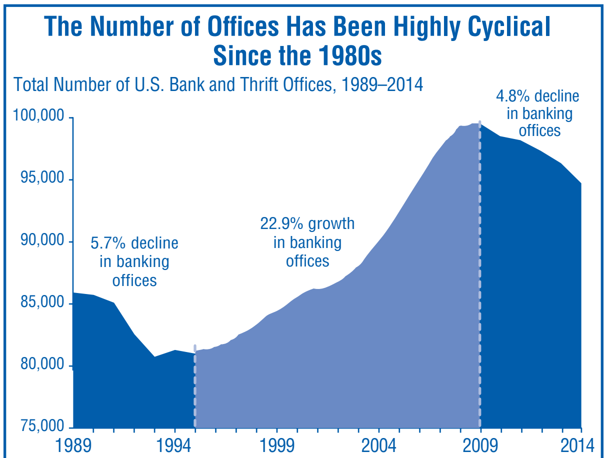
[4] Large metros had at least 500,000 people in 2013.

Chart 1



Historical sources include: FDIC, *Historical Statistics on Banking*; U.S. League of Savings Associations, *Savings and Loan Fact Book*; America's Community Bankers, *Savings Institution Sourcebook*.

Chart 2



Source: FDIC.

Table 1

Net Domestic Migration Has Favored the South and West

Region	Annual Average Net Domestic Migration, 1991–2014	Absolute Change in Offices, 1991–2014
Northeast	-266,512	-232
Midwest	-128,922	2,949
West	28,828	1,390
South	366,606	5,570

Sources: FDIC and U.S. Census Bureau.

Population declined or stagnated in some large metros between 1987 and 2013, and nearly all of these cities saw declines in the number of offices. The ten large metro areas in Table 3 that lost the largest percentage of population

Table 2

The Top Ten Large Metro Areas by Population Growth Have Tended to See Growth in Banking Offices			
Metro	Percent Change in Population, 1987–2013	Percent Change in Banking Offices, 1987–2014	Absolute Change in Banking Offices, 1987–2014
Las Vegas-Henderson-Paradise, NV	231.5	169.9	231
Raleigh, NC	145.6	35.4	79
Austin-Round Rock, TX	133.2	91.9	228
McAllen-Edinburg-Mission, TX	127.7	135.9	87
Cape Coral-Fort Myers, FL	123.9	42.7	67
Provo-Orem, UT	119.5	32.8	21
Boise City, ID	114.1	82.2	83
Orlando-Kissimmee-Sanford, FL	109.6	57.8	214
Phoenix-Mesa-Scottsdale, AZ	109.2	36.6	241
Riverside-San Bernardino-Ontario, CA	106.4	9.6	52

Sources: FDIC and U.S. Census Bureau.

Table 3

The Bottom Ten Large Metro Areas by Population Growth Have Tended to See Declines in Banking Offices			
Metro	Percent Change in Population, 1987–2013	Percent Change in Banking Offices, 1987–2014	Absolute Change in Banking Offices, 1987–2014
Youngstown-Warren-Boardman, OH-PA	-10.3	-15.5	-34
New Orleans-Metairie, LA	-6.5	-14.0	-59
Pittsburgh, PA	-5.4	-11.5	-111
Buffalo-Cheektowaga-Niagara Falls, NY	-3.9	2.8	8
Scranton-Wilkes-Barre-Hazleton, PA	-2.4	12.4	25
Cleveland-Elyria, OH	-2.3	-12.1	-97
Toledo, OH	-0.8	-18.9	-41
Dayton, OH	0.8	-12.1	-31
San Juan-Carolina-Caguas, PR[a]	1.1	-3.5	-10
Detroit-Warren-Dearborn, MI	1.3	-3.7	-42

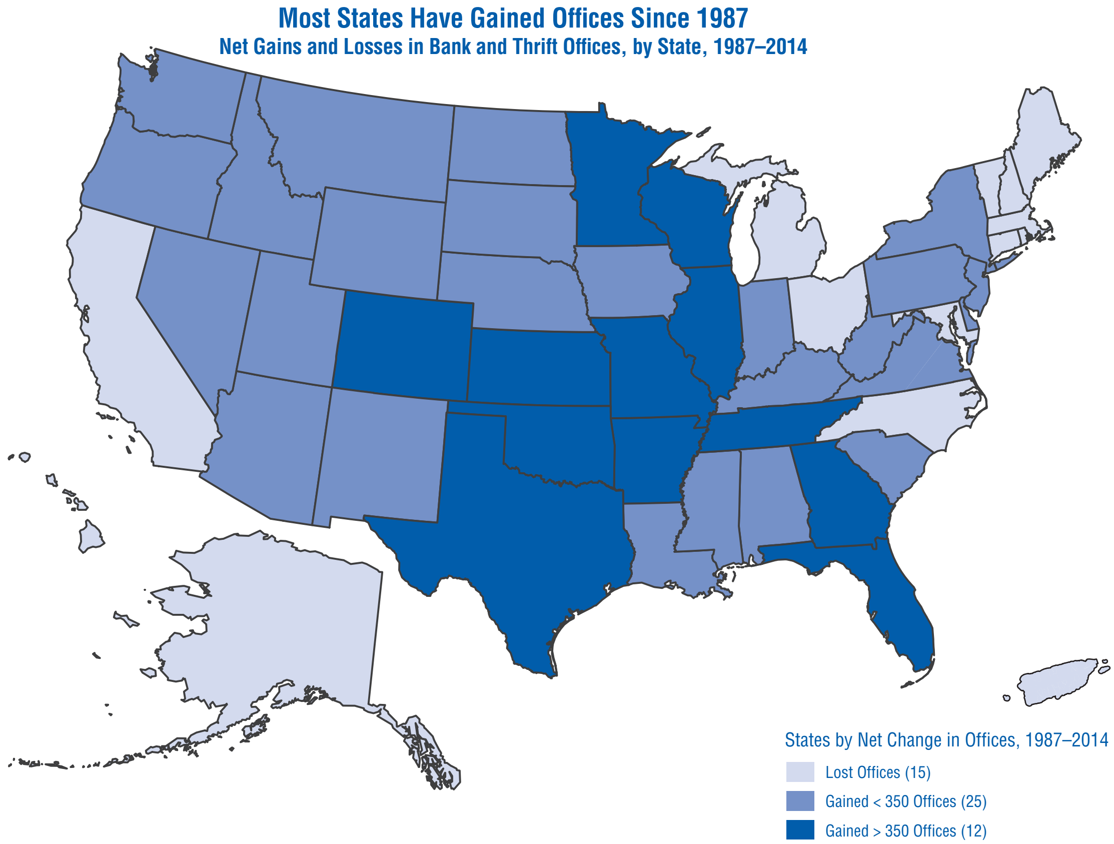
Sources: FDIC and U.S. Census Bureau.
[a] Population change in Puerto Rico is from 1991 to 2013.

between 1987 and 2013, or gained only a small percentage, are located primarily in post-industrial sections of northeastern and midwestern states. The fact that New Orleans experienced the second-largest proportional decline in population speaks to the extraordinary effects of Hurricane Katrina.

Office growth has become more cyclical since the 1980s. The total number of U.S. banking offices expanded almost continuously between 1945 and 1989.[5] Growth began to slow down in the early 1980s and plateaued in the late 1980s, before it contracted between 1989 and 1995. Sustained growth in the number of offices reemerged between 1995 and 2009, before once again declining after the financial crisis. The decline from 2009 through 2014 has been about as large in absolute terms as that which occurred from 1989 to 1995 (see Chart 2).

[5] In 1982, the number of offices declined by 0.3 percent.

Map 1



Like the period that followed the Great Depression, the two recent periods of decline in banking offices followed major banking crises. Each of these crisis periods was characterized by weak earnings and bank failures, and many institutions were forced to make tough decisions about their use of physical assets. By contrast, the intervening periods of stability were characterized by relatively strong earnings and few failures, enabling many institutions to pursue strategies of growth and expansion. Between 1943 and 1981, the number of FDIC-insured bank failures averaged fewer than five per year. However, the onset of problems in the banking and thrift industries in the early 1980s raised the average number of bank failures to 180 per year between 1982 and 1994. After this crisis subsided, the annual number of failures fell once again to fewer than five per year on average between 1995 and 2007. The onset of the 2008 financial crisis brought about an increase in failures, with over 100 bank failures on average each year between 2008 and 2012.

Expansion and contraction of offices varied geographically across the United States. As might be expected, the pattern of office growth has not been uniform across the country (see Map 1). From 1987 to 2014, the number of banking offices declined in 13 states, the District of Columbia, and Puerto Rico, while offices increased in 37 states. The states that gained the most offices during this period lie in a band that stretches through the Midwest from Minnesota to Texas, and that also includes the southeastern states of Tennessee, Georgia, and Florida. In cases such as Texas, where population increased 62 percent, and Florida, where population increased 66 percent, large increases in population help explain increases in the number of bank offices.

Legislative changes have been an important driver of geographic differences in office growth since the 1980s. One of the most important legislative changes affecting the geography of banking since the 1980s has been the relaxation of state unit banking laws.[6] In 1979, 12 states were unit banking states that prohibited branching outright: Colorado, Illinois, Kansas, Minnesota, Missouri, Montana, Nebraska, North Dakota,

[6] Unit banking states prohibited banks from branching.

Chart 3

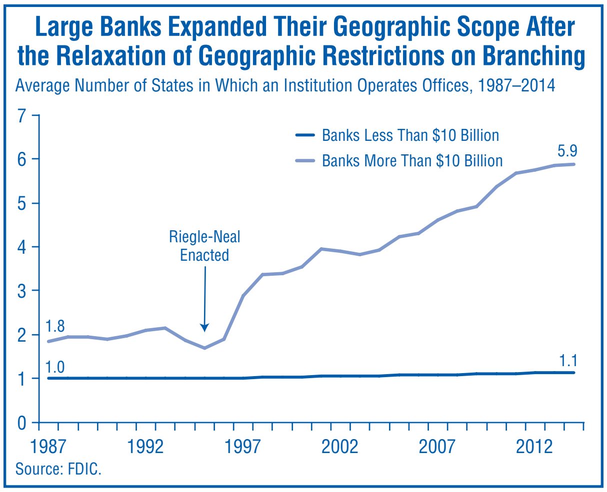
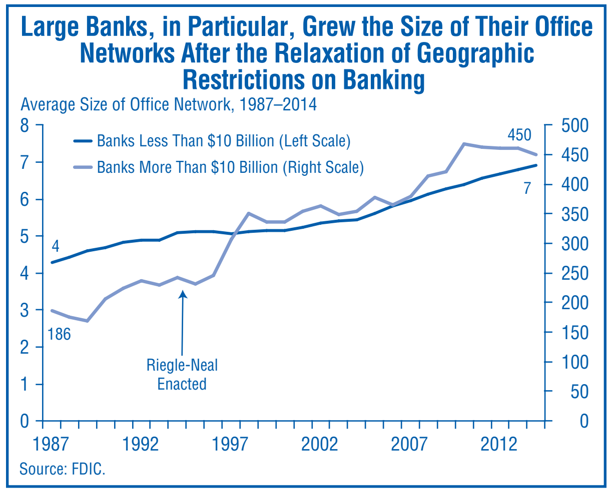


Chart 4



Oklahoma, Texas, West Virginia, and Wyoming.[7] By 1991, all of these former unit banking states had removed these restrictions.[8] As branching restrictions were removed, many of these states saw large increases in total banking offices. Of the ten states that gained the most banking offices between 1987 and 2014, five were former unit banking states and five were states that had imposed other types of geographic restrictions on branching as of 1979.[9] The number of offices in the 12 unit banking states increased more than 1.5 percent from 1989 to 1995, during a time when the total number of U.S. banking offices was contracting.

Another result of legislative change was the nationwide expansion of interstate banking. The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (Riegle-Neal) established a uniform standard by which an institution headquartered in one state could branch into, or acquire banks in, any other state, and allowed institutions operating subsidiary charters in different states to combine them into a single interstate bank.[10] Before Riegle-Neal, the permissibility of interstate acquisitions varied by state.[11]

Both large and small institutions were able to expand geographically as restrictions were relaxed. The effects were especially pronounced in the years between the passage of Riegle-Neal and its nationwide implementation in 1997, when the banking industry experienced its highest annual rates of voluntary charter consolidation.[12] Banking consolidation during this period led to more expansive geographic footprints and larger office networks. In 1987, prior to the relaxation of interstate banking restrictions, large institutions (those with at least $10 billion in total assets) operated offices in only 1.8 states on average. Chart 3 shows that these large institutions substantially expanded the number of states in which they operated offices beginning around the same time that interstate banking restrictions were relaxed nationally; Chart 4 shows that the size of their office networks began to rise about the same time.

[7] David L. Mengle, "The Case for Interstate Branch Banking," *Economic Review* (November/December 1990): p. 6, https://www.richmondfed.org/publications/research/economic_review/1990/pdf/er760601.pdf.
[8] B. A. Rehm, "Colorado Ready to Finally Allow Branch Banking," American Banker (May 10, 1991).
[9] Mengle, "Interstate Branch Banking," 6. Pennsylvania is an example of a state with some historical geographic restrictions on branching: Banks were permitted to branch only into counties contiguous with the county in which they were headquartered. See Jith Jayaratne and Philip E. Strahan, "The Benefits of Branching Deregulation," *Economic Policy Review* 3, no. 4 (1997): p. 14, http://www.newyorkfed.org/research/epr/97v03n4/9712jaya.pdf.
[10] Susan McLaughlin, "The Impact of Interstate Banking and Branching Reform: Evidence from the States," *Current Issues in Economics and Finance* 1, no. 2 (1995): p. 1, http://www.newyorkfed.org/research/current_issues/ci1-2.pdf.
[11] Some states permitted *de novo* entry by out-of-state institutions, others permitted entry via acquisition by out-of-state institutions regardless of where they were headquartered, and others permitted entry only to out-of-state banks headquartered in certain regions of the country. See *History of the Eighties—Lessons for the Future,* vol. 1, chap. 2 (Washington, DC: Federal Deposit Insurance Corporation, 1997), p. 130, https://www.fdic.gov/bank/historical/history/87_136.pdf.
[12] Benjamin R. Backup and Richard A. Brown, "Community Banks Remain Resilient Amid Industry Consolidation," *FDIC Quarterly,* Vol. 8, No. 2 (2014), p. 34, Chart 2, https://fdic.gov/bank/analytical/quarterly/2014_vol8_2/article.pdf.

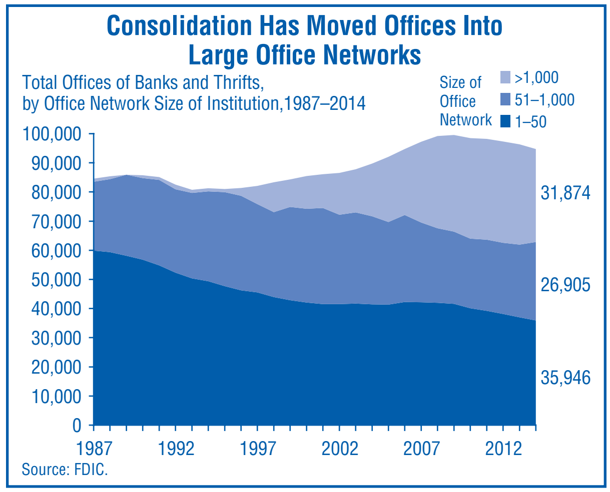
Another ramification of consolidation was the rise of very large office networks.[13] In 1987, only one federally insured banking institution operated a network with more than 1,000 offices; most offices were operated by banks and thrifts that had fewer than 50 offices each. By 2014, 11 institutions operated about one-third of all U.S. banking offices, with networks of more than 1,000 offices each (see Chart 5).

Amid demographic and legislative changes that helped reshape branch banking in the United States, far-reaching changes in technology have been transforming how people access banking services. In recent decades, technology has introduced a variety of new ways for customers to access their accounts and interact with their banks. The important banking technologies introduced over the past 50 years include:

- ATMs;
- credit and debit cards;
- telephone banking;
- remote deposit capture (RDC)—scanning checks from a home or business and sending them to the bank electronically for deposit;
- online (internet) banking—accessing a bank account via a laptop, desktop, or tablet computer; and
- mobile banking—accessing a bank account via cell phone or smartphone.

ATMs made their U.S. debut in 1969 and soon spread across the nation, reaching 425,000 by 2010.[14] Universal credit cards became more common in the 1970s, followed by debit cards in the 1990s, giving consumers new payment alternatives at the point of sale.[15] Telephone banking appeared in the 1970s, followed by the beginning of online banking in the 1990s. Online banking has become an increasingly popular channel

Chart 5



for consumers: According to data from the Pew Research Center, 61 percent of Internet users banked online in 2013, up from 44 percent in 2005, and 18 percent in 2000.[16] The past ten years have seen the advent of RDC, a technological alternative for one of the most common teller transactions: depositing checks. After the 2004 Check Clearing for the 21st Century Act, banks were authorized to accept electronic deposits based on digital images of checks. Most recently, the widespread adoption of internet-enabled smartphones and tablets has given even more impetus to the development of mobile banking and payments. In 2013, 35 percent of cell phone users said they had used their phone to check their bank account or perform transactions, up from 18 percent in 2011.[17]

The cumulative effect of these new technologies has been a decline in the number of transactions taking place at physical banking offices. One study shows that the average number of teller transactions per office declined by 45 percent between 1992 and 2013, from 11,700 transactions per month to 6,400.[18] Using a credit or debit card has become more common than writing a check. According to Federal Reserve data, paper checks accounted for only 15 percent of noncash payments in 2012, down from 46 percent in 2003. By contrast, universal credit and debit cards accounted for 58 percent of noncash payments in 2012, up from 38 percent in 2003. The total number of noncash trans-

[13] For more about consolidation among FDIC-insured banks and thrifts, see Backup and Brown, "Community Banks Remain Resilient Amid Industry Consolidation."
[14] National ATM Council Inc., http://natmc.org/documents/2012/10/about-the-atm-industry.pdf.
[15] For credit cards see Thomas A. Durkin, "Credit Cards: Use and Consumer Attitudes, 1970–2000," *Federal Reserve Bulletin,* September 2000, pp. 624–625, http://www.federalreserve.gov/pubs/bulletin/2000/0900lead.pdf. For debit cards see Fumiko Hayashi, Richard Sullivan, and Stuart E. Weiner, "A Guide to the ATM and Debit Card Industry," *Federal Reserve Bank of Kansas City,* 2003, pp. 41–42, http://www.kc.frb.org/publicat/psr/bksjournarticles/atmpaper.pdf.
[16] Susannah Fox, "51% of U.S. Adults Bank Online," Pew Research Center (August 7, 2013), p. 9, http://www.pewinternet.org/files/old-media//Files/Reports/2013/PIP_OnlineBanking.pdf.
[17] *Ibid,* p. 10. Pew first asked about mobile banking in 2011.
[18] Financial Management Solutions Inc., *2013 FMSI Teller Line Study* (N.P., 2013), http://www.fmsi.com/fullpanel/uploads/files/2013-fmsi-teller-line-study-white-paper-00001.pdf.

actions grew by 50 percent from 2003 to 2012, as the number of checks written declined.[19]

Even with the innovations of the past 50 years, consumers continue to value and use physical banking offices. Today there are more banking offices per capita than in 1970, when many of today's most popular electronic banking alternatives either did not yet exist or were not yet widely available. Moreover, according to the *2013 FDIC National Survey of Unbanked and Underbanked Households*, visiting a teller remains the most common way for households to access their accounts.[20] Although mobile banking would appear to be an appealing substitute for bank office visits, and is a fast-growing option, it remains one of the least common ways for consumers to access their accounts.[21] Among households that preferred online or mobile banking, most also reported visiting tellers to access their accounts.[22]

Nonetheless, as alternative payment and banking methods become more mainstream, fewer transactions are being conducted at offices. The rise of RDC, more sophisticated ATM terminals, and the proliferation of smartphones appear to be reducing the frequency with which bank customers are visiting their local branch to perform simple transactions. Moreover, the frequency of visits is lower for younger individuals. A recent survey indicates that 19 percent of people ages 18 to 29 visited a bank or credit union branch in the previous week, compared with 29 percent of those ages 30 to 49.[23] However, the available data on balance show that most bank customers continue to place value on physical offices as part of a diverse suite of retail banking options.

In order to evaluate how technological alternatives may affect the total number of physical banking offices, a measure of how prevalent those offices are relative to the total demand for banking services is needed. If physical banking offices were indeed becoming less prevalent over time, then that would provide some evidence that new banking technologies may represent substitutes for those banking offices in serving bank customers. But if physical banking offices are as prevalent or more prevalent today than they were in the past, then perhaps technology should not be viewed as a perfect substitute for brick-and-mortar banking offices.

Types of Banking Offices

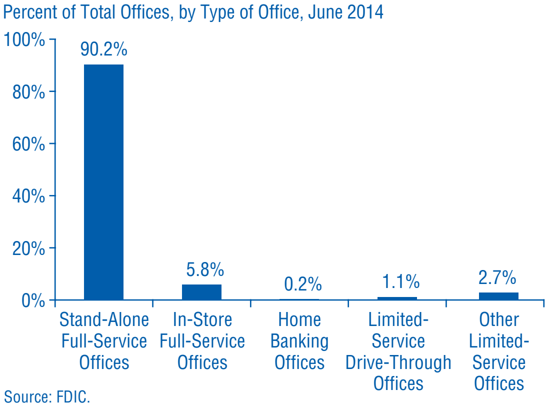
Not all physical banking offices take the same form. According to the 2014 FDIC Summary of Deposits survey, more than 90 percent of total banking offices take the form of stand-alone, full-service offices. At a distant second are those offices located in another retail establishment, such as a grocery store (see Chart 6). Together, in-store offices and stand-alone offices make up 96 percent of the offices operated by FDIC-insured institutions.

Historical sources suggest that in-store branches were rare among commercial banks until they boomed in the late 1980s. The number of these offices grew an average of nearly 30 percent per year from 1986 to 1996.[a] Although in-store offices can cost considerably less to open (from one-fifth to one-third of the startup cost of a stand-alone office), for many banks they tend to generate fewer loans and deposits—and thus less income—than stand-alone, full-service offices.[b]

Chart 6

Ninety-Six Percent of Offices Are Stand-Alone or Located Within a Retail Establishment

Percent of Total Offices, by Type of Office, June 2014



Source: FDIC.

[a] Christopher A. Williams, "Banks Go Shopping for Customers," *The Regional Economist* (October 1997), N.P., https://www.stlouisfed.org/publications/re/articles/?id=1789.

[b] "US Bank Excels in In-Store Banking" (*Retail Banking Strategies,* February 2010); "BOK's Decision to Ditch In-Store Branches Shows Banks' Predicament" (Barlow Research Associates Inc., November 2014).

[19] Federal Reserve System, *The 2013 Federal Reserve Payments Study—Summary Report and Initial Data Release* (Federal Reserve System, 2013, revised July 2014), p. 42, http://www.frbservices.org/files/communications/pdf/general/2013_fed_res_paymt_study_summary_rpt.pdf.

[20] FDIC, *2013 FDIC National Survey of Unbanked and Underbanked Households* (Washington, DC: Federal Deposit Insurance Corporation, October 2014), p. 53, Figure 8.1, https://fdic.gov/householdsurvey/2013report.pdf.

[21] *Ibid.*

[22] *Ibid,* p. 59, Table 8.3.

[23] Chris Kahn, "March 2014 Financial Security Survey," BankRate.com (2014), N.P., http://www.bankrate.com/finance/consumer-index/financial-security-charts-0314.aspx.

Measuring Office Density

There are a number of alternative ways one might attempt to measure the prevalence of physical banking offices. All of them are related in some way to population density. For example, because the population of New York City is more than 125 times greater than that of Bismarck, North Dakota, the fact that New York City has more banking offices than Bismarck does not necessarily mean that banking offices are more prevalent in New York. The ***density of banking offices*** should be expressed by a measure that scales the number of offices in different places so they can be compared. Past researchers have taken several approaches to make this comparison. A recent FDIC study estimated service areas for offices based on reasonable travel distances.[24] Similarly, Ergungor (2010) calculated a measure of office access for Census tracts in Ohio that uses all offices within ten miles of a tract's center.[25]

A simpler way to express the density of banking offices is to calculate the number of offices per 10,000 people for a location. Offices per 10,000 people is easy to construct and understand, and although other measures might include additional relevant variables, offices per 10,000 people still can be used to make meaningful comparisons over time and across geographies. Chart 7 depicts the density of banking offices between 1935 and 2014 in terms of this definition.

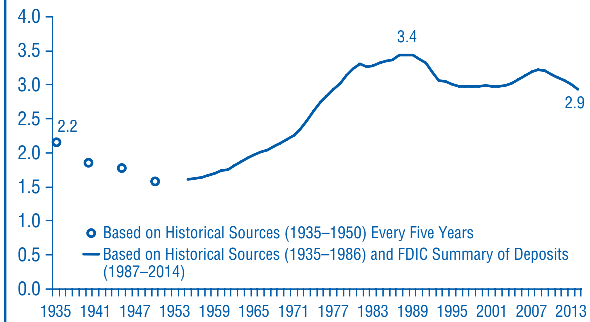
The factors that determine the number of offices also help shape changes in density. Chart 7 shows that the density of banking offices increased from 2.2 in 1970 to 2.9 in 2014—a period during which population grew by 56 percent and the number of offices grew by 109 percent. Thus the per capita density of offices increased by about one-third during a period when a number of important banking technologies were being introduced. Like the total number of banking offices, the density of banking offices follows cyclical patterns. Clear and substantial declines in office density were observed after the banking crises of the 1930s, the 1980s, and the 2000s.

There is evidence that changes in density at the state level also have been influenced by the relaxation of

Chart 7

Office Density Has Declined in Recent Years, but Remains Higher Than at Any Time Before 1977

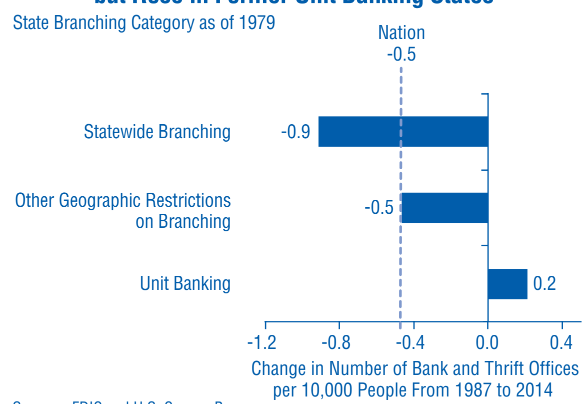
Estimated Number of Bank and Thrift Offices per 10,000 People, United States, 1935–2014



Sources: FDIC and U.S. Census Bureau. Historical sources include: FDIC, *Historical Statistics on Banking*; U.S. League of Savings Associations, *Savings and Loan Fact Book*; America's Community Bankers, *Savings Institution Sourcebook*.

Chart 8

Office Density Declined Overall Between 1987 and 2014, but Rose in Former Unit Banking States



Sources: FDIC and U.S. Census Bureau.

state restrictions on branching. States with the strongest restrictions on branching in 1979 saw an increase in office density once those restrictions were lifted, while states with some geographic restrictions on branching saw a decline in density equal to the national average. The largest decline in density after 1987 was observed among states that already allowed statewide branching in 1979. These results are consistent with the idea that unit banking laws had restricted the desired prevalence of banking offices in these states before 1987, and that the elimination of the restrictions contributed to increases in banking offices since then (see Chart 8).

Changes in the density of offices since the 1970s further suggest that new technologies have had, at best, a limited effect on the prevalence of offices. Because mobile, ATM, online, and other alternative banking channels reduce the number of transactions that require

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[24] Eric C. Breitenstein, Karyen Chu, Kathy Kalser, and Eric W. Robbins, "Minority Depository Institutions: Structure, Performance, and Social Impact," *FDIC Quarterly,* Vol. 8, No. 3 (2014): p. 56. https://fdic.gov/bank/analytical/quarterly/2014_vol8_3/mdi_study.pdf.

[25] Ozgur Emre Ergungor, "Bank Branch Presence and Access to Credit in Low- to Moderate-Income Neighborhoods," *Journal of Money, Credit, and Banking,* Vol. 42, No. 7 (October 2010): pp. 1327–28.

Changes in Density at the State and County Level

Per capita density can be used to compare the relative prevalence of physical banking services across geographies as well as over time. For the United States as a whole, the density of banking offices has declined by about 15 percent since 1987. But to the extent that the measure of density expresses how "well banked" a specific area is, one might expect to see less well banked areas become more dense over time, while more densely banked areas become less dense over time. To the extent that this is the case, the location of banking offices would represent a "mean-reverting" process, where extremes to the high side or the low side are narrowed by market forces over time.

The data, however, suggest that changes in banking density over time at the state and county level are generally not mean-reverting. Chart 9 shows that changes in state-level density between 1987 and 2014 appear to be unrelated to the density of banking offices in each state at the beginning of the period. Similarly, Chart 10 shows that changes in county-level density between 1987 and 2013 also were unrelated to density at the beginning of the period.[a] Taken together, these charts suggest that states and counties that started out with higher-than-average density tended to stay that way over time, as did states and counties with below-average density.

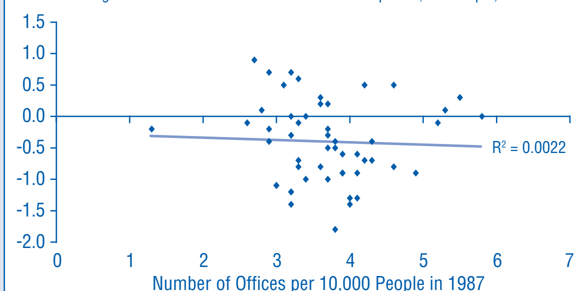
One reason why density tends not to be mean-reverting across states and counties is the presence of relatively stable long-term differences in density between metro, micro, and rural counties. Chart 11 shows that among these three county types, rural counties exhibit the highest average density, followed by micro counties, with metro counties showing the lowest average density. The intuition behind these differences seems clear: Because people live farther apart in less populated rural areas, a higher number of banking offices per 10,000 people is necessary to adequately serve those areas. Chart 11 also shows that the differences in density between county types have remained fairly stable over time. Average density in rural and micro counties, in particular, has declined very little since 1987. It takes about as many offices, in per capita terms, to serve rural and micro counties today as it did in 1987. By contrast, density in metro counties has undergone a 15 percent decline since 1987.

Part of the decline in U.S. office density that has taken place since the mid-1980s can be attributed to the multidecade trend of rural depopulation in the United States.[b] Between 1980 and 2010, while the nation's population was growing by 36 percent, half of U.S. rural counties lost population. Moreover, the depopulation trend actually accelerated compared with the period between 1970 and 2000. With rural counties having an average office density that was nearly twice that of metro counties in 2013, the movement of people out of rural counties and into metro counties had the effect of lowering the density of banking offices for the nation as a whole.

Chart 9

State-Level Office Density in 1987 Did Not Predict Subsequent Changes in Density

Percent Change in the Number of Bank and Thrift Offices per 10,000 People, 1987–2014

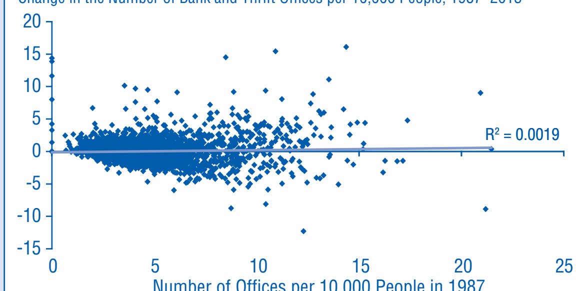


Sources: FDIC and U.S. Census Bureau.
Note: Includes the District of Columbia and Puerto Rico.

Chart 10

County-Level Office Density in 1987 Did Not Predict Subsequent Changes in Density

Change in the Number of Bank and Thrift Offices per 10,000 People, 1987–2013

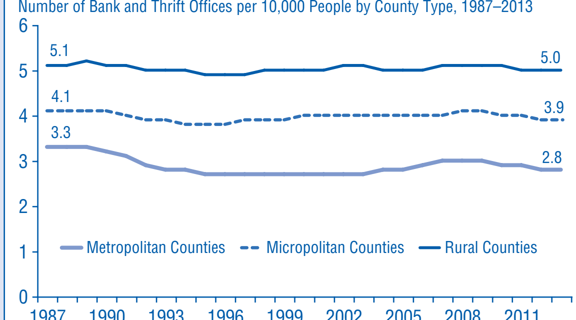


Sources: FDIC and U.S. Census Bureau.
Note: Includes counties of the 48 contiguous states.

Chart 11

Differences in Average Density Across County Types Have Remained Stable Over Time

Number of Bank and Thrift Offices per 10,000 People by County Type, 1987–2013



Sources: FDIC and U.S. Census Bureau.

[a] The most recent county population data are from 2013.

[b] See John M. Anderlik and Richard D. Cofer Jr., "Long-Term Trends in Rural Depopulation and Their Implications for Community Banks," *FDIC Quarterly,* Vol. 8, No. 2 (2014), https://www.fdic.gov/bank/analytical/quarterly/2014_vol8_2/article2.pdf.

a visit to a banking office, one might expect that banks should be able to operate fewer offices and still serve the same number of customers. However, at 2.9 offices per 10,000 people in 2014, the density of offices is currently greater than at any time before 1977, when many of today's banking technologies were either not available or had not yet become mainstream. Despite the far-reaching innovations that have occurred in the delivery of banking services, the ongoing presence of large numbers of physical offices suggests that they still create real value in allowing banks to interact with their customers.

Components of Structural Change

In addition to the long-term trends in the number and location of offices, it is also important to understand the components of structural change between periods. For example, how many new offices were opened by existing banks versus new banks? How many offices were closed as a result of failures, mergers, or charter consolidations versus rationalization of branch structures by surviving institutions? The availability of more detailed data starting in 2008 allows for a closer look at changes in office structure that can address these issues.

FDIC-insured institutions opened and closed thousands of offices between 2008 and 2014.[26] Chart 12 shows that just more than 11,000 unique offices were added to the FDIC's Summary of Deposits survey during this six-year period, the vast majority of which were newly created offices, as opposed to pre-existing offices being newly added to the survey. Of the 15,500 offices that were closed over this period, just a small fraction were closed as a direct result of bank failures or mergers.

Another important recent trend has been a sustained slowdown in the number of newly created offices, which was exceeded in almost every year by the number of offices closed (see Charts 13 and 14). Office openings since 2008 have been held back in part by a lull in the creation of new banking charters, while office openings at existing institutions have also declined in a less than favorable economic environment. Only 15 new charters were established between 2010 and 2013, compared with 510 new charters between 2006 and 2009.[27] Some

[26] Openings and closings are measured from June of each year.

[27] Backup and Brown, "Community Banks Remain Resilient," p. 35. New charters include *de novo* institutions, preexisting institutions that converted to an insured bank or thrift (such as conversions from credit unions), as well as any other newly insured banking institution that filed a year-end financial report.

Chart 12

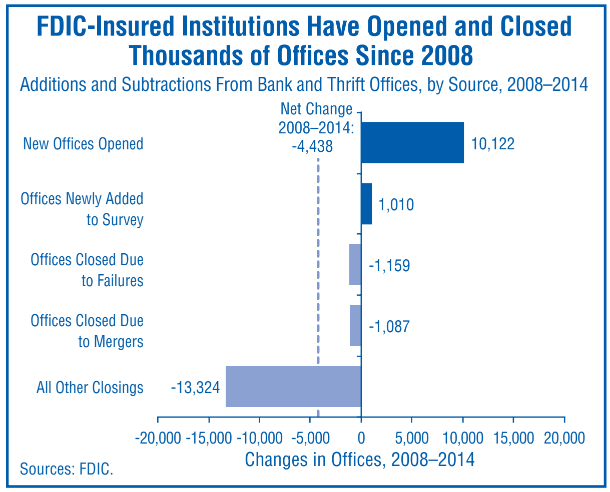


Chart 13

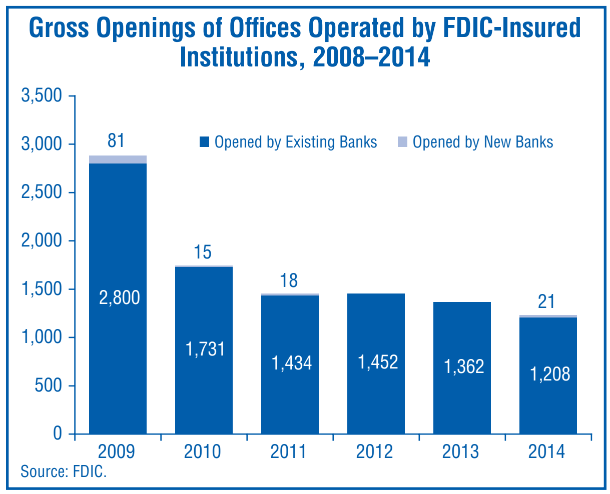
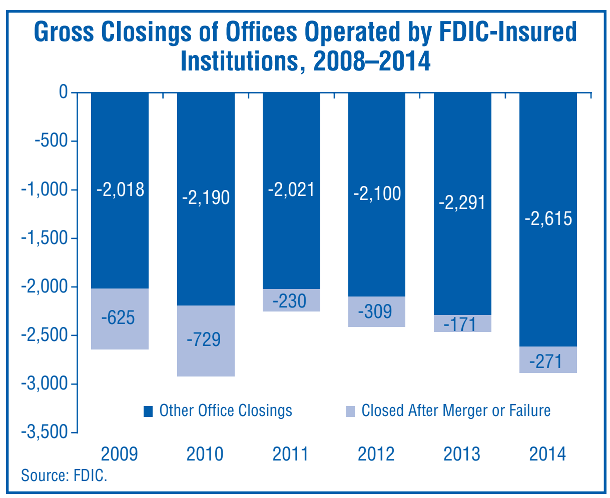


Chart 14



large institutions have also recently announced plans to rationalize their branch structures as a means to control costs after the financial crisis, while others pared back office expansion plans.[28]

As a percent of offices operating in 2008, more openings and closings of banking offices occurred in metro areas between 2008 and 2014 than in micro or rural areas (see Chart 15). While 79 percent of offices were located in metro areas in 2008, some 85 percent of office closings and 89 percent of office openings through 2014 occurred in metro areas. By contrast, 11 percent of offices located in micro areas in 2008 saw only 9 percent of office closings and 7 percent of office openings through 2014. Similarly, while 10 percent of offices were located in rural areas in 2008, rural areas saw only 6 percent of office closings and 4 percent of openings through 2014.

Notably, the data indicate that the majority of the offices operated by FDIC-insured institutions that fail or merge out of existence continue operating under new ownership after the failure or merger. About 78 percent of the offices of failed banks continued to report in the next Summary of Deposits survey, as did nearly 85 percent of the offices operated by banks undergoing a voluntary merger or consolidation (see Chart 16).

Although banks of all sizes have closed offices since 2008, office closings have been concentrated among just a few large institutions. Since 2008, just 15 institutions have accounted for one-third of all gross office closings. These 15 institutions include some of the nation's largest banks, as well as large regional banks, two of which—Washington Mutual and Wachovia—failed or were forced to merge during the crisis. Other large institutions have pared back their extensive office networks as part of their post-crisis restructuring efforts. In all, just 52 institutions have accounted for one-half of office closings since 2008.

Chart 15

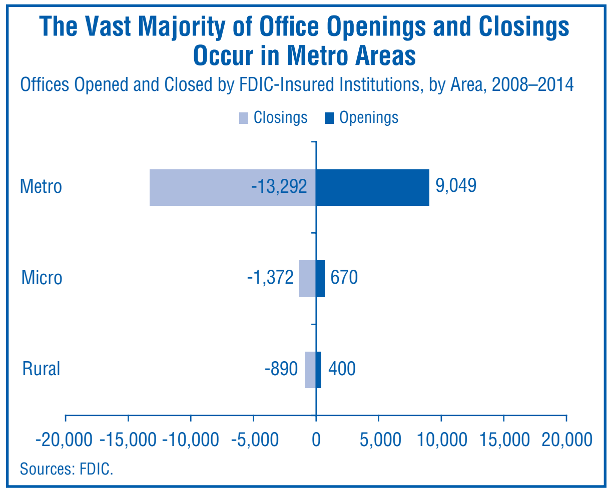
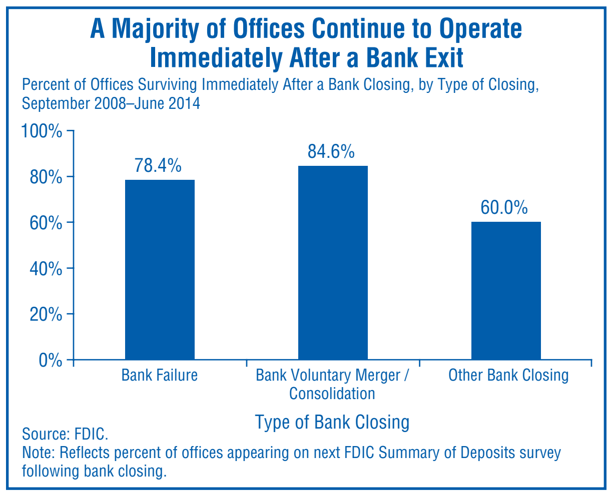


Chart 16



Trends in Community Bank Offices

Because of their focus on relationship banking, trends in office structure are particularly important for community banks.[29] Amid a long-term trend of banking industry consolidation, the number of community bank charters declined by 45 percent between 1994 and 2014, while the number of noncommunity bank charters declined by 71 percent. However, amid these substantial declines in banking charters, the number of community banking offices declined by just 6.5 percent, while the number of noncommunity banking offices increased by 36 percent (see Chart 17).[30] The net result was an increase in the average size of the community bank office network, from 3.2 offices in 1994 to 5.5 offices in 2014, while the average number of offices operated by noncommunity banks rose from 26.4 to 123.5. So while community banks experienced modest increases in the size of their office networks, these networks remained at sizes that were generally more amenable to local control and decision-making than

[28] J. Ma, "Wells Fargo Mulls Fewer Branches as Rivals Cut Back," *Investor's Business Daily,* March 7, 2012.

[29] For the definition of "community bank," see Chapter 1 of the *FDIC Community Banking Study,* 2012, https://fdic.gov/regulations/resources/cbi/report/cbi-full.pdf.

[30] Change in banking charters and offices calculated from midyear 1994 through midyear 2014.

Chart 17

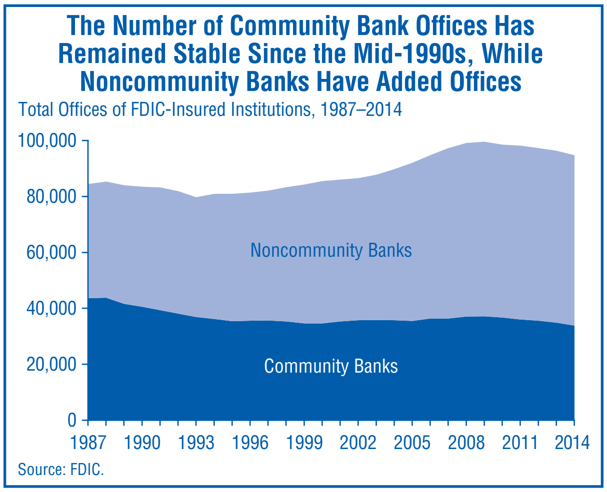
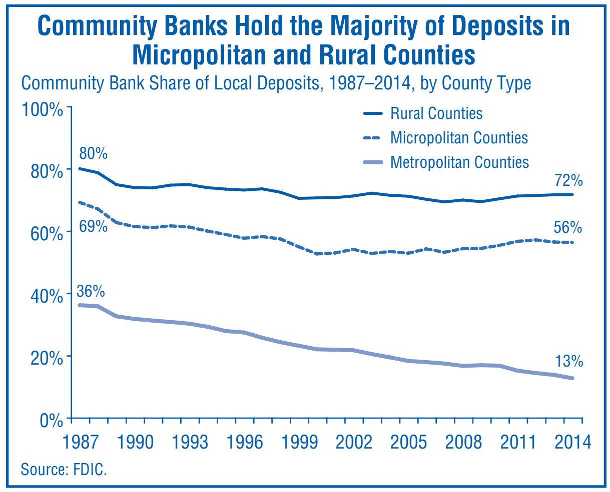


Chart 18

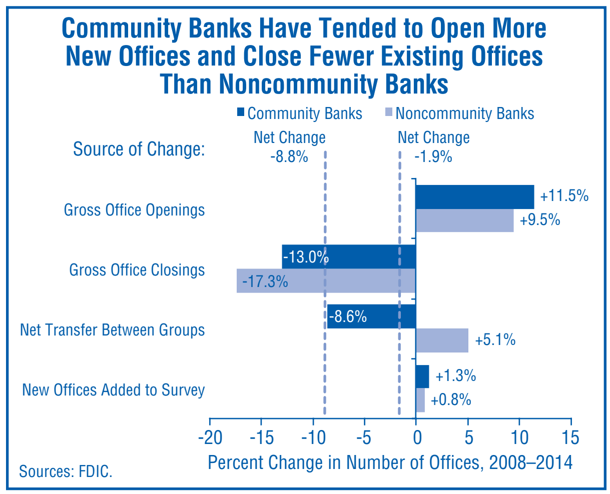


the dozens or hundreds of offices operated by many noncommunity banks.

The 2012 *FDIC Community Banking Study* observed that community banks held the majority of local deposits in rural and micro counties through 2011.[31] Data through 2014 indicate that community banks continue to maintain these majorities, and now hold 72 percent of deposits in U.S. rural counties and 56 percent of deposits in micro counties (see Chart 18). While the majority of community bank deposits continue to be held in metro counties, the community banks' share of total metro area deposits has declined from 36 percent in 1987 to 13 percent in 2014. It is primarily this loss of market share in metro areas that has driven down the community bank share of total industry deposits from 41 percent in 1987 to 16 percent in 2014.

The 2012 *Study* also identified 629 counties in which community banks operated 100 percent of all banking offices as of 2011.[32] This report extends that analysis by identifying 646 counties where community banks held 100 percent of local deposits as of 2014 (see Map 2).[33] Further insight into markets where community banks predominate is provided in Map 2; shaded regions indicate counties where community banks hold between 75 percent and 99 percent of total deposits. In all, there were 1,244 counties in the United States and Puerto Rico where community banks held at least 75 percent

Chart 19



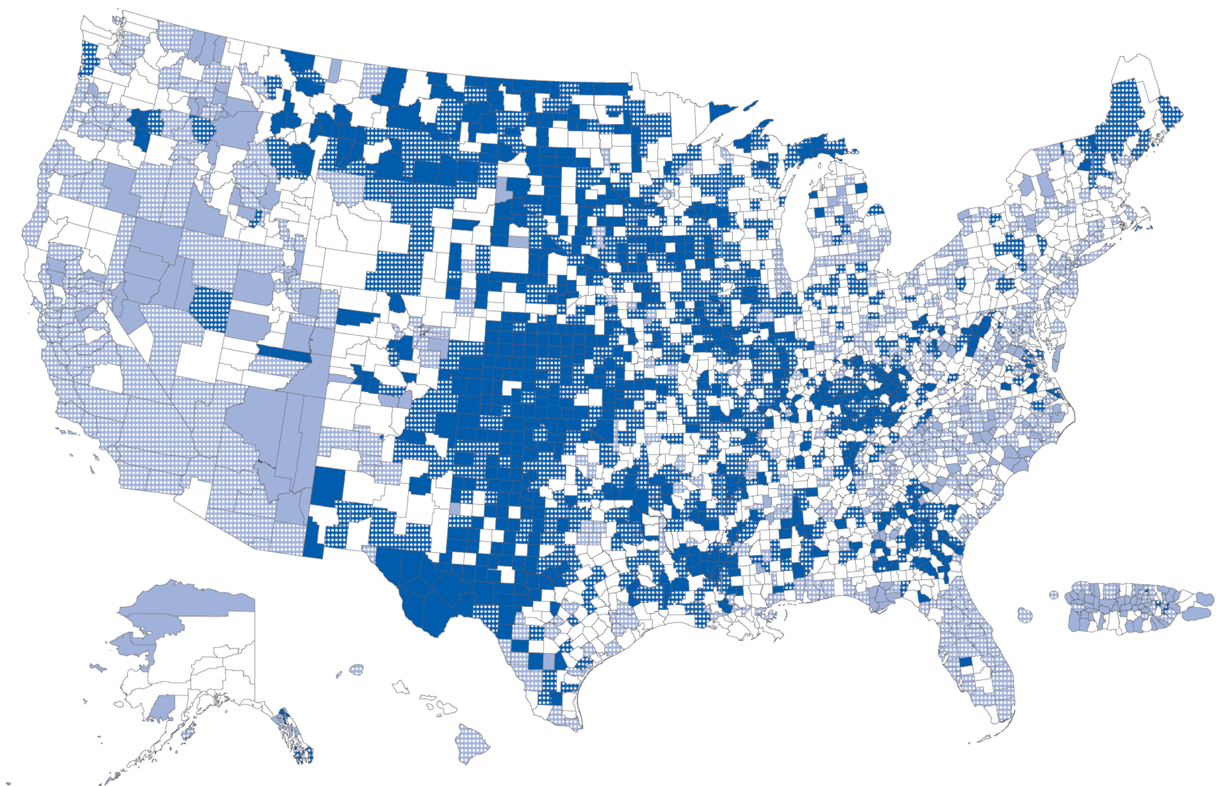
of banking deposits in 2014. These counties accounted for nearly 40 percent of all counties and 7.3 percent of the U.S. population. Noncommunity banks held at least 75 percent of banking deposits in 738 counties, accounting for 23 percent of all counties and 64 percent of the U.S. population.

It has already been observed that the total number and density of banking offices have declined during the post-crisis period and that total office closings have exceeded office openings since 2010. However, amid these trends, community banks proved more reluctant to close branches and more willing to open new branches than did noncommunity banks. Chart 19 shows that the number of new offices ***opened*** by community banks between 2008 and 2014 was equal to 11.5 percent of the offices they operated in 2008,

[31] *FDIC Community Banking Study,* p. 3-6.
[32] *Ibid,* p. 3-5.
[33] "Counties" refers to counties and other geographic areas (parishes, *municipios,* districts, and islands, for example) within the 50 states, the District of Columbia, and Puerto Rico that are treated as county equivalents by the U.S. Census Bureau.

Map 2

U.S. Counties Where Community or Noncommunity Banks Hold at Least 75% of Total Deposits, June 2014



Counties With at Least 75% Deposit Shares of Community or Noncommunity Banks in 2014

Community Bank Share >= 75% (598 counties)

Community Bank Share 100% (646 counties)

Noncommunity Bank Share >= 75% (570 counties)

Noncommunity Bank Share 100% (168 counties)

Source: FDIC.

compared with 9.5 percent for noncommunity banks. The chart also shows that the number of offices ***closed*** by community banks during this period was equal to 13 percent of the offices they operated in 2008, compared with 17.3 percent for noncommunity banks. This comparison is consistent with the notion that community banks remain more reliant on physical banking offices than do noncommunity banks.

Chart 19 also shows that the total number of community bank offices declined by 8.8 percent between 2008 and 2014, compared with a decline of just 1.9 percent for noncommunity banks. All of this differential in the growth rate for banking offices between community and noncommunity banks can be accounted for by the net transfer of offices between the two groups as a result of failures, mergers, branch sales, or changes in the size or structure of the institution. While previous research has shown that nearly two-thirds of community banks (and therefore their banking offices) that fail or merge are acquired by other community banks, this percentage declines with the size of the institution.[34] Between 2003 and 2013, some 85 percent of community banks with assets less than $100 million were acquired by other community banks, compared with just 10 percent of community banks with assets between $1 billion and $10 billion.

Conclusion

This paper chronicles the historical evolution of the banking industry, focusing on the physical banking offices operated by federally insured banks and thrifts. The number of U.S. banking offices has generally grown with population in recent decades, reaching an all-time peak as recently as 2009. There has also been considerable cyclicality in the number of offices that

[34] Backup and Brown, "Community Banks Remain Resilient Amid Industry Consolidation," pp. 40–41.

has coincided with banking crises that occurred in the late 1980s and again in the late 2000s. Geographic variation in office growth over time appears to be associated with differences in population growth and with the varying regional effects of legislative changes that have relaxed or eliminated restrictions on branch banking and interstate banking. New technologies introduced since at least the 1970s have expanded the number of ways that customers can interact with their bank. Yet surveys continue to show that visiting a teller continues to be the most common way for households to access their accounts. Banking offices remain prevalent. The total per capita density of banking offices in 2014 was higher than in any year before 1977, and the density of banking offices in rural and micropolitan counties has declined very little over the past 25 years.

More detailed office data available for the past seven years show that, although FDIC-insured institutions have opened and closed thousands of banking offices since 2008, the number of office closings has consistently outpaced openings of new offices since 2010. Over the past seven years, community banks have opened proportionately more offices and closed fewer offices than noncommunity banks. Still, the total number of community bank offices declined more than the number of noncommunity bank offices because of the conversion of charters to noncommunity status caused by failures, mergers, and changes in the size and structure of the institution.

This analysis shows that physical offices remain a vital channel through which FDIC-insured institutions deliver financial services to their customers. New technologies have certainly created convenient new ways for bank customers to conduct business, yet there is little evidence that these new channels have done much to replace traditional brick-and-mortar offices where banking relationships are built. Convenient, online services are here to stay, but as long as personal service and relationships remain important, bankers and their customers will likely continue to do business face-to-face.

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