FDIC Quarterly

Quarterly Banking Profile: Fourth Quarter 2020

Farm Banks: Resilience Through Changing Conditions

2020 Summary of Deposits Highlights

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Quarterly Banking Profile: Fourth Quarter 2020

FDIC-insured institutions reported aggregate net income of $59.9 billion in fourth quarter 2020, an increase of $5 billion (9.1 percent) from a year earlier. The primary driver of higher net income was the reduction in provision expenses. More than half of all institutions (57.4 percent) reported year-over-year increases in quarterly net income. The share of unprofitable institutions remained relatively stable from a year ago at 7.3 percent. The average return on assets ratio was 1.11 percent for the quarter, down 8 basis points from a year earlier. *See page 1.*

Community Bank Performance

Community banks—which represent 91 percent of insured institutions—reported year-over-year net income growth of $1.3 billion (21.2 percent) in fourth quarter 2020, despite an increase in provisions for loan and lease losses and a narrower net interest margin. More than half of all community banks (57 percent) reported higher net income from the year-ago quarter. Increased income from loan sales drove the improvement in quarterly net income and offset the increase in provisions year over year. *See page 15.*

Insurance Fund Indicators

The Deposit Insurance Fund (DIF) balance totaled $117.9 billion at the end of fourth quarter, an increase of $1.5 billion from the previous quarter. Assessment income, interest earned on investments, and negative provisions for insurance losses were the largest sources of the increase, offset partially by operating expenses, unrealized losses on available-for-sale securities, and other unrealized losses. The DIF reserve ratio was 1.29 percent on December 31, 2020, down 1 basis point from September 30, 2020, and down 12 basis points from December 31, 2019. *See page 23.*

Featured Articles:

Farm Banks: Resilience Through Changing Conditions

The U.S. agricultural sector has experienced large swings over the past decade and a half, from a lengthy period of prosperity in agriculture that ended in 2013 to subsequent years that presented a slow, weak recovery. Most farmers and farm banks were cautious with farm real estate lending during the strong years. As a result, farm banks have held up well despite the agricultural industry's challenges since 2014. The COVID-19 pandemic initially looked to be harmful for U.S. agriculture, but record government payments helped forecasted 2020 farm income reach the highest level since 2013. *See page 31.*

2020 Summary of Deposits Highlights

The 2020 Summary of Deposits Survey showed deposit growth of 21.7 percent between June 2019 and June 2020, the largest one-year increase in nearly 80 years. The large year-over-year increase in deposits occurred primarily in the first two quarters of 2020, and was likely driven by reactions of individuals, businesses, and U.S. fiscal and monetary authorities to the COVID-19 pandemic. Deposits increased the most for noncommunity banks, midsize banks, banks with a mortgage lending specialization, and offices in metropolitan counties. The number of bank offices declined for the 11th consecutive year but at a lower rate than in the previous three years. The relatively low rate of decline in the number of offices was influenced by a low rate of closures among offices acquired through mergers. Further, the number of noncommunity bank offices and offices in metropolitan counties declined at low rates from June 2019 to June 2020 compared to previous years. *See page 51.*

INSURED INSTITUTION PERFORMANCE

Full-Year 2020 Net Income Declines 36.5 Percent to $147.9 Billion

Quarterly Net Income Increases 9.1 Percent From a Year Ago to $59.9 Billion

Net Interest Margin Remains Unchanged From Third Quarter and at a Record Low Level

Loan Balances Decline From the Previous Quarter, Led by Lower Commercial and Industrial Lending Activity

Asset Quality Metrics Remain Stable From the Previous Quarter and a Year Ago

Full-Year 2020 Net Income Declines 36.5 Percent to $147.9 Billion

For the 5,001 FDIC-insured commercial banks and savings institutions, full-year 2020 net income totaled $147.9 billion, a decline of $84.9 billion (36.5 percent) from 2019. The decline was primarily attributable to higher provision expenses in the first half of 2020 tied to pandemic-related deterioration in economic activity. Provision expenses increased by $77.1 billion (140 percent), and net interest income declined by $20 billion (3.7 percent). Average net interest margin (NIM) declined by 54 basis points from 2019 to 2.82 percent, as the yield on average earning assets declined at a faster rate than the cost of funds. The average return on assets (ROA) ratio declined from 1.29 percent in 2019 to 0.72 percent in 2020.

Quarterly Net Income Increases 9.1 Percent From a Year Ago to $59.9 Billion

Fourth quarter 2020 quarterly net income totaled $59.9 billion, an increase of $5 billion (9.1 percent) from a year ago. The primary driver of higher net income this quarter was the reduction in provision expenses. More than half of all banks (57.4 percent) reported year-over-year increases in quarterly net income.[1] The share of unprofitable institutions remained relatively stable from a year ago at 7.3 percent. The average ROA ratio was 1.11 percent during fourth quarter 2020, down 8 basis points from a year ago but below a recent high of 1.41 percent in third quarter 2018.

Net Interest Margin Remains Unchanged From Third Quarter and at a Record Low Level

The banking industry reported aggregate net interest income of $131.3 billion during the fourth quarter, a decline of $5.4 billion (3.9 percent) from a year ago. This marks the fifth consecutive quarter that net interest income declined. Almost 43 percent of all banks reported annual declines in net interest income. The average NIM was 2.68 percent in fourth quarter 2020, unchanged from the third quarter but down 60 basis points from fourth quarter 2019. Banks of all asset size groups featured in the Quarterly Banking Profile (QBP) reported average NIM compression relative to a year ago, as the contraction in earning asset yields exceeded the decline in funding costs. At fourth quarter 2020, both earning asset yields and funding costs dropped to the lowest levels ever reported in the QBP.

[1] Industry participation counts consist of institutions existing in both reporting periods.

Chart 1

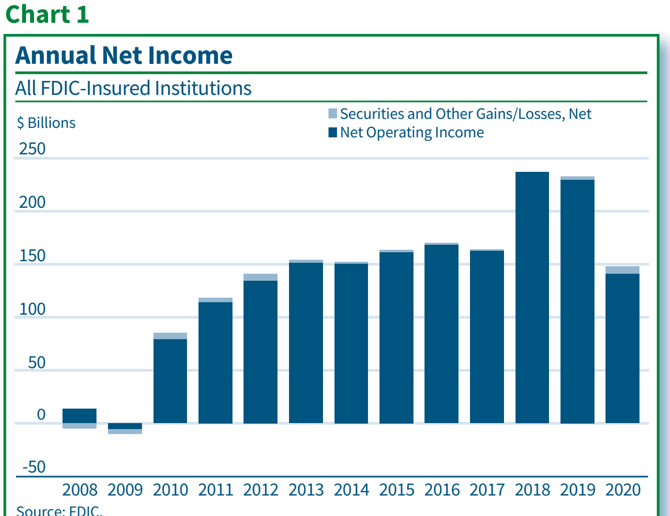
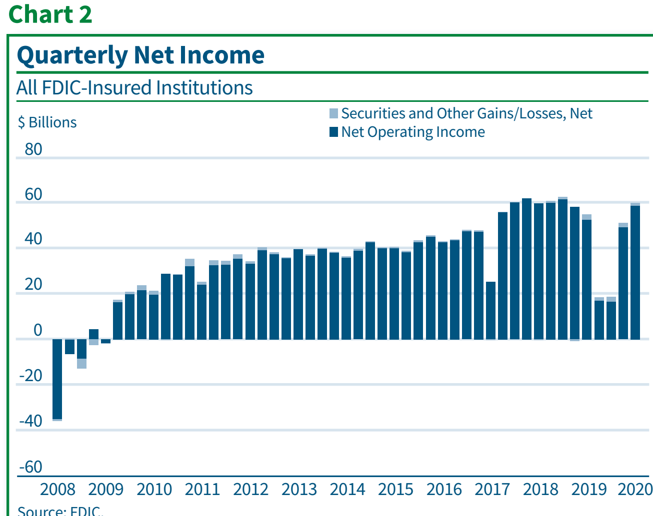


Chart 2



Noninterest Income Expands 6.5 Percent From the Year-Ago Quarter

Noninterest income rose by $4.3 billion (6.5 percent) from a year ago, with nearly 61 percent of all banks reporting annual increases. The annual improvement in noninterest income was led by the growth in net gains on loan sales, which rose by $3.9 billion (104 percent), and net gains on sales of other assets, which increased by $1.6 billion. Trading revenue, which was the largest dollar contributor to the overall increase in noninterest income during second quarter 2020, declined for the second consecutive quarter and was down $799.7 million (11 percent) from fourth quarter 2019.

Noninterest Expense Increases Almost 3 Percent From a Year Ago

Noninterest expense rose by $3.3 billion (2.7 percent) from a year ago, as almost two-thirds of all banks (66.4 percent) reported annual increases. The rise in noninterest expense was driven by higher salary and employee benefit expenses, which expanded by $3.7 billion (6.6 percent). The average assets per employee increased from $9 million in fourth quarter 2019 to $10.6 million in fourth quarter 2020.

Provisions for Credit Losses Decline to the Lowest Level Since Second Quarter 1995

With the improving economic outlook, provisions for credit losses decreased by $11.4 billion (76.5 percent) from a year ago to $3.5 billion, the lowest level since second quarter 1995.[2] The decline in provisions for credit losses was not broad-based, as less than one-third (31.2 percent) of all banks reported year-over-year declines. In the fourth quarter, 279 banks used the current expected credit losses (CECL) accounting standard and reported an aggregate $1.4 billion in provisions for credit losses, down $ 11.2 billion (88.9 percent) from a year ago. For non-CECL adopters, provisions for credit losses totaled $2.1 billion, down $ 186.6 million (8.2 percent) from a year ago.

The Net Charge-Off Rate Falls 13 Basis Points From Fourth Quarter 2019

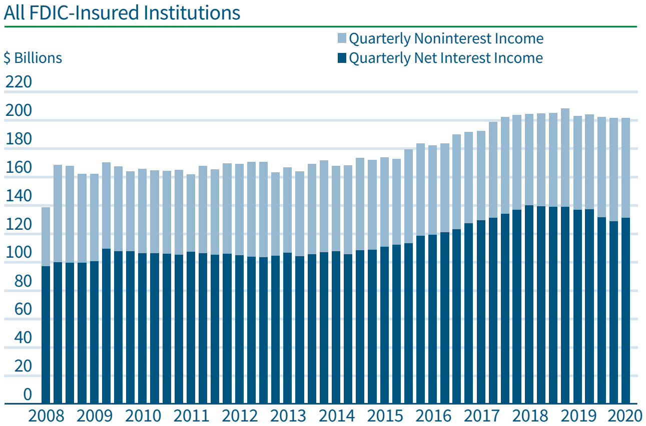
The net charge-off rate fell by 13 basis points from fourth quarter 2019 to 0.41 percent. Net charge-offs totaled $11.2 billion, down $2.8 billion (19.7 percent) from a year ago. The year-over-year decline in net charge-offs was driven by the reduction in credit card loan charge offs (down $3.4 billion, or 39.7 percent). Net charge-offs on nonfarm nonresidential (NFNR) properties increased by $657.9 million (348.3 percent) from a year ago. The net charge-off rate for NFNR properties increased by 17 basis points from a year ago to 0.22 percent but remained below the high of 1.40 percent in fourth quarter 2010. The net charge-off rate for the commercial and industrial (C&I) loan portfolio increased by 4 basis points from a year ago to 0.47 percent, below the recent high of 0.64 percent in second quarter 2020.

[2] For institutions that have not adopted the CECL accounting methodology, provisions for credit losses includes only provisions for loan and lease losses. The comparison of CECL and non-CECL adopters holds constant the adopters from the most recent quarter.

Chart 3

Quarterly Net Operating Revenue

All FDIC-Insured Institutions

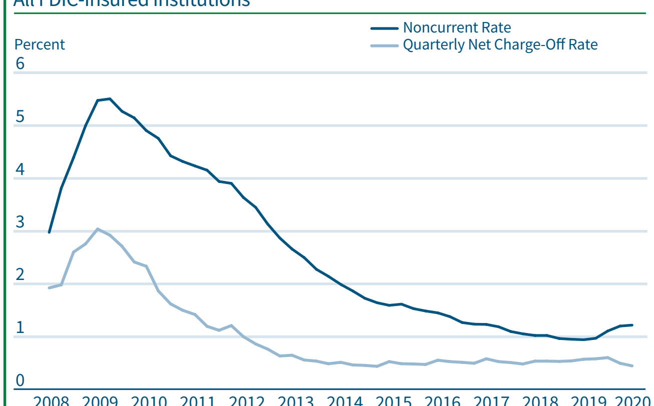


Source: FDIC.

Chart 4

Noncurrent Loan Rate and Quarterly Net Charge-Off Rate

All FDIC-Insured Institutions



Source: FDIC.

The Noncurrent Loan Rate Expands Modestly to 1.18 Percent

The noncurrent rate rose by 1 basis point from third quarter 2020 to 1.18 percent. Noncurrent loan balances (90 days or more past due or in nonaccrual status) increased by $944.9 million (0.7 percent) from the previous quarter. One-third of all banks (33.3 percent) reported quarterly increases in noncurrent loan balances. The quarterly increase in noncurrent loan balances was led by NFNR properties (up $2.1 billion, or 15.7 percent) and credit card balances (up $1.4 billion, or 17 percent). The noncurrent rate for NFNR properties increased by 13 basis points to 1.00 percent in the fourth quarter 2020, while the noncurrent rate for credit card balances rose by 13 basis points to 1.16 percent.

Total Assets Increase 3.1 Percent From the Previous Quarter

Total assets increased by $664 billion (3.1 percent) from third quarter 2020. The banking industry's liquidity position continued to strengthen. Cash and balances due from depository institutions rose by $357 billion (12.6 percent), and security holdings posted a record high quarterly dollar increase of $321.4 billion (6.7 percent). Mortgage-backed securities increased by $244.9 billion (8.8 percent).

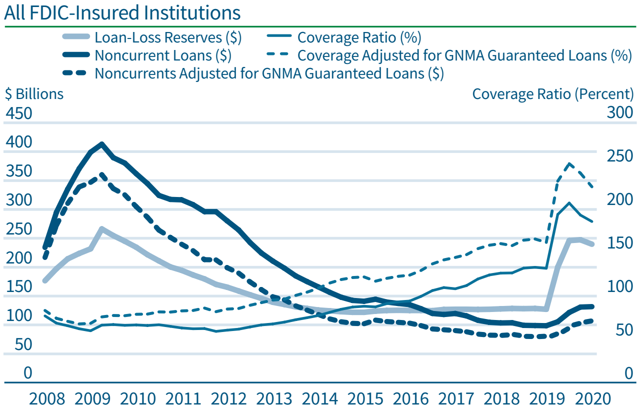
Loan Balances Decline From the Previous Quarter, Led by Lower Commercial and Industrial Lending Activity

Total loan and lease balances totaled $10.9 trillion in fourth quarter 2020, $47.7 billion (0.4 percent) less than third quarter 2020. The quarterly decline in total loan and leases balances was led by the C&I loan portfolio, which fell by $103.8 billion (4.1 percent). Small Business Administration-guaranteed Paycheck Protection Program loans declined by $83.9 billion (17.1 percent) from the previous quarter. The decline in the C&I loan portfolio was partially offset by increases in loans to nondepository financial institutions (up $30.2 billion, or 5.5 percent) and credit card balances (up $25.6 billion, or 3.2 percent). Total loan and lease balances increased by $345 billion (3.3 percent) from a year ago, the lowest annual growth rate since fourth quarter 2013. The annual increase in total loan and lease balances was driven by the C&I loan portfolio, which rose by $232.8 billion (10.6 percent), primarily in the first half of 2020.

Chart 5

Reserve Coverage Ratio

All FDIC-Insured Institutions

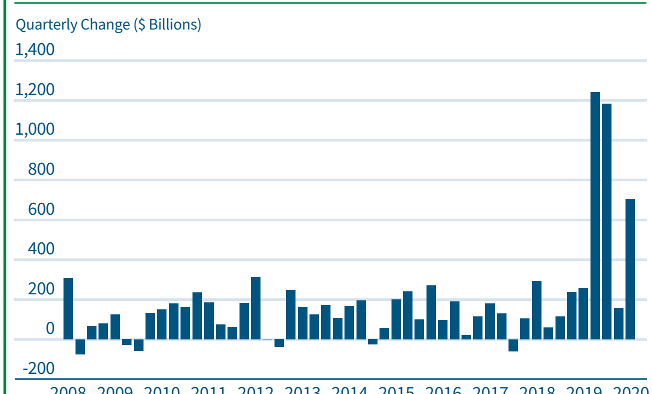


Source: FDIC.
Note: Loan-loss reserves to noncurrent loans and leases.

Chart 6

Quarterly Change in Deposits

All FDIC-Insured Institutions



Source: FDIC.

Deposits Increase 4.1 Percent From Third Quarter 2020

Total deposit balances rose by $706.9 billion (4.1 percent) between the third and fourth quarters of 2020. While the quarterly growth in deposits is below the levels reported in the first half of 2020, it is the third largest quarterly dollar increase ever reported in the QBP. Interest-bearing account balances rose by $399.2 billion (3.5 percent), and noninterest-bearing account balances expanded by $220.5 billion (5 percent). Deposits in accounts with balances larger than $250,000 increased by $467.5 billion (5.4 percent) from the previous quarter. Nondeposit liabilities fell by $124.2 billion (11.1 percent) from the previous quarter, led by Federal Home Loan Bank advances that declined by $48.5 billion (15.9 percent).[3]

Equity Capital Increases Almost 2 Percent From the Previous Quarter

Equity capital totaled $2.2 trillion in fourth quarter 2020, up $41.9 billion (1.9 percent) from the previous quarter. Declared dividends totaled $21.8 billion, down $27.4 billion (55.7 percent) from fourth quarter 2019. Seven insured institutions with $498.4 million in total assets were below the requirements for the well-capitalized category as defined for Prompt Corrective Action.

Three New Banks Open in Fourth Quarter 2020

The number of FDIC-insured commercial banks and savings institutions that filed quarterly Call Reports declined from 5,033 in third quarter 2020 to 5,001 in fourth quarter 2020. Three new banks were added, 31 institutions were absorbed by mergers, two banks failed, one bank sold most of its assets to a credit union, and one bank did not file in time for this analysis. For full-year 2020, six new banks were added, 168 institutions were absorbed by mergers, and four banks failed. The number of institutions on the FDIC's "Problem Bank List" remained unchanged from the previous quarter at 56. Total assets of problem banks increased from $53.9 billion in third quarter 2020 to $55.8 billion in fourth quarter 2020.

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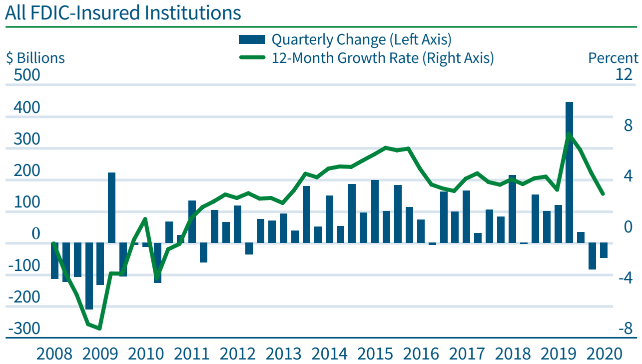
Division of Insurance and Research

[3] Nondeposit liabilities include federal funds purchased, repurchase agreements, Federal Home Loan Bank advances, and secured and unsecured borrowings.

Chart 7

Quarterly Change in Loan Balances

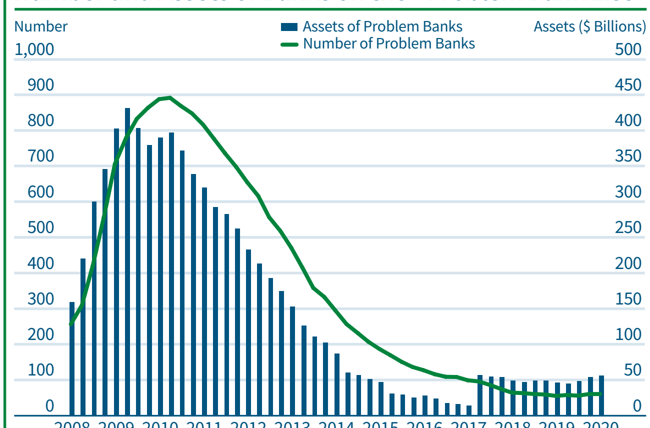
All FDIC-Insured Institutions



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

Chart 8

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



Source: FDIC.

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

	2020	2019	2018	2017	2016	2015	2014
Return on assets (%)	0.72	1.29	1.35	0.97	1.04	1.04	1.01
Return on equity (%)	6.88	11.38	11.98	8.60	9.27	9.29	9.01
Core capital (leverage) ratio (%)	8.81	9.66	9.70	9.63	9.48	9.59	9.44
Noncurrent assets plus other real estate owned to assets (%)	0.61	0.55	0.60	0.73	0.86	0.97	1.20
Net charge-offs to loans (%)	0.50	0.52	0.48	0.50	0.47	0.44	0.49
Asset growth rate (%)	17.37	3.91	3.03	3.79	5.09	2.66	5.59
Net interest margin (%)	2.82	3.36	3.40	3.25	3.13	3.08	3.14
Net operating income growth (%)	-38.45	-3.14	45.45	-3.27	4.43	7.11	-0.73
Number of institutions reporting	5,001	5,177	5,406	5,670	5,913	6,182	6,509
Commercial banks	4,374	4,518	4,715	4,918	5,112	5,338	5,607
Savings institutions	627	659	691	752	801	844	902
Percentage of unprofitable institutions (%)	4.58	3.75	3.44	5.61	4.48	4.82	6.27
Number of problem institutions	56	51	60	95	123	183	291
Assets of problem institutions (in billions)	$56	$46	$48	$14	$28	$47	$87
Number of failed institutions	4	4	0	8	5	8	18

* 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 2020	3rd Quarter 2020	4th Quarter 2019	%Change 19Q4-20Q4
Number of institutions reporting	5,001	5,033	5,177	-3.4
Total employees (full-time equivalent)	2,065,525	2,071,908	2,063,268	0.1
CONDITION DATA				
Total assets	$21,883,869	$21,219,916	$18,645,330	17.4
Loans secured by real estate	5,118,033	5,144,687	5,048,568	1.4
1-4 Family residential mortgages	2,210,640	2,240,707	2,201,736	0.4
Nonfarm nonresidential	1,568,619	1,556,563	1,516,183	3.5
Construction and development	385,933	386,048	361,606	6.7
Home equity lines	300,312	312,896	342,067	-12.2
Commercial & industrial loans	2,434,985	2,538,826	2,202,146	10.6
Loans to individuals	1,744,130	1,709,867	1,837,455	-5.1
Credit cards	822,030	796,450	941,557	-12.7
Farm loans	71,762	76,778	78,733	-8.9
Other loans & leases	1,497,421	1,444,302	1,353,606	10.6
Less: Unearned income	3,196	3,623	2,337	36.7
Total loans & leases	10,863,135	10,910,837	10,518,171	3.3
Less: Reserve for losses*	236,601	244,266	123,929	90.9
Net loans and leases	10,626,535	10,666,571	10,394,242	2.2
Securities**	5,112,383	4,790,964	3,981,633	28.4
Other real estate owned	4,629	4,548	5,709	-18.9
Goodwill and other intangibles	387,112	385,497	408,838	-5.3
All other assets	5,753,210	5,372,337	3,854,907	49.2
Total liabilities and capital	21,883,869	21,219,916	18,645,330	17.4
Deposits	17,823,558	17,116,653	14,535,278	22.6
Domestic office deposits	16,289,739	15,670,039	13,219,964	23.2
Foreign office deposits	1,533,819	1,446,614	1,315,315	16.6
Other borrowed funds	1,091,678	1,207,451	1,373,909	-20.5
Subordinated debt	68,241	68,489	69,952	-2.4
All other liabilities	672,673	641,587	552,527	21.7
Total equity capital (includes minority interests)	2,227,720	2,185,736	2,113,663	5.4
Bank equity capital	2,225,125	2,183,178	2,110,782	5.4
Loans and leases 30-89 days past due	63,218	58,404	67,593	-6.5
Noncurrent loans and leases	128,517	127,572	95,413	34.7
Restructured loans and leases	49,327	49,654	48,286	2.2
Mortgage-backed securities	3,043,764	2,798,839	2,393,831	27.2
Earning assets	19,919,557	19,320,676	16,871,072	18.1
FHLB Advances	255,967	304,509	482,460	-46.9
Unused loan commitments	8,444,077	8,412,039	8,226,136	2.6
Trust assets	18,907,444	17,775,687	21,562,169	-12.3
Assets securitized and sold	480,364	505,520	568,015	-15.4
Notional amount of derivatives	165,712,669	181,124,600	173,052,331	-4.2

INCOME DATA	Full Year 2020	Full Year 2019	%Change	4th Quarter 2020	4th Quarter 2019	%Change 19Q4-20Q4
Total interest income	$603,744	$705,400	-14.4	$143,329	$173,624	-17.5
Total interest expense	77,099	158,731	-51.4	11,980	36,877	-67.5
Net interest income	526,645	546,669	-3.7	131,349	136,746	-4.0
Provision for credit losses***	132,229	55,101	140.0	3,503	14,928	-76.5
Total noninterest income	280,242	264,374	6.0	70,304	66,020	6.5
Total noninterest expense	498,154	466,149	6.9	125,049	121,781	2.7
Securities gains (losses)	8,146	3,977	104.8	1,518	2,899	-47.7
Applicable income taxes	36,443	60,926	-40.2	14,656	14,006	4.6
Extraordinary gains, net****	-101	164	N/M	9	-3	N/M
Total net income (includes minority interests)	148,107	233,008	-36.4	59,972	54,948	9.1
Bank net income	147,870	232,772	-36.5	59,909	54,897	9.1
Net charge-offs	54,105	52,165	3.7	11,222	13,975	-19.7
Cash dividends	84,022	182,407	-53.9	21,799	49,217	-55.7
Retained earnings	63,847	50,365	26.8	38,110	5,680	571.0
Net operating income	141,340	229,633	-38.5	58,581	52,629	11.3

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

N/M - Not Meaningful

TABLE III-A. Full Year 2020, 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	5,001	11	5	1,163	2,667	290	36	276	486	67
Commercial banks	4,374	10	5	1,152	2,403	75	24	250	399	56
Savings institutions	627	1	0	11	264	215	12	26	87	11
Total assets (in billions)	$21,883.9	$492.6	$5,554.1	$287.8	$7,591.9	$683.6	$144.8	$51.5	$105.8	$6,971.9
Commercial banks	20,505.9	407.3	5,554.1	282.6	7,136.4	80.7	138.7	46.7	84.1	6,775.5
Savings institutions	1,377.9	85.3	0.0	5.2	455.5	602.9	6.0	4.8	21.8	196.4
Total deposits (in billions)	17,823.6	349.0	4,270.5	242.5	6,251.3	603.1	123.1	41.9	90.0	5,852.1
Commercial banks	16,684.2	283.2	4,270.5	239.3	5,900.1	67.7	118.0	38.7	72.3	5,694.4
Savings institutions	1,139.3	65.8	0.0	3.2	351.3	535.3	5.2	3.2	17.7	157.7
Bank net income (in millions)	147,870	9,710	36,213	3,502	53,043	5,489	2,118	1,241	1,083	35,471
Commercial banks	137,137	8,281	36,213	3,340	49,277	1,118	2,068	454	954	35,431
Savings institutions	10,733	1,429	0	162	3,766	4,372	49	787	129	40
Performance Ratios (%)										
Yield on earning assets	3.24	11.24	2.51	4.22	3.63	2.10	3.96	2.95	3.87	2.77
Cost of funding earning assets	0.41	1.51	0.29	0.67	0.47	0.25	0.84	0.38	0.53	0.35
Net interest margin	2.82	9.73	2.22	3.54	3.16	1.84	3.11	2.57	3.34	2.42
Noninterest income to assets	1.36	4.36	1.69	0.68	1.07	1.00	0.44	4.70	1.25	1.25
Noninterest expense to assets	2.42	6.44	2.19	2.40	2.54	1.54	1.05	3.97	3.03	2.25
Credit loss provision to assets**	0.64	4.75	0.60	0.18	0.51	0.08	0.32	0.09	0.13	0.60
Net operating income to assets	0.69	1.92	0.67	1.25	0.71	0.92	1.57	2.46	1.07	0.50
Pretax return on assets	0.90	2.44	0.89	1.46	0.94	1.18	2.13	3.18	1.24	0.64
Return on assets	0.72	1.92	0.70	1.30	0.74	0.93	1.59	2.59	1.10	0.54
Return on equity	6.88	16.09	7.66	11.15	6.44	10.56	16.46	16.19	8.98	5.25
Net charge-offs to loans and leases	0.50	3.73	0.69	0.14	0.25	0.05	0.52	0.19	0.07	0.43
Loan and lease loss provision to net charge-offs	243.45	162.41	258.82	194.46	292.93	615.93	83.46	158.97	311.91	276.63
Efficiency ratio	59.78	46.80	59.73	59.75	59.91	55.11	30.28	55.84	69.19	64.39
% of unprofitable institutions	4.58	27.27	0.00	2.58	4.31	10.00	8.33	8.33	4.73	4.48
% of institutions with earnings gains	53.15	27.27	20.00	50.13	58.12	44.83	61.11	34.78	50.21	43.28
Condition Ratios (%)										
Earning assets to total assets	91.02	94.81	88.60	93.39	91.34	97.37	97.56	93.03	93.45	91.44
Loss allowance to:										
Loans and leases	2.18	9.79	2.90	1.48	1.52	0.84	1.76	1.59	1.28	2.03
Noncurrent loans and leases	184.10	838.76	254.94	147.94	141.01	81.22	499.26	158.01	149.16	142.29
Noncurrent assets plus other real estate owned to assets	0.61	0.92	0.38	0.69	0.76	0.26	0.26	0.34	0.56	0.66
Equity capital ratio	10.17	12.61	8.93	11.37	11.23	8.40	9.21	15.79	11.83	9.91
Core capital (leverage) ratio	8.81	13.63	7.95	10.66	9.38	7.80	9.86	14.71	11.37	8.45
Common equity tier 1 capital ratio***	13.87	17.38	15.02	14.46	12.42	21.42	20.91	34.55	19.24	13.92
Tier 1 risk-based capital ratio***	13.96	17.54	15.10	14.46	12.53	21.42	21.02	34.55	19.26	13.99
Total risk-based capital ratio***	15.48	19.44	16.49	15.61	14.03	21.85	21.80	35.43	20.32	15.67
Net loans and leases to deposits	59.62	99.89	40.02	71.85	79.09	27.12	83.01	32.72	63.58	53.21
Net loans to total assets	48.56	70.78	30.77	60.56	65.12	23.92	70.62	26.64	54.05	44.66
Domestic deposits to total assets	74.44	67.96	53.14	84.29	82.12	88.05	85.05	81.41	85.01	81.32
Structural Changes										
New reporters	6	0	0	0	1	0	0	5	0	0
Institutions absorbed by mergers	168	1	0	27	131	4	0	0	2	3
Failed institutions	4	0	0	2	2	0	0	0	0	0
PRIOR FULL YEARS (The way it was...)										
Number of institutions 2019	5,177	12	5	1,291	2,733	393	58	210	428	47
2017	5,670	11	5	1,389	2,944	420	59	272	510	60
2015	6,182	14	4	1,479	3,089	500	65	332	632	67
Total assets (in billions) 2019	$18,645.3	$530.8	$4,481.1	$283.6	$6,735.8	$392.7	$230.7	$38.3	$76.3	$5,876.2
2017	17,415.4	562.7	4,196.0	282.6	6,026.0	349.2	270.9	46.9	88.8	5,592.2
2015	15,967.7	549.1	3,774.6	277.6	5,892.1	385.4	187.3	57.5	113.9	4,730.3
Return on assets (%) 2019	1.29	3.27	1.23	1.33	1.18	1.20	1.21	3.56	1.17	1.27
2017	0.97	1.52	0.62	1.05	1.02	0.93	1.02	2.61	0.91	1.10
2015	1.04	2.84	0.87	0.96	0.95	0.83	1.04	2.69	0.91	1.12
Net charge-offs to loans & leases (%) 2019	0.52	4.15	0.72	0.18	0.20	0.03	0.82	0.17	0.13	0.39
2017	0.50	3.95	0.56	0.16	0.21	0.04	0.60	0.23	0.15	0.43
2015	0.44	2.79	0.59	0.10	0.20	0.13	0.62	0.20	0.20	0.41
Noncurrent assets plus OREO to assets (%) 2019	0.55	1.39	0.33	0.81	0.60	1.18	0.48	0.45	0.62	0.52
2017	0.73	1.25	0.51	0.77	0.70	1.70	0.36	0.59	0.81	0.82
2015	0.97	0.90	0.71	0.68	0.93	1.92	0.97	0.61	1.19	1.16
Equity capital ratio (%) 2019	11.32	12.81	10.20	11.85	12.27	10.94	10.41	18.48	12.79	10.93
2017	11.22	15.10	9.83	11.18	11.95	11.21	10.00	15.26	11.94	11.09
2015	11.24	14.29	10.13	11.32	11.76	11.36	10.12	15.04	11.80	11.08

* See Table V-A (page 10) for explanations.
** For institutions that have adopted ASU 2016-13, the numerator represents provisions for credit losses on a consolidated basis; for institutions that have not adopted ASU 2016-13, the numerator represents the provision for loan and lease losses.
*** Beginning March 2020, does not include institutions that have a Community Bank Leverage Ratio election in effect at the report date.

TABLE III-A. Full Year 2020, All FDIC-Insured Institutions

FULL YEAR (The way it is...)		All Insured Institutions	Asset Size Distribution: Less Than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	$10 Billion to $250 Billion	Greater Than $250 Billion	Geographic Regions*: New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Number of institutions reporting		5,001	944	3,130	776	138	13	593	569	1,069	1,292	1,107	371
Commercial banks		4,374	826	2,769	644	123	12	308	517	922	1,252	1,038	337
Savings institutions		627	118	361	132	15	1	285	52	147	40	69	34
Total assets (in billions)		$21,883.9	$57.0	$1,101.5	$2,069.5	$6,359.2	$12,296.7	$4,015.4	$4,485.2	$5,206.1	$4,148.8	$1,792.3	$2,236.0
Commercial banks		20,505.9	50.1	959.5	1,726.9	5,814.7	11,954.6	3,596.5	4,360.6	5,108.7	4,110.6	1,241.5	2,088.1
Savings institutions		1,377.9	6.9	142.0	342.5	544.5	342.0	418.9	124.7	97.4	38.2	550.8	147.9
Total deposits (in billions)		17,823.6	47.5	926.2	1,703.8	5,226.2	9,919.9	3,304.6	3,718.1	4,041.0	3,366.6	1,529.7	1,863.6
Commercial banks		16,684.2	42.2	812.1	1,428.9	4,798.8	9,602.1	2,977.3	3,617.6	3,971.4	3,335.8	1,038.1	1,744.1
Savings institutions		1,139.3	5.3	114.1	274.9	427.3	317.8	327.4	100.5	69.6	30.7	491.6	119.5
Bank net income (in millions)		147,870	457	12,519	21,324	42,742	70,828	23,961	24,728	41,818	19,938	15,831	21,594
Commercial banks		137,137	422	10,691	18,281	39,477	68,266	20,892	24,987	39,720	19,518	12,562	19,459
Savings institutions		10,733	35	1,828	3,043	3,265	2,562	3,069	-259	2,098	420	3,270	2,135
Performance Ratios (%)													
Yield on earning assets		3.24	4.05	4.12	3.99	3.92	2.65	3.15	3.25	2.79	3.21	3.42	4.25
Cost of funding earning assets		0.41	0.61	0.63	0.58	0.55	0.29	0.50	0.36	0.30	0.41	0.38	0.64
Net interest margin		2.82	3.43	3.49	3.41	3.37	2.36	2.65	2.88	2.49	2.80	3.05	3.61
Noninterest income to assets		1.36	1.42	1.33	1.30	1.32	1.40	1.21	1.21	1.76	1.14	1.10	1.65
Noninterest expense to assets		2.42	3.55	3.01	2.71	2.65	2.20	2.23	2.42	2.37	2.44	2.40	2.86
Credit loss provision to assets**		0.64	0.12	0.23	0.43	0.86	0.61	0.60	0.69	0.55	0.74	0.41	0.84
Net operating income to assets		0.69	0.81	1.17	1.07	0.69	0.58	0.62	0.56	0.84	0.44	0.95	0.99
Pretax return on assets		0.90	0.96	1.41	1.38	0.95	0.74	0.79	0.74	1.10	0.56	1.17	1.38
Return on assets		0.72	0.84	1.21	1.11	0.72	0.61	0.63	0.59	0.87	0.49	0.98	1.03
Return on equity		6.88	6.12	10.45	9.91	6.40	6.22	5.84	5.27	8.75	5.03	9.33	9.58
Net charge-offs to loans and leases		0.50	0.13	0.12	0.22	0.66	0.51	0.48	0.54	0.41	0.53	0.31	0.70
Loan and lease loss provision to net charge-offs		243.45	165.57	284.82	282.17	205.34	275.34	237.30	238.97	280.74	276.05	252.77	180.23
Efficiency ratio		59.78	77.19	65.18	59.75	54.99	62.16	59.45	60.31	59.16	65.24	60.38	52.53
% of unprofitable institutions		4.58	11.23	3.00	1.80	10.87	0.00	6.75	7.73	4.12	2.40	4.07	6.74
% of institutions with earnings gains		53.15	39.62	58.31	54.77	23.19	15.38	46.37	47.10	59.59	57.12	50.05	50.13
Condition Ratios (%)													
Earning assets to total assets		91.02	91.91	93.64	93.05	92.36	89.75	90.92	90.49	90.02	90.24	93.72	93.91
Loss allowance to:													
Loans and leases		2.18	1.43	1.35	1.40	2.35	2.39	2.00	2.30	2.17	2.37	1.46	2.45
Noncurrent loans and leases		184.10	126.72	169.97	168.55	177.78	194.23	173.41	215.52	198.05	168.85	71.15	351.43
Noncurrent assets plus other real estate owned to assets		0.61	0.74	0.60	0.64	0.83	0.50	0.60	0.55	0.52	0.70	1.07	0.48
Equity capital ratio		10.17	13.42	11.27	10.95	10.85	9.57	10.50	10.78	9.59	9.80	10.08	10.44
Core capital (leverage) ratio		8.81	13.02	10.87	10.20	9.47	8.04	9.04	8.60	8.38	8.86	8.66	9.88
Common equity tier 1 capital ratio***		13.87	22.31	15.91	14.21	13.59	13.83	13.78	13.56	14.02	13.76	13.93	14.45
Tier 1 risk-based capital ratio***		13.96	22.31	15.93	14.23	13.79	13.87	13.86	13.66	14.08	13.85	14.04	14.61
Total risk-based capital ratio***		15.48	23.37	17.06	15.38	15.27	15.50	15.37	15.16	15.49	15.74	15.23	15.93
Net loans and leases to deposits		59.62	63.97	74.89	80.97	72.65	47.65	60.49	58.06	55.85	58.07	57.32	74.06
Net loans to total assets		48.56	53.26	62.97	66.66	59.70	38.44	49.78	48.13	43.35	47.12	48.93	61.72
Domestic deposits to total assets		74.44	83.26	84.08	82.22	80.1	69.29	76.48	80.34	68.02	65.32	85.32	82.08
Structural Changes													
New reporters		6	4	2	0	0	0	0	4	0	0	0	2
Institutions absorbed by mergers		168	42	107	17	2	0	35	16	36	35	39	7
Failed institutions		4	1	3	0	0	0	0	2	0	2	0	0
PRIOR FULL YEARS (The way it was...)													
Number of institutions	2019	5,177	1,156	3,225	656	130	10	625	587	1,118	1,330	1,138	379
	2017	5,670	1,407	3,513	627	114	9	693	668	1,214	1,438	1,235	422
	2015	6,182	1,688	3,792	595	99	8	762	762	1,337	1,543	1,307	471
Total assets (in billions)	2019	$18,645.3	$68.6	$1,087.9	$1,753.9	$6,071.6	$9,663.4	$3,407.7	$3,847.5	$4,235.2	$3,796.7	$1,204.6	$2,153.7
	2017	17,415.4	83.7	1,154.2	1,751.7	5,699.2	8,726.7	3,248.1	3,601.0	3,918.1	3,683.2	1,090.0	1,875.1
	2015	15,967.7	99.2	1,199.9	1,682.4	5,163.6	7,822.6	3,074.1	3,372.6	3,503.7	3,444.0	943.1	1,630.3
Return on assets (%)	2019	1.29	1.01	1.29	1.30	1.35	1.26	1.09	1.29	1.34	1.20	1.32	1.66
	2017	0.97	0.83	1.04	1.05	1.04	0.89	0.85	1.00	1.00	0.76	1.12	1.36
	2015	1.04	0.84	1.07	1.10	1.02	1.05	0.87	1.03	0.96	1.16	1.09	1.31
Net charge-offs to loans & leases (%)	2019	0.52	0.21	0.14	0.21	0.70	0.51	0.48	0.58	0.42	0.53	0.24	0.78
	2017	0.50	0.21	0.15	0.22	0.71	0.47	0.58	0.61	0.27	0.51	0.28	0.67
	2015	0.44	0.19	0.16	0.21	0.56	0.48	0.48	0.50	0.27	0.52	0.24	0.52
Noncurrent assets plus OREO to assets (%)	2019	0.55	0.94	0.70	0.57	0.62	0.48	0.51	0.57	0.49	0.61	0.84	0.42
	2017	0.73	1.01	0.83	0.66	0.70	0.74	0.65	0.83	0.67	0.86	0.81	0.45
	2015	0.97	1.25	1.12	0.93	0.75	1.09	0.75	1.15	0.94	1.19	1.04	0.53
Equity capital ratio (%)	2019	11.32	14.27	12.01	12.03	11.86	10.76	11.83	12.23	10.89	10.24	12.16	11.15
	2017	11.22	13.01	11.29	11.82	12.13	10.47	12.34	12.06	10.42	9.99	11.49	11.58
	2015	11.24	12.55	11.25	11.69	12.02	10.60	11.78	12.22	10.50	10.22	11.04	12.03

* See Table V-A (page 11) for explanations.
** For institutions that have adopted ASU 2016-13, the numerator represents provisions for credit losses on a consolidated basis; for institutions that have not adopted ASU 2016-13, the numerator represents the provision for loan and lease losses.
*** Beginning March 2020, does not include institutions that have a Community Bank Leverage Ratio election in effect at the report date.

TABLE IV-A. Fourth Quarter 2020, 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	5,001	11	5	1,163	2,667	290	36	276	486	67
Commercial banks	4,374	10	5	1,152	2,403	75	24	250	399	56
Savings institutions	627	1	0	11	264	215	12	26	87	11
Total assets (in billions)	$21,883.9	$492.6	$5,554.1	$287.8	$7,591.9	$683.6	$144.8	$51.5	$105.8	$6,971.9
Commercial banks	20,505.9	407.3	5,554.1	282.6	7,136.4	80.7	138.7	46.7	84.1	6,775.5
Savings institutions	1,377.9	85.3	0.0	5.2	455.5	602.9	6.0	4.8	21.8	196.4
Total deposits (in billions)	17,823.6	349.0	4,270.5	242.5	6,251.3	603.1	123.1	41.9	90.0	5,852.1
Commercial banks	16,684.2	283.2	4,270.5	239.3	5,900.1	67.7	118.0	38.7	72.3	5,694.4
Savings institutions	1,139.3	65.8	0.0	3.2	351.3	535.3	5.2	3.2	17.7	157.7
Bank net income (in millions)	59,909	5,625	14,241	826	21,931	1,492	817	336	273	14,369
Commercial banks	56,234	4,926	14,241	777	20,609	311	802	76	233	14,260
Savings institutions	3,675	699	0	49	1,323	1,181	15	260	40	109
Performance Ratios (annualized, %)										
Yield on earning assets	2.92	10.91	2.15	3.91	3.39	1.90	3.68	2.65	3.59	2.44
Cost of funding earning assets	0.24	1.17	0.13	0.53	0.30	0.19	0.64	0.29	0.43	0.18
Net interest margin	2.68	9.74	2.02	3.38	3.09	1.72	3.04	2.36	3.16	2.26
Noninterest income to assets	1.31	4.71	1.51	0.72	1.10	1.04	0.25	5.22	1.38	1.16
Noninterest expense to assets	2.32	6.85	2.04	2.45	2.39	1.58	1.00	4.19	3.09	2.20
Credit loss provision to assets**	0.07	1.50	-0.08	0.15	0.12	0.06	-0.87	0.11	0.12	0.04
Net operating income to assets	1.09	4.49	1.03	1.13	1.14	0.87	2.31	2.50	0.99	0.81
Pretax return on assets	1.38	5.62	1.36	1.31	1.45	1.13	3.10	3.31	1.19	1.00
Return on assets	1.11	4.49	1.05	1.16	1.17	0.91	2.34	2.66	1.05	0.84
Return on equity	10.87	37.30	11.65	10.15	10.37	10.60	25.24	16.60	8.76	8.37
Net charge-offs to loans and leases	0.41	2.78	0.52	0.18	0.24	0.06	0.45	0.17	0.09	0.37
Loan and lease loss provision to net charge-offs	32.02	70.84	-47.01	136.91	71.17	367.12	-261.65	227.40	237.06	22.08
Efficiency ratio	61.42	48.65	61.48	62.77	59.95	58.01	31.10	56.17	71.14	68.07
% of unprofitable institutions	7.26	0.00	0.00	8.51	5.10	11.03	5.56	18.12	8.44	4.48
% of institutions with earnings gains	57.45	81.82	40.00	45.83	66.59	54.14	63.89	37.68	47.53	56.72
Structural Changes										
New reporters	3	0	0	0	1	0	0	2	0	0
Institutions absorbed by mergers	31	0	0	4	25	1	0	0	0	1
Failed institutions	2	0	0	1	1	0	0	0	0	0
PRIOR FOURTH QUARTERS (The way it was…)										
Return on assets (%) 2019	1.19	3.17	1.18	1.27	1.13	1.20	0.54	4.48	1.07	1.09
2017	0.58	-0.04	-0.43	0.48	0.90	0.65	0.69	2.86	0.78	1.04
2015	1.02	2.66	0.83	1.12	0.90	0.89	0.81	3.43	2.14	1.12
Net charge-offs to loans & leases (%) 2019	0.54	4.07	0.76	0.25	0.23	0.05	0.87	0.36	0.18	0.42
2017	0.55	4.18	0.56	0.24	0.23	0.06	0.62	0.36	0.18	0.51
2015	0.49	3.01	0.68	0.17	0.24	0.10	0.71	0.32	0.21	0.44

* See Table V-A (page 10) for explanations.
** For institutions that have adopted ASU 2016-13, the numerator represents provisions for credit losses on a consolidated basis; for institutions that have not adopted ASU 2016-13, the numerator represents the provision for loan and lease losses.

TABLE IV-A. Fourth Quarter 2020, 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**	**$10 Billion to $250 Billion**	**Greater Than $250 Billion**	**New York**	**Atlanta**	**Chicago**	**Kansas City**	**Dallas**	**San Francisco**
Number of institutions reporting	5,001	944	3,130	776	138	13	593	569	1,069	1,292	1,107	371
Commercial banks	4,374	826	2,769	644	123	12	308	517	922	1,252	1,038	337
Savings institutions	627	118	361	132	15	1	285	52	147	40	69	34
Total assets (in billions)	$21,883.9	$57.0	$1,101.5	$2,069.5	$6,359.2	$12,296.7	$4,015.4	$4,485.2	$5,206.1	$4,148.8	$1,792.3	$2,236.0
Commercial banks	20,505.9	50.1	959.5	1,726.9	5,814.7	11,954.6	3,596.5	4,360.6	5,108.7	4,110.6	1,241.5	2,088.1
Savings institutions	1,377.9	6.9	142.0	342.5	544.5	342.0	418.9	124.7	97.4	38.2	550.8	147.9
Total deposits (in billions)	17,823.6	47.5	926.2	1,703.8	5,226.2	9,919.9	3,304.6	3,718.1	4,041.0	3,366.6	1,529.7	1,863.6
Commercial banks	16,684.2	42.2	812.1	1,428.9	4,798.8	9,602.1	2,977.3	3,617.6	3,971.4	3,335.8	1,038.1	1,744.1
Savings institutions	1,139.3	5.3	114.1	274.9	427.3	317.8	327.4	100.5	69.6	30.7	491.6	119.5
Bank net income (in millions)	59,909	92	3,358	6,637	21,494	28,328	9,176	11,936	15,868	9,097	4,649	9,183
Commercial banks	56,234	82	2,771	5,586	20,096	27,699	8,043	11,838	15,203	8,985	3,874	8,291
Savings institutions	3,675	10	588	1,051	1,398	629	1,133	99	664	112	774	893
Performance Ratios (annualized, %)												
Yield on earning assets	2.92	3.77	3.89	3.78	3.62	2.30	2.86	2.94	2.48	2.87	3.13	3.92
Cost of funding earning assets	0.24	0.50	0.49	0.41	0.35	0.13	0.31	0.21	0.15	0.23	0.26	0.42
Net interest margin	2.68	3.27	3.40	3.36	3.27	2.17	2.55	2.73	2.33	2.64	2.87	3.50
Noninterest income to assets	1.31	1.47	1.44	1.37	1.31	1.28	1.16	1.18	1.66	1.05	1.02	1.69
Noninterest expense to assets	2.32	3.66	3.05	2.72	2.47	2.10	2.18	2.29	2.22	2.41	2.34	2.70
Credit loss provision to assets**	0.07	0.13	0.19	0.25	0.14	-0.02	0.19	0.05	-0.05	0.03	0.10	0.17
Net operating income to assets	1.09	0.61	1.19	1.22	1.36	0.92	0.90	1.07	1.23	0.83	1.05	1.64
Pretax return on assets	1.38	0.74	1.43	1.61	1.73	1.16	1.15	1.32	1.60	1.04	1.28	2.15
Return on assets	1.11	0.65	1.23	1.30	1.37	0.94	0.93	1.08	1.24	0.88	1.06	1.67
Return on equity	10.87	4.79	10.85	11.87	12.59	9.72	8.76	9.99	12.85	9.03	10.39	15.92
Net charge-offs to loans and leases	0.41	0.15	0.15	0.24	0.52	0.42	0.42	0.41	0.37	0.41	0.25	0.58
Loan and lease loss provision to net charge-offs	32.02	148.92	196.91	155.25	44.55	-9.45	84.48	26.78	-26.74	17.70	76.59	45.34
Efficiency ratio	61.42	81.53	65.82	59.82	56.41	64.59	61.69	62.11	58.61	69.95	62.54	53.32
% of unprofitable institutions	7.26	20.34	4.89	1.93	2.17	0.00	5.56	8.08	6.74	8.28	7.86	4.85
% of institutions with earnings gains	57.45	40.25	58.85	72.29	60.87	46.15	67.79	58.00	58.84	52.09	53.66	66.04
Structural Changes												
New reporters	3	2	1	0	0	0	0	2	0	0	0	1
Institutions absorbed by mergers	31	10	18	3	0	0	5	4	7	10	5	0
Failed institutions	2	1	1	0	0	0	0	1	0	1	0	0
PRIOR FOURTH QUARTERS (The way it was...)												
Return on assets (%) 2019	1.19	0.86	1.24	1.27	1.29	1.11	1.02	1.15	1.28	1.02	1.14	1.70
2017	0.58	0.59	0.85	0.73	0.78	0.39	0.59	0.69	0.83	-0.13	0.89	1.10
2015	1.02	0.75	1.19	1.03	0.99	1.02	0.77	1.02	1.02	1.09	0.97	1.43
Net charge-offs to loans & leases (%) 2019	0.54	0.27	0.24	0.22	0.70	0.54	0.51	0.60	0.45	0.56	0.27	0.77
2017	0.55	0.29	0.23	0.29	0.76	0.51	0.64	0.69	0.26	0.56	0.33	0.75
2015	0.49	0.31	0.22	0.30	0.59	0.54	0.53	0.54	0.28	0.59	0.35	0.62

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

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

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

December 31, 2020	All Insured Institutions	Asset Concentration Groups* Credit Card Banks	International Banks	Agricultural Banks	Commercial Lenders	Mortgage Lenders	Consumer Lenders	Other Specialized <$1 Billion	All Other <$1 Billion	All Other >$1 Billion
Percent of Loans 30-89 Days Past Due										
All loans secured by real estate	0.60	0.41	0.47	0.51	0.42	0.49	0.34	1.23	0.87	1.08
Construction and development	0.45	1.85	0.47	0.61	0.31	1.15	0.92	1.07	0.72	1.03
Nonfarm nonresidential	0.34	0.69	0.88	0.39	0.26	0.33	0.43	1.11	0.63	0.56
Multifamily residential real estate	0.24	0.00	0.38	0.13	0.22	0.21	0.24	0.41	0.35	0.19
Home equity loans	0.51	0.00	0.59	0.35	0.46	0.37	0.07	0.50	0.60	0.60
Other 1-4 family residential	0.92	0.38	0.45	0.89	0.72	0.50	0.34	1.51	1.06	1.40
Commercial and industrial loans	0.26	0.48	0.35	0.53	0.23	0.18	0.07	1.06	0.79	0.25
Loans to individuals	1.22	1.27	0.93	0.94	1.04	0.49	0.88	1.31	1.26	1.53
Credit card loans	1.10	1.28	0.88	1.03	1.27	1.03	0.67	1.85	1.15	1.08
Other loans to individuals	1.33	1.02	1.09	0.93	1.02	0.47	0.88	1.27	1.26	1.74
All other loans and leases (including farm)	0.32	0.86	0.47	0.45	0.27	0.10	0.01	0.53	0.49	0.23
Total loans and leases	0.58	1.19	0.54	0.51	0.40	0.46	0.67	1.17	0.88	0.82
Percent of Loans Noncurrent**										
All real estate loans	1.65	0.64	1.90	1.03	1.31	1.11	0.41	1.23	0.91	2.49
Construction and development	0.65	1.72	2.16	0.61	0.48	1.27	2.51	1.34	0.49	1.00
Nonfarm nonresidential	1.00	0.00	1.47	0.91	0.90	0.81	1.14	1.02	1.04	1.38
Multifamily residential real estate	0.26	0.00	0.25	0.52	0.23	0.89	0.04	0.00	0.51	0.44
Home equity loans	2.11	0.00	5.40	0.26	1.32	1.65	0.52	0.26	0.50	2.56
Other 1-4 family residential	2.54	0.62	2.32	0.74	2.46	1.10	0.37	1.37	0.91	3.11
Commercial and industrial loans	0.99	0.42	1.40	0.97	0.84	1.08	0.64	0.54	0.76	1.10
Loans to individuals	0.86	1.24	0.85	0.45	0.81	0.15	0.33	0.51	0.57	0.75
Credit card loans	1.16	1.30	1.03	0.34	1.15	0.56	0.65	0.90	0.80	1.13
Other loans to individuals	0.59	0.41	0.31	0.46	0.78	0.13	0.32	0.49	0.57	0.57
All other loans and leases (including farm)	0.33	0.00	0.28	1.03	0.38	0.15	0.05	0.59	0.71	0.28
Total loans and leases	1.18	1.17	1.14	1.00	1.08	1.03	0.35	1.01	0.86	1.43
Percent of Loans Charged-Off (net, YTD)										
All real estate loans	0.04	0.05	-0.02	0.06	0.05	0.00	0.02	0.10	0.03	0.06
Construction and development	0.01	0.13	-0.01	0.12	0.02	0.00	0.15	-0.11	0.06	-0.02
Nonfarm nonresidential	0.13	0.00	0.15	0.11	0.11	0.05	0.15	0.24	0.05	0.23
Multifamily residential real estate	0.01	0.00	0.00	0.00	0.01	-0.02	0.00	0.00	-0.02	0.01
Home equity loans	-0.05	0.00	-0.10	0.01	0.00	-0.02	0.13	-0.03	0.01	-0.11
Other 1-4 family residential	0.00	0.05	-0.05	0.05	0.01	0.00	0.01	0.04	0.02	-0.01
Commercial and industrial loans	0.53	2.39	0.60	0.31	0.51	0.32	0.61	0.10	0.16	0.46
Loans to individuals	2.07	3.89	2.57	0.38	1.00	0.60	0.71	0.73	0.38	1.48
Credit card loans	3.48	4.00	3.22	1.10	4.00	2.97	1.32	1.42	0.95	2.93
Other loans to individuals	0.74	2.14	0.55	0.30	0.71	0.49	0.71	0.69	0.37	0.74
All other loans and leases (including farm)	0.17	0.00	0.08	0.22	0.26	0.13	0.02	0.46	0.05	0.18
Total loans and leases	0.50	3.73	0.69	0.14	0.25	0.05	0.52	0.19	0.07	0.43
Loans Outstanding (in billions)										
All real estate loans	$5,118.0	$1.9	$558.7	$109.0	$2,962.8	$142.7	$23.1	$9.5	$44.5	$1,265.9
Construction and development	385.9	0.0	17.9	6.8	295.6	4.6	0.1	0.8	2.8	57.4
Nonfarm nonresidential	1,568.6	0.0	59.2	29.0	1,191.4	12.3	0.9	3.2	9.7	262.8
Multifamily residential real estate	479.8	0.0	84.5	3.9	332.2	3.4	0.4	0.3	1.2	53.9
Home equity loans	300.3	0.0	31.2	1.8	167.9	7.7	0.2	0.2	1.5	89.8
Other 1-4 family residential	2,210.6	1.8	310.7	25.0	924.7	113.9	21.5	4.3	25.8	782.9
Commercial and industrial loans	2,435.0	34.2	358.2	25.3	1,287.1	8.4	6.4	2.3	6.0	707.0
Loans to individuals	1,744.1	350.2	365.1	5.9	339.5	9.7	70.2	1.5	4.7	597.4
Credit card loans	822.0	328.7	271.9	0.6	27.8	0.4	0.4	0.1	0.0	192.2
Other loans to individuals	922.1	21.4	93.2	5.3	311.7	9.3	69.9	1.4	4.7	405.2
All other loans and leases (including farm)	1,569.2	0.2	479.0	36.8	433.1	4.2	4.4	0.8	2.7	608.0
Total loans and leases (plus unearned income)	10,866.3	386.5	1,760.9	176.9	5,022.5	165.0	104.1	13.9	58.0	3,178.3
Memo: Other Real Estate Owned (in millions)										
All other real estate owned	4,629.4	0.3	286.7	208.6	3,232.1	67.3	5.0	34.4	90.2	704.9
Construction and development	927.8	0.2	1.0	26.7	800.8	16.3	2.7	16.3	20.1	43.8
Nonfarm nonresidential	2,335.9	0.0	85.0	73.6	1,798.5	10.8	0.5	13.4	35.8	318.3
Multifamily residential real estate	63.8	0.0	0.0	2.9	60.5	0.4	0.0	0.0	0.0	0.0
1-4 family residential	1,109.3	0.1	154.7	37.4	500.0	39.7	1.9	4.7	29.8	341.1
Farmland	146.6	0.0	0.0	68.1	72.3	0.0	0.0	0.0	4.4	1.7

* 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, 2020	All Insured Institutions	Less Than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	$10 Billion to $250 Billion	Greater Than $250 Billion	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Percent of Loans 30-89 Days Past Due												
All loans secured by real estate	0.60	0.97	0.52	0.34	0.47	0.88	0.52	0.60	0.57	0.97	0.57	0.29
Construction and development	0.45	1.02	0.50	0.33	0.33	0.76	0.54	0.44	0.40	0.73	0.32	0.28
Nonfarm nonresidential	0.34	0.71	0.36	0.25	0.29	0.55	0.42	0.29	0.35	0.41	0.28	0.27
Multifamily residential real estate	0.24	0.28	0.28	0.19	0.22	0.30	0.28	0.19	0.31	0.23	0.30	0.09
Home equity loans	0.51	0.30	0.39	0.34	0.53	0.56	0.45	0.50	0.50	0.72	0.48	0.32
Other 1-4 family residential	0.92	1.32	0.77	0.55	0.73	1.16	0.71	0.89	0.78	1.51	1.11	0.37
Commercial and industrial loans	0.26	0.86	0.42	0.27	0.23	0.26	0.28	0.21	0.29	0.25	0.31	0.26
Loans to individuals	1.22	1.49	1.49	1.28	1.11	1.30	1.06	1.74	0.82	1.10	0.86	1.32
Credit card loans	1.10	1.05	1.81	2.72	1.20	0.97	1.18	1.31	0.80	1.04	0.55	1.23
Other loans to individuals	1.33	1.50	1.47	0.98	1.03	1.62	0.98	2.11	0.84	1.21	0.96	1.39
All other loans and leases (including farm)	0.32	0.45	0.39	0.28	0.24	0.35	0.26	0.17	0.39	0.41	0.31	0.27
Total loans and leases	0.58	0.92	0.53	0.37	0.51	0.70	0.52	0.65	0.51	0.73	0.51	0.52
Percent of Loans Noncurrent**												
All real estate loans	1.65	1.16	0.82	0.86	1.91	2.03	1.51	1.47	1.67	1.97	2.86	0.60
Construction and development	0.65	0.73	0.63	0.61	0.44	1.13	1.15	0.46	1.02	0.35	0.34	0.51
Nonfarm nonresidential	1.00	1.24	0.84	0.83	1.02	1.24	1.23	0.84	1.18	1.24	0.70	0.75
Multifamily residential real estate	0.26	0.93	0.28	0.33	0.19	0.32	0.28	0.52	0.15	0.52	0.19	0.12
Home equity loans	2.11	0.46	0.62	0.62	1.38	3.25	2.05	1.60	2.56	3.36	1.07	0.85
Other 1-4 family residential	2.54	1.11	0.84	1.12	3.60	2.51	2.25	2.15	2.20	2.70	7.55	0.57
Commercial and industrial loans	0.99	1.23	0.64	0.88	0.93	1.11	0.91	0.90	0.93	1.43	0.93	0.81
Loans to individuals	0.86	0.76	0.65	0.79	0.88	0.85	0.92	1.02	0.55	0.89	0.71	0.93
Credit card loans	1.16	0.67	1.70	2.26	1.25	1.06	1.38	1.28	0.92	1.12	1.03	1.15
Other loans to individuals	0.59	0.76	0.58	0.49	0.54	0.64	0.58	0.79	0.23	0.51	0.60	0.76
All other loans and leases (including farm)	0.33	1.01	0.94	0.35	0.37	0.27	0.28	0.17	0.37	0.41	0.26	0.39
Total loans and leases	1.18	1.12	0.79	0.83	1.32	1.23	1.15	1.07	1.10	1.40	2.05	0.70
Percent of Loans Charged-Off (net, YTD)												
All real estate loans	0.04	0.03	0.04	0.05	0.05	0.04	0.05	0.06	0.03	0.05	0.04	0.02
Construction and development	0.01	0.00	0.02	0.04	0.00	-0.01	0.01	0.02	0.03	-0.03	0.02	0.03
Nonfarm nonresidential	0.13	0.06	0.07	0.08	0.14	0.22	0.13	0.15	0.20	0.18	0.07	0.07
Multifamily residential real estate	0.01	0.00	-0.01	0.01	0.00	0.00	0.01	0.03	0.00	0.01	0.01	-0.01
Home equity loans	-0.05	0.11	0.03	0.01	-0.01	-0.10	0.00	-0.08	-0.02	-0.10	-0.07	-0.03
Other 1-4 family residential	0.00	0.03	0.02	0.02	0.00	-0.02	0.01	0.00	-0.03	0.00	0.02	0.00
Commercial and industrial loans	0.53	0.36	0.25	0.38	0.66	0.49	0.39	0.48	0.55	0.49	0.85	0.66
Loans to individuals	2.07	0.46	0.82	1.77	2.36	1.89	2.23	1.95	1.62	2.49	1.13	2.33
Credit card loans	3.48	3.53	3.03	6.87	3.87	3.08	3.86	3.38	2.99	3.49	2.44	3.98
Other loans to individuals	0.74	0.43	0.62	0.69	0.86	0.64	1.00	0.62	0.35	0.82	0.67	0.96
All other loans and leases (including farm)	0.17	0.24	0.25	0.27	0.18	0.16	0.26	0.21	0.13	0.14	0.11	0.19
Total loans and leases	0.50	0.13	0.12	0.22	0.66	0.51	0.48	0.54	0.41	0.53	0.31	0.70
Loans Outstanding (in billions)												
All real estate loans	$5,118.0	$20.7	$514.5	$952.1	$1,826.7	$1,804.1	$1,065.7	$935.3	$1,009.6	$904.1	$551.6	$651.8
Construction and development	385.9	1.1	47.2	94.1	160.5	83.0	76.1	63.1	64.2	53.8	83.4	45.4
Nonfarm nonresidential	1,568.6	4.3	193.2	407.3	625.7	338.0	360.9	305.4	232.4	208.7	228.4	232.9
Multifamily residential real estate	479.8	0.5	28.7	104.8	208.1	137.7	165.8	46.1	119.2	44.2	25.3	79.1
Home equity loans	300.3	0.4	16.1	35.7	108.9	139.2	64.9	71.8	72.4	48.1	18.9	24.3
Other 1-4 family residential	2,210.6	10.0	179.8	280.1	707.4	1,033.3	392.9	435.5	496.9	448.8	176.6	259.9
Commercial and industrial loans	2,435.0	4.3	120.3	298.9	880.0	1,131.6	427.9	569.0	542.9	416.9	195.7	282.6
Loans to individuals	1,744.1	1.9	26.9	73.4	748.0	893.9	305.6	406.7	340.7	297.6	67.0	326.6
Credit card loans	822.0	0.0	1.8	12.7	362.3	445.3	127.9	187.5	157.0	186.7	17.0	146.0
Other loans to individuals	922.1	1.9	25.1	60.7	385.7	448.6	177.7	219.1	183.8	110.8	50.0	180.7
All other loans and leases (including farm)	1,569.2	4.0	41.8	75.7	434.3	1,013.3	241.5	298.7	414.1	384.7	76.0	154.2
Total loans and leases (plus unearned income)	10,866.3	30.8	703.5	1,400.1	3,889.0	4,842.9	2,040.7	2,209.6	2,307.3	2,003.2	890.3	1,415.1
Memo: Other Real Estate Owned (in millions)												
All other real estate owned	4,629.4	73.2	1,031.9	1,458.4	1,129.8	936.1	629.1	960.0	854.7	672.9	861.4	651.2
Construction and development	927.8	14.1	391.5	300.5	184.0	37.7	108.2	247.7	113.0	152.8	256.2	50.0
Nonfarm nonresidential	2,335.9	26.1	359.0	937.7	579.3	433.9	226.3	436.9	417.4	301.9	421.1	532.4
Multifamily residential real estate	63.8	5.2	32.6	18.2	7.1	0.7	8.5	20.7	6.6	6.6	13.3	8.0
1-4 family residential	1,109.3	22.1	179.2	148.8	341.9	417.3	284.1	235.9	272.9	143.2	126.6	46.7
Farmland	146.6	5.7	69.6	53.2	17.5	0.6	2.1	18.9	17.8	49.4	44.3	14.2

* **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 2020	3rd Quarter 2020	2nd Quarter 2020	1st Quarter 2020	4th Quarter 2019	% Change 19Q4-20Q4	Asset Size Distribution: Less Than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	$10 Billion to $250 Billion	Greater Than $250 Billion
ALL DERIVATIVE HOLDERS											
Number of institutions reporting derivatives	1,384	1,374	1,381	1,361	1,328	4.2	34	687	522	128	13
Total assets of institutions reporting derivatives	$20,148,329	$19,490,742	$19,424,310	$18,647,356	$17,062,953	18.1	$2,400	$317,530	$1,537,960	$5,993,787	$12,296,652
Total deposits of institutions reporting derivatives	16,392,507	15,707,363	15,568,557	14,473,395	13,260,630	23.6	1,994	265,157	1,267,258	4,938,212	9,919,887
Total derivatives	165,712,643	181,124,627	181,706,545	199,743,579	173,052,331	-4.2	306	39,187	239,102	4,506,645	160,927,404
Derivative Contracts by Underlying Risk Exposure											
Interest rate	116,059,280	129,835,417	132,102,551	146,069,414	125,078,757	-7.2	306	38,827	230,405	2,430,196	113,359,546
Foreign exchange*	41,448,704	42,148,550	41,266,839	44,381,157	38,736,894	7.0	0	0	4,719	1,845,610	39,598,376
Equity	3,774,715	4,022,629	3,574,339	3,661,579	3,796,106	-0.6	0	20	32	58,055	3,716,608
Commodity & other (excluding credit derivatives)	1,394,504	1,536,154	1,506,889	1,643,731	1,495,227	-6.7	0	0	107	77,611	1,316,785
Credit	3,034,285	3,580,623	3,254,590	3,986,479	3,944,681	-23.1	0	26	2,997	95,173	2,936,090
Total	165,711,488	181,123,373	181,705,208	199,742,360	173,051,665	-4.2	306	38,873	238,260	4,506,645	160,927,404
Derivative Contracts by Transaction Type											
Swaps	96,423,475	99,580,043	101,734,113	110,598,852	96,614,183	-0.2	5	2,283	129,106	2,549,965	93,742,117
Futures & forwards	32,350,227	39,822,440	41,018,444	46,803,966	34,786,564	-7.0	0	5,051	34,362	1,343,142	30,967,671
Purchased options	16,098,913	17,889,179	16,881,937	18,151,997	18,118,533	-11.1	1	240	14,889	223,907	15,859,877
Written options	15,892,891	17,706,980	16,682,545	17,959,266	17,998,526	-11.7	2	5,006	24,775	211,405	15,651,702
Total	160,765,505	174,998,642	176,317,039	193,514,081	167,517,806	-4.0	8	12,579	203,132	4,328,419	156,221,367
Fair Value of Derivative Contracts											
Interest rate contracts	70,653	73,199	60,217	48,270	49,831	41.8	0	64	-262	17,041	53,810
Foreign exchange contracts	-11,466	-7,256	-19,636	-16,009	-7,869	N/M	0	0	-21	-802	-10,644
Equity contracts	-7,165	-700	-1,171	9,837	-1,203	N/M	0	1	1	-370	-6,797
Commodity & other (excluding credit derivatives)	-452	-1,087	-3,800	9,802	-1,310	N/M	0	0	0	-151	-301
Credit derivatives as guarantor**	14,331	3,830	-3,347	-24,127	25,920	-44.7	0	0	20	-97	14,408
Credit derivatives as beneficiary**	-18,166	-7,167	553	26,454	-26,965	N/M	0	0	-22	-62	-18,081
Derivative Contracts by Maturity* **											
Interest rate contracts < 1 year	62,457,276	76,385,585	80,158,815	92,838,175	79,135,461	-21.1	4	7,676	35,834	969,975	61,443,787
1-5 years	39,201,919	39,963,944	41,098,879	43,088,736	35,856,425	9.3	8	1,944	45,408	838,259	38,316,300
> 5 years	20,844,428	20,500,301	19,986,413	20,987,249	24,264,486	-14.1	3	3,060	88,438	472,239	20,280,688
Foreign exchange and gold contracts < 1 year	29,434,113	29,396,427	29,049,567	31,570,063	28,241,089	4.2	0	0	4,033	1,657,044	27,773,036
1-5 years	4,404,492	4,299,182	4,238,687	4,127,647	4,052,351	8.7	0	0	510	113,705	4,290,277
> 5 years	2,402,103	2,299,468	2,179,498	2,152,437	2,146,242	11.9	0	0	13	23,506	2,378,584
Equity contracts < 1 year	3,287,136	3,210,066	2,850,740	2,959,453	3,083,994	6.6	0	7	10	39,496	3,247,623
1-5 years	770,821	882,054	825,667	779,791	844,052	-8.7	0	13	4	13,406	757,397
> 5 years	138,573	133,921	128,679	124,492	136,149	1.8	0	0	5	4,113	134,455
Commodity & other contracts (including credit derivatives, excluding gold contracts) < 1 year	1,820,961	1,926,264	1,860,285	2,040,847	2,094,288	-13.1	0	13	89	48,723	1,772,136
1-5 years	2,023,406	2,249,588	2,163,848	2,612,164	2,785,983	-27.4	0	1	781	46,653	1,975,972
> 5 years	215,486	433,136	227,777	449,878	260,844	-17.4	0	80	1,516	7,429	206,461
Risk-Based Capital: Credit Equivalent Amount											
Total current exposure to tier 1 capital (%)	30.2	29.9	31.9	37.9	23.7		0.1	1.7	2.8	7.2	48.5
Total potential future exposure to tier 1 capital (%)	31.0	32.3	29.6	29.6	34.5		0.0	0.2	1.2	5.4	51.1
Total exposure (credit equivalent amount) to tier 1 capital (%)	61.2	62.2	61.5	67.6	58.2		0.1	1.9	4.0	12.5	99.6
Credit losses on derivatives** **	137.0	131.0	125.0	83.0	20.0	585.0	0.0	0.0	4.0	17.0	116
HELD FOR TRADING											
Number of institutions reporting derivatives	188	186	186	182	174	8.0	0	19	90	68	11
Total assets of institutions reporting derivatives	15,891,194	15,384,583	15,394,405	14,841,535	13,426,816	18.4	0	8,114	339,151	3,990,813	11,553,117
Total deposits of institutions reporting derivatives	12,851,305	12,340,493	12,274,431	11,424,297	10,356,388	24.1	0	6,833	277,033	3,317,090	9,250,349
Derivative Contracts by Underlying Risk Exposure											
Interest rate	112,808,197	126,595,376	129,035,575	143,093,184	122,492,314	-7.9	0	406	48,143	1,736,570	111,023,078
Foreign exchange	39,084,210	39,147,645	38,663,882	41,651,419	36,707,246	6.5	0	0	3,717	1,728,149	37,352,344
Equity	3,746,888	3,997,150	3,549,571	3,639,261	3,777,097	-0.8	0	0	2	47,636	3,699,250
Commodity & other	1,358,385	1,501,890	1,473,915	1,611,455	1,464,169	-7.2	0	0	76	75,683	1,282,626
Total	156,997,680	171,242,061	172,722,943	189,995,319	164,440,827	-4.5	0	406	51,939	3,588,038	153,357,297
Trading Revenues: Cash & Derivative Instruments											
Interest rate**	3,625	2,826	4,638	4,940	4,366	-17.0	0	0	4	781	2,839
Foreign exchange**	18	1,942	3,841	2,167	662	-97.3	0	0	3	-569	584
Equity**	2,480	750	3,139	-1,040	1,427	73.8	0	0	9	-3	2,473
Commodity & other (including credit derivatives)**	191	1,380	2,036	612	634	-69.9	0	0	2	219	-31
Total trading revenues**	6,314	6,898	13,653	6,678	7,089	-10.9	0	0	19	429	5,866
Share of Revenue											
Trading revenues to gross revenues (%)**	4.6	4.9	9.2	4.2	4.5		0.0	0.0	0.5	1.2	6
Trading revenues to net operating revenues (%)**	16.7	22.0	284.6	60.0	20.9		0.0	0.0	1.9	4.2	22.1
HELD FOR PURPOSES OTHER THAN TRADING											
Number of institutions reporting derivatives	622	620	626	616	641	-3.0	3	158	329	119	13
Total assets of institutions reporting derivatives	19,264,337	18,644,510	18,557,464	17,928,518	16,491,529	16.8	204	80,626	1,160,486	5,726,369	12,296,652
Total deposits of institutions reporting derivatives	15,655,266	15,009,146	14,854,670	13,891,758	12,797,489	22.3	171	66,733	955,078	4,713,398	9,919,887
Derivative Contracts by Underlying Risk Exposure											
Interest rate	3,192,473	3,162,435	3,009,014	2,934,180	2,564,078	24.5	8	12,152	150,219	693,626	2,336,468
Foreign exchange	511,407	534,403	527,340	529,987	462,834	10.5	0	0	913	34,408	476,085
Equity	27,826	25,479	24,768	22,318	19,009	46.4	0	20	29	10,419	17,358
Commodity & other	36,119	34,264	32,974	32,277	31,059	16.3	0	0	31	1,928	34,160
Total notional amount	3,767,825	3,756,581	3,594,097	3,518,762	3,076,980	22.5	8	12,173	151,193	740,381	2,864,070

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

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

** Does not include banks filing the FFIEC 051 report form, which was introduced in first quarter 2017.

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

**** Credit losses on derivatives is applicable to all banks filing the FFIEC 031 report form and banks filing the FFIEC 041 report form that have $300 million or more in total assets, but is not applicaable to banks filing the FFIEC 051 form.

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

							Asset Size Distribution				
(dollar figures in millions)	4th Quarter 2020	3rd Quarter 2020	2nd Quarter 2020	1st Quarter 2020	4th Quarter 2019	% Change 19Q4-20Q4	Less Than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	$10 Billion to $250 Billion	Greater Than $250 Billion
Assets Securitized and Sold with Servicing Retained or with Recourse or Other Seller-Provided Credit Enhancements											
Number of institutions reporting securitization activities	57	58	61	63	63	-9.5	0	5	12	32	8
Outstanding Principal Balance by Asset Type											
1-4 family residential loans	$382,125	$406,116	$449,854	$452,586	$474,309	-19.4	$0	$5,129	$11,963	$104,348	$260,686
Home equity loans	8	8	9	9	11	-27.3	0	0	0	8	0
Credit card receivables	0	0	0	0	0	0.0	0	0	0	0	0
Auto loans	289	579	980	1,196	1,448	-80.0	0	0	0	289	0
Other consumer loans	1,569	1,669	1,512	1,587	1,661	-5.5	0	0	0	851	717
Commercial and industrial loans	0	0	0	0	0	0.0	0	0	0	0	0
All other loans, leases, and other assets	87,334	88,993	90,064	88,439	83,875	4.1	0	0	8,091	3,308	75,935
Total securitized and sold	471,325	497,365	542,419	543,817	561,304	-16.0	0	5,129	20,054	108,804	337,338
Maximum Credit Exposure by Asset Type											
1-4 family residential loans	1,210	1,403	1,522	1,726	1,326	-8.7	0	0	51	604	555
Home equity loans	0	0	0	0	0	0.0	0	0	0	0	0
Credit card receivables	0	0	0	0	0	0.0	0	0	0	0	0
Auto loans	26	38	48	53	59	-55.9	0	0	0	26	0
Other consumer loans	0	0	0	0	0	0.0	0	0	0	0	0
Commercial and industrial loans	0	0	0	0	0	0.0	0	0	0	0	0
All other loans, leases, and other assets	2,029	2,010	2,205	1,645	1,366	48.5	0	0	91	91	1,847
Total credit exposure	3,265	3,451	3,775	3,424	2,751	18.7	0	0	142	721	2,402
Total unused liquidity commitments provided to institution's own securitizations	71	71	32	29	24	195.8	0	0	0	0	71
Securitized Loans, Leases, and Other Assets 30-89 Days Past Due (%)											
1-4 family residential loans	2.7	3.0	5.9	3.7	3.5		0.0	2.1	0.7	2.1	3
Home equity loans	5.3	7.2	8.3	19.7	9.8		0.0	0.0	0.0	5.3	0
Credit card receivables	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0
Auto loans	4.2	3.1	2.6	4.5	3.2		0.0	0.0	0.0	4.2	0
Other consumer loans	3.1	2.3	3.0	3.7	3.6		0.0	0.0	0.0	1.5	5.1
Commercial and industrial loans	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0
All other loans, leases, and other assets	0.6	1.5	4.7	0.1	0.1		0.0	0.0	0.2	1.6	0.6
Total loans, leases, and other assets	2.5	3.1	6.5	3.4	3.2		0.0	0.0	0.0	2.4	2.5
Securitized Loans, Leases, and Other Assets 90 Days or More Past Due (%)											
1-4 family residential loans	3.0	2.9	4.6	1.0	1.0		0.0	1.6	2.3	4.1	2.5
Home equity loans	28.9	27.8	28.9	29.3	33.6		0.0	0.0	0.0	28.9	0
Credit card receivables	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0
Auto loans	0.6	0.8	0.9	0.8	0.6		0.0	0.0	0.0	0.6	0
Other consumer loans	2.4	2.2	3.2	3.6	3.7		0.0	0.0	0.0	0.9	4.2
Commercial and industrial loans	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0
All other loans, leases, and other assets	2.4	2.9	0.4	0.3	0.3		0.0	0.0	1.5	0.4	2.6
Total loans, leases, and other assets	2.5	2.8	4.3	0.8	0.8		0.0	0.0	0.0	1.8	2.6
Securitized Loans, Leases, and Other Assets Charged-off (net, YTD, annualized, %)											
1-4 family residential loans	0.1	0.1	0.1	0.0	0.2		0.0	0.0	0.0	0.0	0.1
Home equity loans	11.9	10.2	8.4	6.9	8.6		0.0	0.0	0.0	11.9	0
Credit card receivables	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0
Auto loans	3.6	2.0	1.1	0.5	1.9		0.0	0.0	0.0	3.6	0
Other consumer loans	1.0	0.8	0.4	0.1	0.7		0.0	0.0	0.0	0.2	1.8
Commercial and industrial loans	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0
All other loans, leases, and other assets	0.2	0.2	0.1	0.1	0.3		0.0	0.0	0.0	0.8	0.2
Total loans, leases, and other assets	0.1	0.1	0.1	0.0	0.2		0.0	0.0	0.0	0.1	0.2
Seller's Interests in Institution's Own Securitizations – Carried as Loans											
Home equity loans	0	0	0	0	0	0.0	0	0	0	0	0
Credit card receivables	0	0	0	0	0	0.0	0	0	0	0	0
Commercial and industrial loans	0	0	0	0	0	0.0	0	0	0	0	0
Seller's Interests in Institution's Own Securitizations – Carried as Securities											
Home equity loans	0	0	0	0	0	0.0	0	0	0	0	0
Credit card receivables	0	0	0	0	0	0.0	0	0	0	0	0
Commercial and industrial loans	0	0	0	0	0	0.0	0	0	0	0	0
Assets Sold with Recourse and Not Securitized											
Number of institutions reporting asset sales	343	347	345	339	371	-7.5	5	115	151	63	9
Outstanding Principal Balance by Asset Type											
1-4 family residential loans	35,430	31,869	28,990	27,752	30,320	16.9	60	5,630	15,919	12,288	1,533
All other loans, leases, and other assets	131,293	128,103	126,493	123,427	124,159	5.7	0	90	68	36,177	94,958
Total sold and not securitized	166,722	159,972	155,483	151,179	154,479	7.9	60	5,720	15,988	48,465	96,491
Maximum Credit Exposure by Asset Type											
1-4 family residential loans	13,630	12,870	10,753	9,675	10,161	34.1	2	977	5,942	5,941	768
All other loans, leases, and other assets	37,880	36,997	36,423	35,313	34,793	8.9	0	90	18	11,411	26,361
Total credit exposure	51,510	49,867	47,176	44,989	44,953	14.6	2	1,067	5,960	17,352	27,129
Support for Securitization Facilities Sponsored by Other Institutions											
Number of institutions reporting securitization facilities sponsored by others	36	36	35	36	36	0.0	1	9	13	8	5
Total credit exposure	23,986	24,893	26,480	22,894	23,214	3.3	0	0	0	1,617	22,369
Total unused liquidity commitments	418	412	413	208	413	1.2	0	0	0	295	123
Other											
Assets serviced for others**	5,779,937	5,921,767	5,912,001	6,185,782	6,187,243	-6.6	3,121	221,077	378,412	1,230,565	3,946,761
Asset-backed commercial paper conduits											
Credit exposure to conduits sponsored by institutions and others	19,694	17,209	17,348	18,170	17,948	9.7	0	0	0	0	19,694
Unused liquidity commitments to conduits sponsored by institutions and others	56,904	59,373	59,835	56,530	58,175	-2.2	0	0	0	1,487	55,417
Net servicing income (for the quarter)	1,025	1,364	-246	-1,757	2,204	-53.5	7	227	209	358	225
Net securitization income (for the quarter)	77	92	39	37	138	-44.2	0	10	4	9	53
Total credit exposure to Tier 1 capital (%)***	3.6	3.7	3.8	3.6	3.6		0.0	0.0	0.0	0.7	2.8

* Does not include banks filing the FFIEC 051 report form, which was introduced in first quarter 2017.
** 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)

(dollar figures in millions)	All Insured Institutions					Asset Size Distribution				
	Dec 31 2020	Dec 31 2019	Dec 31 2018	Dec 31 2017	% Change 2019-2020	Less Than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	$10 Billion to $250 Billion	Greater Than $250 Billion
Number of institutions reporting	5,001	5,177	5,406	5,670	-3.4	944	3,130	776	138	13
Number of institutions with fiduciary powers	1,578	1,627	1,686	1,745	-3.0	134	931	402	99	12
Commercial banks	1,461	1,500	1,561	1,617	-2.6	122	878	358	91	12
Savings institutions	117	127	125	128	-7.9	12	53	44	8	0
Number of institutions exercising fiduciary powers	1,170	1,207	1,260	1,291	-3.1	82	665	320	91	12
Commercial banks	1,078	1,106	1,162	1,189	-2.5	71	624	288	83	12
Savings institutions	92	101	98	102	-8.9	11	41	32	8	0
Number of institutions reporting fiduciary activity	1,116	1,147	1,199	1,224	-2.7	76	624	314	90	12
Commercial banks	1,032	1,055	1,106	1,128	-2.2	65	588	284	83	12
Savings institutions	84	92	93	96	-8.7	11	36	30	7	0
Fiduciary and related assets - managed assets										
Personal trust and agency accounts	750,909	709,267	630,296	678,425	5.9	14,854	71,026	88,860	280,931	295,238
Noninterest-bearing deposits	5,087	7,674	8,900	9,124	-33.7	2	501	399	288	3,897
Interest-bearing deposits	81,654	69,085	76,197	70,413	18.2	100	7,086	8,422	16,563	49,482
U.S. Treasury and U.S. Government agency obligations	131,956	138,753	124,625	109,476	-4.9	1,788	3,132	17,231	47,318	62,487
State, county and municipal obligations	251,763	253,381	234,846	220,454	-0.6	4,078	10,894	21,174	90,009	125,608
Money market mutual funds	157,714	146,712	122,932	99,968	7.5	2,730	13,757	16,408	52,667	72,153
Other short-term obligations	160,426	132,383	135,186	151,811	21.2	65	73	1,235	3,969	155,083
Other notes and bonds	341,462	301,599	287,252	270,734	13.2	8,291	5,043	15,806	46,877	265,445
Common and preferred stocks	4,011,171	3,581,224	2,964,907	3,320,848	12.0	40,469	266,073	226,984	743,874	2,733,772
Real estate mortgages	2,048	2,125	2,087	1,884	-3.6	10	166	340	1,178	354
Real estate	66,706	52,582	49,756	47,940	26.9	1,066	23,927	7,196	14,273	20,244
Miscellaneous assets	146,535	130,782	107,310	121,727	12.0	1,888	11,082	16,573	39,125	77,867
Employee benefit and retirement-related trust and agency accounts:										
Employee benefit - defined contribution	595,321	493,000	395,229	429,240	20.8	1,922	14,909	16,972	26,356	535,162
Employee benefit - defined benefit	634,567	602,747	508,367	585,263	5.3	3,732	3,060	19,420	26,966	581,388
Other employee benefit and retirement-related accounts	454,412	408,074	339,960	373,405	11.4	6,820	79,387	35,114	115,400	217,691
Corporate trust and agency accounts	27,822	23,739	15,607	19,895	17.2	1	311	6,200	3,391	17,920
Investment management and investment advisory agency accounts	2,340,514	2,110,932	1,832,929	1,924,534	10.9	29,506	158,221	144,088	511,159	1,497,541
Other fiduciary accounts	552,976	468,541	391,609	413,618	18.0	3,652	14,821	21,114	91,937	421,452
Total managed fiduciary accounts:										
Assets	5,356,522	4,816,302	4,113,997	4,424,380	11.2	60,488	341,735	331,768	1,056,140	3,566,391
Number of accounts	1,951,523	1,892,283	1,852,807	1,839,096	3.1	98,124	480,539	331,003	490,953	550,904
Fiduciary and related assets - nonmanaged assets										
Personal trust and agency accounts	386,932	339,550	300,897	282,548	14.0	6,891	25,336	23,055	182,991	148,658
Employee benefit and retirement-related trust and agency accounts:										
Employee benefit - defined contribution	2,076,354	2,504,371	2,152,994	2,333,483	-17.1	176,929	74,885	53,312	896,889	874,339
Employee benefit - defined benefit	3,036,645	4,697,794	4,432,130	4,655,377	-35.4	13,881	17,444	22,878	1,033,459	1,948,983
Other employee benefit and retirement-related accounts	773,612	1,620,838	1,489,228	1,571,066	-52.3	1,553	57,069	20,590	158,879	535,522
Corporate trust and agency accounts	3,846,606	3,584,432	3,338,071	3,350,525	7.3	3	3,491	328,958	314,108	3,200,045
Other fiduciary accounts	3,430,772	3,998,882	3,470,168	3,656,109	-14.2	13,133	41,266	36,483	504,439	2,835,451
Total nonmanaged fiduciary accounts:										
Assets	13,550,922	16,745,867	15,183,488	15,849,109	-19.1	212,390	219,491	485,277	3,090,766	9,542,999
Number of accounts	4,752,072	4,304,374	3,909,570	3,872,793	10.4	12,786	2,145,325	176,913	303,492	2,113,556
Custody and safekeeping accounts:										
Assets	129,458,292	110,653,619	96,368,725	97,674,506	17.0	43,550	1,596,271	1,183,054	11,472,749	115,162,669
Number of accounts	13,478,663	13,731,356	13,286,592	12,556,341	-1.8	218,245	8,832,581	121,450	2,134,890	2,171,497
Fiduciary and related services income										
Personal trust and agency accounts	4,700	4,584	4,745	4,642	2.5	96	260	527	1,791	2,026
Retirement-related trust and agency accounts:										
Employee benefit - defined contribution	1,029	1,195	1,373	1,337	-13.9	24	67	165	286	487
Employee benefit - defined benefit	1,101	1,361	1,502	1,508	-19.1	9	19	31	311	732
Other employee benefit and retirement-related accounts	2,243	2,176	2,114	1,911	3.1	62	641	333	617	589
Corporate trust and agency accounts	1,884	1,875	1,774	1,720	0.5	0	6	311	422	1,145
Investment management agency accounts	9,572	9,110	9,140	8,515	5.1	144	876	955	2,954	4,642
Other fiduciary accounts	607	803	775	811	-24.4	5	2	5	168	427
Custody and safekeeping accounts	16,110	14,535	14,927	14,403	10.8	11	579	266	2,055	13,199
Other fiduciary and related services income	1,032	926	983	916	11.4	19	91	136	285	501
Total gross fiduciary and related services income	38,506	36,841	37,511	35,857	4.5	371	2,667	2,806	8,915	23,747
Less: Expenses	34,266	34,623	35,123	33,150	-1.0	287	2,002	1,986	7,335	22,657
Less: Net losses from fiduciary and related services	568	502	300	283	13.1	2	31	107	95	333
Plus: Intracompany income credits for fiduciary and related services	7,325	10,130	9,307	7,539	-27.7	3	3	257	946	6,116
Net fiduciary and related services income	10,751	11,542	11,154	9,805	-6.9	84	509	894	2,405	6,859
Collective investment funds and common trust funds (market value)										
Domestic equity funds	894,542	789,065	615,673	718,199	13.4	9,181	4,297	45,657	6,263	829,143
International/global equity funds	312,134	257,360	202,917	230,397	21.3	1,825	11,694	6,047	3,806	288,762
Stock/bond blend funds	209,306	175,200	148,831	141,328	19.5	2,448	470	15,628	15,996	174,764
Taxable bond funds	153,517	133,911	125,119	148,520	14.6	875	1,816	10,090	4,123	136,612
Municipal bond funds	2,106	2,287	2,004	3,001	-7.9	0	0	44	912	1,150
Short-term investments/money market funds	156,498	143,418	143,955	154,093	9.1	4,024	0	450	1,548	150,477
Specialty/other funds	62,117	61,674	58,833	56,774	0.7	0	5,484	5,938	2,288	48,407
Total collective investment funds	1,796,220	1,570,101	1,303,752	1,452,312	14.4	18,427	26,670	84,700	36,288	1,630,136

COMMUNITY BANK PERFORMANCE

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

Full-Year Net Income Rises 3.6 Percent Despite Higher Provision Expenses

Community Banks Report Strong Quarterly Net Income Growth of 21.2 Percent Year Over Year

Net Interest Margin Declines 30 Basis Points From the Year-Ago Quarter

Loan and Lease Volume Grows 10.3 Percent Year Over Year

Asset Quality Remains Stable Overall Despite Modest Weakness in Some Portfolios

Full-Year Net Income Rises 3.6 Percent Despite Higher Provision Expenses

Net income for 2020 totaled $25.9 billion, an increase of $896.7 million (3.6 percent) compared with full-year 2019 results. Provisions increased $4.1 billion (141.6 percent) compared with 2019, representing 7.1 percent of net operating revenue—a seven-year high. The ratio of provisions to net operating revenue, however, is less than half that reported by noncommunity banks (17.7 percent). Net operating revenue increased $9.7 billion (10.8 percent), driven by an increase in noninterest income, which rose $6.1 billion (33.7 percent). Three out of five community banks (60 percent) reported higher noninterest income compared with 2019. The full-year pretax return on assets (ROA) ratio declined by 13 basis points to 1.31 percent in 2020 because of an increase in average assets. The percentage of unprofitable community banks rose from 3.7 percent in 2019 to 4.4 percent in 2020.

Quarterly Net Income Increases 21.2 Percent Year Over Year

Community banks reported year-over-year net income growth of $1.3 billion (21.2 percent) in fourth quarter 2020, despite an increase in provisions for loan and lease losses (provisions) and a narrower net interest margin (NIM). Provisions increased $333 million (38.1 percent) from fourth quarter 2019, lifting the ratio of provisions to net operating revenue to 4.53 percent (84 basis points). This ratio is 3.2 percentage points higher than that reported by noncommunity banks. More than half of the 4,559 FDIC–insured community banks (57 percent) reported higher net income from the year-ago quarter. Increased income from loan sales (up $1.8 billion, or 159.2 percent) drove the improvement in quarterly net income and offset the increase in provisions year over year. The pretax ROA ratio increased 6 basis points from the year-ago quarter to 1.42 percent as net income growth outpaced the growth in average assets.

Chart 1

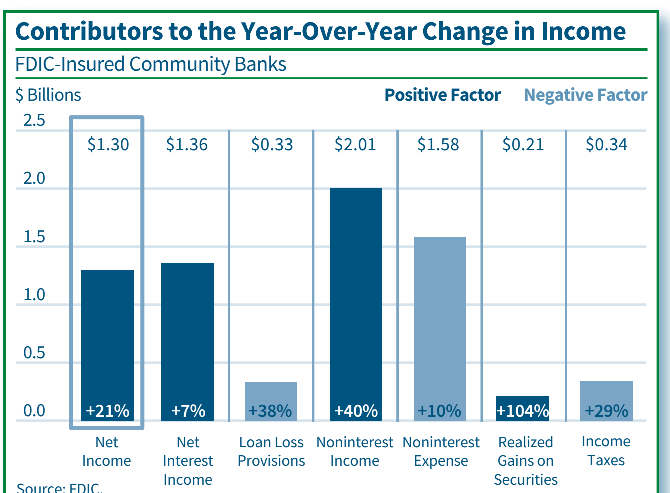
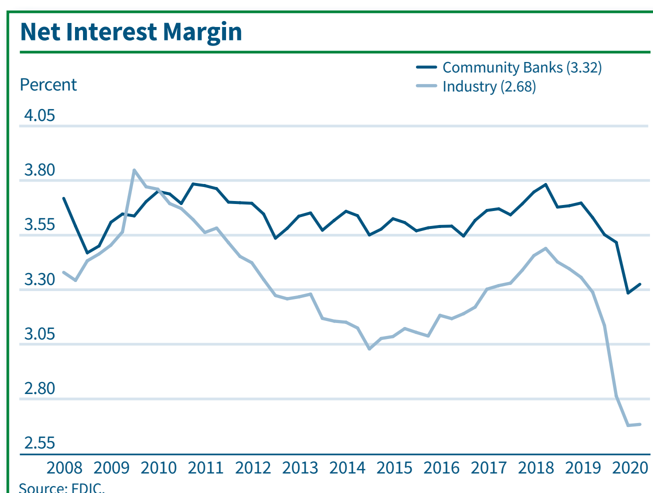


Chart 2



Net Interest Margin Narrows 30 Basis Points Year Over Year

The quarterly NIM narrowed 30 basis points from the year-ago quarter to 3.32 percent because of a decline in average yields on earning assets that outpaced the decline in average funding costs. The average yield on earning assets fell 77 basis points to a historical low of 3.78 percent. Despite the drop in yields on earning assets, net interest income increased $1.4 billion (7.5 percent), because the dollar reduction in interest expense (down $2 billion, or 43 percent) was greater than the dollar decline in interest income (down $653.3 million, or 2.9 percent). Noninterest income increased $2 billion (40.1 percent), driven by an increase in gains on loan sales (up $1.8 billion, or 159.2 percent). The increase in net interest income and noninterest income contributed to growth in quarterly net operating revenue, which rose $3.4 billion (up 14.5 percent) from the year-ago quarter.

Noninterest Expense Increases 10.4 Percent Year Over Year

An increase in salary and benefit expense of $1.1 billion (12.6 percent) drove the growth in noninterest expense (up $1.6 billion, or 10.4 percent) year over year. During this period, average assets per employee increased 16 percent to $6.5 million from the year-ago quarter.

Loan and Lease Volume Grows 10.3 Percent From the Year-Ago Quarter

Loan and lease balances grew $159.5 billion (10.3 percent) between fourth quarter 2019 and fourth quarter 2020. Though balances in all major loan categories expanded during the year, growth in commercial and industrial (C&I) loans (up $109.4 billion, or 52.8 percent) accounted for more than two-thirds of the year-over-year increase. Growth in nonfarm nonresidential (NFNR) loans (up $34.8 billion, or 7.6 percent), multifamily loans (up $8.4 billion, or 8.4 percent), and construction and development (C&D) loans (up $6.8 billion, or 6.2 percent) supported the year-over-year increase in loan volume. Small loans to businesses increased 21.9 percent to $346.8 billion from the year-ago quarter, driven by an increase in C&I loans that reflected Paycheck Protection Program (PPP) loan growth in the first half of 2020. Small loans to farm businesses declined $3.5 billion (5.7 percent) from the year-ago quarter. Unfunded loan commitments grew $38.4 billion (up 12.3 percent) to $349.9 billion year over year.

Community banks reported a moderate contraction in loan volume (1.6 percent) between third quarter 2020 and fourth quarter 2020. A reduction in C&I loan volume (down $36.1 billion, or 10.2 percent), which was driven by a $36.2 billion reduction in PPP loan balances, was the cause for the overall decline. More than four out of five community banks (84.7 percent) reported a reduction in C&I loan volume from third quarter 2020. Growth in

Chart 3

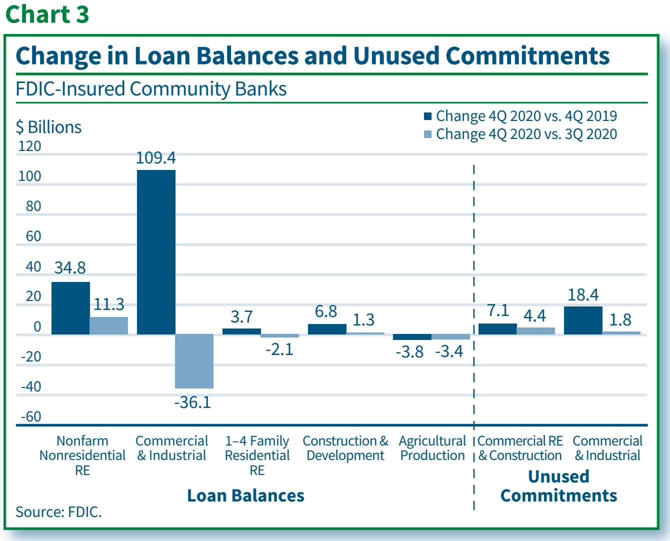
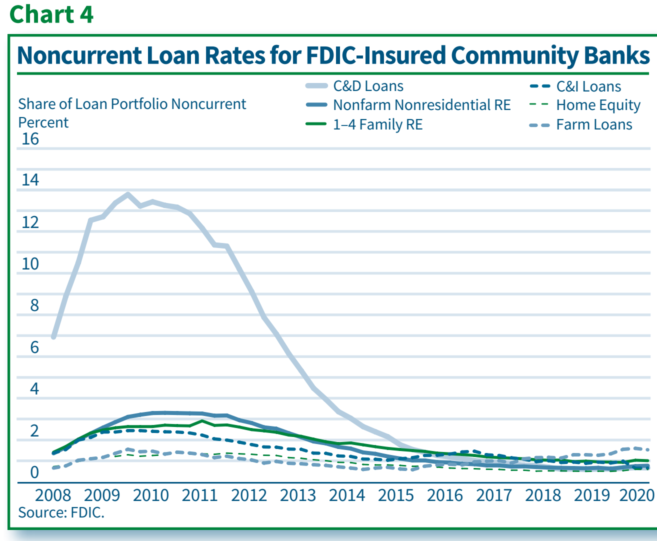


Chart 4



the following categories compensated in part for the quarterly decline in C&I loan balances: NFNR loans (up $11.3 billion, or 2.3 percent), multifamily loans (up $2.8 billion, or 2.6 percent), and C&D loans (up $1.3 billion, or 1.1 percent). An increase in commercial real estate loan commitments (up $4.4 billion, or 4.7 percent) drove the quarter-over-quarter growth in unfunded loan volume.

Growth in Deposits Above the Insurance Limit Drives the Annual Increase in Total Deposits

Deposits at community banks increased $330.5 billion (18.4 percent) compared with the year-ago quarter, largely because of strong growth in the first half of 2020. Nearly all community banks (96.4 percent) reported an increase in deposit volume during the year. Growth in deposits above the insurance limit (up $221.8 billion, or 30.4 percent) drove the annual increase. Brokered deposit volume declined $5.6 billion (8.4 percent) from the year-ago quarter. Average funding costs fell 47 basis points to 0.45 percent—a historical low.

Noncurrent Balances in All Major Loan Categories Increase Year Over Year

Noncurrent loans increased $1.5 billion (12.8 percent) year over year as noncurrent balances in all major loan categories grew. However, the noncurrent rate for total loans remained relatively flat from the year-ago quarter at 0.77 percent, partly because of strong year-over-year loan growth, and the coverage ratio increased 23 percentage points to 171.4 percent—a 14 year high.

Noncurrent balances in the NFNR loan portfolio increased most among major loan categories (up $1.1 billion, or 37 percent). As such, the NFNR noncurrent rate rose 17 basis points from the year-ago quarter to 0.79 percent. Higher noncurrent balances in the non-owner occupied subcategory of the NFNR portfolio (up 61.1 percent) drove this increase. The noncurrent loan rate for multifamily loans increased 14 basis points to 0.36 percent year over year. The noncurrent loan rate for farm loans fell 30 basis points from third quarter 2020 to 1.22 percent. The noncurrent rate for C&I loans fell 23 basis points from the year-ago quarter to 0.66 percent.

Community Banks Report Broad-Based but Modest Decline in Net Charge-Off Volume

Broad-based but moderate declines in net charge-off volume across loan portfolios pulled the net charge-off rate for total loans down 4 basis points to 0.15 percent from the year-ago quarter. The net charge-off rate for C&I loans declined most among major loan categories (down 24 basis points to 0.30 percent).

Capital Levels Remain Strong

Equity capital grew $3.6 billion (1.3 percent) during the quarter despite a decline in retained earnings (down $1.2 billion, or 26 percent) resulting from an increase in cash dividends (up 57 percent). However, the leverage capital ratio declined 7 basis points to 10.3 percent as growth in average assets outpaced tier 1 capital formation. The average tier 1 risk-based capital ratio was 14.4 percent in fourth quarter 2020—relatively flat from the previous quarter. The average community bank leverage ratio (CBLR) for the 1,844 banks that elected to use the CBLR framework was 11.2 percent.

Two New Community Banks Open in Fourth Quarter 2020

The number of community banks declined to 4,559, down 31 from the previous quarter.[1] Quarterly changes include two community bank failures, two new community banks, four banks that transitioned from noncommunity to community banks, three banks that transitioned from community to noncommunity banks, two banks that self-liquidated, and 30 community banks that merged.

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[1] The number of community bank reporters excludes one bank that sold most of its assets to a credit union, but its charter remains active.

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

	2020	2019	2018	2017	2016	2015	2014
Return on assets (%)	1.09	1.20	1.19	0.96	0.99	0.99	0.93
Return on equity (%)	9.74	10.25	10.58	8.65	8.81	8.85	8.45
Core capital (leverage) ratio (%)	10.32	11.15	11.09	10.80	10.69	10.67	10.57
Noncurrent assets plus other real estate owned to assets (%)	0.59	0.65	0.70	0.78	0.94	1.07	1.34
Net charge-offs to loans (%)	0.12	0.13	0.13	0.16	0.16	0.15	0.21
Asset growth rate (%)	14.16	-1.17	2.22	1.17	2.97	2.74	2.20
Net interest margin (%)	3.39	3.66	3.72	3.62	3.57	3.57	3.61
Net operating income growth (%)	0.22	-4.04	28.01	0.21	2.42	9.57	4.78
Number of institutions reporting	4,559	4,750	4,980	5,228	5,462	5,736	6,037
Percentage of unprofitable institutions (%)	4.41	3.98	3.63	5.72	4.67	5.04	6.44

* 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 2020	3rd Quarter 2020	4th Quarter 2019	%Change 19Q4-20Q4
Number of institutions reporting	4,559	4,590	4,750	-4.0
Total employees (full-time equivalent)	392,769	390,659	400,308	-1.9
CONDITION DATA				
Total assets	$2,547,151	$2,478,619	$2,231,303	14.2
Loans secured by real estate	1,225,669	1,211,273	1,206,851	1.6
1-4 Family residential mortgages	388,550	391,937	393,215	-1.2
Nonfarm nonresidential	494,383	482,039	474,568	4.2
Construction and development	115,654	114,254	113,159	2.2
Home equity lines	42,307	42,943	46,490	-9.0
Commercial & industrial loans	316,643	346,062	212,695	48.9
Loans to individuals	65,272	64,261	66,106	-1.3
Credit cards	2,104	2,021	2,158	-2.5
Farm loans	47,500	51,073	52,209	-9.0
Other loans & leases	49,146	44,924	40,987	19.9
Less: Unearned income	1,042	1,283	557	87.2
Total loans & leases	1,703,189	1,716,311	1,578,291	7.9
Less: Reserve for losses*	22,515	21,835	17,700	27.2
Net loans and leases	1,680,674	1,694,476	1,560,592	7.7
Securities**	444,963	409,609	379,279	17.3
Other real estate owned	1,859	2,081	2,462	-24.5
Goodwill and other intangibles	18,013	17,912	17,690	1.8
All other assets	401,642	354,542	271,281	48.1
Total liabilities and capital	2,547,151	2,478,619	2,231,303	14.2
Deposits	2,126,475	2,049,529	1,834,302	15.9
Domestic office deposits	2,124,074	2,047,170	1,831,888	16.0
Foreign office deposits	2,401	2,359	2,414	-0.5
Brokered deposits	61,484	60,924	63,368	-3.0
Estimated insured deposits	1,478,239	1,444,577	1,331,460	11.0
Other borrowed funds	118,188	132,095	114,706	3.0
Subordinated debt	362	241	339	6.9
All other liabilities	24,647	25,094	19,291	27.8
Total equity capital (includes minority interests)	277,478	271,661	262,665	5.6
Bank equity capital	277,368	271,559	262,578	5.6
Loans and leases 30-89 days past due	7,556	6,668	8,751	-13.7
Noncurrent loans and leases	13,132	13,669	11,948	9.9
Restructured loans and leases	5,594	5,552	5,511	1.5
Mortgage-backed securities	201,821	189,452	179,942	12.2
Earning assets	2,381,694	2,318,372	2,078,589	14.6
FHLB Advances	73,192	83,498	92,543	-20.9
Unused loan commitments	349,895	337,860	314,155	11.4
Trust assets	380,409	262,884	328,546	15.8
Assets securitized and sold	23,237	21,601	17,049	36.3
Notional amount of derivatives	182,319	203,051	102,463	77.9

INCOME DATA	Full Year 2020	Full Year 2019	%Change	4th Quarter 2020	4th Quarter 2019	%Change 19Q4-20Q4
Total interest income	$88,710	$92,459	-4.1	$22,289	$23,406	-4.8
Total interest expense	13,435	18,897	-28.9	2,676	4,762	-43.8
Net interest income	75,275	73,562	2.3	19,612	18,645	5.2
Provision for credit losses***	7,029	2,910	141.5	1,207	880	37.2
Total noninterest income	24,342	18,899	28.8	7,021	5,178	35.6
Total noninterest expense	62,594	59,583	5.1	16,867	15,661	7.7
Securities gains (losses)	1,086	783	38.7	408	206	97.4
Applicable income taxes	5,102	5,096	0.1	1,502	1,169	28.5
Extraordinary gains, net****	1	127	N/M	0	10	N/M
Total net income (includes minority interests)	25,980	25,782	0.8	7,465	6,329	17.9
Bank net income	25,925	25,771	0.6	7,446	6,327	17.7
Net charge-offs	2,010	2,022	-0.6	633	727	-12.9
Cash dividends	12,066	13,326	-9.5	3,975	4,233	-6.1
Retained earnings	13,860	12,445	11.4	3,472	2,095	65.7
Net operating income	25,047	24,993	0.2	7,115	6,147	15.8

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

N/M - Not Meaningful

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

(dollar figures in millions)	4th Quarter 2020	3rd Quarter 2020	4th Quarter 2019	%Change 19Q4-20Q4
Number of institutions reporting	4,559	4,557	4,553	0.1
Total employees (full-time equivalent)	392,769	390,548	390,433	0.6
CONDITION DATA				
Total assets	$2,547,151	$2,504,638	$2,189,211	16.4
Loans secured by real estate	1,225,669	1,213,291	1,175,834	4.2
1-4 Family residential mortgages	388,550	390,674	385,544	0.8
Nonfarm nonresidential	494,383	483,125	459,868	7.5
Construction and development	115,654	114,368	108,951	6.2
Home equity lines	42,307	43,211	45,379	-6.8
Commercial & industrial loans	316,643	352,773	207,345	52.7
Loans to individuals	65,272	65,597	70,513	-7.4
Credit cards	2,104	2,091	3,682	-42.9
Farm loans	47,500	50,943	51,344	-7.5
Other loans & leases	49,146	49,073	40,576	21.1
Less: Unearned income	1,042	1,287	539	93.3
Total loans & leases	1,703,189	1,730,391	1,545,072	10.2
Less: Reserve for losses*	22,515	21,966	17,411	29.3
Net loans and leases	1,680,674	1,708,424	1,527,661	10.0
Securities**	444,963	410,348	378,511	17.6
Other real estate owned	1,859	2,082	2,410	-22.8
Goodwill and other intangibles	18,013	17,818	16,993	6.0
All other assets	401,642	365,966	263,637	52.3
Total liabilities and capital	2,547,151	2,504,638	2,189,211	16.4
Deposits	2,126,475	2,066,811	1,797,476	18.3
Domestic office deposits	2,124,074	2,064,452	1,795,062	18.3
Foreign office deposits	2,401	2,359	2,414	-0.5
Brokered deposits	61,484	70,923	67,144	-8.4
Estimated insured deposits	1,478,239	1,457,318	1,308,011	13.0
Other borrowed funds	118,188	138,007	114,124	3.6
Subordinated debt	362	350	339	6.9
All other liabilities	24,647	25,613	19,128	28.9
Total equity capital (includes minority interests)	277,478	273,857	258,144	7.5
Bank equity capital	277,368	273,756	258,057	7.5
Loans and leases 30-89 days past due	7,556	6,679	8,692	-13.1
Noncurrent loans and leases	13,132	13,593	11,642	12.8
Restructured loans and leases	5,594	5,602	5,679	-1.5
Mortgage-backed securities	201,821	189,156	179,931	12.2
Earning assets	2,381,694	2,343,428	2,040,596	16.7
FHLB Advances	73,192	84,071	92,025	-20.5
Unused loan commitments	349,895	340,796	311,703	12.3
Trust assets	380,409	262,884	316,128	20.3
Assets securitized and sold	23,237	21,601	17,285	34.4
Notional amount of derivatives	182,319	201,812	98,484	85.1

INCOME DATA	Full Year 2020	Full Year 2019	%Change	4th Quarter 2020	4th Quarter 2019	%Change 19Q4-20Q4
Total interest income	$88,710	$90,198	-1.6	$22,289	$22,942	-2.8
Total interest expense	13,435	18,526	-27.5	2,676	4,693	-43.0
Net interest income	75,275	71,672	5.0	19,612	18,249	7.5
Provision for credit losses***	7,029	2,909	141.6	1,207	874	38.1
Total noninterest income	24,342	18,202	33.7	7,021	5,010	40.1
Total noninterest expense	62,594	57,922	8.1	16,867	15,285	10.4
Securities gains (losses)	1,086	756	N/M	408	200	N/M
Applicable income taxes	5,102	4,905	4.0	1,502	1,160	29.5
Extraordinary gains, net****	1	150	N/M	0	10	N/M
Total net income (includes minority interests)	25,980	25,045	3.7	7,465	6,149	21.4
Bank net income	25,925	25,029	3.6	7,446	6,146	21.2
Net charge-offs	2,010	2,081	-3.4	633	753	-16.0
Cash dividends	12,066	13,012	-7.3	3,975	4,110	-3.3
Retained earnings	13,860	12,016	15.3	3,472	2,036	70.5
Net operating income	25,047	24,254	3.3	7,115	5,973	19.1

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

N/M - Not Meaningful

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

Fourth Quarter 2020 (dollar figures in millions)		Geographic Regions*					
	All Community Banks	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Number of institutions reporting	4,559	504	518	998	1,238	1,018	283
Total employees (full-time equivalent)	392,769	80,110	43,315	82,541	70,856	82,193	33,754
CONDITION DATA							
Total assets	$2,547,151	$649,202	$271,896	$470,864	$434,401	$465,238	$255,549
Loans secured by real estate	1,225,669	358,967	131,089	217,603	190,769	209,338	117,904
1-4 Family residential mortgages	388,550	133,967	39,116	67,415	55,561	65,913	26,578
Nonfarm nonresidential	494,383	135,482	60,480	84,264	66,750	88,502	58,905
Construction and development	115,654	26,154	14,859	18,071	17,199	29,077	10,293
Home equity lines	42,307	12,652	5,838	9,149	4,737	4,459	5,471
Commercial & industrial loans	316,643	78,006	34,547	58,879	53,458	55,345	36,407
Loans to individuals	65,272	17,253	6,110	12,413	11,350	12,345	5,801
Credit cards	2,104	413	105	290	633	264	398
Farm loans	47,500	571	1,225	8,115	26,964	7,941	2,684
Other loans & leases	49,146	13,415	3,261	12,376	7,149	7,562	5,384
Less: Unearned income	1,042	189	191	99	133	221	209
Total loans & leases	1,703,189	468,023	176,041	309,286	289,556	292,311	167,971
Less: Reserve for losses**	22,515	5,669	2,307	3,997	4,118	3,936	2,487
Net loans and leases	1,680,674	462,354	173,734	305,289	285,438	288,375	165,484
Securities***	444,963	94,881	48,282	88,895	77,572	90,875	44,457
Other real estate owned	1,859	295	323	355	365	439	82
Goodwill and other intangibles	18,013	5,180	1,356	3,555	2,758	2,834	2,330
All other assets	401,642	86,493	48,200	72,769	68,268	82,715	43,196
Total liabilities and capital	2,547,151	649,202	271,896	470,864	434,401	465,238	255,549
Deposits	2,126,475	529,661	229,965	390,651	365,792	396,486	213,921
Domestic office deposits	2,124,074	528,921	229,955	390,651	365,792	396,486	212,270
Foreign office deposits	2,401	740	10	0	0	0	1,651
Brokered deposits	61,484	24,353	4,039	10,187	10,885	8,062	3,959
Estimated insured deposits	1,478,239	367,400	155,170	288,607	268,897	270,275	127,888
Other borrowed funds	118,188	40,157	10,657	24,031	18,252	14,425	10,665
Subordinated debt	362	242	21	34	11	42	11
All other liabilities	24,647	8,554	2,283	4,353	3,354	3,287	2,815
Total equity capital (includes minority interests)	277,478	70,588	28,970	51,795	46,992	50,997	28,136
Bank equity capital	277,368	70,569	28,977	51,721	46,991	50,975	28,136
Loans and leases 30-89 days past due	7,556	2,217	855	1,274	1,078	1,724	409
Noncurrent loans and leases	13,132	4,047	1,167	2,356	2,088	2,582	893
Restructured loans and leases	5,594	1,793	487	1,338	880	728	368
Mortgage-backed securities	201,821	51,820	22,188	36,559	30,048	35,171	26,035
Earning assets	2,381,694	608,911	253,508	439,585	406,335	433,951	239,404
FHLB Advances	73,192	25,476	6,023	16,517	12,121	8,334	4,722
Unused loan commitments	349,895	92,395	31,524	64,821	66,414	55,044	39,696
Trust assets	380,409	74,669	13,339	75,567	118,460	76,484	21,891
Assets securitized and sold	23,237	8,643	109	5,138	4,397	4,729	220
Notional amount of derivatives	182,319	65,033	23,252	31,203	35,800	15,163	11,868
INCOME DATA							
Total interest income	$22,289	$5,483	$2,376	$4,057	$3,889	$4,257	$2,226
Total interest expense	2,676	775	260	483	509	471	177
Net interest income	19,612	4,708	2,116	3,574	3,380	3,786	2,048
Provision for credit losses****	1,207	272	133	263	221	219	100
Total noninterest income	7,021	1,404	666	1,934	1,280	1,156	581
Total noninterest expense	16,867	3,965	1,855	3,299	2,946	3,192	1,611
Securities gains (losses)	408	261	32	34	29	46	5
Applicable income taxes	1,502	452	148	348	181	168	205
Extraordinary gains, net*****	0	0	0	0	0	0	0
Total net income (includes minority interests)	7,465	1,685	679	1,632	1,341	1,409	718
Bank net income	7,446	1,681	676	1,629	1,341	1,400	718
Net charge-offs	633	157	54	93	127	147	56
Cash dividends	3,975	701	305	861	853	963	292
Retained earnings	3,472	981	371	768	488	438	426
Net operating income	7,115	1,466	647	1,604	1,316	1,369	714

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

Table IV-B. Fourth Quarter 2020, FDIC-Insured Community Banks

Performance ratios (annualized, %)	All Community Banks		Fourth Quarter 2020, Geographic Regions*					
	4th Quarter 2020	3rd Quarter 2020	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Yield on earning assets	3.78	3.80	3.63	3.81	3.69	3.88	3.98	3.75
Cost of funding earning assets	0.45	0.53	0.51	0.42	0.44	0.51	0.44	0.30
Net interest margin	3.32	3.28	3.12	3.39	3.25	3.37	3.54	3.45
Noninterest income to assets	1.11	1.14	0.87	1.00	1.64	1.20	1.01	0.92
Noninterest expense to assets	2.67	2.57	2.46	2.77	2.80	2.75	2.78	2.54
Loan and lease loss provision to assets	0.19	0.26	0.17	0.20	0.22	0.21	0.19	0.16
Net operating income to assets	1.13	1.14	0.91	0.97	1.36	1.23	1.19	1.13
Pretax return on assets	1.42	1.43	1.32	1.23	1.68	1.42	1.37	1.46
Return on assets	1.18	1.18	1.04	1.01	1.38	1.25	1.22	1.13
Return on equity	10.82	10.81	9.64	9.44	12.55	11.50	11.08	10.33
Net charge-offs to loans and leases	0.15	0.10	0.13	0.12	0.12	0.17	0.20	0.13
Loan and lease loss provision to net charge-offs	190.70	383.10	173.31	247.34	282.20	173.94	149.14	179.74
Efficiency ratio	62.92	60.60	64.46	66.14	59.39	62.76	64.32	60.99
Net interest income to operating revenue	73.64	72.82	77.03	76.05	64.89	72.53	76.61	77.90
% of unprofitable institutions	7.66	4.88	5.95	8.49	6.81	8.56	8.35	5.65
% of institutions with earnings gains	56.79	48.34	68.45	57.53	58.62	51.45	52.36	67.49

Table V-B. Full Year 2020, FDIC-Insured Community Banks

Performance ratios (%)	All Community Banks		Full Year 2020, Geographic Regions*					
	Full Year 2020	Full Year 2019	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Yield on earning assets	4.00	4.61	3.82	4.04	3.83	4.19	4.24	3.95
Cost of funding earning assets	0.61	0.94	0.70	0.56	0.57	0.66	0.58	0.43
Net interest margin	3.39	3.66	3.12	3.48	3.26	3.54	3.66	3.52
Noninterest income to assets	1.02	0.88	0.78	0.95	1.45	1.14	0.97	0.82
Noninterest expense to assets	2.63	2.76	2.42	2.75	2.72	2.69	2.78	2.51
Loan and lease loss provision to assets	0.30	0.13	0.33	0.33	0.26	0.26	0.28	0.33
Net operating income to assets	1.05	1.16	0.75	0.90	1.25	1.30	1.17	0.99
Pretax return on assets	1.31	1.43	1.00	1.15	1.55	1.54	1.37	1.28
Return on assets	1.09	1.20	0.79	0.94	1.28	1.34	1.21	1.01
Return on equity	9.74	10.25	7.10	8.51	11.37	12.03	10.77	8.91
Net charge-offs to loans and leases	0.12	0.13	0.11	0.10	0.10	0.14	0.16	0.13
Loan and lease loss provision to net charge-offs	349.74	143.94	409.59	502.72	374.18	277.74	262.75	377.65
Efficiency ratio	62.32	64.06	64.81	65.23	59.92	59.98	63.24	60.96
Net interest income to operating revenue	75.56	79.56	79.00	77.33	67.67	74.33	77.79	80.07
% of unprofitable institutions	4.41	3.98	6.75	7.14	4.01	2.34	4.13	6.71
% of institutions with earnings gains	54.22	63.68	48.41	48.84	60.82	57.19	49.80	54.06

* See Table V-A for explanation.

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

December 31, 2020	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	0.44	0.48	0.49	0.46	0.36	0.53	0.20
Construction and development	0.38	0.39	0.30	0.52	0.31	0.41	0.28
Nonfarm nonresidential	0.32	0.42	0.27	0.31	0.26	0.36	0.15
Multifamily residential real estate	0.24	0.30	0.13	0.33	0.14	0.18	0.06
Home equity loans	0.41	0.51	0.45	0.33	0.32	0.50	0.25
Other 1-4 family residential	0.67	0.59	0.96	0.71	0.56	0.84	0.29
Commercial and industrial loans	0.32	0.31	0.33	0.26	0.32	0.42	0.28
Loans to individuals	1.34	1.38	1.46	0.69	0.85	2.50	0.98
Credit card loans	2.04	2.95	1.37	2.02	2.36	1.20	1.35
Other loans to individuals	1.32	1.34	1.46	0.66	0.76	2.53	0.95
All other loans and leases (including farm)	0.31	0.22	0.18	0.22	0.38	0.47	0.24
Total loans and leases	0.44	0.47	0.48	0.41	0.37	0.59	0.24
Percent of Loans Noncurrent							
All loans secured by real estate	0.82	0.96	0.69	0.84	0.72	0.90	0.50
Construction and development	0.59	0.82	0.56	0.55	0.52	0.49	0.50
Nonfarm nonresidential	0.79	0.97	0.56	0.91	0.74	0.84	0.42
Multifamily residential real estate	0.36	0.46	0.37	0.36	0.30	0.17	0.18
Home equity loans	0.58	0.69	0.39	0.50	0.27	0.47	1.04
Other 1-4 family residential	0.95	1.16	0.96	0.92	0.52	1.11	0.51
Commercial and industrial loans	0.66	0.67	0.57	0.66	0.63	0.78	0.57
Loans to individuals	0.60	0.47	0.61	0.35	0.36	1.33	0.38
Credit card loans	0.93	0.84	0.36	1.76	1.00	0.44	0.76
Other loans to individuals	0.59	0.46	0.61	0.32	0.32	1.35	0.36
All other loans and leases (including farm)	0.67	0.10	0.56	0.44	1.01	0.70	0.85
Total loans and leases	0.77	0.86	0.66	0.76	0.72	0.88	0.53
Percent of Loans Charged-Off (net, YTD)							
All loans secured by real estate	0.04	0.05	0.01	0.05	0.07	0.05	0.01
Construction and development	0.03	0.03	-0.02	0.04	0.06	0.02	0.07
Nonfarm nonresidential	0.08	0.10	0.02	0.08	0.14	0.07	0.00
Multifamily residential real estate	0.01	0.01	-0.01	0.01	0.00	0.01	0.00
Home equity loans	0.02	0.03	0.00	0.00	0.02	0.06	0.00
Other 1-4 family residential	0.02	0.03	0.01	0.02	0.02	0.04	0.00
Commercial and industrial loans	0.27	0.18	0.31	0.26	0.19	0.40	0.32
Loans to individuals	0.74	0.88	0.73	0.25	0.84	0.93	1.07
Credit card loans	3.46	3.86	1.50	0.35	11.07	1.30	2.20
Other loans to individuals	0.62	0.81	0.71	0.24	0.27	0.92	0.98
All other loans and leases (including farm)	0.23	0.27	0.32	0.16	0.19	0.25	0.42
Total loans and leases	0.12	0.11	0.10	0.10	0.14	0.16	0.13
Loans Outstanding (in billions)							
All loans secured by real estate	$1,225.7	$359.0	$131.1	$217.6	$190.8	$209.3	$117.9
Construction and development	115.7	26.2	14.9	18.1	17.2	29.1	10.3
Nonfarm nonresidential	494.4	135.5	60.5	84.3	66.7	88.5	58.9
Multifamily residential real estate	108.7	48.5	6.4	21.0	12.4	7.9	12.6
Home equity loans	42.3	12.7	5.8	9.1	4.7	4.5	5.5
Other 1-4 family residential	388.5	134.0	39.1	67.4	55.6	65.9	26.6
Commercial and industrial loans	316.6	78.0	34.5	58.9	53.5	55.3	36.4
Loans to individuals	65.3	17.3	6.1	12.4	11.3	12.3	5.8
Credit card loans	2.1	0.4	0.1	0.3	0.6	0.3	0.4
Other loans to individuals	63.2	16.8	6.0	12.1	10.7	12.1	5.4
All other loans and leases (including farm)	96.6	14.0	4.5	20.5	34.1	15.5	8.1
Total loans and leases	1,704.2	468.2	176.2	309.4	289.7	292.5	168.2
Memo: Unfunded Commitments (in millions)							
Total Unfunded Commitments	349,895	92,395	31,524	64,821	66,414	55,044	39,696
Construction and development: 1-4 family residential	28,382	5,016	4,245	3,406	4,587	8,300	2,828
Construction and development: CRE and other	67,252	19,420	7,064	11,110	10,365	12,884	6,409
Commercial and industrial	118,090	31,099	9,224	25,477	21,046	17,697	13,546

* See Table V-A for explanation.
Note: Noncurrent loan rates represent the percentage of loans in each category that are past due 90 days or more or that are in nonaccrual status.

INSURANCE FUND INDICATORS

Deposit Insurance Fund Increases by $1.5 Billion

DIF Reserve Ratio Declines 1 Basis Point to 1.29 Percent

Two Institutions Failed During the Fourth Quarter

During the fourth quarter, the Deposit Insurance Fund (DIF) balance increased by $1.5 billion to $117.9 billion. Assessment income of $1.9 billion, interest earned on investments of $330 million, and negative provisions for insurance losses of $48 million were the largest sources of the increase. Operating expenses of $470 million, unrealized losses on available-for-sale securities of $301 million, and other unrealized losses of $37 million partially offset the increase in the fund balance. Two insured institutions with combined assets of $203 million failed in the fourth quarter. Four insured institutions with combined assets of $455 million failed in all of 2020.

The deposit insurance assessment base—average consolidated total assets minus average tangible equity—increased by 1.8 percent in the fourth quarter and by 16.4 percent for the full year 2020.[1,2] Total estimated insured deposits increased by 2.2 percent in the fourth quarter of 2020 and by 16.5 percent from a year ago. The relatively strong growth in estimated insured deposits continued to place downward pressure on the DIF reserve ratio. The reserve ratio stood at 1.29 percent on December 31, 2020, 1 basis point below the reserve ratio as of September 30, 2020. The fourth quarter reserve ratio is 12 basis points lower than the previous year. The sharp 12-month decline in the reserve ratio was the result of extraordinary insured deposit growth in the first and second quarters of 2020.

The Dodd-Frank Act, enacted on July 21, 2010, contained several provisions to strengthen the DIF. Among other things, it: (1) raised the minimum reserve ratio for the DIF to 1.35 percent (from the former minimum of 1.15 percent); (2) required that the reserve ratio reach 1.35 percent by September 30, 2020. Once the reserve ratio reaches 1.35 percent, the September 30, 2020, deadline in the Dodd-Frank Act will have been met and will no longer apply. If the reserve ratio later falls below 1.35 percent, even if that occurs before September 30, 2020, the FDIC will have a minimum of eight years to return the reserve ratio to 1.35 percent, reducing the likelihood of a large increase in assessment rates. The reserve ratio exceeded the 1.35 percent minimum imposed by the Dodd-Frank Act on September 30, 2018, when the reserve ratio was 1.36 percent. The reserve ratio continued to exceed the 1.35 percent minimum for all subsequent quarters until June 30, 2020, when, due to extraordinary insured deposit growth, the reserve ratio dropped 8 basis points to 1.30 percent. Since the reserve ratio fell below its statutorily required minimum of 1.35 percent on June 30, 2020, the FDIC Board adopted a new Fund Restoration Plan in September 2020.

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[1] There are additional adjustments to the assessment base for banker's banks and custodial banks.

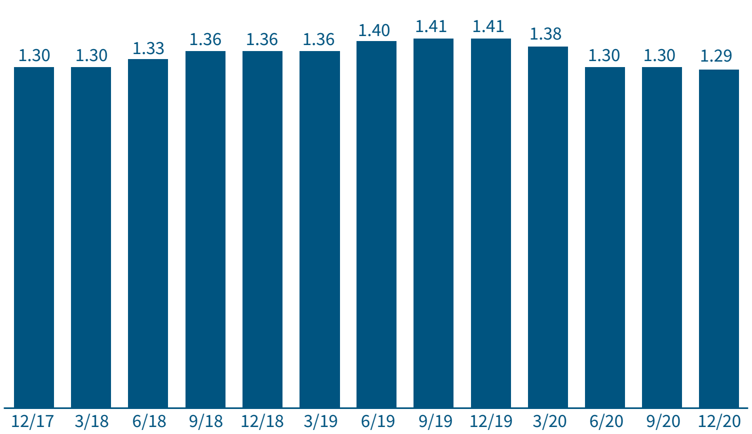
[2] Figures for estimated insured deposits and the assessment base include insured branches of foreign banks, in addition to insured commercial banks and savings institutions.

Table I-C. Insurance Fund Balances and Selected Indicators

	Deposit Insurance Fund*												
(dollar figures in millions)	4th Quarter 2020	3rd Quarter 2020	2nd Quarter 2020	1st Quarter 2020	4th Quarter 2019	3rd Quarter 2019	2nd Quarter 2019	1st Quarter 2019	4th Quarter 2018	3rd Quarter 2018	2nd Quarter 2018	1st Quarter 2018	4th Quarter 2017
Beginning Fund Balance	$116,434	$114,651	$113,206	$110,347	$108,940	$107,446	$104,870	$102,609	$100,204	$97,588	$95,072	$92,747	$90,506
Changes in Fund Balance:													
Assessments earned	1,884	2,047	1,790	1,372	1,272	1,111	1,187	1,369	1,351	2,728	2,598	2,850	2,656
Interest earned on investment securities	330	392	454	507	531	544	535	507	481	433	381	338	305
Realized gain on sale of investments	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating expenses	470	451	465	460	460	443	459	434	453	434	445	433	443
Provision for insurance losses	-48	-74	-47	12	-88	-192	-610	-396	-236	-121	-141	-65	-203
All other income, net of expenses	9	5	2	2	21	4	9	2	2	2	3	1	3
Unrealized gain/(loss) on available-for-sale securities**	-338	-284	-383	1,450	-45	86	694	421	788	-234	-162	-496	-481
Total fund balance change	1,463	1,783	1,445	2,859	1,407	1,494	2,576	2,261	2,405	2,616	2,516	2,325	2,242
Ending Fund Balance	117,897	116,434	114,651	113,206	110,347	108,940	107,446	104,870	102,609	100,204	97,588	95,072	92,747
Percent change from four quarters earlier	6.84	6.88	6.71	7.95	7.54	8.72	10.10	10.31	10.63	10.72	11.42	11.95	11.53
Reserve Ratio (%)	1.29	1.30	1.30	1.38	1.41	1.41	1.40	1.36	1.36	1.36	1.33	1.30	1.30
Estimated Insured Deposits	9,119,579	8,925,885	8,836,028	8,178,645	7,825,113	7,741,394	7,692,252	7,696,440	7,522,441	7,375,867	7,353,996	7,333,159	7,154,379
Percent change from four quarters earlier	16.54	15.30	14.87	6.27	4.02	4.96	4.60	4.95	5.14	3.90	4.35	3.59	3.45
Domestic Deposits	16,339,025	15,714,977	15,562,010	14,350,253	13,262,206	13,020,253	12,788,773	12,725,363	12,659,406	12,367,954	12,280,904	12,305,817	12,129,503
Percent change from four quarters earlier	23.20	20.70	21.68	12.77	4.76	5.27	4.14	3.41	4.37	3.36	3.83	3.79	3.73
Assessment Base***	18,805,887	18,464,568	18,153,335	16,483,675	16,156,678	15,904,512	15,684,068	15,561,859	15,452,229	15,229,530	15,113,666	15,068,512	15,001,411
Percent change from four quarters earlier	16.40	16.10	15.74	5.92	4.56	4.43	3.77	3.27	3.01	2.67	2.79	3.06	3.01
Number of Institutions Reporting	5,010	5,042	5,075	5,125	5,186	5,267	5,312	5,371	5,415	5,486	5,551	5,615	5,679

DIF Reserve Ratios

Percent of Insured Deposits



Deposit Insurance Fund Balance and Insured Deposits ($ Millions)

	DIF Balance	DIF-Insured Deposits
12/17	$92,747	$7,154,379
3/18	95,072	7,333,159
6/18	97,588	7,353,996
9/18	100,204	7,375,867
12/18	102,609	7,522,441
3/19	104,870	7,696,440
6/19	107,446	7,692,252
9/19	108,940	7,741,394
12/19	110,347	7,825,113
3/20	113,206	8,178,645
6/20	114,651	8,836,028
9/20	116,434	8,925,885
12/20	117,897	9,119,579

Table II-C. Problem Institutions and Failed Institutions

(dollar figures in millions)	2020	2019	2018	2017	2016	2015	2014
Problem Institutions							
Number of institutions	56	51	60	95	123	183	291
Total assets	$55,830	$46,190	$48,481	$13,939	$27,624	$46,780	$86,712
Failed Institutions							
Number of institutions	4	4	0	8	5	8	18
Total assets****	$455	$209	$0	$5,082	$277	$6,706	$2,914

* Quarterly financial statement results are unaudited.
** Includes unrealized postretirement benefit gain (loss).
*** Average consolidated total assets minus tangible equity, with adjustments for banker's banks and custodial banks.
**** Total assets are based on final Call Reports submitted by failed institutions.

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

(dollar figures in millions) December 31, 2020	Number of Institutions	Total Assets	Domestic Deposits*	Est. Insured Deposits
Commercial Banks and Savings Institutions				
FDIC-Insured Commercial Banks	4,374	$20,505,942	$15,150,417	$8,189,613
FDIC-Supervised	2,909	3,468,076	2,838,153	1,757,840
OCC-Supervised	768	13,872,562	9,989,392	5,314,326
Federal Reserve-Supervised	697	3,165,304	2,322,873	1,117,446
FDIC-Insured Savings Institutions	627	1,377,928	1,139,322	891,685
OCC-Supervised	279	590,068	467,237	385,269
FDIC-Supervised	312	384,795	300,152	228,498
Federal Reserve-Supervised	36	403,065	371,933	277,918
Total Commercial Banks and Savings Institutions	5,001	21,883,869	16,289,739	9,081,298
Other FDIC-Insured Institutions				
U.S. Branches of Foreign Banks	9	102,800	49,286	38,281
Total FDIC-Insured Institutions	5,010	21,986,669	16,339,025	9,119,579

* Excludes $1.5 trillion in foreign office deposits, which are not FDIC insured.

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

Quarter Ending September 30, 2020 *(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
1.50 - 3.00	2,910	57.72	$3,553.7	19.25
3.01 - 6.00	1,408	27.93	12,328.7	66.77
6.01 - 10.00	590	11.70	2,412.1	13.06
10.01 - 15.00	63	1.25	133.0	0.72
15.01 - 20.00	66	1.31	36.9	0.20
20.01 - 25.00	3	0.06	0.1	0.00
> 25.00	2	0.04	0.2	0.00

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

Notes to Users

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

Tables I-A through VIII-A.

The information presented in Tables I-A through VIII-A of the *FDIC Quarterly Banking Profile* is aggregated for all FDIC-insured Call Report filers, both commercial banks and savings institutions. Some tables are arrayed by groups of FDIC-insured institutions based on predominant types of asset concentration, while other tables aggregate institutions by asset size and geographic region. Quarterly and full-year data are provided for selected indicators, including aggregate condition and income data, performance ratios, condition ratios, and structural changes, as well as past due, noncurrent, and charge-off information for loans outstanding and other assets.

Tables I-B through VI-B.

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

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

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

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

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

The fourth step includes organizations that operate within a limited geographic scope. This limitation of scope is used as a proxy measure for a bank's relationship approach to banking. Banks that operate within a limited market area have more ease in managing relationships at a personal level. Under this step, four criteria are applied to each banking organization. They include both a minimum and maximum number of total banking offices, a maximum level of deposits for any one office, and location-based criteria. The limits on the number of and deposits per office are adjusted upward quarterly. For banking offices, banks must have more than one office, and the maximum number of offices is 40 in 1985 and reached 87 in 2016. The maximum level of deposits for any one office is $1.25 billion in deposits in 1985 and reached $6.97 billion in deposits in 2016. The remaining geographic limitations are also based on maximums for the number of states (fixed at 3) and large metropolitan areas (fixed at 2) in which the organization maintains offices. Branch office data are based on the most recent data from the annual June 30 *Summary of Deposits Survey* that are available at the time of publication.

Finally, the definition establishes an asset-size limit, also adjusted upward quarterly and below which the limits on banking activities and geographic scope are waived. The asset-size limit is $250 million in 1985 and reached $1.39 billion in 2016. This final step acknowledges the fact that most of those small banks that are not excluded as specialty banks meet the requirements for banking activities and geographic limits in any event.

Summary of FDIC Research Definition of Community Banking Organizations

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

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

Exclude: Any organization with:

— No loans or no core deposits

— Foreign Assets ≥ 10% of total assets

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

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

Include: All remaining banking organizations with:

— Total assets < indexed size threshold[2]

— Total assets ≥ indexed size threshold, where:

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

Tables I-C through IV-C.

A separate set of tables (Tables I-C through IV-C) provides comparative quarterly data related to the Deposit Insurance Fund (DIF), problem institutions, failed institutions, estimated FDIC-insured deposits, as well as assessment rate information. Depository insti-

[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 $1.39 billion in 2016.

[3] Maximum number of offices indexed to equal 40 in 1985 and 87 in 2016.

[4] Maximum branch deposit size indexed to equal $1.25 billion in 1985 and $6.97 billion in 2016.

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

DATA SOURCES

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

COMPUTATION METHODOLOGY

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

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

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

ACCOUNTING CHANGES

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

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

https://www.fdic.gov/news/financial-institution-letters/2021/fil21002.html

https://www.fdic.gov/regulations/resources/call/call.html

Further information on changes in financial statement presentation, income recognition and disclosure is available from the FASB. http://www.fasb.org/jsp/FASB/Page/LandingPage&cid=1175805317350.

DEFINITIONS (in alphabetical order)

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

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

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

Assessment rate schedule – Initial base assessment rates for small institutions are based on a combination of financial ratios and CAMELS component ratings. Initial rates for large institutions—generally those with at least $10 billion in assets—are also based on CAMELS component ratings and certain financial measures combined into two scorecards—one for most large institutions and another for the remaining very large institutions that are structurally and operationally complex or that pose unique challenges and risks in case of failure (highly complex institutions). The FDIC may take additional information into account to make a limited adjustment to a large institution's scorecard results, which are used to determine a large institution's initial base assessment rate.

While risk categories for small institutions (except new institutions) were eliminated effective July 1, 2016, initial rates for small institutions are subject to minimums and maximums based on an institution's CAMELS composite rating. (Risk categories for large institutions were eliminated in 2011.)

The current assessment rate schedule became effective July 1, 2016. Under the current schedule, initial base assessment rates range from 3 to 30 basis points. An institution's total base assessment rate may differ from its initial rate due to three possible adjustments: (1) Unsecured Debt Adjustment: An institution's rate may decrease by up to 5 basis points for unsecured debt. The unsecured debt adjustment cannot exceed the lesser of 5 basis points or 50 percent of an institution's initial base assessment rate (IBAR). Thus, for example, an institution with an IBAR of 3 basis points would have a maximum unsecured debt adjustment of 1.5 basis points and could not have a total base assessment rate lower than 1.5 basis points. (2) Depository Institution Debt Adjustment: For institutions that hold long-term unsecured debt issued by another insured depository institution, a 50 basis point charge is applied to the amount of such debt held in excess of 3 percent of an institution's Tier 1 capital. (3) Brokered Deposit Adjustment: Rates for large institutions that are not well capitalized or do not have a composite CAMELS rating of 1 or 2 may increase (not to exceed 10 basis points) if their brokered deposits exceed 10 percent of domestic deposits.

The assessment rate schedule effective July 1, 2016, is shown in the following table:

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

* 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.

** Effective July 1, 2016, large institutions are also subject to temporary assessment surcharges in order to raise the reserve ratio from 1.15 percent to 1.35 percent. The surcharges amount to 4.5 basis points of a large institution's assessment base (after making certain adjustments).

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

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

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

Common equity Tier 1 capital ratio – ratio of common equity Tier 1 capital to risk-weighted assets. Common equity Tier 1 capital includes common stock instruments and related surplus, retained earnings, accumulated other comprehensive income (AOCI), and limited amounts of common equity Tier 1 minority interest, minus applicable regulatory adjustments and deductions. Items that are fully deducted from common equity Tier 1 capital include goodwill, other intangible assets (excluding mortgage servicing assets) and certain deferred tax assets; items that are subject to limits in common equity Tier 1 capital include mortgage servicing assets, eligible deferred tax assets, and certain significant investments. Beginning March 2020, this ratio does not include institutions that have a Community Bank Leverage Ratio election in effect at the report date.

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

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

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

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

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

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

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

Derivatives transaction types:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Securities – excludes securities held in trading accounts. Banks' securities portfolios consist of securities designated as "held-to-maturity" (reported at amortized cost (book value)), securities designated as "available-for-sale" (reported at fair (market) value), and equity securities with readily determinable fair values not held for trading.

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

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

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

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

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

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

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

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

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

FARM BANKS: RESILIENCE THROUGH CHANGING CONDITIONS

Overview

The U.S. agricultural sector prospered from 2004 through 2013 as commodity prices soared to historic highs and farmers benefitted from strong income and farmland appreciation. The sector struggled from 2014 through 2019, however, after a sudden, sharp drop in prices and incomes was followed by a slow, weak recovery. The swings in farmers' fortunes—both positive and negative—in these periods were far more pronounced in the middle of the country than elsewhere. The start of 2020 was a continuation of the weak trends of the prior five years, but the year ended as a fairly strong year for farmers. Early forecasts suggest 2021 will not be as strong as 2020, but will still be above long-term average.[1]

As of year-end 2020, farm banks have held up well despite the agricultural industry's challenges since 2014. The long period of prosperity in the agricultural sector that preceded the downturn positioned the vast majority of farm banks with strong capital levels, solid earnings, and low credit problems that largely continue today. Though a small subset of farm banks reports elevated loan delinquencies, problem loan levels at farm banks overall remain modest. Farm banks have been able to manage stress in the agricultural sector in part because many farmers still have the farmland equity needed to restructure debt to cope with operating shortfalls.

Most farmers and farm banks were cautious with farm real estate lending during the recent boom in farmland values. This contrasts with behavior during a similar price boom in the 1970s. Agricultural credit concentrations among farm banks remained flat during the recent boom, which has bolstered the resiliency of these institutions during the current downturn.

The COVID-19 pandemic initially looked to be devastating for U.S. agriculture, pushing income far lower than levels seen in the years since the previous boom and adding to financial stress. But record levels of government assistance, a rebound in commodity prices in the latter half of 2020, and a resurgence in export demand combined to significantly reverse the agricultural results. Net farm income for 2020 is forecast to increase 46 percent to $121.1 billion, a level not seen since the farm income boom. But the extent to which high income cures the industry's challenges is unclear. Absent a sustained improvement in agricultural conditions, stress is likely to continue for some farmers and their lenders.

This paper is organized into two sections. The first analyzes the income boom in the U.S. agricultural sector from 2004 through 2013, weaknesses in the sector from 2014 through 2019, and the events of 2020. We focus on 12 states in the Upper Midwest where the effects of the boom and subsequent downturn were most substantial.[2] In the second section, we discuss the impact of agricultural issues on farm bank conditions during the downturn and assess potential challenges ahead.

[1] Farm income figures are based on U.S. Department of Agriculture (USDA) Farm Income and Wealth Statistics data as of February 5, 2021, and offer the USDA's fourth forecast of 2020 results and first forecast of 2021 results. See https://www.ers.usda.gov/data-products/farm-income-and-wealth-statistics/data-files-us-and-state-level-farm-income-and-wealth-statistics/.

[2] For this article, the Upper Midwest states are Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

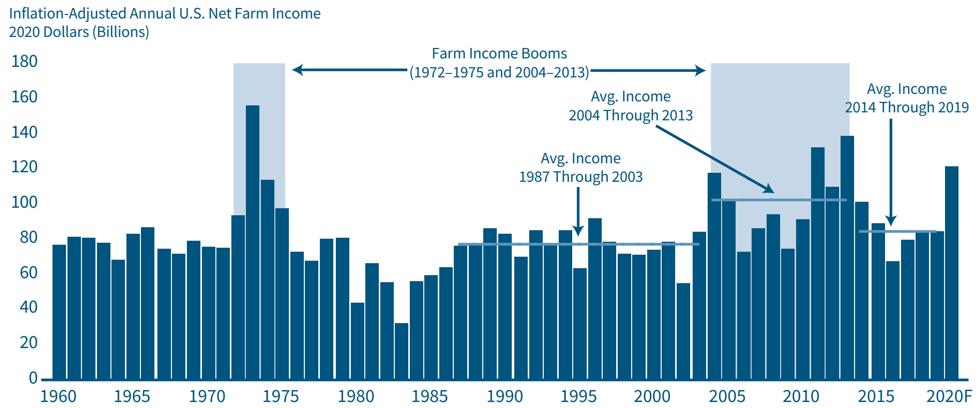
I. U.S. AGRICULTURAL CONDITIONS

Following a Decade of Prosperity, the U.S. Agricultural Sector Weakened in 2014

U.S. agricultural sector income has fluctuated widely in recent years. From 2004 through 2013, inflation-adjusted U.S. net farm income averaged $101.6 billion per year, above the $76.5 billion annual average from 1987 through 2003.[3] While farm income did not spike as high during the 2004 through 2013 period as it did during the farm income boom of the 1970s, it was stronger for a much longer duration (Chart 1).[4]

Chart 1

U.S. Agriculture Experienced a Farm Income Boom From 2004 Through 2013



Source: U.S. Department of Agriculture (Haver Analytics).
Note: 2020 is a forecast.

The boom in farm income from 2004 through 2013 was fueled by significant price increases across many important agricultural commodities, including corn, soybeans, wheat, cattle, dairy, and hogs. Combined, these six commodities accounted for 61 percent of aggregate U.S. agricultural cash receipts during that period.[5] Chart 2 shows the dramatic increases in average annual prices for these commodities during the farm income boom. Wheat prices peaked at 233 percent of 2003 levels in 2008, corn reached 294 percent in 2012, and soybeans reached 231 percent in 2013. Strong growth in U.S. agricultural exports, tight global supplies, and rapid growth in U.S. biofuel demand drove commodity prices higher.[6]

[3] In this article, 1972 through 1975 and 2004 through 2013 are labeled "farm income boom" periods. Each period contains multiple years of abnormally high incomes. The 1972 through 1975 period includes three of the ten highest incomes reported from 1960 through 2019, and the 2004 through 2013 period includes six of the ten highest incomes. The year 2014 rounds out the top ten.

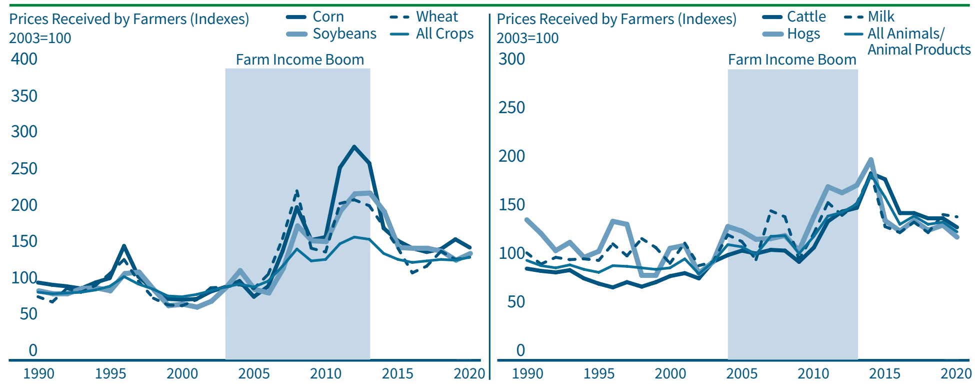
[4] According to agricultural economist David Kohl, 2003 through 2013 marked the fourth and longest commodity "super cycle" in the past century, lasting 2.5 times longer than the next longest. See David Kohl, "The History of the Great Commodity Super Cycles," *Farm Progress*, February 12, 2013, https://www.farmprogress.com/blog/history-great-commodity-super-cycles.

[5] Shares of U.S. agricultural cash receipts from 2004 through 2013 are as follows: cattle (17 percent), corn (14 percent), milk and dairy products (10 percent), oilseed crops (10 percent), hogs (6 percent), and wheat (4 percent). Soybean cash receipts, which were not separately reported before 2008, represented between 93 percent and 96 percent of oilseed crop totals annually from 2008 through 2019. See USDA Farm Income and Wealth Statistics data as of February 5, 2021, https://www.ers.usda.gov/data-products/farm-income-and-wealth-statistics/data-files-us-and-state-level-farm-income-and-wealth-statistics/.

[6] The Renewable Fuels Standard, introduced in the Energy Policy Act of 2005 and expanded in the Energy Independence and Security Act of 2007, created significant new demand for U.S. corn to make ethanol fuel. Today, an estimated 40 percent of the U.S. corn crop is used in ethanol production. See USDA, "Feedgrains Sector at a Glance," https://www.ers.usda.gov/topics/crops/corn-and-other-feedgrains/feedgrains-sector-at-a-glance/.

Chart 2

Prices of Many U.S. Agricultural Commodities More Than Doubled During the Farm Income Boom



Source: U.S. Department of Agriculture (Haver Analytics).
Note: Data are annual averages from 1990 through 2020.

During the farm income boom, production expenses rose as prices increased for inputs, such as seed and fertilizer. Farmland became more expensive to purchase or rent. But commodity prices rose more than expenses, leading to higher farm net income. The long period of prosperity ended in 2013 as strong farming returns incentivized farmers to expand production of crops in the United States and globally, pressuring commodity prices.

As Chart 2 shows, prices dropped precipitously following the boom, and by 2016, average annual prices farmers received for corn and wheat were nearly 50 percent below their peaks. Prices for hogs, milk, and soybeans were down by roughly one-third from recent peaks, and cattle prices were down by roughly one-fifth. Lower prices resulted in a 19 percent decline in aggregate inflation-adjusted production value between 2013 and 2016, while total inflation-adjusted farm expenses declined by 6 percent during that period. Even though 2016 commodity prices were still above long-term averages, inflation-adjusted U.S. net farm income of $66.9 billion in 2016 was 52 percent below its 2013 peak.

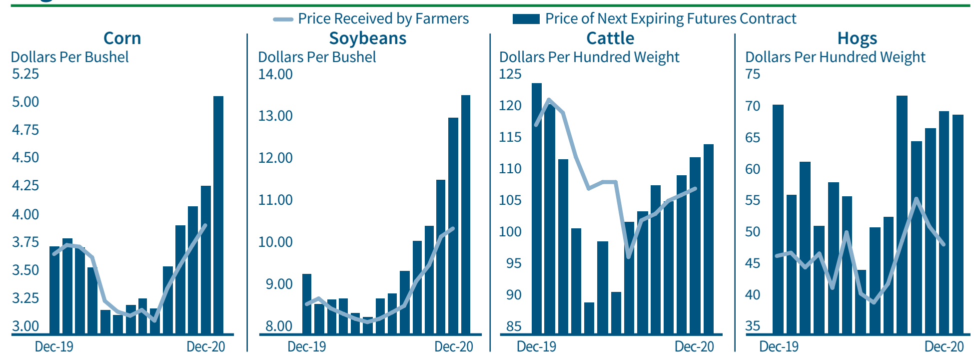
From 2016 to 2019, farm income gradually improved as commodity prices found a floor and production expenses further declined. Still, 2019 inflation-adjusted net farm income of $84.0 billion remained well below the $94.9 billion average since the start of the previous farm boom.

The COVID-19 pandemic caused significant disruptions to food demand and supply chains in April and May. Closures of schools and entertainment venues and declines in restaurant dining and travel created a sudden drop in commercial demand for food products. In some instances, such as in dairy and fresh produce, farmers dumped their products because they had no buyers. COVID-19 outbreaks among plant workers at meat-processing facilities across the country caused shutdowns that created processing bottlenecks and backlogs of market-ready animals, forcing some growers to destroy animals.

Prices farmers received for many of their commodities fell swiftly and sharply (Chart 3). Corn prices were particularly hurt by the severe curtailment in travel and commerce that led to sharp reductions in fuel demand, which caused many corn-fed ethanol plants to shut down or drastically curb production.

Chart 3

Many Agricultural Commodity Prices Fell Sharply When the COVID-19 Pandemic Began but Rallied in Late 2020

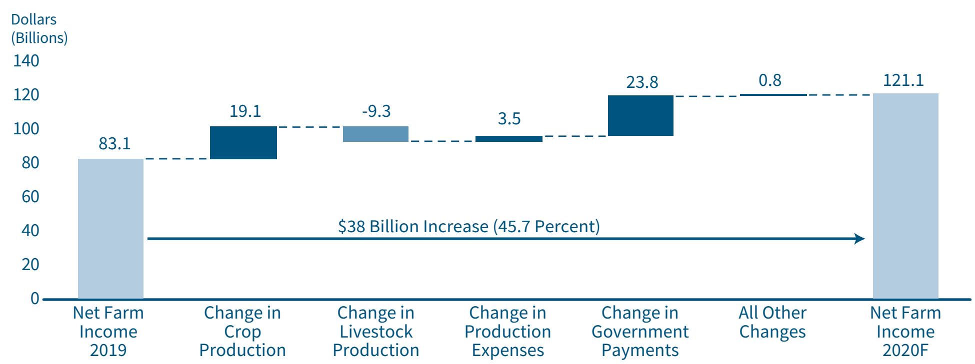


Source: U.S. Department of Agriculture (Haver Analytics).
Note: Data are monthly prices from December 2019, through January 2021. Prices received by farmers are monthly U.S. average prices. Futures prices are end of month settlement prices for first expiring contracts; cattle futures price is based on live cattle prices and hog futures price is based on lean hog prices.

Given the disruptions caused by the COVID-19 pandemic, the U.S. Department of Agriculture's (USDA) February 2021 forecast for a $38.0 billion, or 46 percent, increase in net farm income from $83.1 billion in 2019 to $121.1 billion for 2020 seems counter-intuitive. While part of the improvement stems from the late 2020 commodity-price rallies shown in Chart 3, most of the increase stems from a significant jump in direct federal payments (projected to rise $23.8 billion, or 106 percent, in 2020) and a $3.5 billion reduction to total expenses that includes sizeable cuts in interest costs and fuel expenses (Chart 4).

Chart 4

Additional Government Payments Account for Two-Thirds of the Forecasted Increase in Net Farm Income for 2020



Source: U.S. Department of Agriculture.
Note: Data are forecasts. Due to rounding of change figures, the summation of 2019 net farm income and changes differs slightly from the 2020 net farm income figure.

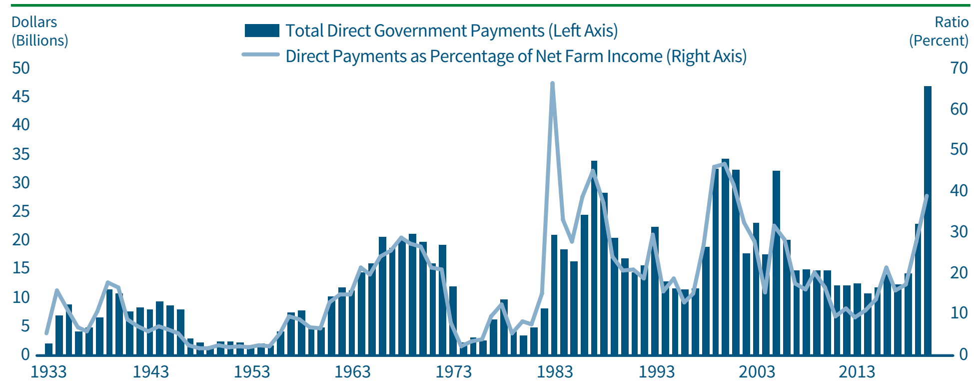
Direct government payments forecast for 2020 include $32.1 billion in supplemental, ad-hoc payments that are mostly tied to COVID-19 pandemic relief programs. Also included is $3.7 billion in disbursements under the USDA's Market Facilitation Program ($23.1 billion in total payments from 2018 through 2020).[7] Payments from COVID-19 pandemic relief

[7] The USDA Market Facilitation Program was designed to offset harm to U.S. agricultural producers as a result of ongoing trade disruptions that began in early 2018 between the United States and some key agricultural trading nations. The program is forecast to have paid a total of $23.1 billion: $5.1 billion in 2018, $14.2 billion in 2019, and $3.7 billion in 2020.

programs and the Market Facilitation Program pushed direct government payments to a forecast record inflation-adjusted $46.3 billion in 2020, or 38 percent of net farm income in 2020, the highest percentage since 2001 (Chart 5). This ratio was eclipsed only during the agricultural crisis of the 1980s and in the early 2000s when farm incomes were much lower.

Chart 5

Record Government Payments Are Forecast to Account for 38 Percent of Net Farm Income in 2020



Source: U.S. Department of Agriculture (Haver Analytics).
Note: Data are annual inflation-adjusted figures from 1933 through 2020. 2020 is a forecast.

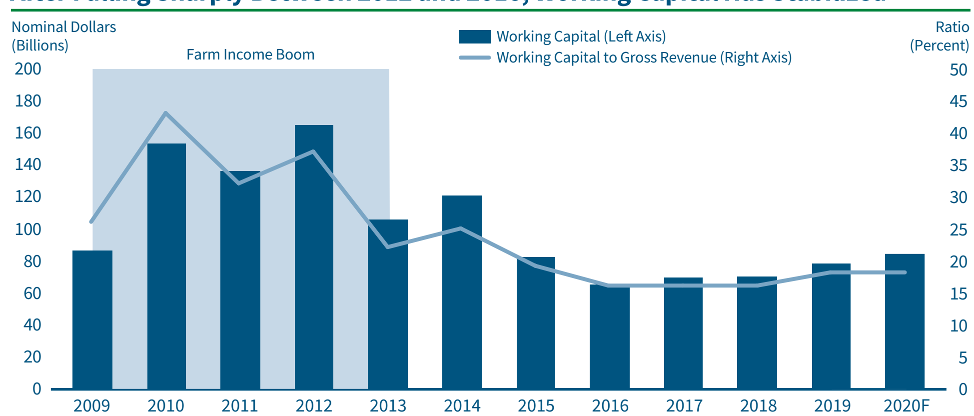
The U.S. Agricultural Sector Has Faced Margin and Income Challenges Since 2013, and Debt Levels Have Diverged From Income and Farmland Values

Financial stress in the U.S. agricultural sector has increased since the farm income boom ended in 2013. Although net farm income has improved since it bottomed in 2016, farmers have lower levels of working capital and rising debt burdens.

Working capital remains well below the levels achieved during the boom years (Chart 6). After peaking at $165 billion in 2012, U.S. farm working capital declined 61 percent to $65 billion in 2016. In the past four years, working capital inched up to a forecast $84 billion in 2020, though that level is still just half the 2012 peak. Indeed, at a forecasted 18 percent as a percentage of farm income for 2020, the ratio remains near the lowest since this series began being reported in 2009.

Chart 6

After Falling Sharply Between 2012 and 2016, Working Capital Has Stabilized

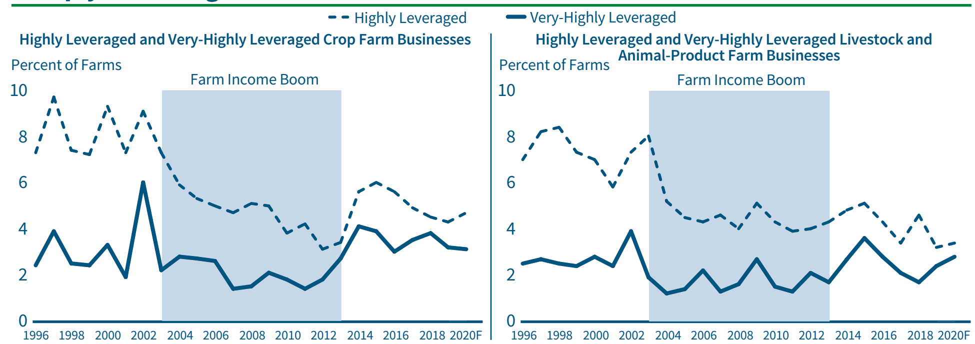


Source: U.S. Department of Agriculture (Haver Analytics).
Note: 2009 data are the earliest available. 2020 is a forecast.

Farmers with very high debt burdens also have increased since the farming income boom ended. According to the USDA, the percentages of crop farm businesses and livestock and animal-product farm businesses that are highly or very-highly leveraged jumped sharply starting around 2012 (Chart 7).[8] Higher leverage is worrisome as higher debt costs could create cash-flow difficulties for these producers, particularly should farm income decline. The percentage of very-highly leveraged farms, those with debt greater than 70 percent of assets, has returned to pre-farm boom levels for both crop producers and livestock and animal-product producers, and continues to rise in the latter.

Chart 7

The Percentage of Highly and Very-Highly Leveraged Farm Businesses Increased Sharply Following the End of the Farm Boom



Source: U.S. Department of Agriculture.
Note: Data are as of December 2, 2020. 2020 is a forecast. Highly leveraged operations have debt-to-asset ratios of 41 percent to 70 percent. Very-highly leveraged operations have debt-to-asset ratios exceeding 70 percent. A farm business is one in which farming is the operator's primary occupation or any operation with annual gross cash farm income of $350,000 or more.

Perhaps most concerning for the sector since 2013 is that farm debt levels no longer track farm incomes. Indexed values of U.S. farm sector debt and gross farm income closely tracked each other since 1960, except during the agricultural crisis when debt levels rose even as incomes stagnated or declined (Chart 8).[9] Since the crisis, indexed values for income and debt levels again closely tracked each other but diverged substantially when the farm income boom ended in 2013. U.S. net farm incomes declined in 2014 through 2016 and then partially rebounded from 2017 through 2019. Yet total farm-sector debt rose from $315 billion at 2013 to $432 billion at 2020.

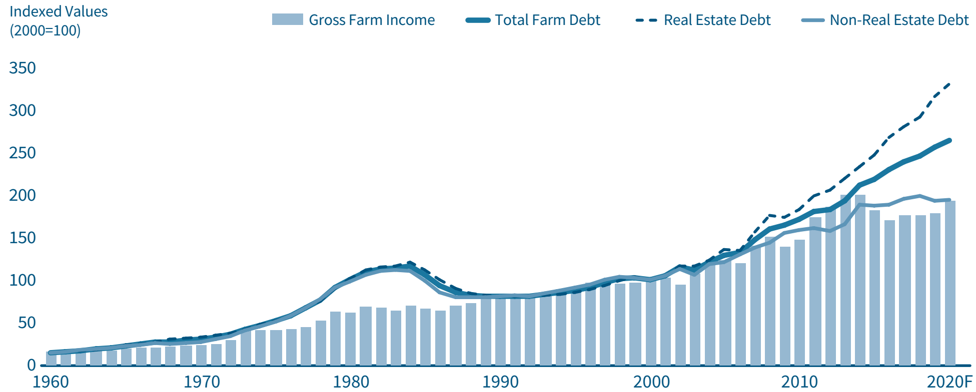
Much of the divergence in indexed income and debt levels is in loans secured by farm real estate (Chart 8). A divergence also occurred between indexed values of total farm-sector debt and indexed farmland values (Chart 9). Indexed farmland values have exceeded indexed total farm-sector debt since 2004, but indexed debt secured by farm real estate has outpaced indexed farmland values since 2016.

[8] Highly leveraged operations have debt to asset ratios between 41 percent and 70 percent. Very-highly leveraged operations have debt to asset ratios exceeding 70 percent.

[9] Divergences in indexed values show the cumulative effects of differing growth rates of farm debt and farm income. Similar indexed values indicate that debt and income were growing at similar rates; diverging indexed values indicate dissimilar growth rates.

Chart 8

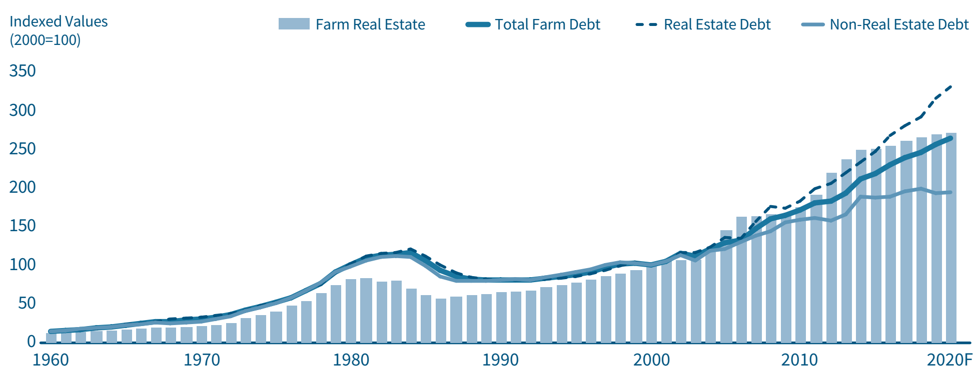
Comparison of Growth Between Farm Sector Debt and Gross Farm Income



Source: U.S. Department of Agriculture (Haver Analytics).
Note: Data are annual figures. 2020 is a forecast.

Chart 9

Comparison of Growth Between Farm Sector Debt and Farm Sector Real Estate Valuation



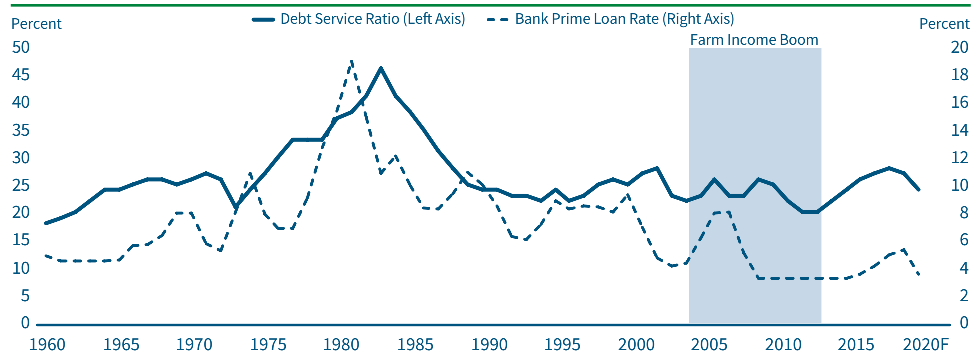
Source: U.S. Department of Agriculture (Haver Analytics).
Note: Data are annual figures. 2020 is a forecast.

Debt levels generally correlate with debt costs, though interest rates, especially when they are unusually high or low, can also play a significant role in costs. For example, the bank prime lending rate doubled between 1978 and 1981. Higher rates amplified farmers' high leverage and severely strained their ability to service their debts. The debt-service ratio, or interest and principal payments as a percentage of the value of agricultural production, for the U.S. farm sector increased from 26 percent in 1972 to 38 percent in 1981 as debt levels and interest rates rose, and jumped to 46 percent in 1983 as farm incomes fell. This significant repayment load contributed to the agricultural crisis of the 1980s when weak farm incomes and sharply falling farmland values resulted in thousands of farm failures and hundreds of bank failures.

More recently, after reaching a decades-low debt-service ratio in 2013, the U.S. farm sector's debt service ratio rose sharply through 2018 before moderating in 2019 and 2020 (Chart 10). Because interest rates have been at or near historical lows for over a decade, debt service since the boom has been more moderate than overall debt levels might have suggested.

Chart 10

The Share of Agricultural Production Going Toward Debt Service Is Elevated Despite Historically Low Interest Rates



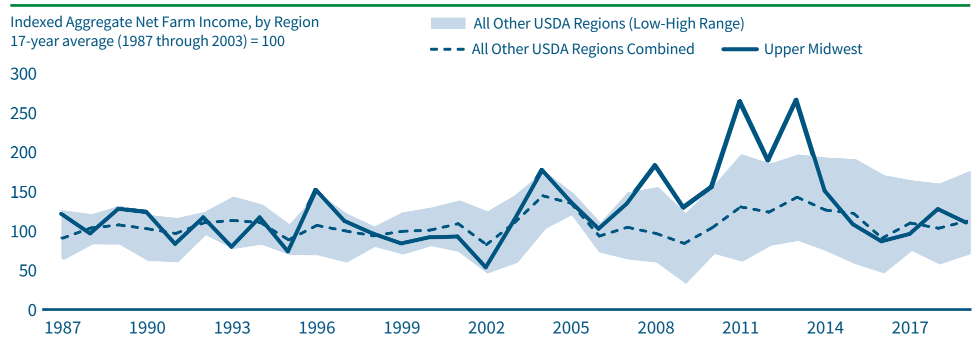
Sources: U.S. Department of Agriculture; Federal Reserve Board (Haver Analytics).
Note: Data are annual figures. 2020 is a forecast. Debt service ratio is the sum of interest expense and principal payments divided by the value of agricultural production.

Agricultural Incomes in the Upper Midwest Fluctuated Widely During the Boom and Thereafter

Even before the farm income boom, the center of the country was more sensitive to changes in agricultural income. Swings in farm income in three USDA economic regions—the Corn Belt, Lake States, and Northern Plains, collectively referred to in this paper as the "Upper Midwest"—were much more pronounced than in any other USDA region from about 1987 to about 2005 (Chart 11). The Upper Midwest had among the lowest net farm income of any region throughout the early 2000s but then quickly rose to among the highest. Then, during the farm income boom, the Upper Midwest often led all regions in income performance. As the farm income boom ended, the Upper Midwest again experienced a sizeable swing and fell to among the lowest-performing regions. At its peak in 2011 and 2013, aggregate farm income in Upper Midwest states was 2.4 times greater than its long-term pre-boom average. Income then fell by more than two-thirds to its bottom in 2016.

Chart 11

The Upper Midwest Has Had Much Greater Swings in Net Farm Income Than the Rest of the Nation



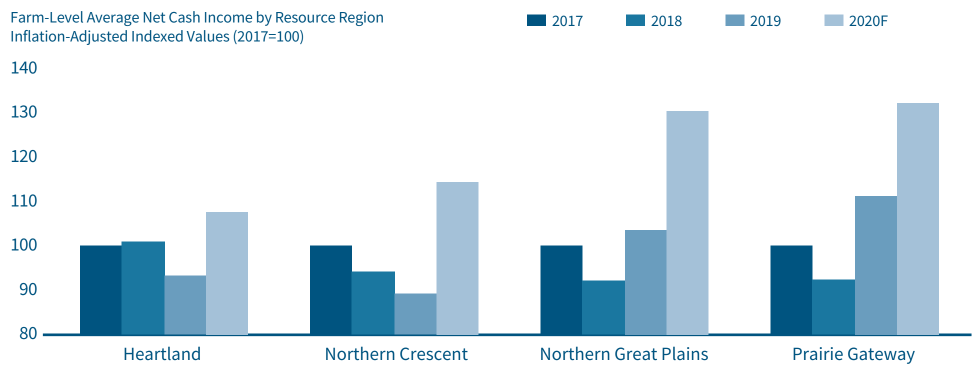
Source: U.S. Department of Agriculture (Haver Analytics).
Note: Data are inflation-adjusted net farm income figures from 1987 through 2019 and are aggregated by USDA economic regions. "Upper Midwest" contains USDA's Corn Belt, Lake States, and Northern Plains regions. The base index period of 1987 through 2003 spans the relatively more calm period between the tail end of the 1980s agricultural crisis and the 2004 through 2013 farm income boom.

The large swing in farm income among Upper Midwest states mirrors the swings in corn, soybean, and hog prices shown in Chart 2. Corn and soybeans generate the largest share of total agriculture cash receipts in these twelve states, and hog and cattle production are also important. The twelve Upper Midwest states include the ten leading states in both corn receipts and soybean receipts, eight of the ten leading states in hog receipts, and six of the ten leading states in cattle production.[10]

Although state-level 2020 forecasted results will not be available from the USDA until mid-2021, the latest forecast by USDA resource regions suggests that the large government payments shown in Chart 5 and late rally of commodity prices shown in Chart 3 will boost incomes of Upper Midwest states in 2020 (Chart 12). Each of the resource regions shown in Chart 12 overlap the Upper Midwest states to a varying degree.[11]

Chart 12

Net Cash Income Is Forecast to Increase Sharply in 2020 Across USDA Farm Resource Regions That Overlap the Twelve Upper-Midwest States



Source: U.S. Department of Agriculture.
Note: Resource regions are defined by the U.S. Department of Agriculture.

Farmland Values Rose Substantially From 2005 to 2014, Especially in the Upper Midwest

Farmland values are important to farmers as farmland constitutes a large percentage of farm assets. In the 50 years from 1971 through 2020, farm real estate (including land and improvements) accounted for 71 percent to 83 percent of total farm assets on the USDA's annual farm sector balance sheet.[12] Increases in farmland values augment farmers' wealth and expand their collateral position for future borrowing to grow operations in good times or to restructure debt in stressful periods.

Chart 13 shows that farmland values tend to fluctuate with the prosperity of the agricultural industry. Ignited by booming farm incomes in the mid-1970s, on an inflation-adjusted basis, average U.S. farm real estate values doubled during the ten years from 1972 through 1981.[13] Farm real estate values then fell sharply during the agricultural crisis of the 1980s, erasing nearly all the former gains by the time real estate values bottomed in 1987. Following the crisis, farm real estate values grew much more slowly for the next 17 years, and the average U.S. farm real estate value did not eclipse its 1981 peak until 2005.

[10] Based on USDA 2019 (latest available) state ranking of cash receipts by commodity. Upper Midwest states also include the top two states in wheat production. See "Cash Receipts by State, Commodity Ranking, and Share of U.S. Total," https://data.ers.usda.gov/reports.aspx?ID=17843.

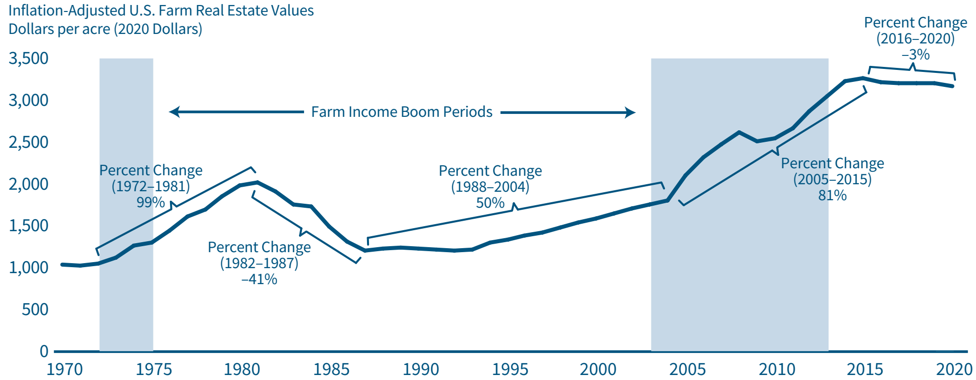
[11] For a map and description of USDA resource regions, see USDA, Economic Research Service, *Agricultural Information Bulletin*, Number 760, September 2000, https://www.ers.usda.gov/webdocs/publications/42298/32489_aib-760_002.pdf?v=6384.5.

[12] See USDA, "Farm Balance Sheet and Financial Ratios, U.S.," https://www.ers.usda.gov/data-products/farm-income-and-wealth-statistics/data-files-us-and-state-level-farm-income-and-wealth-statistics/.

[13] Based on U.S. average per-acre values reported by the USDA.

Chart 13

U.S. Farm Real Estate Values Rose Substantially Between 2005 and 2015



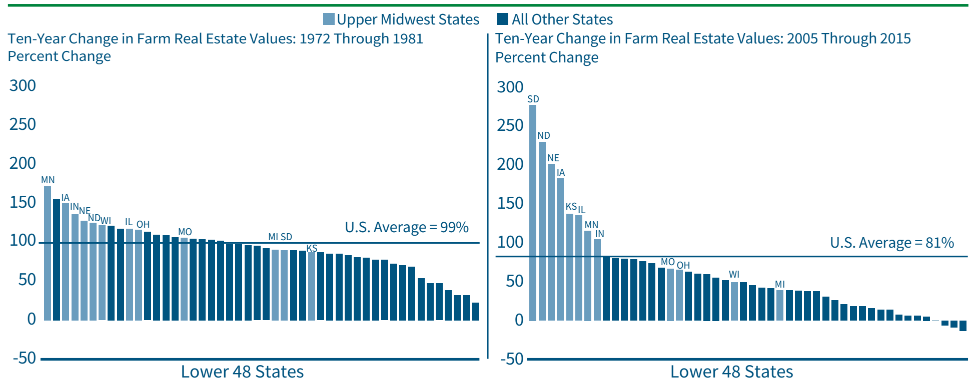
Source: U.S. Department of Agriculture.
Note: Figures are as of August 6, 2020, and represent annual average per-acre values of farm real estate in the U.S. through 2020. Farm real estate includes land and improvements.

Beginning in 2005, U.S. average farm real estate values again grew more rapidly, peaking in 2015 at 62 percent above the 1981 peak, after adjusting for inflation. This boom in farm real estate values coincided with the strong commodity prices and farm incomes discussed earlier and was also fueled by low interest rates.

Although the increase in the average per-acre value of farm real estate in the United States from 2005 through 2015 was lower than the increase from 1972 through 1981, many states reported greater increases in the recent boom. Chart 14 shows the state-by-state increases in real farmland values for the two booms. Farmland values in 20 states doubled or more than doubled during the 1972 through 1981 boom and increased at least 50 percent in another 22 states. During that boom, Minnesota recorded the highest increase in farmland values at 173 percent. The recent farmland price boom was characterized by greater polarization. Less than half of all states experienced real price increases of more than 50 percent, and 40 states reported a lower valuation change in the recent farmland price boom than in the previous boom.

Chart 14

The Recent Farmland Boom Was Concentrated in the Upper Midwest, but the 1970s Boom Was Broad-Based



Source: U.S. Department of Agriculture.
Note: Change based on inflation-adjusted farm real estate values.

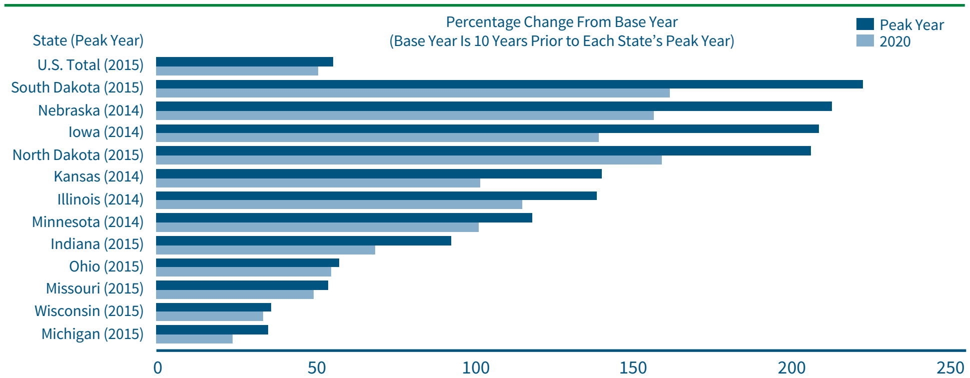
As illustrated by Chart 14, Upper Midwest states were heavily represented among leading states in both farmland booms, but price increases were more concentrated in those states in the recent boom.[14] The eight states in which farmland values at least doubled during the 2005 through 2015 boom all were in the Upper Midwest. In addition, valuation changes among some Upper Midwest states were far greater in the recent boom than in the previous boom. The valuation change during the 2005 through 2015 boom in South Dakota was 3.1 times greater than during the 1972 through 1981 boom. In Kansas, North Dakota, and Nebraska, the recent run-up was 1.6 to 1.8 times greater.

Farmland Values Have Remained Resilient in the Nation and Upper Midwest

Despite lower farming returns in recent years, farmland values have remained relatively stable nationally. Since peaking in 2015, the average per-acre U.S. farm real estate value declined just 3 percent through 2020. Even in Upper Midwest states, valuation declines compared with recent peaks are modest in comparison with the increases reported during the boom (Chart 15).[15] For example, by 2020, Iowa farmland valuations had declined 23 percent from peak levels reached in 2014 but still remained 140 percent above their valuation from 2004. In fact, all twelve states in the Upper Midwest have retained at least two-thirds of the farmland price increases they gained during the boom in farmland prices.[16]

Chart 15

Upper Midwest States Retained Over Two-Thirds of Their Increases in Farmland Values Since the Farm Boom Ended



Source: U.S. Department of Agriculture.
Note: Data are based on inflation-adjusted values.

[14] A significant reason why these states are among leading states in farmland appreciation is that the price increases of corn and soybeans—leading crops in these states—were much greater than price increases of other agricultural commodities (Chart 2).

[15] The farm real estate values discussed extensively in this paper come from USDA Land Values Summary Reports, which provide a lengthy time series of state and regional values using a consistently applied methodology. We also performed a limited review of alternative farmland survey data of some Upper Midwest states. Differences in methodologies (geographies, survey respondents, land attributes) prevent direct comparisons with USDA results, but overall, the alternative survey data were generally consistent with that of the USDA.

[16] When comparing each state's farmland values during its peak year, values 10 years prior to its peak, and values in 2020.

Low and stable interest rates have kept capitalization rates low and have supported farm real estate values.[17] Few active farmers are willingly selling land. Possible reasons include a bullish long-term outlook for U.S. agriculture, projections of global population growth and economic development, lackluster investment alternatives, tax considerations, and a desire to maintain family farm legacy.[18]

Government aid also helped bolster farmland values after the recent boom. Crop and livestock insurance programs, federal farm commodity programs, and ad hoc assistance such as natural disaster aid have provided substantial downside risk protection for the U.S. farm sector and farmland values.[19]

II. THE U.S. AGRICULTURAL LENDING LANDSCAPE

Farm banks provide a significant share of financing to the agricultural sector. According to the USDA, U.S. commercial banks held 40 percent of all U.S. farm debt in 2019, the latest data available.[20] This article focuses on farm banks, defined by the FDIC as banks with 25 percent or more of total loans concentrated in agriculture.[21] As of December 31, 2020, the number of farm banks in the nation totaled 1,163, or about one-quarter of all commercial banks. These farm banks held $76 billion of agricultural loans, or 44 percent of aggregate agricultural loans held by commercial banks.

The vast majority of farm banks report that their agricultural loans exceed their total capital levels; in other words, they report a "capital concentration" of more than 100 percent.[22] But many farm banks are focused on the agricultural sector to a greater degree. Specifically, 59 percent of all farm banks have capital concentrations of at least 200 percent, and 25 percent have concentrations of 300 percent or more. A small minority of 26 farm banks, or 2 percent of all farm banks, have agricultural loan concentrations in excess of 500 percent of capital.

Farm banks tend to be small: nearly three quarters of these institutions have less than $250 million in total assets.[23] About 35 percent of farm banks are very small, with under $100 million in total assets. Because of their small size and geographic footprint—45 percent of farm banks have only one or two locations—nearly all farm banks are considered "community banks" by the FDIC's definition.[24] The Upper Midwest has a disproportionate share of farm banks. More than 78 percent of all farm banks in the nation are headquartered in the Upper Midwest (see Map 1 and Table 1).

[17] Bruce J. Sherrick, "Understanding Farmland Values in a Changing Interest Rate Environment," *Choices Magazine*, Agricultural & Applied Economics Association, 1st Quarter 2018 33(1), Farmer Mac, https://www.farmermac.com/choices-understanding-farmland-values-changing-interest-rate-environment/.

[18] Nathan Kauffman, "2019 Agricultural Symposium Summary: Exploring Agriculture's Path to the Long Term," August 5, 2019; Ed Maixner and Sara Wyant, "Big Changes Ahead in Land Ownership and Farm Operators?" Agri-Pulse, February 5, 2019, https://www.agri-pulse.com/articles/11869-big-changes-ahead-in-land-ownership-and-farm-operators.

[19] Christopher Burns, Nigel Key, Sarah Tulman, Allison Borchers, and Jeremy Weber, "Farmland Values, Land Ownership, and Returns to Farmland, 2000–2016," USDA Economic Research Report, No. 245, February 2018, https://www.ers.usda.gov/webdocs/publications/87524/err-245.pdf?v=0.

[20] The Farm Credit System's share of all U.S. agricultural debt was just slightly higher at 43 percent. Other agricultural lenders include input suppliers, such as feed and equipment dealers, and insurance companies and private lenders.

[21] Since this farm bank definition is based solely on loan portfolio mix, it captures some banks that, because of low loan volumes, have low asset and capital concentrations in agriculture. Conversely, the loan portfolio test can overlook banks with higher asset or capital concentrations because of high loan volume or low capital levels. Overall though, the definition has done a good job identifying groups of banks with heavy agricultural concentration exposure for analytical purposes. It also has a long track record, including usage in the FDIC publication *History of the Eighties*, which covers the 1980s agricultural crisis.

[22] "Capital concentration" in this article is shorthand for the volume of a bank's agricultural loans expressed as a percentage of its total qualifying capital. It is used as a numerical measurement and is not intended to denote examination concerns.

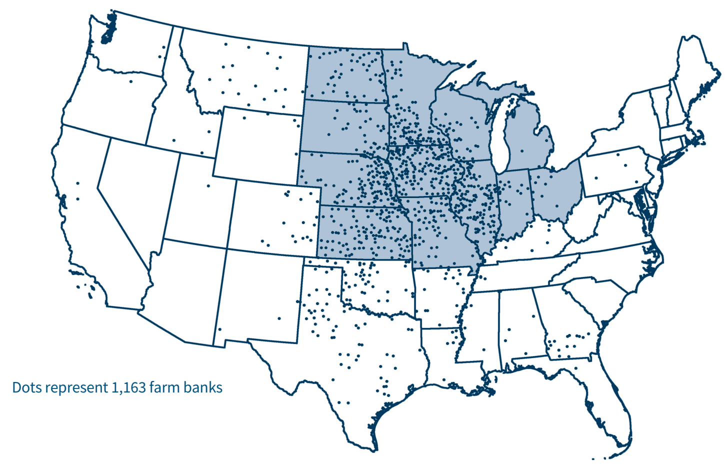
[23] At December 31, 2020, the median size of farm banks was $143 million compared with a median $356 million for nonfarm banks.

[24] At December 31, 2020, only nine farm banks were not community banks. For more information about how the FDIC defines community banks, refer to the FDIC Community Banking Initiative web page, https://www.fdic.gov/resources/community-banking/cbi-study.html.

Given the dominance of corn and soybean production in the Upper Midwest, it is not surprising that FDIC examiners overwhelmingly list corn and soybeans among the three most important commodities at farm banks.[25]

Map 1

Three of Every Four U.S. Commercial Farm Banks Are Based in Upper Midwest States



Source: FDIC.
Note: Data are as of December 31, 2020. The FDIC defines farm bank as an FDIC-insured institution with 25 percent or more of total loans concentrated in agriculture. Farm banks located based on state of headquarters office. Shaded states are defined as Upper Midwest states.

Table 1

Three of Every Four U.S. Commercial Farm Banks Are Based in Upper Midwest States

	Farm Bank Totals		Capital Concentrations in Agricultural Loans			
State	Number of Farm Banks in State	Percentage of All Farm Banks in U.S.	Median Ratio (Percent)	Number With Ratio Exceeding 200%	Number With Ratio Exceeding 300%	Number With Ratio Exceeding 500%
Illinois	133	11.4	208.2	74	23	1
Indiana	19	1.6	191.9	9	2	0
Iowa	185	15.9	247.7	124	55	5
Kansas	130	11.2	206.6	69	22	0
Michigan	6	0.5	178.7	3	1	0
Minnesota	103	8.9	258.1	79	37	7
Missouri	79	6.8	200.2	40	13	0
Nebraska	122	10.5	286.9	95	56	7
North Dakota	52	4.5	302.7	42	27	4
Ohio	10	0.9	144.9	2	1	0
South Dakota	39	3.4	272.3	28	17	1
Wisconsin	33	2.8	190.7	14	4	0
Upper Midwest States	911	78.3	237.0	579	258	25
All Other States	252	21.7	182.6	103	30	1
Total for U.S. Farm Banks	1,163	100.0	223.7	682	288	26

Source: FDIC.
Note: Data are as of December 31, 2020. Banks are assigned to states based on their headquarters location. Capital concentration ratio is total agricultural loans divided by total qualifying capital.

[25] As part of examinations at farm banks in the FDIC's Chicago and Kansas City Regions, examiners are asked to identify up to three agricultural commodities deemed most important to the bank's loan portfolio. These two FDIC regions encompass all 12 Upper Midwest states, as well as Kentucky, and were headquarters to 79 percent of all farm banks as of December 31, 2020. Out of 930 responses, corn was listed in 90 percent of the responses and soybeans were listed in 84 percent of the responses. At 65 percent, cattle was the third most commonly listed commodity.

Farm Banks Reported Strong Financial Results During the Farm Income Boom

Although financial results at farm banks greatly improved during the boom in farm income, loan demand became a challenge. Similar to agriculture sector economic conditions, farm bank financial conditions changed when the boom in U.S. agriculture ended. The farm income boom occurred from 2004 through 2013, a period that encompassed one of the deepest U.S. recessions since the Great Depression. Despite the economic stress of the recession, the rural locations and agricultural focus of farm banks largely insulated these institutions from much of the negative financial effects. In particular, farm banks' lower concentrations in hard-hit residential and commercial real estate loans resulted in much lower volumes of credit delinquencies and credit losses compared with nonfarm banks during this period.

But not all factors were positive for farm banks during the boom. While loan demand from residential and commercial real estate developers broadly slowed across the banking industry during the recession and its aftermath because of weaknesses in those sectors, farm borrowers also required less agricultural credit, but for the opposite reason.[26] Flush with cash from multiple years of exceptionally strong incomes, many farmers self-financed operating expenses and capital expenditures, or reduced debt. As a result, even though the U.S. agricultural sector was booming, many rural banks simultaneously faced increasing deposit balances and declining loan demand.[27] The median fourth quarter loan-to-deposit ratio among farm banks declined from a decades-high 77 percent in 2008 to a 16-year low of 66 percent in 2012.

As a group, farm banks have maintained strong capital ratios. As seen in Chart 16, farm banks with relatively high capital ratios (at the 90th and 75th percentile among all farm banks) saw those ratios decline during the farm income boom and U.S. recession. Conversely, farm banks with relatively lower capital ratios saw those ratios stay the same, or slightly increase, during that period. But since the end of the farm income boom, farm banks across the spectrum of capital positions have bolstered their capital ratios, generally to levels exceeding capital ratios before the boom. For example, fourth quarter 2020 ratios were greater than fourth quarter 2003 ratios for all percentile groups in the chart except the 90th percentile. The across-the-board drop in capital ratios between fourth quarters 2019 and 2020 reflects the unprecedented effects of the COVID-19 pandemic including significant growth in loans, deposits, and assets that depressed capital ratios.[28]

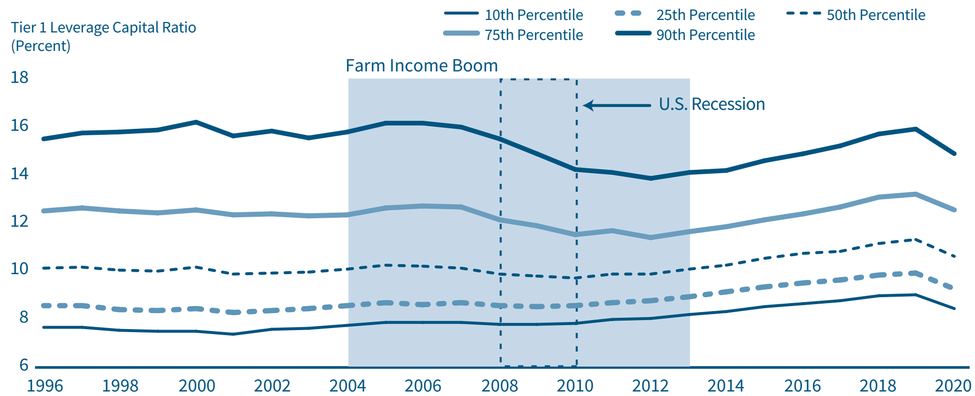
[26] Banker survey data from the Federal Reserve Bank of Chicago and Federal Reserve Bank of Kansas City (districts that encompass a large share of the nation's farm banks) show that during the agricultural boom, demand for agricultural credit fell to its lowest level since the aftermath of the agricultural crisis of the 1980s.

[27] Not only was agriculture booming, but oil production was also booming, creating windfall oil royalties for many farm customers in oil production areas in Kansas, North Dakota, and Texas.

[28] 91 percent of farm banks experienced a year-over-year increase in Tier 1 risk-based capital in fourth quarter 2020, in line with the 90 percent to 92 percent range the previous five years. However, because of the pandemic-induced balance sheet growth, just 13 percent of farm banks reported an increase in their Tier 1 Leverage capital ratio compared with the previous five-year range of 60 percent to 74 percent.

Chart 16

Farm Banks Have Bolstered Their Capital Positions Since the Farm Boom Ended



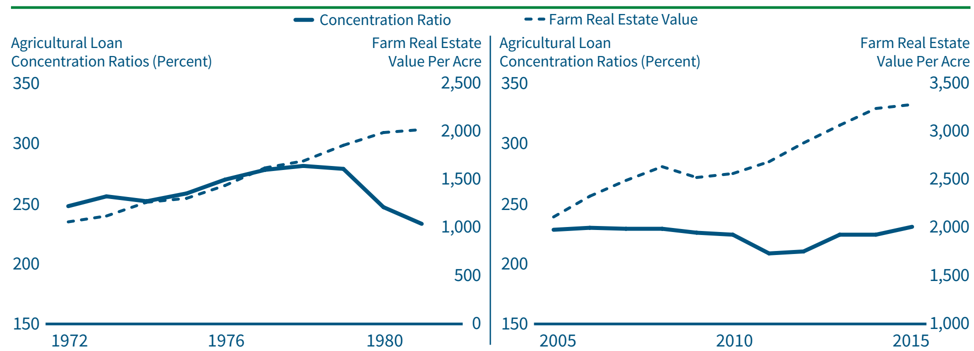
Source: FDIC.
Note: Data are fourth quarter figures from 1996 through 2020.

Farm Bankers and Borrowers Were Cautious During the Agricultural Boom

On the credit side, the large increase in farm real estate values between 2005 and 2015 provided ample opportunity for farmers to seek more credit and for farm banks to allow increased borrowing regardless of cash-flow considerations. Nevertheless, farm bankers and their borrowers were generally conservative during this period. This cautious behavior contrasted with the previous farm boom in the 1970s, a period in which farm banks responded to surging farmland prices by dramatically increasing lending to fund expanding farms. The two panels in Chart 17 show the relationship between U.S. farmland values and the median capital concentration in agricultural loans at farm banks. The left panel shows that farm banks increased agricultural loan concentrations in tandem with increases in farm real estate values throughout most of the 1970s. It was not until 1979, after several years of lower farm income and on the cusp of the 1980s agricultural crisis, that banks reined in agricultural lending concentrations. During the more recent period, shown in the right panel of Chart 16, the median farm bank agricultural loan concentration ratio—which was already lower than before the boom of the 1970s—remained low even as farmland values soared.

Chart 17

Agricultural Loan Concentrations at Farm Banks Remained Low During the Recent Boom in Farm Real Estate Values

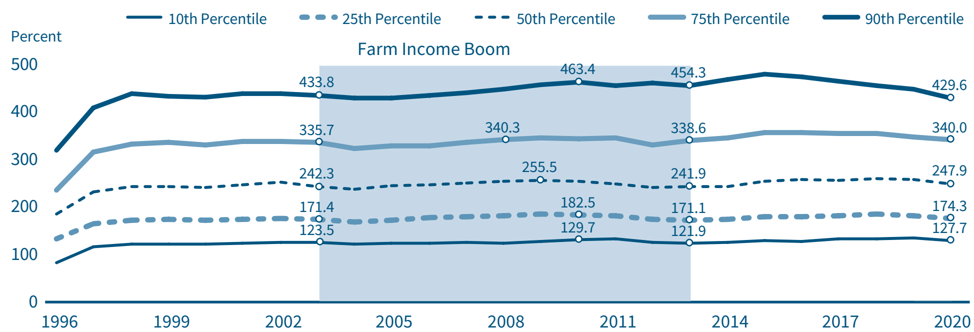


Sources: FDIC; U.S. Department of Agriculture.
Note: Farm real estate values are inflation-adjusted annual figures representing the average per-acre value of farm real estate in the United States. Concentration ratios are median fourth quarter ratios. Because total qualifying capital is not available prior to 1996, and for consistency, concentration ratios for all periods are calculated by dividing total agricultural loans by total equity capital and loan loss reserves.

Even in Upper Midwest states, where farmland values rose higher and peaked later and where concentration ratios have tended to run higher, agricultural credit concentration ratios remained stable. Chart 18 shows capital concentrations among Upper Midwest farm banks by percentiles. Identified on each percentile series are the concentration ratios at the beginning and end of the farming boom, the peak value during the boom, and finally, the 2020 value. Farm bank agricultural loan concentration ratios rose slightly from the start of the farm income boom to the peak and then generally retreated by the end of the boom.

Chart 18

Farm Banks in Upper Midwest States Maintained Steady Capital Concentrations of Agricultural Loans During the Farm Income Boom



Source: FDIC.
Note: Data are fourth quarter figures through 2020. Capital concentration ratios are calculated as total agricultural loans divided by total qualifying capital. Upper Midwest states are Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

Agricultural concentration ratios remained subdued partly because farmers were increasingly self-financing during the good times. But just as important was farm bankers' cautious approach to underwriting. At agricultural banker outreach meetings conducted by the FDIC over the past 15 years, farm lenders commonly told regulators they were wary of repeating the aggressive lending that occurred during the 1970s farm boom; instead, they were showing restraint in lending for expansion against rapidly increasing farmland values. To insulate themselves from a possible crash in farmland values, lenders commonly described how they lowered loan-to-value policy limits on farm real estate loans or even placed hard-dollar limits on the amount of funds they would lend per acre of farmland, regardless of how high farmland values climbed.

The Post-Boom Period Has Begun to Weigh on Agricultural Loan Quality, but Carryover Debt Has Masked the Stress

Agricultural credit quality at farm banks steadily improved during the decades following the aftermath of the 1980s agricultural crisis. Shares of farm banks reporting agricultural delinquencies and charged-off agricultural loans both declined, and farm banks with delinquencies and charge-offs reported fewer of them.[29] By the time the farm income boom began in 2004, agricultural credit quality was already strong, but the boom drove delinquency and charge-off metrics to historic lows.[30] Agricultural credit delinquencies and charge-offs have since edged higher, echoing the ongoing stress in the agricultural sector described earlier, but they generally remain at or below levels seen immediately before the boom (Chart 19). These trends are not unique to the commercial farm bank sector. The

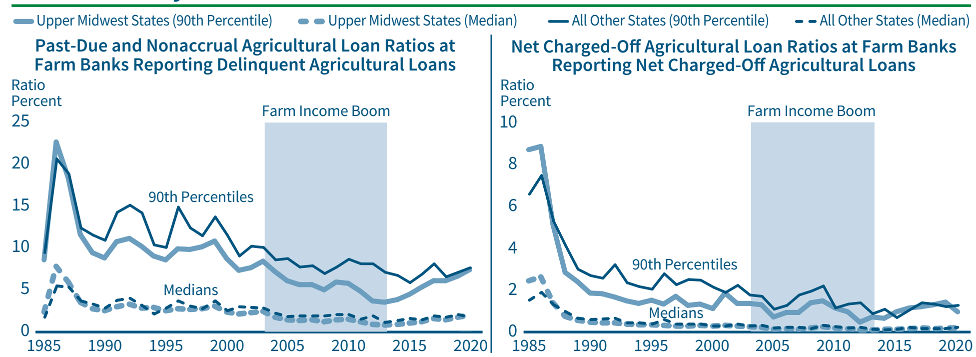
[29] Bank reporting of delinquent and charged-off agricultural loans began in 1984 for agricultural production loans and 1991 for loans secured by farmland. As a result, any calculated delinquency or charge-off ratio for total agricultural loans (production plus farmland-secured) before 1991 will be understated.

[30] The share of farm banks reporting delinquent agricultural loans fell to 57 percent in first quarter 2013 from 78 percent a decade earlier. There is considerable seasonality in agricultural loan data. As a result, historical analysis is best done by same-period comparisons. Delinquencies typically are highest in the first quarter as bankers and borrowers work through results of the previous harvest season. Charge-offs typically spike in the fourth quarter.

Farm Credit System has seen similar trends in its aggregate loan portfolio.[31] Where more significant increases in delinquent loans have occurred is in the "tail" of agricultural banks—those at the 90th percentile of delinquencies. The March 31, 2020 90th-percentile delinquency ratio of 7.3 percent among Upper Midwest banks was the highest first quarter figure since 2003.

Chart 19

Agricultural Loan Delinquencies and Charge-Offs Have Risen in Recent Years but Remain Low by Historical Measures



Source: FDIC.
Note: Agricultural loan delinquency ratios at farm banks typically spike in the first quarter while agricultural loan charge-offs typically spike in the fourth quarter. As a result, the data shown is first-quarter delinquency ratios and fourth-quarter net charge-off ratios from 1985 through 2020. Upper Midwest states are Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

Reported delinquency ratios may not fully reflect loan repayment weaknesses. Because of the variability in agricultural production factors beyond producers' control, such as weather conditions, crop yields, and commodity prices, it is not unusual in any given season that some farmers cannot repay their debt obligations. In these cases, it is common for farm lenders to "carry over" the remaining debt into the next year if the farmer has the collateral (usually farmland equity) to support the new loan.[32] Since these unpaid balances are carried over into new loans, they are not reflected in delinquent-loan figures on bank financial reports.

When the agricultural sector turns downward, as it did after the farm income boom, this carryover practice can occur for several years until there is a positive outcome (farm returns improve so that the carryover debt is extinguished) or a negative one (the farmer runs out of equity to support increasing carryover debt). Therefore, the level of agricultural credit delinquencies may not reflect weaknesses in the sector for some time.

In this post-boom period, the lag in reported credit stress may be longer than usual. Farmers had high working capital coming out of the boom (Chart 6), and those with cash-flow issues in subsequent years likely tapped into those reserves to help cover shortfalls. When working capital no longer covered operating shortfalls, most farmers used their improved farmland equity positions to secure carryover debt. Many farmers now use that farmland equity to rebalance debt loads into more manageable repayment cash flows.

Although banks do not report specific levels of carryover debt, FDIC bank examiners have noted increasing carryover debt at farm bank examinations, and industry participants have discussed the trend at meetings with regulators. Recent quarterly agricultural credit condition data from the Federal Reserve Banks of Chicago, Kansas City, Minneapolis, and St. Louis noted continued weakness in loan repayment rates and higher renewal and

[31] Steven Koenig and Hal Johnson, "Quarterly Report on FCS Condition," Farm Credit Administration, December 10, 2020, https://www.fca.gov/template-fca/about/2020DecQuarterlyReportonFCSCondition.pdf.

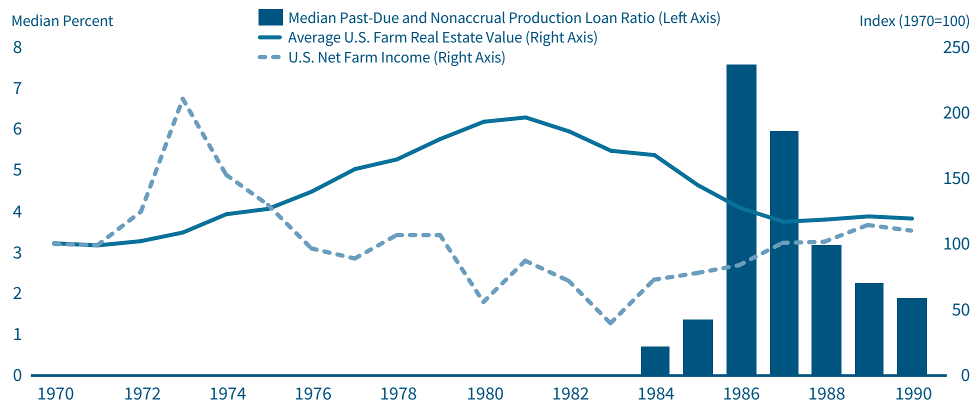
[32] Carryover debt is extended at normal interest rates and terms and with firm expectation of full repayment. Carryover debt is not considered abnormal, and though it may be a precursor to problems, it does not in itself indicate a problem credit. It should not be confused with troubled debt restructurings, which involve impaired credits that have been given some form of concession.

extension rates among surveyed bankers, a pattern seen since late 2013.[33] These Federal Reserve Banks cover most of the Upper Midwest.

The ability to carry over debt likely has kept credit problems at bay for many struggling farm borrowers, but debt carryover cannot continue indefinitely. Increasing debt balances eventually strain debt-servicing ability and collateral protection margins. Once restructuring capacity is exhausted, problems can escalate quickly, as was the case during the agricultural crisis of the 1980s. Farm income had been sliding throughout the latter half of the 1970s, but it was not until the mid-1980s that problems became widely evident.[34] As Chart 20 shows, farm real estate values began to decline significantly in 1982 in response to weaknesses in the agricultural sector. Farmers could restructure their loans for a few years, but as farmland values continued to fall and loan balances continued to rise, past-due and nonaccrual agricultural production loans spiked in 1986 when carryover debt capacity reached its limits for many borrowers.[35]

Chart 20

Substantial Loan Delinquencies Lagged the Drop in Farm Income by Several Years



Sources: FDIC; U.S. Department of Agriculture (Haver Analytics).
Note: Past-due and nonaccrual ratios are first quarter data. Farm real estate values and net farm income are inflation-adjusted annual figures.

The benefit that resilient farm real estate values have provided in agriculture lending today is significant. Land values have provided the capacity for operating loan restructuring over the past few years. But the concern is that carryover debt capacity may be reaching its end for some borrowers who continue to experience operating shortfalls, especially those who are highly leveraged. At some point, financially stressed borrowers could place much greater quantities of land on the market, outpacing demand and causing prices to decline rapidly. In such a scenario, the equity positions of farmers—and therefore their restructuring capacity—would be adversely affected.

Looking Ahead: Ongoing Concern for Highly Leveraged Farmers

Overall, farmers and their lenders remain financially sound despite weaknesses in commodity prices and farm incomes that began in 2014. Strong working capital positions helped farmers for a few years. Since then, strong equity levels have allowed operating losses to be carried over to subsequent years in hopes that rising farm incomes will cure the accumulated shortfalls. A strong 2020, with higher commodity prices late in the year,

[33] Federal Reserve Bank of Kansas City/ag credit survey data/historical data https://www.kansascityfed.org/research/indicatorsdata/agfinancedatabook. Combined, quarterly reports from these four Federal Reserve Banks include all of the Upper Midwest states except Ohio.

[34] For a fuller description of carryover debt's "lag effect" on delinquencies, see John Anderlik and Jeffrey Walser, "Agricultural Sector Under Stress: The 1980s and Today," *FDIC Regional Outlook* (Third Quarter 1999): 18–26, https://www.fdic.gov/bank/analytical/regional/k3q1999.pdf.

[35] Banks did not report farmland-secured loan delinquencies and charge-offs before 1991.

improved exports, and record-high governmental support, boosted the sector overall. And the USDA's 2021 forecast suggests a continuation of the positive trends.

Highly leveraged farmers, however, face greater challenges in the near term than those with continued strong equity positions. These borrowers have continued to struggle despite improving U.S. net farm income over the past three years, and it is unclear whether the strong results in 2020 have provided enough income to mitigate their struggles. How such borrowers react—or are forced to react—if they reach the end of their ability to restructure loans is the most important issue we will continue to monitor.

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2020 SUMMARY OF DEPOSITS HIGHLIGHTS

Introduction

The 2020 Summary of Deposits (SOD) Survey showed a 21.7 percent increase in deposits, the largest one-year percentage increase in nearly 80 years.[1] The increase in deposits held by FDIC-insured institutions from June 2019 to June 2020 occurred primarily in the first two quarters of 2020, and was likely driven by reactions of individuals, businesses, and U.S. fiscal and monetary authorities to the COVID-19 pandemic.[2]

The survey also showed a decrease in the number of offices of FDIC-insured institutions. The number of bank offices declined nationwide between June 2019 and June 2020, continuing an 11-year trend, but the rate of decline was lower in 2020 than in the three previous years. The lower rate of decline in the number of offices was influenced by both a relatively high rate of office openings and a relatively low rate of office closures. The number of offices declined across all three county types—metropolitan, micropolitan, and rural—and the rate of decline was fastest among offices in metropolitan counties.

Total Deposits Grew at a Record Rate

Total deposits increased 21.7 percent, from $12.77 trillion to $15.54 trillion, between June 2019 and June 2020 (Chart 1). This one-year rate of deposit growth was the highest in 77 years. In the year ending June 30, 2020, the rate of deposit growth increased for community banks and noncommunity banks, for small, midsize, and large banks, for banks located in metropolitan, micropolitan, and rural counties, and for all but one lending specialization.

The additional funds that individuals and businesses received from programs that were implemented in the first half of 2020 to alleviate financial hardship caused by the pandemic, paired with economic uncertainty resulting from the pandemic, drove individuals and businesses to save more, leading to the sharp increase in bank deposits.[3] Actions by U.S. fiscal and monetary authorities included the Pandemic Emergency Unemployment Compensation Program, the U.S. Small Business Administration Paycheck Protection Program, the Federal Reserve Paycheck Protection Program Liquidity Facility, Economic Impact Payments (coronavirus stimulus checks), and aggressive interest rate cuts by the Federal Reserve. Additionally, the Federal Reserve purchased U.S. Treasury securities, mortgage-backed securities, and other financial instruments to support the flow of credit to U.S. households and businesses and to promote financial stability.[4]

[1] "Deposits" refers to deposits in offices of FDIC-insured institutions in the United States, U.S. territories, and possessions. U.S. offices of foreign institutions and their deposits are not included. The FDIC's 2020 Annual Report shows growth in domestic deposits of 26.2 percent in 1942, 24.2 percent in 1943, and 46 percent in 1989, all of which are higher than the 21.7 percent deposit growth reported in the 2020 SOD survey. The high growth in 1989 is the result of the fact that 1989 was the first year in which deposits of institutions covered under both the Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAIF) were included in the domestic deposit totals shown in the Annual Report. According to FDIC Call Report data, if institutions covered under both the BIF and the SAIF are included in the sum of total domestic deposits in 1988, deposit growth in 1989 would be much lower at 2.9 percent. Given that growth in domestic deposits in 1989 was driven by this change in how deposit totals were reported, 1943 is the most recent year in which deposit growth was higher than the growth shown in the 2020 SOD survey. Importantly, the Annual Report shows deposit totals as of December 31 of each year while the SOD survey reports deposit totals as of June 30 of each year, so year-over-year growth rates calculated based on these two sources would be similar but not identical. See FDIC Annual Report 2020: 138-140, https://www.fdic.gov/about/financial-reports/reports/2020annualreport/2020ar-final.pdf.

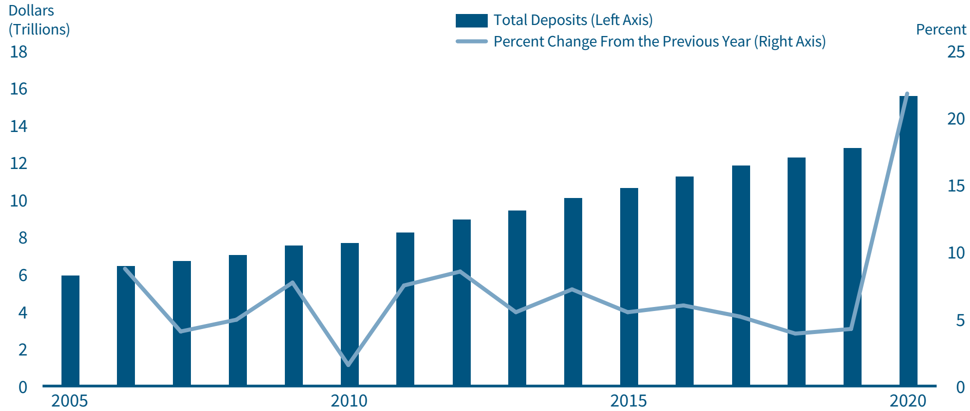
[2] FDIC Call Report data from 2019 and 2020 show that domestic deposits of FDIC-insured institutions increased about 1.8 percent in both the third and fourth quarters of 2019, by 8.2 percent in the first quarter of 2020, and 8.5 percent in the second quarter of 2020.

[3] Total personal income increased in the second quarter of 2020, despite a decrease in employment income, because of increased government transfer payments. Savings as a percentage of disposable personal income increased from 7.3 percent in the fourth quarter of 2019 to 26 percent in the second quarter of 2020. See U.S. Bureau of Economic Analysis, "Personal Income and Outlays, November 2020," news release no. BEA 20-68, December 23, 2020, https://www.bea.gov/sites/default/files/2020-12/pi1120.pdf.

[4] See Coronavirus Aid, Relief, and Economic Security Act: H.R. 748 Section 2107; Coronavirus Aid, Relief, and Economic Security Act: H.R. 748 Section 1102; Board of Governors of the Federal Reserve System, "Paycheck Protection Program Liquidity Facility," https://www.federalreserve.gov/monetarypolicy/ppplf.htm; U.S. Department of the Treasury, "Treasury, IRS Announce Delivery of 159 Million Economic Impact Payments," June 3, 2020, https://home.treasury.gov/news/press-releases/sm1025; Jane Ihrig, Gretchen Weinbach, and Scott Wolla, "How the Fed Has Responded to the COVID-19 Pandemic," Federal Reserve Bank of St. Louis, August 12, 2020, https://www.stlouisfed.org/open-vault/2020/august/fed-response-covid19-pandemic; and Board of Governors of the Federal Reserve System, "Federal Reserve Announces Extensive New Measures to Support the Economy," March 3, 2020, https://www.federalreserve.gov/newsevents/pressreleases/monetary20200323b.htm.

Chart 1

Total Deposits Increased at a Record Rate From 2019 to 2020



Source: FDIC Summary of Deposits, June 2005 to June 2020.

Noncommunity Bank Deposits Increased Faster Than Community Bank Deposits

Both community and noncommunity banks reported high deposit growth rates in the year ended June 30, 2020 (Table 1). On both a merger-adjusted basis and a non-merger-adjusted basis, deposits increased faster at noncommunity banks than at community banks.[5] Noncommunity banks reported year-over-year merger-adjusted growth of 22.6 percent, while community banks reported 16.5 percent growth.[6]

From 2019 to 2020, deposits at community banks increased much more on a merger-adjusted basis than on a non-merger-adjusted basis. Merger adjustment is a way of measuring the "organic growth" of a cohort of institutions—the portion of growth not attributable to mergers. In this case, the merger-adjusted deposit growth of community banks reflects changes in deposits over the previous year of the community banks that existed as of June 30, 2020. Non-merger-adjusted growth, by contrast, compares the performance of the 4,874 community banks that existed as of June 30, 2019, to that of the 4,624 community banks that existed as of June 30, 2020.

Table 1

Deposit Growth Rates Increased More for Community Banks on a Merger-Adjusted Basis Than a Non-Merger-Adjusted Basis

Category	2015	2016	2017	2018	2019	2020
	Year-Over-Year Deposit Growth, Merger Adjusted (Percent)					
Noncommunity Banks	5.6	6.3	4.9	3.7	4.0	22.6
Community Banks	4.4	5.2	6.2	4.8	5.3	16.5
All Banks	5.5	6.1	5.1	3.9	4.2	21.7
	Year-Over-Year Deposit Growth, Not Merger Adjusted (Percent)					
Noncommunity Banks	5.9	6.6	5.5	4.3	4.5	23.9
Community Banks	2.7	2.5	2.9	0.9	2.2	8.9
All Banks	5.4	5.9	5.1	3.8	4.2	21.7

Source: FDIC Summary of Deposits, June 2015 to June 2020.

[5] In this article, merger-adjusted performance measures the performance of the cohort of institutions as of June 30, 2020. Merger-adjusted performance of institutions segregated by asset size, lending specialization, and community banks versus noncommunity banks all measure the performance of institutions that belonged to each cohort as of June 30, 2020.

[6] Community banks are identified using criteria in the FDIC Community Banking Study, December 2012:1-2, https://www.fdic.gov/regulations/resources/cbi/report/cbi-full.pdf.

The fact that deposits of community banks grew more slowly on a non-merger-adjusted basis than on a merger-adjusted basis indicates that some community banks either were redesignated as noncommunity banks or were acquired by noncommunity banks.[7] During the year ended June 30, 2020, noncommunity banks acquired 57 community banks, while community banks did not acquire any noncommunity banks. Further, 33 community banks were redesignated as noncommunity banks, while only 6 noncommunity banks were redesignated as community banks. In the same period, 161 community banks acquired another community bank, and 14 noncommunity banks acquired another noncommunity bank. In short, over this period it was more common for community banks to be acquired by or be redesignated as noncommunity banks than it was for noncommunity banks to be acquired by or be redesignated as community banks. As a result, deposits moved from community banks to noncommunity banks. Therefore, non-merger-adjusted deposit growth of community banks is less than merger-adjusted growth.

Noncommunity bank deposit growth was similar on a merger-adjusted and non-merger-adjusted basis every year from 2015 to 2020. Over this time, few community banks acquired noncommunity banks and few noncommunity banks were redesignated as community banks, so mergers and redesignations had less impact on deposit growth for noncommunity banks than for community banks.[8]

Large Banks Continue to Increase Deposits and Gain Market Share

On a merger-adjusted basis, total deposits have increased over the past five years for each of the bank asset-size groups in Table 2. From 2015 to 2020, deposits increased on a merger-adjusted basis the most for midsize banks—47.6 percent—followed by large banks at 46.7 percent and small banks at 46.4 percent.[9]

The difference between the non-merger-adjusted increase and the merger-adjusted increase in deposits for large banks from 2019 to 2020 is heavily influenced by two midsize banks merging to form one large bank, thereby shifting their deposits from the midsize bank category to the large bank category (Table 2). This merger also accounted for a large part of the difference between the non-merger-adjusted gain in market share by large banks and the merger-adjusted gain in market share by large banks, shown in Table 3, as well as the difference between the non-merger-adjusted and merger-adjusted reduction in market share for midsize banks.

Meanwhile, small banks consistently lost market share from 2015 to 2020 on a non-merger-adjusted basis but have maintained a fairly consistent market share on a merger-adjusted basis. Large and midsize bank market shares have fluctuated over the same period. The merger-adjusted versus non-merger-adjusted results for large and midsize banks indicate that banks transferred into and out of these asset size categories from year to year because of organic deposit growth or through mergers and acquisitions.

[7] "Redesignation" refers to a change in the designation of a community or a noncommunity bank that the FDIC uses for research purposes as noted in footnote 6. For an explanation of the reasons for and process of merger adjusting bank data, see Eric C. Breitenstein and Derek K. Thieme, "Merger Adjusting Bank Data: A Primer," FDIC Quarterly 13, no. 1 (2019):31-49, https://www.fdic.gov/bank/analytical/quarterly/2019-vol13-1/fdic-v13n1-4q2018.pdf.

[8] The tendency of community banks to be acquired by or be redesignated as noncommunity banks at higher rates was evident from 2015 to 2020. Over that period, noncommunity banks acquired 320 community banks and community banks acquired six noncommunity banks. Further, 130 community banks were redesignated as noncommunity banks, while 33 noncommunity banks were redesignated as community banks. Meanwhile, 808 community banks were acquired by other community banks, and 110 noncommunity banks were acquired by other noncommunity banks.

[9] For this article "midsize banks" refers to banks with total assets between $10 billion and $250 billion. "Small banks" have total assets less than $10 billion, and "large banks" have total assets greater than $250 billion.

Table 2

Total Deposits Increased More for Large Banks on a Non-Merger-Adjusted Basis Than a Merger-Adjusted Basis							
	2015	2016	2017	2018	2019	2020	2015 to 2020
Bank Asset Size	Year-Over-Year Deposit Growth, Merger Adjusted (Percent)						
Large: Assets More Than $250B	4.3	5.3	5.6	3.0	2.9	24.5	46.7
Midsize: Assets $10B to $250B	8.6	7.7	3.6	4.8	5.6	19.6	47.6
Small: Assets Less Than $10B	3.4	5.8	6.3	5.0	5.6	17.5	46.4
	Year-Over-Year Deposit Growth, Not Merger Adjusted (Percent)						
Large: Assets More Than $250B	10.9	8.8	4.7	2.0	3.9	41.2	70.3
Midsize: Assets $10B to $250B	0.2	4.3	8.5	10.5	7.0	3.1	37.9
Small: Assets Less Than $10B	2.9	2.4	0.8	-3.0	-0.4	10.8	10.5

Source: FDIC Summary of Deposits, June 2015 to June 2020.

Table 3

Large Banks Gain Deposit Market Share While Small Banks Continue to Lose Market Share						
	2015	2016	2017	2018	2019	2020
Bank Asset Size	Share of Total Domestic Deposits, Merger Adjusted (Percent)					
Large: Assets More Than $250B	52.5	52.1	52.3	51.9	51.2	52.4
Midsize: Assets $10B to $250B	30.8	31.2	30.8	31.1	31.5	30.9
Small: Assets Less Than $10B	16.7	16.7	16.9	17.1	17.3	16.7
	Share of Total Domestic Deposits, Not Merger Adjusted (Percent)					
Large: Assets More Than $250B	45.0	46.2	46.1	45.3	45.2	52.4
Midsize: Assets $10B to $250B	32.8	32.4	33.4	35.5	36.5	30.9
Small: Assets Less Than $10B	22.1	21.4	20.5	19.2	18.3	16.7

Source: FDIC Summary of Deposits, June 2015 to June 2020.

Deposits Increased Across All Lending Specializations

On a merger-adjusted basis, deposits increased from 2019 to 2020 for banks in all lending specializations (see Table 4 for definitions of lending specializations). Deposits increased the most—31.3 percent—for banks with a mortgage specialization, followed by banks with an international specialization (27.9 percent) and a consumer lending specialization (27.0 percent), as shown in Table 5.

If an acquisition results in a change in portfolio composition, the resulting organization may no longer meet the concentration thresholds defining a lending specialization category, without any underlying change in its lending volumes or strategies. Accordingly, the merger-adjusted data in Table 5 better reflects deposit growth by lending specialty.

Table 4

Asset Characteristics of Banks With Lending Specializations

Lending Specialization	Asset Characteristics
International	Assets exceed $10 billion. More than 25 percent of total assets are in foreign offices.
Agricultural	Agricultural production loans, added to real estate loans that are secured by farmland, exceed 25 percent of total loans and leases.
Credit Card	The total of credit card loans and securitized receivables exceeds 50 percent of total assets plus securitized receivables.
Commercial Lending	The total of commercial and industrial loans, real estate construction and development loans, and loans secured by commercial real estate properties exceeds 25 percent of total assets.
Mortgage Lending	The total of residential mortgage loans and mortgage-backed securities exceeds 50 percent of total assets.
Consumer Lending	The total of residential mortgage loans, credit card loans, and other loans to individuals exceeds 50 percent of total assets.
Other Specialized < $1 Billion	Assets are less than $1 billion. Loans and leases are less than 40 percent of total assets.
All Other < $1 Billion	Assets are less than $1 billion, and the institution does not meet any of the definitions above. There is significant lending activity with no identified asset concentrations.
All Other > $1 Billion	Assets are greater than $1 billion, and the institution does not meet any of the definitions above. There is significant lending activity with no identified asset concentrations.

Source: FDIC Statistics on Depository Institutions Glossary.
Note: Groups are hierarchical and mutually exclusive.

Table 5

Total Deposits Increased for Every Lending Specialization on a Merger-Adjusted Basis

	2015	2016	2017	2018	2019	2020
Lending Specialization	Year-Over-Year Deposit Growth, Merger Adjusted (Percent)					
International Specialization	4.6	3.4	3.9	1.9	2.3	27.9
Agricultural Specialization	2.3	2.7	3.8	3.9	2.8	13.1
Credit Card Specialization	27.0	14.9	7.9	10.7	10.6	3.7
Commercial Lending Specialization	6.1	5.9	4.9	3.9	5.1	18.9
Mortgage Lending Specialization	9.6	12.8	12.2	12.2	3.0	31.3
Consumer Lending Specialization	6.0	18.6	-5.2	4.9	9.1	27.0
Other Specialized < $1 Billion	2.9	3.4	3.1	2.2	1.6	15.8
All Other < $1 Billion	2.2	2.9	3.2	1.2	1.8	13.0
All Other > $1 Billion	4.0	6.8	5.4	3.7	3.7	22.9
	Year-Over-Year Deposit Growth, Not Merger Adjusted (Percent)					
International Specialization	3.4	8.3	7.3	1.9	4.4	27.9
Agricultural Specialization	2.5	4.5	3.8	1.9	1.6	-3.2
Credit Card Specialization	-15.2	0.6	-3.1	31.5	-4.3	0.0
Commercial Lending Specialization	3.4	15.1	0.2	4.3	6.3	17.5
Mortgage Lending Specialization	-1.1	-6.6	-9.8	-2.2	-0.5	92.8
Consumer Lending Specialization	-14.1	15.1	26.1	-18.5	3.1	-40.7
Other Specialized < $1 Billion	-5.6	-6.5	-13.2	-19.6	-5.4	1.0
All Other < $1 Billion	-11.6	-14.8	-6.6	-16.4	-7.7	14.6
All Other > $1 Billion	13.5	-3.1	11.7	4.7	3.1	25.0

Source: FDIC Summary of Deposits, June 2015 to June 2020.

Metropolitan Domestic Deposits Lead Deposit Surge

As shown in Table 6, total deposits have increased for bank offices in all three county types—metropolitan, micropolitan, and rural.[10] Table 6 also shows that an overwhelming majority of deposits—roughly $14.53 trillion (93.5 percent) out of $15.54 trillion—are held by bank offices in metropolitan counties. The share of total domestic deposits in metropolitan counties ranged from 92.4 percent in 2015 to the five-year high of 93.5 percent in 2020. Not surprisingly, bank offices in metropolitan counties accounted for most of the increase in domestic deposits in the United States.

Metropolitan counties had the most pronounced increase in total deposits in 2020—22.3 percent year-over-year. Between 2015 and 2019, the year-over-year percentage change in total deposits in metropolitan counties ranged from 3.9 percent to 6.2 percent.

Total deposits in micropolitan counties also grew rapidly in 2020. Micropolitan county year-over-year percentage increases in total deposits ranged from 2.3 percent to 3.4 percent between 2015 and 2019, but deposits increased 15.3 percent in 2020. The share of domestic deposits in micropolitan counties declined from 4.3 percent in 2015 to 3.8 percent in 2020.

Total deposits increased the least in rural counties: 22.6 percent between 2015 and 2020, compared with a 48.1 percent increase in metropolitan counties and a 28.6 percent increase in micropolitan counties. Between 2015 and 2019, rural counties' year-over-year percentage change in total deposits ranged from 1.4 percent to 3.1 percent, but in 2020, total deposits in rural counties increased 11.6 percent. The percentage increase in deposits in rural counties was less than the percentage increase in metropolitan and micropolitan counties, and consequently the share of total domestic deposits in rural counties declined slightly, from 3 percent in 2019 to 2.7 percent in 2020. The share of domestic deposits in rural offices declined slightly each year from 2015 to 2020, from 3.2 percent in 2015 to 2.7 percent in 2020.

Table 6

Total Deposits and Year-Over-Year Percent Change Increased for Every County Type

County Type		2015	2016	2017	2018	2019	2020	Percent Change 2015 to 2020
Metropolitan	Total Domestic Deposits ($ Thousands)	9,811,277,966	10,421,196,119	10,965,395,803	11,395,933,075	11,881,610,748	14,532,213,568	48.1%
	Year-Over-Year Percent Change	–	6.2%	5.2%	3.9%	4.3%	22.3%	–
Micropolitan	Total Domestic Deposits ($ Thousands)	458,714,275	470,798,099	486,877,782	498,100,344	511,496,980	589,863,257	28.6%
	Year-Over-Year Percent Change	–	2.6%	3.4%	2.3%	2.7%	15.3%	–
Rural	Total Domestic Deposits ($ Thousands)	344,784,355	349,564,466	360,270,967	368,324,735	378,823,452	422,618,792	22.6%
	Year-Over-Year Percent Change	–	1.4%	3.1%	2.2%	2.9%	11.6%	–
All	Total Domestic Deposits ($ Thousands)	10,614,776,596	11,241,558,684	11,812,544,552	12,262,358,154	12,771,931,180	15,544,695,617	46.4%
	Year-Over-Year Percent Change	–	5.9%	5.1%	3.8%	4.2%	21.7%	–

Source: FDIC Summary of Deposits, June 2015 to June 2020.

[10] Counties are labeled *metropolitan*, *micropolitan*, or *rural* depending on whether they are in areas designated by the U.S. Census Bureau as metropolitan statistical areas or as micropolitan statistical areas. Metropolitan statistical areas have a core urban area with more than 50,000 inhabitants. Micropolitan statistical areas have urban clusters with 10,000 to 50,000 inhabitants. All other areas are considered rural.

Average Deposits of FDIC-Insured Institutions and Offices Increased

The number of FDIC-insured institutions decreased from 5,303 to 5,066 between June 2019 and June 2020, and the number of offices decreased from 86,382 to 85,040. Average deposits per institution and office increased from 2019 to 2020 at higher rates than they did from 2018 to 2019. From 2015 to 2020, the number of FDIC-insured institutions declined 20.2 percent while the number of offices declined 8.8 percent. These declines increased the average number of offices per institution from 14.7 offices in 2015 to 16.8 offices in 2020 (Table 7). Similarly, the number of institutions declined at a higher rate than the number of offices from 2019 to 2020. As a result, deposits per institution increased at a higher rate than did deposits per office.

From 2015 to 2019, average deposits per office increased at an average rate of 6.8 percent, and in 2020 average deposits per office increased 23.6 percent. The average annual increase in deposits per institution from 2015 to 2019 was 9.6 percent, and in 2020 average deposits per institution increased 27.4 percent. Average deposits per institution in 2020 was $3.1 billion, and average deposits per office was $182.8 million (Table 7).

Table 7

Deposits per Institution and Office Increased in 2020

Year	Number of Institutions	Number of Offices	Offices per Institution	Total Deposits ($ Thousands)	Deposits per Institution ($ Thousands)	Deposits per Office ($ Thousands)
2015	6,348	93,262	14.7	10,614,776,596	1,672,145	113,817
2016	6,058	91,824	15.2	11,241,558,684	1,855,655	122,425
2017	5,787	89,839	15.5	11,812,544,552	2,041,221	131,486
2018	5,541	88,065	15.9	12,262,358,154	2,213,023	139,242
2019	5,303	86,382	16.3	12,771,931,180	2,408,435	147,854
2020	5,066	85,040	16.8	15,544,695,617	3,068,436	182,793

Source: FDIC Summary of Deposits, June 2015 to June 2020.

Using SOD Deposit Data for Geographic Research Requires Caution

The Summary of Deposits (SOD) is a unique source of information about the number and physical locations of the tens of thousands of bank offices across the United States. The SOD data also include a dollar amount of deposits for each bank office. Methods used by banks for attributing deposits to bank offices may differ considerably from bank to bank, as described below. Accordingly, researchers should be cautious about using SOD data to draw firm conclusions about the geographical distribution of banking activity.

The full reporting instructions for the SOD can be found at https://www.fdic.gov/regulations/resources/call/sod/2020-06-sod-instructions.pdf.

The relevant reporting instructions are below.

Institutions should assign deposits to each office in a manner consistent with their existing internal record-keeping practices. The following are examples of procedures for assigning deposits to offices:

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

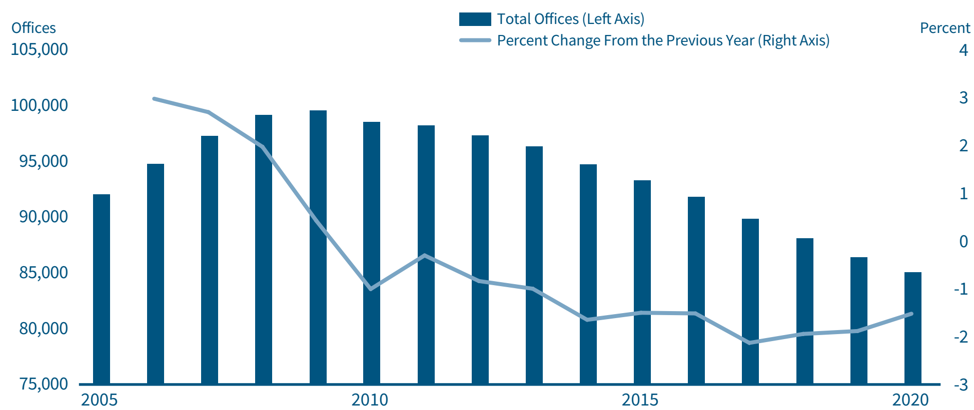
Other methods that logically reflect the deposit gathering activity of the financial institution's branch offices may also be used. It is recognized that certain classes of deposits and deposits of certain types of customers may be assigned to a single office for reasons of convenience or efficiency.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

The Number of Bank Offices Declined at a Slower Rate Than in Recent Years

The number of offices of FDIC-insured institutions declined 1.6 percent between June 2019 and June 2020, a slower rate than the past few years (Chart 2). The number of offices declined 2.7 percent among community banks and 0.9 percent among noncommunity banks. On a merger-adjusted basis, between 2019 and 2020, 471 banks (9.3 percent) increased their number of offices, 4,259 banks (84.1 percent) maintained the same number of offices, and 336 banks (6.6 percent) decreased their number of offices. Banks that increased their number of offices had a total increase of 668 offices, and banks that decreased their number of offices had a total decrease of 1,945 offices, for an aggregate net decrease of 1,277 offices on a merger-adjusted basis.[11]

Chart 2

Total Offices Declined at a Slower Rate Than in Recent Years



Source: FDIC Summary of Deposits, June 2005 to June 2020.

As shown in Table 8, full-service brick-and-mortar offices represent almost 92 percent of all banking offices, and this office type accounted for most of the total decrease in the number of offices, with a net decrease of 977 offices in the 12 months ending June 30, 2020. Full-service brick-and-mortar offices had the lowest rate of decline (1.2 percent) among all office types. The rate of decline in full-service brick-and-mortar offices was the lowest since 2013, and the relatively low rate of decline in this office type drove the slower overall pace of decline in bank offices nationwide in 2020. The rate of decline in limited-service offices was only slightly lower than in 2019. Home banking and full-service retail office types declined at faster rates in 2020 than in 2019.[12] The rate of decline in the number of full-service retail offices was the highest of all office types at 5.8 percent. Full-service retail offices represent a little less than 5 percent of bank offices.

[11] The number of offices declined by 1,277 on a merger-adjusted basis and by 1,342 on a non-merger-adjusted basis. The difference is because 65 offices belonged to banks that were acquired by nonbanks between June 2019 and June 2020. Those offices could not be counted in merger-adjusted analysis since they could not be assigned to an acquiring bank in the 2020 SOD data.

[12] The SOD survey collects information on the service type of each office:
- Full-service brick-and-mortar—locations owned or leased by a bank at which customers can open and close accounts, apply for loans, deposit and withdraw funds, and receive other banking services.
- Full-service retail—full-service offices in a retail facility such as a store or supermarket.
- Home banking—full-service offices that customers can access on a website or by telephone.
- Limited-service—offices that exist for the sole purpose of cashing payroll checks or conducting administrative services for the bank, or that accept deposits but do not provide any other services.

See pages 31-32 of the Summary of Deposits Reporting Instructions, https://www.fdic.gov/regulations/resources/call/sod/2020-06-sod-instructions.pdf.

Table 8

The Low Rate of Decline in the Number of Full-Service Brick-and-Mortar Offices Drove the Overall Rate of Decline in the Number of Offices to a Four-Year Low

	2015	2016	2017	2018	2019	2020
Full-Service, Brick-and-Mortar	84,295	83,236	81,760	80,425	79,054	78,077
Change, number	–	-1,059	-1,476	-1,335	-1,371	-977
Change, percent	–	-1.3%	-1.8%	-1.6%	-1.7%	-1.2%
Full-Service, Retail	5,261	5,014	4,706	4,441	4,250	4,005
Change, number	–	-247	-308	-265	-191	-245
Change, percent	–	-4.7%	-6.1%	-5.6%	-4.3%	-5.8%
Full-Service, Home Banking*	179	179	189	192	194	190
Change, number	–	0	10	3	2	-4
Change, percent	–	0.0%	5.6%	1.6%	1.0%	-2.1%
Limited-Service Offices	3,527	3,395	3,184	3,007	2,884	2,768
Change, number	–	-132	-211	-177	-123	-116
Change, percent	–	-3.7%	-6.2%	-5.6%	-4.1%	-4.0%
All Offices	93,262	91,824	89,839	88,065	86,382	85,040
Change, number	–	-1,438	-1,985	-1,774	-1,683	-1,342
Change, percent	–	-1.5%	-2.2%	-2.0%	-1.9%	-1.6%

Source: FDIC Summary of Deposits, June 2015 to June 2020.
*Home banking offices are sometimes called "cyber offices" since they are typically accessed online.

Office Closings Are Widespread Although Relatively Less Frequent in Rural Counties

As shown in Table 9, the total number of bank offices declined across all three county types—metropolitan, micropolitan, and rural. Table 9 also shows that an overwhelming majority of bank offices—roughly 67,000 out of 85,000—are in metropolitan counties. Between 2015 and 2020, the number of offices in metropolitan counties declined 9.3 percent and accounted for most of the total reduction in the number of offices in the United States.

The ongoing office reduction trend has been particularly pronounced for community banks in metropolitan counties, with a decrease of 3,322 in the past five years. While noncommunity banks operating in metropolitan counties reduced their number of offices by 3,536, this amounted to a 6.7 percent decrease over the past five years, less than half the 15.9 percent decrease for community banks.

The difference in office reduction rates between community banks and noncommunity banks in metropolitan counties is considerably different on a merger-adjusted basis. On a merger-adjusted basis, the number of community bank offices increased 4.1 percent from June 2015 to June 2020, while the number of noncommunity bank offices decreased 13 percent. This result indicates that the declining number of community bank offices in metropolitan counties is heavily influenced by the relatively high rate at which community banks were acquired by, or redesignated as, noncommunity banks from 2015 to 2020.

The number of bank offices has declined the least in rural counties: 526 (5.9 percent) between 2015 and 2020. The number of community bank offices in rural counties declined 5.6 percent, while the number of noncommunity bank offices in rural counties declined 6.8 percent (Table 9). While the smallest decline in office numbers occurred in rural counties, office closures in rural counties are felt more keenly by those communities than are closures in metropolitan counties, since rural bank offices are fewer in number and often serve large geographic areas.[13]

[13] For a discussion of closures of banking offices in rural areas, see Board of Governors of the Federal Reserve System, "Perspectives From Main Street: Bank Branch Access in Rural Communities," November 2019, https://www.federalreserve.gov/publications/files/bank-branch-access-in-rural-communities.pdf.

Most offices in rural counties (72.5 percent) and micropolitan counties (57.2 percent) are operated by community banks. Community banks have reduced their number of offices at slower rates than noncommunity banks in rural counties. Similarly, the five-year reduction rate in the number of bank offices in micropolitan counties is higher for noncommunity banks (9.5 percent) than for community banks (7.1 percent).

Although community banks have reduced their number of offices at a slower rate than noncommunity banks in micropolitan and rural counties, their share of offices in those counties remained fairly stable from 2015 to 2020. Community bank offices represented 56.6 percent of offices in micropolitan counties in 2015, compared with 57.2 percent in 2020. Similarly, community bank offices represented 72.2 percent of offices in rural counties in 2015, compared with 72.5 percent in 2020. Community banks continue to serve an essential purpose by providing banking services in less-populated counties and counties with few bank offices.

Table 9

The Number of Banking Offices Declined for All Bank and County Types From 2015 to 2020

County Type	Bank Type	2015	2016	2017	2018	2019	2020	Percent Change 2015 to 2020
Metropolitan	All Banks	74,058	72,889	71,213	69,731	68,301	67,200	-9.3%
	Noncommunity Banks	53,158	52,749	51,887	50,985	50,127	49,622	-6.7%
	Community Banks	20,900	20,140	19,326	18,746	18,174	17,578	-15.9%
Micropolitan	All Banks	10,290	10,129	9,931	9,755	9,592	9,452	-8.1%
	Noncommunity Banks	4,463	4,365	4,309	4,204	4,076	4,041	-9.5%
	Community Banks	5,827	5,764	5,622	5,551	5,516	5,411	-7.1%
Rural	All Banks	8,914	8,806	8,695	8,579	8,489	8,388	-5.9%
	Noncommunity Banks	2,478	2,409	2,389	2,311	2,293	2,310	-6.8%
	Community Banks	6,436	6,397	6,306	6,268	6,196	6,078	-5.6%
All	All Banks	93,262	91,824	89,839	88,065	86,382	85,040	-8.8%
	Noncommunity Banks	60,099	59,523	58,585	57,500	56,496	55,973	-6.9%
	Community Banks	33,163	32,301	31,254	30,565	29,886	29,067	-12.4%

Source: FDIC Summary of Deposits, June 2015 to June 2020.

Office Closings Outpaced Office Openings in Metropolitan Areas

Over the past year, the number of bank office closings outpaced bank office openings in metropolitan counties (Table 9). Metropolitan counties had a net decrease of 1,101 bank offices between June 2019 and June 2020. In 2020, the New York-Newark-Jersey City, NY-NJ-PA (New York City) metropolitan area had 4,916 bank offices, the most of any metropolitan area. It also led the United States in metropolitan area bank office openings (48) and office closings (261), for a net decrease of 213 bank offices. Most of the New York City metropolitan area's net decrease in bank offices were in New York County, New York (34 offices), Bergen County, New Jersey (33), and Suffolk County, New York (23).

Five of the metropolitan areas with the highest number of office closures accounted for a higher share of total office closures than their share of total offices among all metropolitan areas nationwide: New York City; Chicago-Naperville-Elgin, IL-IN-WI (Chicago); Philadelphia–Camden–Wilmington, PA–NJ–DE–MD (Philadelphia); Phoenix-Mesa-Chandler, AZ (Phoenix); and Cleveland-Elyria, OH (Cleveland). In each of these areas, the high number of closures was driven by just one or two institutions. For example, New York City accounted for 12 percent of office closings among all metropolitan areas nationwide and 7.3 percent of total offices in metropolitan areas nationwide as of June 30, 2020. Of the 42 banks that closed offices in New York City, two banks accounted for nearly half (46 percent) of the 261 office closures. Similarly, Chicago accounted for 6.5 percent of office closures in metropolitan areas and 3.7 percent of offices in metropolitan areas nationwide in 2020. While 22 banks closed offices in Chicago, one bank accounted for 34 percent of the closures. Philadelphia accounted for 3.2 percent of closures in metropolitan areas nationwide and 2.4 percent of offices in metropolitan areas in 2020. Nineteen banks closed offices in Philadelphia and one bank accounted for 32.8 percent of closures. Similarly, Phoenix accounted for 1.5 percent of closures in metropolitan areas nationwide and 1.1 percent of offices in metropolitan areas in 2020. Of the 11 banks that closed offices in Phoenix, two banks accounted for 54.5 percent of office closures. Finally, Cleveland accounted for 1.3 percent of closures in metropolitan areas and 0.9 percent of offices in metropolitan areas in 2020. Eight banks closed offices in Cleveland, and one bank accounted for 51.7 percent of the closures.

As shown in Tables 10 and 11, eight metropolitan areas were in the top ten metropolitan areas for total office openings and were also in the top ten for total office closings. Four of the eight metropolitan areas reported a net gain of bank offices over the past year: Dallas-Fort Worth-Arlington, TX (Dallas) (11); Houston-The Woodlands-Sugar Land, TX (Houston) (6); Boston-Cambridge-Newton, MA-NH (Boston) (5); and Washington-Arlington-Alexandria, DC-VA-MD-WV (Washington, DC) (1). Office openings by a single bank drove the net gain in bank offices in three of these four metropolitan areas. A single bank opened 10 (28.6 percent) of the 35 offices opened in Houston. In Boston, a single bank opened 14 (38.9 percent) of the 36 offices opened, and in Washington, DC, a single bank opened 23 (59 percent) of the 39 offices opened. By contrast, in Dallas no single bank accounted for more than 3 (7.3 percent) of the 41 total office openings.

The Dallas metropolitan area led the United States in net bank offices gained, with 11 bank offices: 41 office openings and 30 office closings. Dallas County, Texas, contributed to a net gain of 7 bank offices. In the Dallas metropolitan area, 23 banks had a net increase, 3 banks had no change, and 8 banks had a net decrease in their numbers of bank offices.

In the Houston metropolitan area, 15 banks had a net increase, 2 banks had no change, and 9 banks had a net decrease in their numbers of offices. In the Boston metropolitan area, 17 banks had a net increase, 2 banks had no change, and 10 banks had a net decrease in their numbers of offices. In the Washington, DC, metropolitan area, 6 banks had a net increase, 1 bank had no change, and 13 banks had a net decrease in their numbers of offices.

Table 10

New York City Leads the Metropolitan Areas With the Most Office Openings From 2019 to 2020

Metropolitan Statistical Area	Offices Opened
New York-Newark-Jersey City, NY-NJ-PA	48
Dallas-Fort Worth-Arlington, TX	41
Washington-Arlington-Alexandria, DC-VA-MD-WV	39
Boston-Cambridge-Newton, MA-NH	36
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	35
Houston-The Woodlands-Sugar Land, TX	35
Atlanta-Sandy Springs-Alpharetta, GA	30
Miami-Fort Lauderdale-Pompano Beach, FL	27
Tampa-St. Petersburg-Clearwater, FL	23
Los Angeles-Long Beach-Anaheim, CA	22

Source: FDIC Summary of Deposits, June 2019 to June 2020.

Note: The metropolitan statistical areas (MSA) are based on the 2010 U.S. Census. These areas correspond to the state and county relationships as defined by the U.S. Census Bureau.

Table 11

New York City Leads the Metropolitan Areas With the Most Office Closings From 2019 to 2020

Metropolitan Statistical Area	Offices Closed
New York-Newark-Jersey City, NY-NJ-PA	261
Chicago-Naperville-Elgin, IL-IN-WI	141
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	70
Los Angeles-Long Beach-Anaheim, CA	54
Miami-Fort Lauderdale-Pompano Beach, FL	40
Washington-Arlington-Alexandria, DC-VA-MD-WV	38
Phoenix-Mesa-Chandler, AZ	33
Boston-Cambridge-Newton, MA-NH	31
Dallas-Fort Worth-Arlington, TX	30
Houston-The Woodlands-Sugar Land, TX	29
Cleveland-Elyria, OH	29

Source: FDIC Summary of Deposits, June 2019 to June 2020.

Note: The metropolitan statistical areas (MSA) are based on the 2010 U.S. Census. These areas correspond to the state and county relationships as defined by the U.S. Census Bureau.

The Rate of Decline in the Number of Offices Was Lower in 2020

As discussed earlier, the rate of decline in the number of offices was lower in 2020 than in the three previous years because the rate of office openings was relatively high and the rate of closures was relatively low (Table 12). While the percentage decrease in the number of offices was lower in 2020 than in the previous three years, it was slightly higher than the average percentage decrease from 2010 to 2020 (1.4 percent).

Table 12

A Higher Rate of Office Openings, and a Lower Rate of Office Closings, Contributed to the Lower Rate of Decline in the Number of Offices

	2009 to 2010	2010 to 2011	2011 to 2012	2012 to 2013	2013 to 2014	2014 to 2015	2015 to 2016	2016 to 2017	2017 to 2018	2018 to 2019	2019 to 2020
Starting Number of Offices	99,540	98,510	98,184	97,331	96,330	94,715	93,262	91,824	89,839	88,065	86,382
Offices Opened	2,406	5,160	1,556	1,462	1,272	1,100	1,121	972	1,027	1,180	1,213
Percent Change in Office Count Due to Office Openings	2.4%	5.2%	1.6%	1.5%	1.3%	1.2%	1.2%	1.1%	1.1%	1.3%	1.4%
Offices Closed	3,436	5,486	2,409	2,463	2,887	2,553	2,559	2,957	2,801	2,863	2,555
Percent Change in Office Count Due to Office Closings	-3.5%	-5.6%	-2.5%	-2.5%	-3.0%	-2.7%	-2.7%	-3.2%	-3.1%	-3.3%	-3.0%
Net Change in Number of Offices	-1,030	-326	-853	-1,001	-1,615	-1,453	-1,438	-1,985	-1,774	-1,683	-1,342
Percent Change in Number of Offices	-1.0%	-0.3%	-0.9%	-1.0%	-1.7%	-1.5%	-1.5%	-2.2%	-2.0%	-1.9%	-1.6%

Source: FDIC Summary of Deposits, June 2015 to June 2020.

One factor that influenced the lower rate of decline in the number of offices in 2020 compared with previous years is that a smaller percentage of offices that were acquired through mergers subsequently closed. As shown in Table 13, 4.5 percent of offices that were acquired through mergers between June 2019 and June 2020 closed before June 30, 2020. By comparison, from 2010 to 2019, 28,939 offices were acquired in mergers and 3,559 (12.3 percent) of those offices closed before the next SOD filing. The average annual closure rate for offices acquired in a merger from 2010 to 2019 was 11.7 percent.

Table 13

Offices Acquired in Mergers Closed at Lower Rates in 2020 Than in Previous Years

	2009 to 2010	2010 to 2011	2011 to 2012	2012 to 2013	2013 to 2014	2014 to 2015	2015 to 2016	2016 to 2017	2017 to 2018	2018 to 2019	2019 to 2020
Number of Offices Acquired in Mergers	9,304	2,534	2,439	1,767	2,053	1,769	2,353	2,676	2,100	1,944	3,195
Number of Offices Acquired in Mergers That Closed Before the Next Summary of Deposits Filing	1,231	406	285	140	254	133	215	442	285	168	145
Percent Closed	13.2%	16.0%	11.7%	7.9%	12.4%	7.5%	9.1%	16.5%	13.6%	8.6%	4.5%

Source: FDIC Summary of Deposits, June 2015 to June 2020.

Conclusion

The rate of growth in total deposits of domestic offices of FDIC-insured institutions between June 2019 and June 2020 was the highest in nearly 80 years. This increase occurred primarily as a result of consumer, business, and fiscal and monetary policy responses to the coronavirus pandemic. Deposits increased for community banks and noncommunity banks; for small, midsize, and large banks; for banks with a wide variety of lending specializations; and for banks in metropolitan, micropolitan, and rural counties. On a merger-adjusted basis, the largest increases in deposits occurred among offices of noncommunity banks and midsize banks, and among offices of banks with a mortgage, international, or consumer lending specialization. Offices in metropolitan counties had higher rates of deposit growth than offices in micropolitan or rural counties.

The trend of net decreases in the number of bank offices nationwide that began more than a decade earlier continued, albeit at a slower rate than in recent years, as fewer offices that were acquired through mergers closed before the next SOD survey. The number of community bank offices declined at a higher rate than the number of noncommunity bank offices from 2015 to 2020. This trend was driven by a reduction in the number of community bank offices in metropolitan counties. Decreases in the number of community bank offices have also been influenced by the tendency of community banks to be acquired by noncommunity banks or be redesignated as noncommunity banks at relatively high rates.

Community banks operate more offices than noncommunity banks in rural and micropolitan counties, and have closed offices at slower rates in those counties. The relatively large presence of community banks in rural and micropolitan counties reflects their important role in serving their local communities.

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