

# QUARTERLY BANKING PROFILE Third Quarter 2020

## INSURED INSTITUTION PERFORMANCE

**Net Income Improves From the Previous Quarter Due to Lower Provision Expense but Declines From a Year Ago Because of Lower Net Interest Income**

**Net Interest Margin Falls to Historic Low**

**Deposit Growth Stabilizes**

**Asset Quality Metrics Show Modest Deterioration**

**Industry Reports Strong Capital and Liquidity in Third Quarter 2020**

### Quarterly Net Income Increases From Second Quarter 2020 but Declines 10.7 Percent From Third Quarter 2019

During the three months ending September 30, quarterly net income for the 5,033 FDIC-insured commercial banks and savings institutions that filed Call Reports totaled \$51.2 billion, up \$32.4 billion (173 percent) from second quarter 2020 but down \$6.2 billion (10.7 percent) from the year-ago quarter. The quarterly increase in net income was attributable to a \$47.5 billion (76.8 percent) decline in provision expenses between second and third quarter 2020. Lower net interest income drove the annual decline in net income.

Slightly more than half (51.3 percent) of all banks reported lower net income compared to a year ago, and the share of unprofitable institutions increased to 4.7 percent.<sup>1</sup> The return on assets decreased to 0.97 percent from 1.25 percent in third quarter 2019, but was up from 0.36 percent in second quarter 2020.

### Net Interest Margin Declines 68 Basis Points to 2.68 Percent From 12 Months Ago

Quarterly net interest income totaled \$128.7 billion, a decline of \$10 billion (7.2 percent) from 12 months earlier. This is the largest percentage decrease in net interest income reported by the industry in the *Quarterly Banking Profile* (QBP). Approximately half (49.9 percent) of all banks reported lower net interest income from a year ago. The average net interest margin (NIM) declined to 2.68 percent, down 68 basis points from third quarter 2019. This is the lowest NIM and the largest year-over-year basis point decline reported in the QBP. The year-over-year compression of the NIM was broad-based, as it declined for all five asset size groups featured in the QBP. The decline in NIM was caused by a decline in asset yields (down 139 basis points) that exceeded the decline in funding costs (down 72 basis points). At 0.30 percent, the average cost of funds reached the lowest level on record in the history of the QBP.

<sup>1</sup> Industry participation counts consist of institutions existing in both reporting periods.

Chart 1

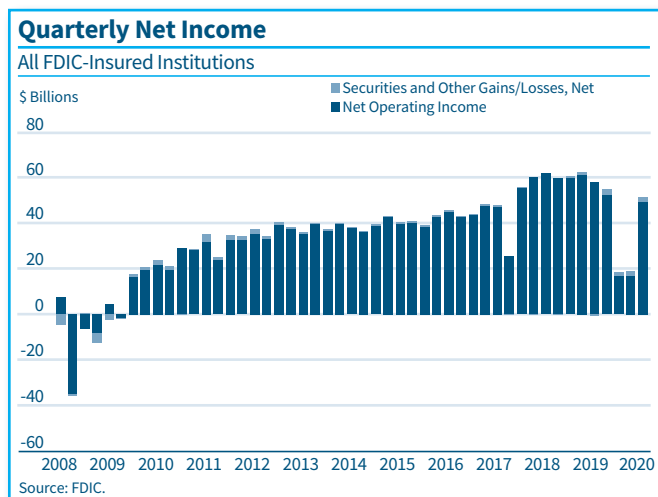
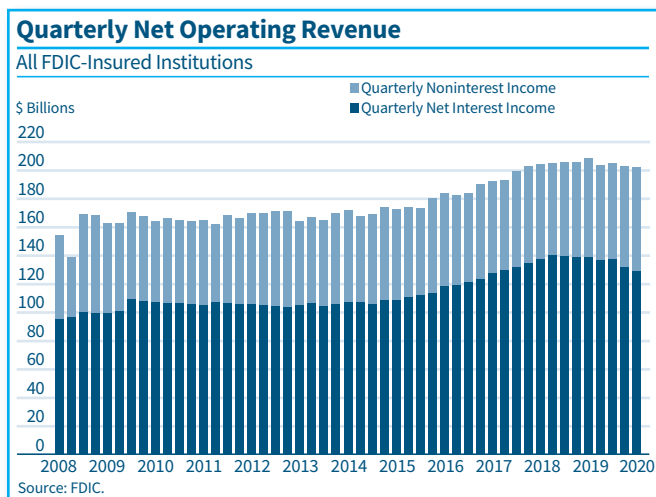


Chart 2



### Noninterest Income Increases 4.5 Percent Due to Net Gains on Loan Sales

Noninterest income increased by \$3.2 billion (4.5 percent) to \$72.6 billion from 12 months ago. Over half of all banks (56 percent) reported an increase. The year-over-year movement in noninterest income was largely attributable to growth in net gains on loan sales of \$4.1 billion (95.5 percent). An increase in trading revenue of \$1.7 billion (22.6 percent) also contributed to the annual growth in noninterest income. Declines in “all other noninterest income” (which includes miscellaneous items such as merchant credit card fees, annual credit card fees, and credit card interchange fees) of \$2.4 billion (7.1 percent) and service charge on deposit accounts of \$1.3 billion (13.6 percent) partially offset the increase.

### Noninterest Expense Climbs 3 Percent From a Year Ago

Noninterest expense totaled \$123.6 billion in third quarter 2020, an increase of \$3.6 billion (3.0 percent) from the previous year. The increase in noninterest expense was broad-based, with two-thirds (66.7 percent) of banks reporting growth. The increase was attributable to a \$3.7 billion (6.6 percent) increase in salary and employee benefits expense. However, average assets per employee also rose by \$1.3 million from a year ago to \$10.2 million.

### Quarterly Provisions for Credit Losses Decline From One Quarter Ago

Quarterly provisions for credit losses totaled \$14.4 billion, down \$47.5 billion (76.8 percent) from second quarter 2020 but up \$492 million (3.5 percent) from third quarter 2019.<sup>2</sup> During the third quarter, 254 banks used the current expected credit loss (CECL) accounting standard. CECL adopters reported \$10.8 billion in provisions for credit losses in third quarter, down 8.2 percent from one year ago and down 80.7 percent from one quarter ago. Non-CECL adopters reported \$3.5 billion in provisions for credit losses, up 83.4 percent from the year-ago quarter but down 36.4 percent from the prior quarter. Just over half of banks (52.9 percent) reported higher provisions for credit losses than a year ago.

### Net Charge-Off Rate Decreases by 5 Basis Points From a Year Ago

The net charge-off rate declined by 5 basis points from a year ago to 0.46 percent. Net charge-offs decreased by \$418.2 million (3.2 percent) year over year. The annual decrease in total net charge-offs was attributable to a \$1.3 billion (15.9 percent) decline in credit card net charge-offs. This decline offset increases in charge-offs for the commercial and industrial (C&I) loan portfolio, which increased by \$898.5 million (39.3 percent). The C&I net charge-off rate rose by 8 basis points from a year ago to 0.49 percent, but remains well below the post-crisis high of 2.72 percent reported in fourth quarter 2009.

<sup>2</sup> For institutions that have not adopted the CECL accounting methodology, provisions for credit losses include 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

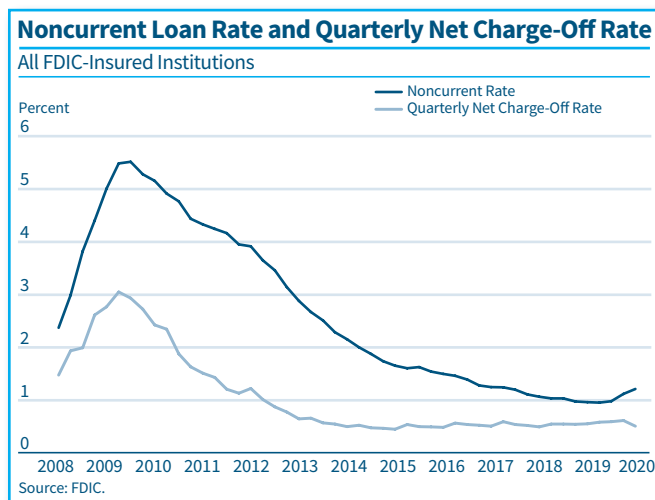
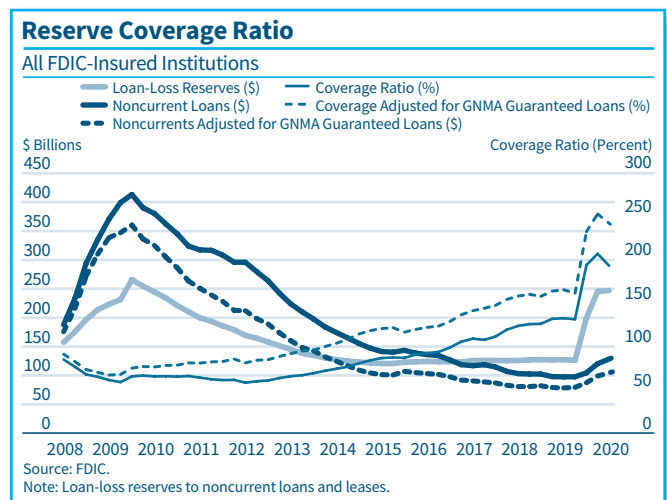


Chart 4



**Noncurrent Loan Rate Increases to 1.17 Percent**

The average noncurrent rate increased by 9 basis points from the previous quarter to 1.17 percent. Noncurrent loan balances (90 days or more past due or in nonaccrual status) rose \$9.3 billion (7.9 percent) to \$127.5 billion in the third quarter. Just under half of all institutions (47.7 percent) reported increases in noncurrent balances from second quarter 2020. The increase in noncurrent loan balances was driven by a \$10.2 billion (22 percent) increase in the 1–4 family residential mortgage loan portfolio. Contributing to this increase were \$4.2 billion of loans previously in Ginnie Mae securities, which are partially or wholly guaranteed by the U.S. government, that have been brought back on banks’ books. The noncurrent rate for 1–4 family residential mortgage loans increased by 44 basis points to 2.53 percent. Nonfarm nonresidential (NFNR) noncurrent balances rose \$1.5 billion (12 percent), resulting in a 9 basis point increase in the NFNR noncurrent rate to 0.87 percent.

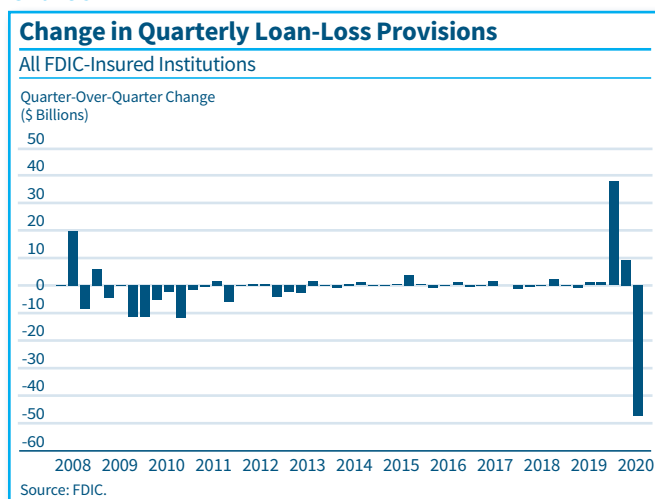
**Total Assets Increase Slightly From the Previous Quarter**

The banking industry reported total assets of \$21.2 trillion in the third quarter, a modest increase of \$81.6 billion (0.4 percent) from second quarter 2020. Cash and balances due from depository institutions decreased by \$54.2 billion (1.9 percent), while banks increased their securities holdings by \$275.3 billion (6.1 percent). Most of this growth was attributable to mortgage-backed securities, which rose by \$147.0 billion (5.5 percent), and U.S. Treasury securities, which increased by \$110.3 billion (13.3 percent).

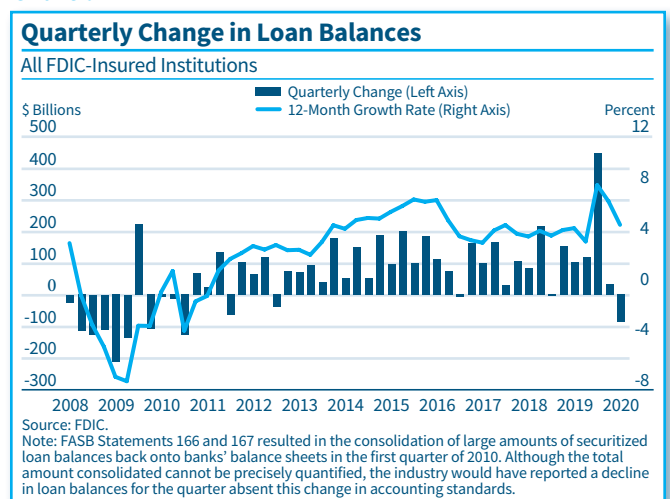
**Loan Balances Fall Slightly From the Previous Quarter**

Total loan and lease balances decreased by \$84.5 billion (0.8 percent) from the previous quarter. A \$150.3 billion (5.6 percent) decline in the C&I loan portfolio drove the overall decline. Increases in 1–4 family mortgage balances of \$24.1 billion (1.1 percent) and loans to nondepository financial institutions of \$20.6 billion (3.9 percent) partially offset the decline in C&I loan balances. Small Business Administration-guaranteed Paycheck Protection Program (PPP) loans grew by \$4.9 billion (1 percent) from the previous quarter to \$489.7 billion. Total loan and lease balances increased \$510.3 billion (4.9 percent) from the previous year, largely driven by strong C&I loan growth in the first half of 2020.

**Chart 5**



**Chart 6**



### Deposit Growth Stabilizes

Total deposit balances increased by \$156.0 billion (0.9 percent) from the previous quarter. This growth is down from the second quarter increase of \$1.18 trillion (7.5 percent). Noninterest-bearing account balances rose by \$141.2 billion (3.3 percent), and interest-bearing account balances increased by \$10.7 billion (0.1 percent). Nondeposit liabilities declined by \$88.1 billion (7.3 percent) from the previous quarter.<sup>3</sup> The decline in nondeposit liabilities was attributable to lower Federal Home Loan Bank advances, which fell by \$74.0 billion (19.5 percent). Over the past 12 months, total deposits rose by \$2.8 trillion (19.9 percent), led by large increases in the first and second quarter of this year.

### Equity Capital Rises From the Previous Quarter

Equity capital totaled \$2.2 trillion in the third quarter, an increase of \$36.3 billion (1.7 percent) from the previous quarter. Retained earnings contributed \$35.4 billion to equity formation in the third quarter, as net income of \$51.2 billion exceeded declared dividends of \$15.8 billion. Eight insured institutions with \$668 million in total assets were below the requirements for the well-capitalized category as defined for Prompt Corrective Action.

### One New Bank Opens in Third Quarter 2020

The number of FDIC-insured commercial banks and savings institutions reporting declined from 5,066 to 5,033 during third quarter 2020. One new bank was added, 33 institutions were absorbed by mergers, and no banks failed. One institution did not file a Call Report this quarter because it sold most of its assets and is ceasing operations. The number of institutions on the FDIC’s “Problem Bank List” increased to 56 from 52 last quarter. Total assets of problem banks increased from \$48.1 billion to \$53.9 billion.

Authors:  
**Angela Hinton**  
 Senior Financial Analyst  
 Division of Insurance and Research  
**James K. Presley-Nelson**  
 Senior Financial Analyst  
 Division of Insurance and Research

<sup>3</sup> Nondeposit liabilities include federal funds purchased, repurchase agreements, Federal Home Loan Bank advances, and secured and unsecured borrowings.

Chart 7

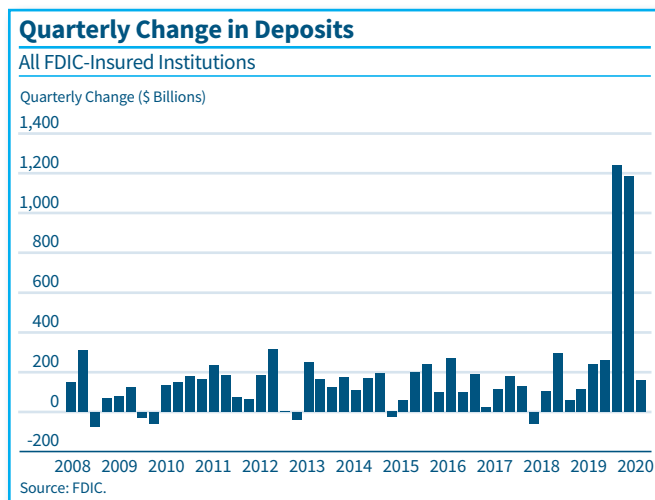
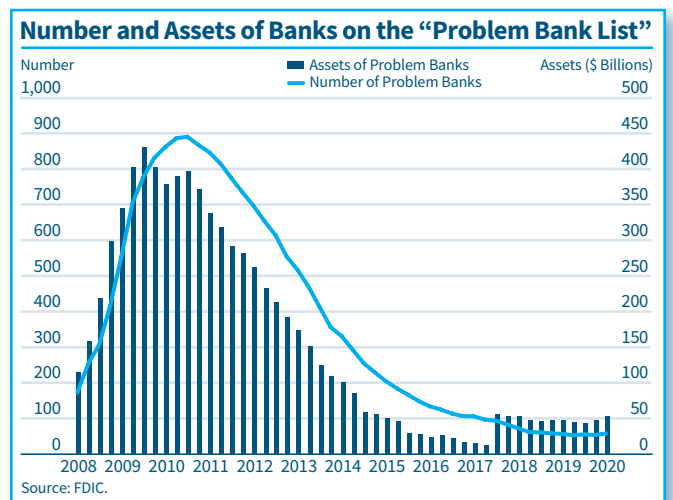


Chart 8



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

	2020**	2019**	2019	2018	2017	2016	2015
Return on assets (%)	0.58	1.33	1.29	1.35	0.97	1.04	1.04
Return on equity (%)	5.53	11.67	11.38	11.98	8.60	9.27	9.29
Core capital (leverage) ratio (%)	8.80	9.68	9.66	9.70	9.63	9.48	9.59
Noncurrent assets plus other real estate owned to assets (%)	0.63	0.56	0.55	0.60	0.73	0.86	0.97
Net charge-offs to loans (%)	0.53	0.50	0.52	0.48	0.50	0.47	0.44
Asset growth rate (%)	14.81	4.58	3.91	3.03	3.79	5.09	2.66
Net interest margin (%)	2.88	3.38	3.36	3.40	3.25	3.13	3.08
Net operating income growth (%)	-53.70	1.02	-3.14	45.45	-3.27	4.43	7.11
Number of institutions reporting	5,033	5,258	5,177	5,406	5,670	5,913	6,182
Commercial banks	4,401	4,588	4,518	4,715	4,918	5,112	5,338
Savings institutions	632	670	659	691	752	801	844
Percentage of unprofitable institutions (%)	4.79	3.59	3.75	3.44	5.61	4.48	4.82
Number of problem institutions	56	55	51	60	95	123	183
Assets of problem institutions (in billions)	\$54	\$49	\$46	\$48	\$14	\$28	\$47
Number of failed institutions	2	1	4	0	8	5	8

\* Excludes insured branches of foreign banks (IBAs).

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

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

(dollar figures in millions)	3rd Quarter 2020	2nd Quarter 2020	3rd Quarter 2019	%Change 19Q3-20Q3		
Number of institutions reporting	5,033	5,066	5,258	-4.3		
Total employees (full-time equivalent)	2,071,910	2,077,846	2,065,840	0.3		
<b>CONDITION DATA</b>						
Total assets	\$21,219,742	\$21,138,118	\$18,481,915	14.8		
Loans secured by real estate	5,144,479	5,110,724	5,002,907	2.8		
1-4 Family residential mortgages	2,240,674	2,216,584	2,182,663	2.7		
Nonfarm nonresidential	1,556,388	1,545,706	1,491,643	4.3		
Construction and development	386,056	380,560	360,045	7.2		
Home equity lines	312,896	324,469	349,858	-10.6		
Commercial & industrial loans	2,538,844	2,689,163	2,216,885	14.5		
Loans to individuals	1,709,844	1,704,152	1,779,248	-3.9		
Credit cards	796,450	808,171	892,881	-10.8		
Farm loans	76,779	78,088	80,291	-4.4		
Other loans & leases	1,444,278	1,416,798	1,323,239	9.2		
Less: Unearned income	3,621	3,804	2,275	59.1		
Total loans & leases	10,910,604	10,995,121	10,400,294	4.9		
Less: Reserve for losses*	244,266	242,787	125,171	95.2		
Net loans and leases	10,666,338	10,752,334	10,275,123	3.8		
Securities**	4,790,986	4,515,734	3,936,180	21.7		
Other real estate owned	4,548	5,021	6,190	-26.5		
Goodwill and other intangibles	385,497	386,552	394,036	-2.2		
All other assets	5,372,373	5,478,478	3,870,387	38.8		
Total liabilities and capital	21,219,742	21,138,118	18,481,915	14.8		
Deposits	17,116,653	16,960,605	14,276,906	19.9		
Domestic office deposits	15,670,039	15,518,214	12,981,056	20.7		
Foreign office deposits	1,446,614	1,442,391	1,295,850	11.6		
Other borrowed funds	1,207,194	1,301,411	1,460,195	-17.3		
Subordinated debt	68,489	69,595	69,335	-1.2		
All other liabilities	641,647	657,045	574,098	11.8		
Total equity capital (includes minority interests)	2,185,759	2,149,462	2,101,382	4.0		
Bank equity capital	2,183,201	2,146,898	2,098,263	4.1		
Loans and leases 30-89 days past due	58,408	55,684	63,972	-8.7		
Noncurrent loans and leases	127,550	118,258	95,544	33.5		
Restructured loans and leases	49,658	48,299	51,016	-2.7		
Mortgage-backed securities	2,798,767	2,651,813	2,369,462	18.1		
Earning assets	19,319,934	19,230,964	16,686,809	15.8		
FHLB Advances	304,506	378,489	498,766	-39.0		
Unused loan commitments	8,411,393	8,366,938	8,133,442	3.4		
Trust assets	17,787,796	17,007,737	20,762,219	-14.3		
Assets securitized and sold	505,520	550,282	539,466	-6.3		
Notional amount of derivatives	181,124,835	181,706,554	203,562,352	-11.0		
<b>INCOME DATA</b>						
	First Three Quarters 2020	First Three Quarters 2019	%Change	3rd Quarter 2020	3rd Quarter 2019	%Change 19Q3-20Q3
Total interest income	\$461,563	\$539,450	-14.4	143,211	180,840	-20.8
Total interest expense	65,182	123,514	-47.2	14,468	42,080	-65.6
Net interest income	396,380	415,936	-4.7	128,743	138,760	-7.2
Provision for credit losses***	128,741	40,623	216.9	14,385	13,893	3.5
Total noninterest income	210,049	200,864	4.6	72,605	69,452	4.5
Total noninterest expense	373,850	349,534	7.0	123,649	120,088	3.0
Securities gains (losses)	6,731	1,046	543.3	2,480	-956	N/M
Applicable income taxes	21,934	47,396	-53.7	14,516	15,874	-8.6
Extraordinary gains, net****	-110	167	N/M	-5	-2	-150.0
Total net income (includes minority interests)	88,526	180,459	-50.9	51,274	57,399	-10.7
Bank net income	88,352	180,268	-51.0	51,187	57,337	-10.7
Net charge-offs	42,869	38,563	11.2	12,686	13,104	-3.2
Cash dividends	62,242	134,900	-53.9	15,818	47,765	-66.9
Retained earnings	26,110	45,368	-42.5	35,369	9,572	269.5
Net operating income	83,068	179,431	-53.7	49,341	58,156	-15.2

\* 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. Third Quarter 2020, All FDIC-Insured Institutions

THIRD 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	5,033	11	5	1,182	2,768	303	36	230	430	68
Commercial banks	4,401	10	5	1,172	2,493	77	25	208	357	54
Savings institutions	632	1	0	10	275	226	11	22	73	14
Total assets (in billions)	\$21,219.7	\$508.6	\$5,288.0	\$281.0	\$7,505.5	\$635.9	\$132.0	\$40.1	\$86.8	\$6,742.0
Commercial banks	19,897.4	423.5	5,288.0	275.3	7,050.0	93.8	129.4	36.6	68.4	6,532.3
Savings institutions	1,322.4	85.1	0.0	5.7	455.5	542.1	2.6	3.4	18.3	209.7
Total deposits (in billions)	17,116.7	356.2	4,007.9	233.0	6,119.4	558.4	110.8	31.8	73.1	5,626.1
Commercial banks	16,033.4	289.7	4,007.9	230.2	5,771.0	80.1	108.6	29.6	58.3	5,457.9
Savings institutions	1,083.3	66.5	0.0	2.7	348.4	478.3	2.2	2.2	14.9	168.1
Bank net income (in millions)	51,187	3,806	12,656	918	19,661	1,645	482	262	250	11,507
Commercial banks	48,049	3,491	12,656	865	18,519	377	476	94	211	11,361
Savings institutions	3,137	315	0	53	1,142	1,268	6	167	39	146
<b>Performance Ratios (annualized, %)</b>										
Yield on earning assets	2.98	10.57	2.22	4.05	3.41	2.12	3.85	2.68	3.69	2.49
Cost of funding earning assets	0.30	1.30	0.17	0.61	0.37	0.24	0.75	0.34	0.47	0.24
Net interest margin	2.68	9.28	2.05	3.44	3.05	1.89	3.10	2.34	3.21	2.25
Noninterest income to assets	1.37	4.38	1.64	0.71	1.13	1.13	0.33	5.04	1.24	1.25
Noninterest expense to assets	2.34	6.20	2.20	2.33	2.36	1.60	1.17	4.12	2.84	2.21
Credit loss provision to assets**	0.27	2.85	0.10	0.17	0.30	0.04	0.24	0.06	0.12	0.21
Net operating income to assets	0.93	3.00	0.91	1.27	1.02	1.03	1.44	2.43	1.12	0.65
Pretax return on assets	1.24	4.16	1.23	1.49	1.29	1.36	1.98	3.29	1.34	0.93
Return on assets	0.97	3.00	0.96	1.31	1.05	1.06	1.48	2.64	1.16	0.68
Return on equity	9.47	26.13	10.62	11.43	9.42	12.18	15.65	15.69	9.53	6.81
Net charge-offs to loans and leases	0.46	3.63	0.67	0.12	0.23	0.01	0.85	0.12	0.08	0.39
Loan and lease loss provision to net charge-offs	112.73	105.87	44.07	201.75	188.91	1,925.64	38.13	177.13	252.01	111.89
Efficiency ratio	60.58	46.47	62.98	58.68	58.56	53.83	34.90	56.93	66.71	66.59
% of unprofitable institutions	4.73	0.00	0.00	3.98	3.79	9.90	8.33	13.04	4.42	5.88
% of institutions with earnings gains	48.72	54.55	20.00	40.44	54.95	45.21	52.78	33.04	41.40	52.94
<b>Structural Changes</b>										
New reporters	1	0	0	0	0	0	0	1	0	0
Institutions absorbed by mergers	33	1	0	7	24	0	0	0	0	1
Failed institutions	0	0	0	0	0	0	0	0	0	0
<b>PRIOR THIRD QUARTERS (The way it was...)</b>										
Return on assets (%)	2019	1.25	3.43	1.23	1.45	1.15	1.30	1.53	1.23	1.15
	2017	1.12	2.21	1.01	1.34	1.13	0.96	1.23	3.06	0.98
	2015	1.03	2.83	0.84	0.37	1.00	0.57	1.08	2.56	0.76
Net charge-offs to loans & leases (%)	2019	0.51	3.94	0.71	0.15	0.24	0.03	0.78	0.16	0.12
	2017	0.46	3.75	0.54	0.10	0.20	0.03	0.56	0.25	0.15
	2015	0.40	2.61	0.49	0.08	0.20	0.12	0.58	0.19	0.18

\* 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 III-A. Third Quarter 2020, All FDIC-Insured Institutions

THIRD QUARTER (The way it is...)	All Insured Institutions	Asset Size Distribution					Geographic Regions*					
		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	5,033	981	3,135	766	138	13	598	572	1,079	1,300	1,112	372
Commercial banks	4,401	862	2,771	634	122	12	312	519	930	1,260	1,042	338
Savings institutions	632	119	364	132	16	1	286	53	149	40	70	34
Total assets (in billions)	\$21,219.7	\$59.0	\$1,089.7	\$2,019.0	\$6,198.1	\$11,854.0	\$3,887.6	\$4,349.6	\$5,003.2	\$4,093.2	\$1,719.4	\$2,166.6
Commercial banks	19,897.4	52.1	949.8	1,682.7	5,666.8	11,546.1	3,475.2	4,237.1	4,895.5	4,056.5	1,211.8	2,021.3
Savings institutions	1,322.4	6.9	139.9	336.4	531.3	308.0	412.4	112.5	107.7	36.7	507.6	145.4
Total deposits (in billions)	17,116.7	48.6	907.0	1,648.0	5,027.4	9,485.6	3,137.1	3,586.3	3,837.2	3,318.3	1,455.6	1,782.1
Commercial banks	16,033.4	43.4	795.1	1,383.5	4,610.0	9,201.3	2,818.3	3,495.5	3,758.0	3,289.3	1,007.9	1,664.5
Savings institutions	1,083.3	5.2	111.9	264.5	417.4	284.3	318.8	90.9	79.2	29.0	447.7	117.7
Bank net income (in millions)	51,187	131	3,410	5,989	17,847	23,810	8,652	9,405	14,309	6,639	4,895	7,286
Commercial banks	48,049	120	2,904	5,011	16,807	23,206	7,734	9,269	13,650	6,506	4,102	6,788
Savings institutions	3,137	10	506	978	1,039	604	918	136	659	132	794	498
<b>Performance Ratios (annualized, %)</b>												
Yield on earning assets	2.98	3.87	3.95	3.75	3.68	2.37	2.91	2.98	2.52	2.92	3.24	3.98
Cost of funding earning assets	0.30	0.56	0.56	0.48	0.44	0.17	0.37	0.26	0.20	0.27	0.31	0.53
Net interest margin	2.68	3.31	3.38	3.27	3.24	2.20	2.53	2.72	2.33	2.65	2.94	3.45
Noninterest income to assets	1.37	1.44	1.41	1.41	1.35	1.37	1.19	1.17	1.76	1.20	1.25	1.66
Noninterest expense to assets	2.34	3.42	2.94	2.64	2.42	2.18	2.09	2.29	2.32	2.45	2.38	2.67
Credit loss provision to assets**	0.27	0.11	0.21	0.35	0.47	0.16	0.31	0.25	0.13	0.30	0.25	0.53
Net operating income to assets	0.93	0.85	1.22	1.16	1.14	0.76	0.87	0.84	1.10	0.59	1.16	1.32
Pretax return on assets	1.24	1.01	1.48	1.50	1.48	1.05	1.13	1.11	1.45	0.91	1.39	1.73
Return on assets	0.97	0.89	1.26	1.19	1.16	0.80	0.89	0.86	1.15	0.65	1.16	1.35
Return on equity	9.47	6.56	11.19	10.96	10.66	8.33	8.38	8.03	11.85	6.69	11.26	12.87
Net charge-offs to loans and leases	0.46	0.09	0.11	0.18	0.61	0.49	0.43	0.49	0.39	0.51	0.22	0.68
Loan and lease loss provision to net charge-offs	112.73	201.87	287.37	277.95	123.69	78.78	136.03	99.15	66.41	120.56	220.91	120.79
Efficiency ratio	60.58	75.73	63.97	57.83	54.60	64.70	59.06	62.23	60.04	67.17	59.31	52.62
% of unprofitable institutions	4.73	12.03	3.32	1.70	2.17	0.00	5.69	7.17	4.45	3.38	4.41	5.91
% of institutions with earnings gains	48.72	35.07	51.39	55.61	47.83	38.46	50.67	45.80	54.31	48.62	43.44	50.00
<b>Structural Changes</b>												
New reporters	1	0	1	0	0	0	0	0	0	0	0	1
Institutions absorbed by mergers	33	9	19	4	1	0	9	3	6	6	9	0
Failed institutions	0	0	0	0	0	0	0	0	0	0	0	0
<b>PRIOR THIRD QUARTERS (The way it was...)</b>												
Return on assets (%)	2019	1.25	1.03	1.35	1.39	1.28	1.10	1.18	1.36	1.15	1.44	1.47
	2017	1.12	1.02	1.16	1.15	1.21	0.96	1.11	1.13	1.04	1.20	1.49
	2015	1.03	0.95	1.05	1.10	1.00	0.89	1.02	0.92	1.16	1.15	1.18
Net charge-offs to loans & leases (%)	2019	0.51	0.24	0.13	0.22	0.67	0.47	0.53	0.43	0.51	0.26	0.79
	2017	0.46	0.16	0.13	0.22	0.64	0.53	0.58	0.25	0.49	0.26	0.59
	2015	0.40	0.16	0.15	0.22	0.52	0.43	0.44	0.27	0.46	0.24	0.51

\* 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 IV-A. First Three Quarters 2020, All FDIC-Insured Institutions

FIRST THREE QUARTERS (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	5,033	11	5	1,182	2,768	303	36	230	430	68	
Commercial banks	4,401	10	5	1,172	2,493	77	25	208	357	54	
Savings institutions	632	1	0	10	275	226	11	22	73	14	
Total assets (in billions)	\$21,219.7	\$508.6	\$5,288.0	\$281.0	\$7,505.5	\$635.9	\$132.0	\$40.1	\$86.8	\$6,742.0	
Commercial banks	19,897.4	423.5	5,288.0	275.3	7,050.0	93.8	129.4	36.6	68.4	6,532.3	
Savings institutions	1,322.4	85.1	0.0	5.7	455.5	542.1	2.6	3.4	18.3	209.7	
Total deposits (in billions)	17,116.7	356.2	4,007.9	233.0	6,119.4	558.4	110.8	31.8	73.1	5,626.1	
Commercial banks	16,033.4	289.7	4,007.9	230.2	5,771.0	80.1	108.6	29.6	58.3	5,457.9	
Savings institutions	1,083.3	66.5	0.0	2.7	348.4	478.3	2.2	2.2	14.9	168.1	
Bank net income (in millions)	88,352	4,085	21,972	2,678	31,672	4,656	1,307	762	679	20,540	
Commercial banks	80,943	3,355	21,972	2,571	29,168	1,121	1,295	309	586	20,564	
Savings institutions	7,409	730	0	107	2,504	3,535	11	453	93	-24	
<b>Performance Ratios (annualized, %)</b>											
Yield on earning assets	3.35	11.31	2.64	4.34	3.71	2.40	4.09	2.99	3.96	2.87	
Cost of funding earning assets	0.47	1.62	0.35	0.73	0.53	0.31	0.93	0.44	0.56	0.41	
Net interest margin	2.88	9.69	2.29	3.61	3.18	2.10	3.16	2.55	3.40	2.47	
Noninterest income to assets	1.38	4.23	1.76	0.67	1.06	1.06	0.54	4.98	1.09	1.27	
Noninterest expense to assets	2.46	6.28	2.25	2.40	2.59	1.65	1.05	4.13	2.92	2.27	
Credit loss provision to assets**	0.85	5.81	0.85	0.20	0.64	0.09	0.75	0.08	0.13	0.79	
Net operating income to assets	0.55	1.07	0.54	1.29	0.56	1.06	1.35	2.56	1.07	0.39	
Pretax return on assets	0.73	1.39	0.73	1.51	0.76	1.38	1.84	3.28	1.26	0.50	
Return on assets	0.58	1.07	0.58	1.34	0.60	1.07	1.36	2.67	1.11	0.42	
Return on equity	5.53	9.09	6.27	11.45	5.15	12.34	13.99	15.82	8.86	4.08	
Net charge-offs to loans and leases	0.53	4.06	0.74	0.13	0.25	0.02	0.56	0.24	0.07	0.46	
Loan and lease loss provision to net charge-offs	298.91	182.37	330.27	221.77	367.71	1,882.33	184.56	121.60	324.69	344.00	
Efficiency ratio	59.24	46.17	59.18	58.76	59.91	52.85	28.92	55.94	68.09	63.42	
% of unprofitable institutions	4.79	36.36	0.00	2.54	4.62	10.89	13.89	9.57	3.72	4.41	
% of institutions with earnings gains	49.27	27.27	20.00	49.41	51.84	40.26	52.78	36.96	47.21	41.18	
<b>Condition Ratios (%)</b>											
Earning assets to total assets	91.05	95.06	88.71	93.61	91.33	97.67	97.29	93.15	93.55	91.37	
Loss allowance to:											
Loans and leases	2.24	10.29	3.18	1.44	1.52	0.69	2.26	1.48	1.21	2.09	
Noncurrent loans and leases	191.51	904.17	270.74	126.81	149.51	79.13	525.00	131.80	128.56	142.82	
Noncurrent assets plus other real estate owned to assets	0.63	0.84	0.40	0.83	0.73	0.24	0.33	0.42	0.62	0.70	
Equity capital ratio	10.29	11.51	9.11	11.55	11.25	8.63	9.31	17.08	12.22	10.10	
Core capital (leverage) ratio	8.80	12.67	7.99	10.86	9.34	7.85	9.77	15.91	11.71	8.46	
Common equity tier 1 capital ratio***	13.75	16.86	14.99	14.44	12.28	20.97	19.93	38.18	19.84	13.88	
Tier 1 risk-based capital ratio***	13.84	17.02	15.06	14.44	12.38	20.97	20.04	38.18	19.84	13.96	
Total risk-based capital ratio***	15.36	18.94	16.45	15.59	13.89	21.41	20.91	38.96	20.91	15.64	
Net loans and leases to deposits	62.32	94.45	41.56	78.03	82.17	30.21	87.06	33.08	66.35	55.64	
Net loans to total assets	50.27	66.15	31.50	64.70	66.99	26.53	73.09	26.23	55.93	46.43	
Domestic deposits to total assets	73.85	66.95	52.44	82.91	81.11	87.64	83.93	79.29	84.30	81.02	
<b>Structural Changes</b>											
New reporters	3	0	0	0	0	0	0	3	0	0	
Institutions absorbed by mergers	137	1	0	23	106	3	0	0	2	2	
Failed institutions	2	0	0	1	1	0	0	0	0	0	
<b>PRIOR FIRST THREE QUARTERS (The way it was...)</b>											
Number of institutions	2019	5,258	12	5	1,324	2,756	393	68	217	433	50
	2017	5,738	11	5	1,422	2,943	445	62	271	520	59
	2015	6,270	14	4	1,494	3,125	515	56	337	663	62
Total assets (in billions)	2019	\$18,481.9	\$521.8	\$4,509.3	\$285.2	\$6,674.3	\$386.1	\$225.9	\$38.2	\$76.3	\$5,764.9
	2017	17,242.5	518.3	4,205.0	285.0	5,867.7	366.0	260.4	46.0	90.6	5,603.4
	2015	15,800.1	519.5	3,836.6	274.8	5,508.8	416.3	184.3	54.9	118.3	4,886.7
Return on assets (%)	2019	1.33	3.30	1.24	1.36	1.21	1.19	1.43	3.32	1.19	1.34
	2017	1.10	2.09	0.97	1.24	1.06	1.01	1.15	2.99	0.96	1.12
	2015	1.05	2.91	0.88	0.91	0.99	0.74	1.12	2.60	0.50	1.08
Net charge-offs to loans & leases (%)	2019	0.50	4.19	0.71	0.15	0.20	0.02	0.79	0.12	0.11	0.38
	2017	0.48	3.90	0.56	0.14	0.21	0.09	0.60	0.19	0.14	0.39
	2015	0.42	2.72	0.56	0.08	0.19	0.13	0.58	0.18	0.17	0.38
Noncurrent assets plus OREO to assets (%)	2019	0.56	1.33	0.36	0.86	0.60	1.15	0.48	0.41	0.68	0.54
	2017	0.73	1.19	0.48	0.86	0.74	1.56	0.37	0.54	0.86	0.80
	2015	0.99	0.83	0.72	0.75	0.96	1.95	1.00	0.70	1.16	1.19
Equity capital ratio (%)	2019	11.35	12.72	10.14	11.94	12.18	11.03	11.05	18.10	13.22	11.16
	2017	11.31	15.69	9.97	11.56	12.07	11.27	10.10	15.88	11.91	11.12
	2015	11.33	14.83	9.98	11.49	11.81	11.63	10.22	15.52	12.10	11.42

\* 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 V-A. Loan Performance, All FDIC-Insured Institutions**

September 30, 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
<b>Percent of Loans 30-89 Days Past Due</b>										
All loans secured by real estate	0.57	0.37	0.39	0.49	0.39	0.38	0.44	1.00	0.74	1.08
Construction and development	0.37	0.00	0.19	0.60	0.31	1.37	0.56	0.80	0.98	0.59
Nonfarm nonresidential	0.31	3.19	0.40	0.45	0.28	0.27	0.45	0.95	0.52	0.41
Multifamily residential real estate	0.16	0.00	0.26	0.18	0.14	0.12	0.12	0.47	0.35	0.16
Home equity loans	0.50	0.00	0.60	0.45	0.45	0.45	0.29	0.92	0.65	0.56
Other 1-4 family residential	0.90	0.37	0.45	0.77	0.64	0.35	0.45	1.10	0.83	1.48
Commercial and industrial loans	0.27	0.51	0.30	0.51	0.27	0.18	0.06	0.59	0.49	0.25
Loans to individuals	1.09	1.15	0.83	0.84	0.95	0.31	0.97	1.71	1.10	1.32
Credit card loans	1.03	1.16	0.90	0.76	1.15	0.75	0.95	3.36	0.95	0.98
Other loans to individuals	1.14	0.98	0.64	0.85	0.93	0.29	0.97	1.63	1.10	1.49
All other loans and leases (including farm)	0.24	0.37	0.33	0.47	0.23	0.11	0.00	0.31	0.43	0.16
Total loans and leases	0.54	1.09	0.45	0.50	0.38	0.36	0.75	0.98	0.72	0.76
<b>Percent of Loans Noncurrent**</b>										
All real estate loans	1.60	0.65	1.92	1.18	1.19	0.96	0.37	1.44	1.04	2.56
Construction and development	0.62	2.36	2.25	0.54	0.48	1.10	4.17	1.82	0.73	0.83
Nonfarm nonresidential	0.87	0.00	1.25	0.92	0.80	0.76	1.16	1.33	1.24	1.08
Multifamily residential real estate	0.22	0.00	0.12	0.47	0.22	0.40	0.04	0.57	0.53	0.40
Home equity loans	1.98	0.00	4.85	0.26	1.23	1.33	0.26	0.48	0.60	2.46
Other 1-4 family residential	2.53	0.61	2.46	0.81	2.19	0.95	0.33	1.51	1.01	3.35
Commercial and industrial loans	1.03	0.61	1.43	0.97	0.90	0.47	1.71	0.44	0.75	1.12
Loans to individuals	0.74	1.20	0.70	0.45	0.62	0.11	0.33	0.56	0.53	0.64
Credit card loans	1.03	1.25	0.85	0.26	1.05	0.43	0.43	1.43	0.23	0.90
Other loans to individuals	0.49	0.40	0.28	0.47	0.58	0.10	0.33	0.52	0.53	0.52
All other loans and leases (including farm)	0.41	0.00	0.40	1.23	0.49	0.21	0.06	0.71	0.66	0.31
Total loans and leases	1.17	1.14	1.17	1.13	1.01	0.88	0.43	1.12	0.94	1.46
<b>Percent of Loans Charged-Off (net, YTD)</b>										
All real estate loans	0.03	0.07	-0.02	0.06	0.04	-0.01	0.02	0.15	0.03	0.04
Construction and development	0.02	-0.09	-0.01	0.09	0.02	-0.01	-0.06	0.23	0.08	-0.04
Nonfarm nonresidential	0.10	0.00	0.14	0.09	0.09	0.06	0.02	0.31	0.02	0.16
Multifamily residential real estate	0.00	0.00	0.00	0.00	0.00	-0.04	-0.01	0.00	0.00	0.01
Home equity loans	-0.03	0.00	-0.01	0.00	0.01	-0.17	0.29	-0.04	0.02	-0.08
Other 1-4 family residential	0.00	0.07	-0.05	0.04	0.01	-0.01	0.02	0.07	0.02	-0.01
Commercial and industrial loans	0.54	2.54	0.61	0.24	0.52	0.14	0.30	0.10	0.14	0.47
Loans to individuals	2.25	4.24	2.81	1.35	1.08	0.46	0.79	0.83	0.39	1.60
Credit card loans	3.80	4.38	3.53	0.13	4.29	2.81	2.06	2.00	0.85	3.18
Other loans to individuals	0.78	2.14	0.54	0.27	0.77	0.34	0.79	0.76	0.38	0.78
All other loans and leases (including farm)	0.16	0.00	0.07	0.24	0.21	0.11	0.02	0.42	0.05	0.19
Total loans and leases	0.53	4.06	0.74	0.13	0.25	0.02	0.56	0.24	0.07	0.46
<b>Loans Outstanding (in billions)</b>										
All real estate loans	\$5,144.5	\$1.8	\$560.1	\$108.6	\$2,976.4	\$149.6	\$21.3	\$7.0	\$37.0	\$1,282.7
Construction and development	386.1	0.0	17.5	6.9	298.1	4.5	0.1	0.6	2.1	56.4
Nonfarm nonresidential	1,556.4	0.0	58.1	28.4	1,184.0	11.6	0.8	2.2	7.8	263.5
Multifamily residential real estate	478.4	0.0	85.3	3.8	330.8	3.2	0.3	0.2	1.0	53.8
Home equity loans	312.9	0.0	33.1	1.8	174.0	7.2	0.1	0.1	1.3	95.3
Other 1-4 family residential	2,240.7	1.7	313.6	25.2	937.1	122.3	20.0	3.4	22.0	795.4
Commercial and industrial loans	2,538.8	34.3	361.8	29.5	1,358.4	7.9	7.2	1.9	5.5	732.4
Loans to individuals	1,709.8	338.7	354.7	6.0	341.8	8.7	66.1	1.3	4.0	588.6
Credit card loans	796.5	316.9	261.8	0.6	28.0	0.3	0.3	0.1	0.0	188.3
Other loans to individuals	913.4	21.8	92.9	5.4	313.7	8.4	65.8	1.2	4.0	400.2
All other loans and leases (including farm)	1,521.1	0.3	444.5	40.4	431.8	3.8	4.1	0.5	2.6	593.1
Total loans and leases (plus unearned income)	10,914.2	375.0	1,721.1	184.5	5,108.3	170.0	98.8	10.7	49.1	3,196.8
<b>Memo: Other Real Estate Owned (in millions)</b>										
All other real estate owned	4,547.9	0.7	326.9	235.2	3,121.9	62.3	5.6	45.5	76.3	673.5
Construction and development	1,086.7	0.6	1.0	31.4	947.8	13.2	1.3	28.7	14.6	48.3
Nonfarm nonresidential	1,805.6	0.0	85.0	80.8	1,387.2	12.5	2.3	10.8	29.4	197.6
Multifamily residential real estate	68.8	0.0	0.0	4.6	63.0	0.9	0.0	0.0	0.3	0.0
1-4 family residential	1,373.7	0.1	202.9	37.4	634.4	35.6	2.0	5.7	27.9	427.7
Farmland	175.2	0.0	0.0	81.2	89.5	0.0	0.0	0.3	4.1	0.0

\* Asset Concentration Group Definitions (Groups are hierarchical and mutually exclusive):

Credit-card Lenders - Institutions whose credit-card loans plus securitized receivables exceed 50 percent of total assets plus securitized receivables.

International Banks - Banks with assets greater than \$10 billion and more than 25 percent of total assets in foreign offices.

Agricultural Banks - Banks whose agricultural production loans plus real estate loans secured by farmland exceed 25 percent of the total loans and leases.

Commercial Lenders - Institutions whose commercial and industrial loans, plus real estate construction and development loans, plus loans secured by commercial real estate properties exceed 25 percent of total assets.

Mortgage Lenders - Institutions whose residential mortgage loans, plus mortgage-backed securities, exceed 50 percent of total assets.

Consumer Lenders - Institutions whose residential mortgage loans, plus credit-card loans, plus other loans to individuals, exceed 50 percent of total assets.

Other Specialized < \$1 Billion - Institutions with assets less than \$1 billion, whose loans and leases are less than 40 percent of total assets.

All Other < \$1 billion - Institutions with assets less than \$1 billion that do not meet any of the definitions above, they have significant lending activity with no identified asset concentrations.

All Other > \$1 billion - Institutions with assets greater than \$1 billion that do not meet any of the definitions above, they have significant lending activity with no identified asset concentrations.

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

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

September 30, 2020	All Insured Institutions	Asset Size Distribution					Geographic Regions*					
		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
<b>Percent of Loans 30-89 Days Past Due</b>												
All loans secured by real estate	0.57	0.86	0.45	0.29	0.46	0.85	0.38	0.57	0.47	1.09	0.56	0.30
Construction and development	0.37	0.94	0.45	0.36	0.32	0.41	0.30	0.24	0.29	0.63	0.36	0.45
Nonfarm nonresidential	0.31	0.55	0.35	0.23	0.32	0.36	0.35	0.29	0.24	0.44	0.28	0.25
Multifamily residential real estate	0.16	0.90	0.23	0.12	0.14	0.22	0.17	0.14	0.05	0.63	0.19	0.08
Home equity loans	0.50	0.39	0.43	0.33	0.50	0.55	0.43	0.50	0.44	0.82	0.41	0.26
Other 1-4 family residential	0.90	1.13	0.60	0.41	0.70	1.21	0.50	0.88	0.70	1.68	1.08	0.38
Commercial and industrial loans	0.27	0.68	0.33	0.28	0.28	0.26	0.32	0.22	0.25	0.27	0.36	0.32
Loans to individuals	1.09	1.30	1.31	1.18	1.01	1.14	0.99	1.49	0.73	0.99	0.79	1.22
Credit card loans	1.03	1.07	1.57	2.40	1.09	0.94	1.16	1.15	0.88	0.95	0.47	1.10
Other loans to individuals	1.14	1.30	1.29	0.94	0.93	1.34	0.87	1.79	0.60	1.05	0.89	1.31
All other loans and leases (including farm)	0.24	0.52	0.44	0.29	0.21	0.24	0.11	0.15	0.32	0.32	0.25	0.17
Total loans and leases	0.54	0.81	0.46	0.33	0.49	0.64	0.43	0.59	0.43	0.75	0.50	0.50
<b>Percent of Loans Noncurrent**</b>												
All real estate loans	1.60	1.28	0.86	0.88	1.70	2.08	1.32	1.30	1.68	2.25	2.60	0.62
Construction and development	0.62	0.68	0.69	0.69	0.35	1.03	1.07	0.45	1.03	0.31	0.32	0.48
Nonfarm nonresidential	0.87	1.29	0.82	0.88	0.82	0.98	0.92	0.72	1.03	1.04	0.68	0.87
Multifamily residential real estate	0.22	0.63	0.35	0.23	0.17	0.28	0.27	0.39	0.15	0.31	0.22	0.10
Home equity loans	1.98	0.64	0.60	0.62	1.27	3.02	1.99	1.42	2.37	3.17	1.02	0.76
Other 1-4 family residential	2.53	1.14	0.87	1.09	3.29	2.70	2.03	1.89	2.29	3.33	6.74	0.53
Commercial and industrial loans	1.03	1.18	0.59	1.00	1.02	1.11	0.93	0.92	1.04	1.32	0.97	1.04
Loans to individuals	0.74	0.71	0.64	0.69	0.85	0.66	0.86	0.76	0.45	0.77	0.58	0.93
Credit card loans	1.03	0.71	1.42	2.31	1.20	0.85	1.29	1.06	0.74	0.98	0.95	1.15
Other loans to individuals	0.49	0.71	0.59	0.36	0.53	0.48	0.57	0.50	0.21	0.44	0.45	0.75
All other loans and leases (including farm)	0.41	1.33	1.12	0.54	0.48	0.34	0.39	0.17	0.50	0.51	0.37	0.48
Total loans and leases	1.17	1.24	0.82	0.88	1.25	1.24	1.06	0.95	1.14	1.51	1.88	0.76
<b>Percent of Loans Charged-Off (net, YTD)</b>												
All real estate loans	0.03	0.04	0.04	0.04	0.04	0.03	0.04	0.05	0.02	0.03	0.03	0.02
Construction and development	0.02	-0.01	0.04	0.04	0.01	-0.01	0.01	0.03	0.03	-0.04	0.02	0.05
Nonfarm nonresidential	0.10	0.05	0.06	0.07	0.10	0.18	0.09	0.13	0.16	0.12	0.06	0.06
Multifamily residential real estate	0.00	-0.07	0.00	0.01	0.00	0.00	0.01	0.03	0.00	0.01	0.00	-0.01
Home equity loans	-0.03	0.07	0.03	0.01	0.00	-0.06	0.01	-0.07	0.03	-0.08	-0.05	-0.03
Other 1-4 family residential	0.00	0.02	0.02	0.02	0.00	-0.02	0.01	0.00	-0.04	0.00	0.01	-0.01
Commercial and industrial loans	0.54	0.41	0.22	0.34	0.71	0.50	0.38	0.50	0.54	0.53	0.90	0.70
Loans to individuals	2.25	0.40	0.94	1.88	2.56	2.07	2.40	2.15	1.77	2.71	1.26	2.53
Credit card loans	3.80	3.66	4.96	7.44	4.22	3.37	4.14	3.70	3.24	3.83	2.77	4.37
Other loans to individuals	0.78	0.37	0.67	0.69	0.90	0.69	1.07	0.68	0.37	0.85	0.71	0.98
All other loans and leases (including farm)	0.16	0.21	0.21	0.27	0.14	0.16	0.25	0.23	0.11	0.14	0.10	0.09
Total loans and leases	0.53	0.13	0.11	0.20	0.70	0.54	0.49	0.58	0.43	0.57	0.32	0.74
<b>Loans Outstanding (in billions)</b>												
All real estate loans	\$5,144.5	\$21.7	\$515.8	\$944.8	\$1,818.5	\$1,843.6	\$1,064.5	\$956.2	\$1,009.3	\$915.9	\$549.2	\$649.4
Construction and development	386.1	1.3	47.3	94.8	159.2	83.6	75.4	64.0	64.5	54.7	83.0	44.4
Nonfarm nonresidential	1,556.4	4.5	192.6	397.6	620.4	341.3	356.9	306.1	229.8	206.7	225.6	231.4
Multifamily residential real estate	478.4	0.5	28.8	102.1	208.1	139.0	165.6	47.7	119.0	42.8	25.6	77.7
Home equity loans	312.9	0.5	16.5	36.3	112.3	147.3	66.4	75.3	76.1	51.1	19.5	24.6
Other 1-4 family residential	2,240.7	10.5	181.1	284.2	702.5	1,062.4	395.2	449.5	495.6	462.9	176.6	260.9
Commercial and industrial loans	2,538.8	5.1	139.7	315.9	909.9	1,168.3	445.9	591.8	564.9	436.4	210.3	289.7
Loans to individuals	1,709.8	2.0	26.8	70.7	731.1	879.2	298.9	402.1	330.2	295.3	67.9	315.4
Credit card loans	796.5	0.0	1.6	11.8	350.5	432.5	123.5	185.0	152.6	179.7	17.1	138.6
Other loans to individuals	913.4	2.0	25.2	58.9	380.6	446.7	175.4	217.1	177.6	115.7	50.8	176.8
All other loans and leases (including farm)	1,521.1	4.5	44.7	77.5	417.7	976.5	236.4	301.3	388.6	374.6	75.7	144.3
Total loans and leases (plus unearned income)	10,914.2	33.5	727.0	1,408.9	3,877.2	4,867.7	2,045.7	2,251.5	2,293.0	2,022.1	903.2	1,398.8
<b>Memo: Other Real Estate Owned (in millions)</b>												
All other real estate owned	4,547.9	88.6	1,179.6	1,103.2	1,286.3	890.3	740.6	939.5	976.0	710.7	917.4	263.7
Construction and development	1,086.7	15.2	471.7	322.5	231.5	45.8	126.4	308.8	131.5	174.0	277.7	68.3
Nonfarm nonresidential	1,805.6	30.3	396.5	532.4	580.1	266.3	242.3	324.1	453.1	258.6	411.3	116.2
Multifamily residential real estate	68.8	5.0	35.4	18.2	9.2	1.0	9.7	22.4	5.9	9.3	13.9	7.6
1-4 family residential	1,373.7	28.4	194.1	163.9	448.2	539.1	359.4	273.9	339.8	187.1	156.2	57.4
Farmland	175.2	9.7	81.9	66.2	17.4	0.0	2.8	10.3	20.7	68.8	58.3	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.



## QUARTERLY BANKING PROFILE

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

							Asset Size Distribution				
	3rd Quarter 2020	2nd Quarter 2020	1st Quarter 2020	4th Quarter 2019	3rd Quarter 2019	% Change 19Q3- 20Q3	Less Than \$100 Million	\$100 to \$1 Billion	\$1 to \$10 Billion	\$10 to \$250 Billion	Greater Than \$250 Billion
(dollar figures in millions)											
<b>Assets Securitized and Sold with Servicing Retained or with Recourse or Other Seller-Provided Credit Enhancements</b>											
Number of institutions reporting securitization activities	58	61	63	63	67	-13.4	0	6	11	33	8
<b>Outstanding Principal Balance by Asset Type</b>											
1-4 family residential loans	\$406,116	\$449,854	\$452,586	\$474,309	\$452,433	-10.2	\$0	\$4,051	\$10,271	\$105,592	\$286,202
Home equity loans	8	9	9	11	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	579	980	1,196	1,448	1,793	-67.7	0	0	0	579	0
Other consumer loans	1,669	1,512	1,587	1,661	1,738	-4.0	0	0	0	926	743
Commercial and industrial loans	0	0	0	0	537	-100.0	0	0	0	0	0
All other loans, leases, and other assets	88,993	90,064	88,439	83,875	76,770	15.9	0	0	8,321	3,532	77,140
Total securitized and sold	497,365	542,419	543,817	561,304	533,282	-6.7	0	4,051	18,592	110,637	364,085
<b>Maximum Credit Exposure by Asset Type</b>											
1-4 family residential loans	1,403	1,522	1,726	1,326	1,371	2.3	0	0	51	633	719
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	38	48	53	59	66	-42.4	0	0	0	38	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	2,010	2,205	1,645	1,366	1,324	51.8	0	0	91	93	1,826
Total credit exposure	3,451	3,775	3,424	2,751	2,761	0.0	0	0	142	764	2,545
Total unused liquidity commitments provided to institution's own securitizations	71	32	29	24	203	-65.0	0	0	0	0	71
<b>Securitized Loans, Leases, and Other Assets 30-89 Days Past Due (%)</b>											
1-4 family residential loans	3.0	5.9	3.7	3.5	3.6		0.0	2.5	0.6	1.7	3.6
Home equity loans	7.2	8.3	19.7	9.8	7.8		0.0	0.0	0.0	7.2	0.0
Credit card receivables	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
Auto loans	3.1	2.6	4.5	3.2	2.7		0.0	0.0	0.0	3.1	0.0
Other consumer loans	2.3	3.0	3.7	3.6	3.3		0.0	0.0	0.0	1.2	3.5
Commercial and industrial loans	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
All other loans, leases, and other assets	1.5	4.7	0.1	0.1	0.3		0.0	0.0	0.1	1.6	1.7
Total loans, leases, and other assets	3.1	6.5	3.4	3.2	3.2		0.0	0.0	0.0	2.2	3.2
<b>Securitized Loans, Leases, and Other Assets 90 Days or More Past Due (%)</b>											
1-4 family residential loans	2.9	4.6	1.0	1.0	1.1		0.0	1.8	2.7	3.5	2.6
Home equity loans	27.8	28.9	29.3	33.6	33.5		0.0	0.0	0.0	27.8	0.0
Credit card receivables	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
Auto loans	0.8	0.9	0.8	0.6	0.5		0.0	0.0	0.0	0.8	0.0
Other consumer loans	2.2	3.2	3.6	3.7	3.4		0.0	0.0	0.0	0.5	4.4
Commercial and industrial loans	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
All other loans, leases, and other assets	2.9	0.4	0.3	0.3	0.3		0.0	0.0	0.3	0.4	3.3
Total loans, leases, and other assets	2.8	4.3	0.8	0.8	0.9		0.0	0.0	0.0	2.2	2.8
<b>Securitized Loans, Leases, and Other Assets Charged-off (net, YTD, annualized, %)</b>											
1-4 family residential loans	0.1	0.1	0.0	0.2	0.2		0.0	0.0	0.0	0.0	0.1
Home equity loans	10.2	8.4	6.9	8.6	6.9		0.0	0.0	0.0	10.2	0.0
Credit card receivables	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
Auto loans	2.0	1.1	0.5	1.9	1.2		0.0	0.0	0.0	2.0	0.0
Other consumer loans	0.8	0.4	0.1	0.7	0.5		0.0	0.0	0.0	0.2	1.4
Commercial and industrial loans	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
All other loans, leases, and other assets	0.2	0.1	0.1	0.3	0.2		0.0	0.0	0.0	0.5	0.2
Total loans, leases, and other assets	0.1	0.1	0.0	0.2	0.2		0.0	0.0	0.0	0.1	0.1
<b>Seller's Interests in Institution's Own Securitizations - Carried as Loans</b>											
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	629	-100.0	0	0	0	0	0
<b>Seller's Interests in Institution's Own Securitizations - Carried as Securities</b>											
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
<b>Assets Sold with Recourse and Not Securitized</b>											
Number of institutions reporting asset sales	347	345	339	371	388	-10.6	6	117	152	63	9
<b>Outstanding Principal Balance by Asset Type</b>											
1-4 family residential loans	31,869	28,990	27,752	30,320	29,841	6.8	62	5,147	12,841	12,158	1,661
All other loans, leases, and other assets	128,103	126,493	123,427	124,159	122,896	4.2	0	11	68	35,470	92,553
Total sold and not securitized	159,972	155,483	151,179	154,479	152,737	4.7	62	5,158	12,910	47,628	94,214
<b>Maximum Credit Exposure by Asset Type</b>											
1-4 family residential loans	12,870	10,753	9,675	10,161	10,181	26.4	2	923	5,299	5,806	839
All other loans, leases, and other assets	36,997	36,423	35,313	34,793	34,483	7.3	0	11	18	11,233	25,735
Total credit exposure	49,867	47,176	44,989	44,953	44,665	11.6	2	934	5,318	17,039	26,574
<b>Support for Securitization Facilities Sponsored by Other Institutions</b>											
Number of institutions reporting securitization facilities sponsored by others	36	35	36	36	37	-2.7	1	8	14	8	5
Total credit exposure	24,893	26,480	22,894	23,214	23,169	7.4	0	0	0	1,591	23,302
Total unused liquidity commitments	412	413	208	413	411	0.2	0	0	0	295	117
<b>Other</b>											
Assets serviced for others**	5,921,643	5,912,001	6,185,782	6,187,243	6,101,596	-2.9	3,173	142,296	474,894	1,265,092	4,036,187
Asset-backed commercial paper conduits											
Credit exposure to conduits sponsored by institutions and others	17,209	17,348	18,170	17,948	16,186	6.3	0	0	0	0	17,209
Unused liquidity commitments to conduits sponsored by institutions and others	59,373	30,319	30,889	31,652	30,536	94.4	0	0	0	1,543	57,830
Net servicing income (for the quarter)	1,366	-246	-1,757	2,204	300	355.3	7	213	206	318	622
Net securitization income (for the quarter)	92	39	37	138	65	41.5	0	17	6	13	55
Total credit exposure to Tier 1 capital (%)***	3.7	3.8	3.6	3.6	3.6		0.0	0.0	0.0	0.7	2.9

\* 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.

## 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.

### Net Income for Community Banks Increases 10 Percent Year Over Year

### Net Interest Margin Continues to Compress and Reaches a Record-Low Level

### Loan Balances Grow 13.4 Percent Year Over Year

### Asset Quality Weakens Slightly

#### Net Income Increases 10 Percent Year Over Year

In aggregate, 4,590 FDIC-insured community banks reported annual growth in quarterly net income of \$659.7 million despite a 116.6 percent increase in provision expense and continued net interest margin (NIM) compression.<sup>1</sup> Nearly half of all community banks (48 percent) reported higher quarterly net income in third quarter 2020 compared with third quarter 2019. Higher revenue from loan sales (up \$1.9 billion, or 154.2 percent) drove the improvement in quarterly net income. The NIM for community banks compressed 41 basis points from the year-ago quarter to a record low of 3.27 percent, as the decline in average earning asset yields outpaced the decline in average funding costs. This was the fourth consecutive quarter in which community banks reported NIM compression. The NIM declined in the third quarter even though the ratio of earning assets to total assets reached the highest level (93.5 percent) in the history of the *Quarterly Banking Profile* (QBP).

The pretax return on average assets (ROA) ratio declined 8 basis points from the year-ago quarter to 1.43 percent as growth in average assets outpaced that of net income. Still, the community bank pretax ROA was 21 basis points higher than that reported by noncommunity banks.

Provision expense declined 32.3 percent between second quarter and third quarter 2020 to \$1.6 billion. This decline, along with a quarterly increase in revenue from loan sales, supported an increase in net income of \$692.7 million, or 10.6 percent, in third quarter 2020.

<sup>1</sup> Results exclude one institution with an active charter that sold most of its assets to a credit union and, therefore, did not file a Call Report this quarter.

Chart 1

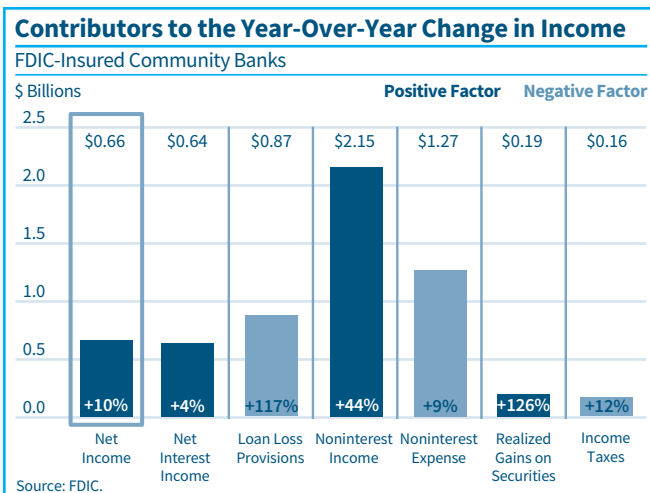
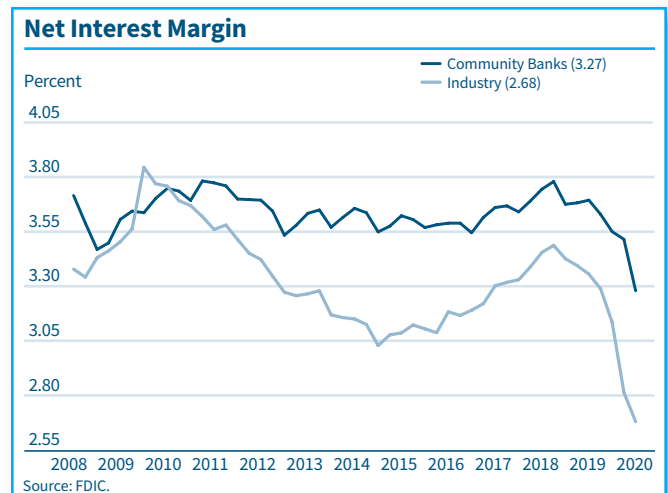


Chart 2



### Revenue From Loan Sales Continues to Bolster Net Operating Revenue

Increases in net interest income and noninterest income lifted net operating revenue by \$2.8 billion (12.1 percent) to \$25.8 billion from the year-ago quarter. Higher revenue from loan sales drove the increase in noninterest income (up \$2.1 billion, or 4.4 percent) year over year. This increase pushed noninterest income as a percentage of net operating revenue up more than 6 percentage points from the year-ago quarter to 27.2 percent—a 30-year high. Higher interest income from commercial and industrial (C&I) loans (up 14.8 percent) and a decline in interest expense (down 36.8 percent) drove the increase in net interest income from third quarter 2019.

### The Shift in Funding Mix and Low Rates Support Lower Interest Expense

Interest expense on domestic deposits declined \$1.6 billion (38.2 percent) from the year-ago quarter, driving the continued decline in total interest expense. Average funding costs declined for the fourth consecutive quarter to 0.53 percent, just 7 basis points above the 30-year low. In addition to low interest rates, a lower ratio of short-term time deposits to total assets—down 3.5 percentage points from a year earlier to 13.2 percent—contributed to lower funding costs.

### Payroll Expense Continues to Grow as Average Assets per Employee Reaches a Record High

An increase in salary and benefit expense of \$835.7 million (9.8 percent) drove the \$1.3 billion (8.7 percent) increase in noninterest expense from the year-ago quarter. Higher average assets per employee from the year-ago quarter accompanied the increase in payroll expense. Average assets per employee rose to \$6.3 million (up 14.4 percent) from the year-ago quarter—the highest level reported in the history of the QBP.

### Quarterly Loan Growth Rises Moderately

Total loans and leases grew \$17 billion (1 percent) from second quarter 2020 to \$1.7 trillion. Growth in nonfarm nonresidential lending (up 1.9 percent) accounted for more than half (52 percent) of the quarterly increase in loan volume. Non-owner occupied nonfarm nonresidential lending and multifamily lending both increased 2.1 percent from the previous quarter. Over half of all community banks (57.8 percent) reported higher loan and lease balances from second quarter 2020.

Chart 3

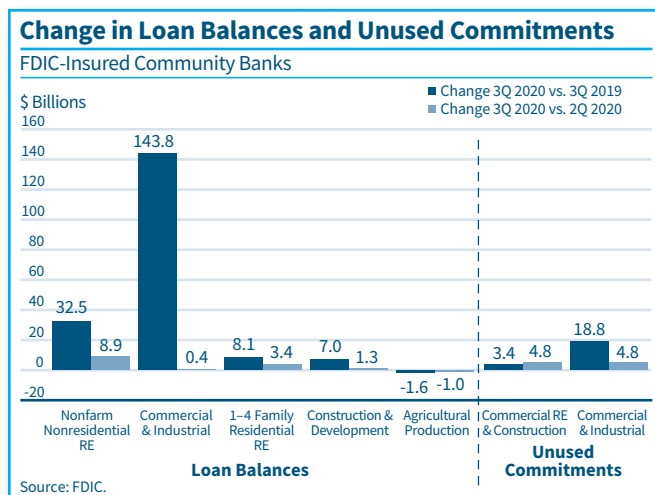
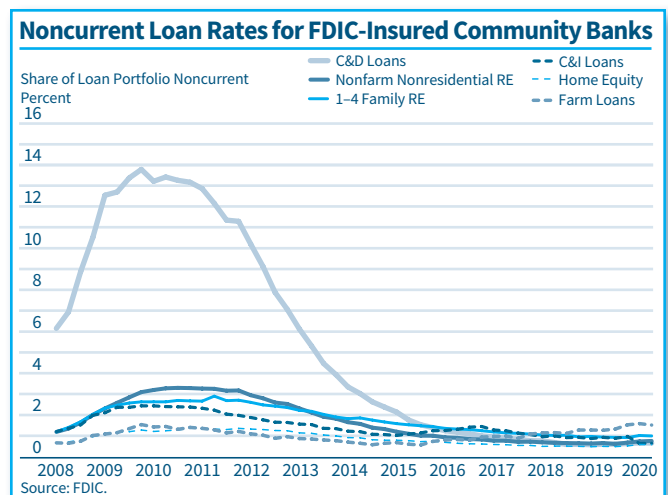


Chart 4



Total loans and leases rose \$203 billion (13.4 percent) from the year-ago quarter. C&I lending (up \$143.8 billion, or 71 percent) drove the annual increase in loan volume. This growth primarily reflects loans made under the Paycheck Protection Program in second quarter 2020. Nonfarm nonresidential lending (up \$32.5 billion, or 7.2 percent) and 1–4 family residential real estate lending (up \$8.1 billion, or 2.1 percent) also rose. Securities increased 12 percent from the year-ago quarter to \$409.6 billion, while cash and balances due from insured depository institutions and Federal Reserve Banks increased 57.1 percent to \$231.8 billion from third quarter 2019.

**Noncurrent Loan Rates Increase Moderately**

Noncurrent balances for total loans and leases rose \$93.7 million (0.7 percent) from second quarter 2020, but the noncurrent rate for total loans and leases was unchanged at 0.80 percent. Noncurrent balances for total loans and leases were up \$1.6 billion (13.5 percent) from the year-ago quarter. Higher noncurrent nonfarm nonresidential loans (up \$629.8 million, or 21 percent), C&I loans (up \$351.6 million, or 18 percent), and farm loans (up \$297 million, or 18 percent) contributed most to the annual increase in noncurrent loans. Noncurrent rates for farmland loans (up 26 basis points to 1.73 percent) and agricultural production loans (up 25 basis points to 1.21 percent) increased most among all loan portfolios from the year-ago quarter. The noncurrent rate for nonfarm nonresidential loans also weakened, increasing 10 basis points to 0.76 percent from third quarter 2019.

**Net Charge-Off Rates Remain Low**

Net charge-off balances for total loans and leases fell \$118.7 million (22.1 percent) year over year pulling the net charge-off rate for total loans and leases down 5 basis points to 0.10 percent—well below historical highs. Net charge-off rates for major loan categories remain low.

**Noninterest-Bearing Deposit Growth Supports Lower Cost Deposit Mix**

Total deposits of \$2.05 trillion were up 1.8 percent from second quarter 2020 and 16.7 percent from the year-ago quarter. Domestic noninterest-bearing deposit growth (up 2 percent quarter over quarter and 35.6 percent year over year) outpaced domestic interest-bearing deposit growth (up 1.7 percent quarter over quarter and 11.6 percent year over year), supporting a lower-cost deposit mix.

**Community Bank Leverage Ratio Remains Strong**

The community bank leverage ratio (CBLR) for the 1,854 banks that made this election remained strong at 11.23 percent. The tier 1 risk-based capital ratio for non-CBLR filers was 14.44 percent, up 11 basis points from second quarter 2020. However, the leverage capital ratio for non-CBLR filers declined 8 basis points to 10.40 percent as average asset growth outpaced tier 1 capital formation. Equity capital grew \$4.9 billion (1.8 percent) quarter over quarter.

**Number of Community Banks Declines Slightly and Includes One De Novo Bank**

The number of community banks declined by 34 (less than 1 percent) to 4,590 from second quarter 2020. The quarterly change in the number of community banks includes one new community bank, three banks transitioning from noncommunity to community banks, eight banks transitioning from community to noncommunity banks, 29 community bank mergers or consolidations, and one community bank self-liquidation.

Authors:

**Alex M. Kokkinakis**

Senior Financial Analyst

Division of Insurance and Research

**Erica Jill Tholmer**

Senior Financial Analyst

Division of Insurance and Research



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

	2020*	2019*	2019	2018	2017	2016	2015
Return on assets (%)	1.07	1.21	1.20	1.19	0.96	0.99	0.99
Return on equity (%)	9.46	10.43	10.25	10.58	8.65	8.81	8.85
Core capital (leverage) ratio (%)	10.40	11.24	11.15	11.09	10.80	10.69	10.67
Noncurrent assets plus other real estate owned to assets (%)	0.64	0.67	0.65	0.70	0.78	0.94	1.07
Net charge-offs to loans (%)	0.11	0.12	0.13	0.13	0.16	0.16	0.15
Asset growth rate (%)	10.97	0.57	-1.17	2.22	1.17	2.97	2.74
Net interest margin (%)	3.43	3.68	3.66	3.72	3.62	3.57	3.57
Net operating income growth (%)	-6.46	0.06	-4.04	28.01	0.21	2.42	9.57
Number of institutions reporting	4,590	4,827	4,750	4,980	5,228	5,462	5,736
Percentage of unprofitable institutions (%)	4.64	3.77	3.98	3.63	5.72	4.67	5.04

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

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

(dollar figures in millions)	3rd Quarter 2020	2nd Quarter 2020	3rd Quarter 2019	%Change 19Q3-20Q3		
Number of institutions reporting	4,590	4,624	4,827	-4.9		
Total employees (full-time equivalent)	390,661	391,446	402,917	-3.0		
<b>CONDITION DATA</b>						
Total assets	\$2,478,392	\$2,457,876	\$2,233,435	11.0		
Loans secured by real estate	1,211,065	1,202,384	1,212,229	-0.1		
1-4 Family residential mortgages	391,904	389,832	397,964	-1.5		
Nonfarm nonresidential	481,865	476,768	472,439	2.0		
Construction and development	114,262	114,480	113,186	1.0		
Home equity lines	42,943	43,614	47,072	-8.8		
Commercial & industrial loans	346,080	348,818	212,054	63.2		
Loans to individuals	64,237	62,788	65,697	-2.2		
Credit cards	2,021	1,847	2,103	-3.9		
Farm loans	51,075	52,426	53,556	-4.6		
Other loans & leases	44,900	38,622	43,776	2.6		
Less: Unearned income	1,281	1,381	542	136.2		
Total loans & leases	1,716,077	1,703,658	1,586,769	8.1		
Less: Reserve for losses*	21,835	20,789	18,017	21.2		
Net loans and leases	1,694,243	1,682,869	1,568,752	8.0		
Securities**	409,632	396,591	376,168	8.9		
Other real estate owned	2,081	2,236	2,717	-23.4		
Goodwill and other intangibles	17,912	18,059	17,338	3.3		
All other assets	354,524	358,121	268,460	32.1		
Total liabilities and capital	2,478,392	2,457,876	2,233,435	11.0		
Deposits	2,049,529	2,024,462	1,832,214	11.9		
Domestic office deposits	2,047,170	2,022,074	1,829,902	11.9		
Foreign office deposits	2,359	2,387	2,311	2.1		
Brokered deposits	60,915	64,586	69,728	-12.6		
Estimated insured deposits	1,445,317	1,445,645	1,338,330	8.0		
Other borrowed funds	131,838	139,781	116,388	13.3		
Subordinated debt	241	237	370	-34.7		
All other liabilities	25,099	25,237	20,325	23.5		
Total equity capital (includes minority interests)	271,684	268,159	264,139	2.9		
Bank equity capital	271,583	268,055	264,051	2.9		
Loans and leases 30-89 days past due	6,672	6,937	7,827	-14.8		
Noncurrent loans and leases	13,660	13,668	12,256	11.5		
Restructured loans and leases	5,556	5,487	5,698	-2.5		
Mortgage-backed securities	189,380	186,381	173,915	8.9		
Earning assets	2,318,133	2,297,891	2,077,215	11.6		
FHLB Advances	83,496	89,502	94,716	-11.8		
Unused loan commitments	337,843	326,187	314,900	7.3		
Trust assets	262,884	280,254	259,743	1.2		
Assets securitized and sold	21,601	20,355	17,240	25.3		
Notional amount of derivatives	203,286	171,765	105,446	92.8		
<b>INCOME DATA</b>						
	First Three Quarters 2020	First Three Quarters 2019	%Change	3rd Quarter 2020	3rd Quarter 2019	%Change 19Q3-20Q3
Total interest income	\$66,298	\$70,498	-6.0	\$21,832	\$24,055	-9.2
Total interest expense	10,690	14,438	-26.0	3,017	5,044	-40.2
Net interest income	55,608	56,060	-0.8	18,815	19,011	-1.0
Provision for credit losses***	5,762	2,065	179.0	1,617	775	108.6
Total noninterest income	17,551	13,914	26.1	7,029	5,086	38.2
Total noninterest expense	45,868	44,723	2.6	15,794	15,150	4.3
Securities gains (losses)	673	582	15.7	343	165	108.2
Applicable income taxes	3,621	4,027	-10.1	1,503	1,409	6.7
Extraordinary gains, net****	1	117	N/M	0	2	N/M
Total net income (includes minority interests)	18,582	19,858	-6.4	7,272	6,929	5.0
Bank net income	18,546	19,849	-6.6	7,252	6,924	4.7
Net charge-offs	1,328	1,339	-0.8	417	576	-27.5
Cash dividends	8,063	9,562	-15.7	2,532	3,008	-15.8
Retained earnings	10,484	10,287	1.9	4,720	3,916	20.5
Net operating income	18,003	19,247	-6.5	6,992	6,785	3.0

\* 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)	3rd Quarter 2020	2nd Quarter 2020	3rd Quarter 2019	%Change 19Q3-20Q3		
Number of institutions reporting	4,590	4,589	4,583	0.2		
Total employees (full-time equivalent)	390,661	389,273	388,456	0.6		
<b>CONDITION DATA</b>						
Total assets	\$2,478,392	\$2,445,850	\$2,137,603	15.9		
Loans secured by real estate	1,211,065	1,196,236	1,157,062	4.7		
1-4 Family residential mortgages	391,904	388,549	383,763	2.1		
Nonfarm nonresidential	481,865	473,015	449,327	7.2		
Construction and development	114,262	112,940	107,228	6.6		
Home equity lines	42,943	43,614	45,110	-4.8		
Commercial & industrial loans	346,080	345,641	202,328	71.0		
Loans to individuals	64,237	62,648	63,065	1.9		
Credit cards	2,021	1,926	2,187	-7.6		
Farm loans	51,075	52,086	52,705	-3.1		
Other loans & leases	44,900	43,832	38,241	17.4		
Less: Unearned income	1,281	1,371	523	144.9		
Total loans & leases	1,716,077	1,699,072	1,512,877	13.4		
Less: Reserve for losses*	21,835	20,752	17,356	25.8		
Net loans and leases	1,694,243	1,678,320	1,495,521	13.3		
Securities**	409,632	393,335	365,685	12.0		
Other real estate owned	2,081	2,227	2,669	-22.0		
Goodwill and other intangibles	17,912	17,643	16,415	9.1		
All other assets	354,524	354,325	257,313	37.8		
Total liabilities and capital	2,478,392	2,445,850	2,137,603	15.9		
Deposits	2,049,529	2,013,148	1,755,739	16.7		
Domestic office deposits	2,047,170	2,010,761	1,753,428	16.8		
Foreign office deposits	2,359	2,387	2,311	2.1		
Brokered deposits	60,915	61,817	61,984	-1.7		
Estimated insured deposits	1,445,317	1,435,380	1,285,824	12.4		
Other borrowed funds	131,838	140,566	108,455	21.6		
Subordinated debt	241	237	261	-7.4		
All other liabilities	25,099	25,113	19,485	28.8		
Total equity capital (includes minority interests)	271,684	266,784	253,664	7.1		
Bank equity capital	271,583	266,683	253,579	7.1		
Loans and leases 30-89 days past due	6,672	6,910	7,628	-12.5		
Noncurrent loans and leases	13,660	13,567	12,033	13.5		
Restructured loans and leases	5,556	5,632	5,723	-2.9		
Mortgage-backed securities	189,380	184,775	168,472	12.4		
Earning assets	2,318,133	2,287,425	1,988,253	16.6		
FHLB Advances	83,496	89,819	87,892	-5.0		
Unused loan commitments	337,843	325,233	299,733	12.7		
Trust assets	262,884	276,934	247,647	6.2		
Assets securitized and sold	21,601	20,587	17,412	24.1		
Notional amount of derivatives	203,286	171,333	99,908	103.5		
<b>INCOME DATA</b>						
	First Three Quarters 2020	First Three Quarters 2019	%Change	3rd Quarter 2020	3rd Quarter 2019	%Change 19Q3-20Q3
Total interest income	\$66,298	\$67,061	-1.1	\$21,832	\$22,953	-4.9
Total interest expense	10,690	13,618	-21.5	3,017	4,775	-36.8
Net interest income	55,608	53,443	4.1	18,815	18,178	3.5
Provision for credit losses***	5,762	1,958	194.3	1,617	747	116.6
Total noninterest income	17,551	13,303	31.9	7,029	4,881	44.0
Total noninterest expense	45,868	42,745	7.3	15,794	14,529	8.7
Securities gains (losses)	673	560	N/M	343	152	N/M
Applicable income taxes	3,621	3,824	-5.3	1,503	1,340	12.2
Extraordinary gains, net****	1	141	N/M	0	3	N/M
Total net income (includes minority interests)	18,582	18,920	-1.8	7,272	6,599	10.2
Bank net income	18,546	18,907	-1.9	7,252	6,592	10.0
Net charge-offs	1,328	1,261	5.3	417	536	-22.1
Cash dividends	8,063	9,186	-12.2	2,532	2,887	-12.3
Retained earnings	10,484	9,721	7.8	4,720	3,705	27.4
Net operating income	18,003	18,303	-1.6	6,992	6,465	8.2

\* 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**

Third Quarter 2020 (dollar figures in millions)	All Community Banks	Geographic Regions*					
		New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Number of institutions reporting	4,590	508	520	1,007	1,246	1,024	285
Total employees (full-time equivalent)	390,661	78,806	42,940	81,626	70,185	83,470	33,634
<b>CONDITION DATA</b>							
Total assets	\$2,478,392	\$622,956	\$262,857	\$458,950	\$421,830	\$456,815	\$254,983
Loans secured by real estate	1,211,065	352,548	128,192	215,165	187,828	208,549	118,784
1-4 Family residential mortgages	391,904	134,960	38,880	67,822	55,228	67,485	27,529
Nonfarm nonresidential	481,865	130,639	58,512	82,516	64,711	86,559	58,927
Construction and development	114,262	25,953	14,378	18,048	17,083	28,669	10,131
Home equity lines	42,943	13,000	5,807	9,273	4,829	4,451	5,583
Commercial & industrial loans	346,080	77,824	38,270	65,689	60,637	62,648	41,014
Loans to individuals	64,237	15,906	6,043	12,545	11,376	12,412	5,955
Credit cards	2,021	422	100	209	572	326	393
Farm loans	51,075	587	1,423	8,284	28,683	9,074	3,024
Other loans & leases	44,900	9,195	3,549	12,549	7,336	7,291	4,980
Less: Unearned income	1,281	224	224	132	161	279	260
Total loans & leases	1,716,077	455,835	177,252	314,099	295,699	299,696	173,497
Less: Reserve for losses**	21,835	5,408	2,223	3,831	4,038	3,891	2,445
Net loans and leases	1,694,243	450,427	175,030	310,268	291,661	295,805	171,052
Securities***	409,632	86,279	44,069	81,788	70,640	85,541	41,315
Other real estate owned	2,081	325	360	398	405	498	96
Goodwill and other intangibles	17,912	5,137	1,256	3,541	2,679	2,928	2,371
All other assets	354,524	80,788	42,143	62,955	56,446	72,043	40,149
Total liabilities and capital	2,478,392	622,956	262,857	458,950	421,830	456,815	254,983
Deposits	2,049,529	506,348	218,925	377,392	350,909	385,166	210,789
Domestic office deposits	2,047,170	505,804	218,912	377,235	350,909	385,166	209,144
Foreign office deposits	2,359	544	13	157	0	0	1,645
Brokered deposits	60,915	21,860	4,168	10,835	11,668	8,003	4,382
Estimated insured deposits	1,445,317	356,602	151,507	281,681	262,061	267,433	126,033
Other borrowed funds	131,838	39,849	13,500	26,742	20,982	17,233	13,532
Subordinated debt	241	133	12	31	11	42	11
All other liabilities	25,099	8,568	2,218	4,221	3,624	3,662	2,806
Total equity capital (includes minority interests)	271,684	68,057	28,202	50,563	46,304	50,712	27,846
Bank equity capital	271,583	68,029	28,207	50,505	46,303	50,695	27,845
Loans and leases 30-89 days past due	6,672	1,704	698	1,127	1,113	1,578	452
Noncurrent loans and leases	13,660	3,841	1,270	2,519	2,290	2,841	899
Restructured loans and leases	5,556	1,757	480	1,349	886	725	360
Mortgage-backed securities	189,380	48,554	20,346	34,219	27,612	33,908	24,740
Earning assets	2,318,133	583,693	245,246	429,446	395,133	425,839	238,776
FHLB Advances	83,496	28,387	7,510	17,806	14,060	9,767	5,965
Unused loan commitments	337,843	88,339	30,235	63,255	62,759	54,191	39,063
Trust assets	262,884	57,407	8,185	57,783	90,840	31,333	17,336
Assets securitized and sold	21,601	7,843	104	5,288	4,424	3,751	191
Notional amount of derivatives	203,286	61,319	23,643	48,652	35,840	20,417	13,415
<b>INCOME DATA</b>							
Total interest income	\$21,832	\$5,236	\$2,309	\$3,974	\$3,885	\$4,243	\$2,184
Total interest expense	3,017	864	292	547	566	539	209
Net interest income	18,815	4,373	2,018	3,427	3,319	3,704	1,975
Provision for credit losses****	1,617	426	212	301	248	274	155
Total noninterest income	7,029	1,288	664	1,872	1,347	1,305	553
Total noninterest expense	15,794	3,606	1,718	3,112	2,730	3,104	1,524
Securities gains (losses)	343	147	40	30	48	59	18
Applicable income taxes	1,503	380	143	344	238	212	187
Extraordinary gains, net*****	0	0	0	0	0	0	0
Total net income (includes minority interests)	7,272	1,395	649	1,572	1,498	1,477	680
Bank net income	7,252	1,394	644	1,568	1,498	1,468	680
Net charge-offs	417	90	49	76	79	90	33
Cash dividends	2,532	312	130	646	632	566	247
Retained earnings	4,720	1,082	514	922	866	902	433
Net operating income	6,992	1,283	616	1,546	1,455	1,427	665

\* 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. Third Quarter 2020, FDIC-Insured Community Banks**

Performance ratios (annualized, %)	All Community Banks		Third Quarter 2020, Geographic Regions*					
	3rd Quarter 2020	2nd Quarter 2020	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Yield on earning assets	3.80	4.14	3.63	3.80	3.73	3.96	4.01	3.68
Cost of funding earning assets	0.53	0.63	0.60	0.48	0.51	0.58	0.51	0.35
Net interest margin	3.27	3.51	3.03	3.32	3.22	3.39	3.50	3.33
Noninterest income to assets	1.14	1.03	0.84	1.02	1.65	1.29	1.15	0.87
Noninterest expense to assets	2.57	2.63	2.34	2.64	2.73	2.61	2.73	2.41
Loan and lease loss provision to assets	0.26	0.41	0.28	0.33	0.26	0.24	0.24	0.24
Net operating income to assets	1.14	1.05	0.83	0.95	1.36	1.39	1.26	1.05
Pretax return on assets	1.43	1.35	1.15	1.21	1.68	1.66	1.48	1.37
Return on assets	1.18	1.13	0.91	0.99	1.38	1.43	1.29	1.07
Return on equity	10.80	10.01	8.28	9.24	12.57	13.08	11.73	9.88
Net charge-offs to loans and leases	0.10	0.13	0.08	0.11	0.10	0.11	0.12	0.08
Loan and lease loss provision to net charge-offs	387.52	460.97	473.68	431.79	395.76	314.64	305.39	465.07
Efficiency ratio	60.60	60.39	62.89	63.47	58.30	58.09	61.70	59.72
Net interest income to operating revenue	72.80	76.04	77.25	75.25	64.67	71.12	73.95	78.13
% of unprofitable institutions	4.84	5.10	6.30	7.31	4.57	3.37	4.39	6.67
% of institutions with earnings gains	48.43	53.55	51.18	45.96	54.82	48.23	41.89	49.82

**Table V-B. First Three Quarters 2020, FDIC-Insured Community Banks**

Performance ratios (%)	All Community Banks		First Three Quarters 2020, Geographic Regions*					
	First Three Quarters 2020	First Three Quarters 2019	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Yield on earning assets	4.09	4.63	3.88	4.11	4.01	4.30	4.33	4.01
Cost of funding earning assets	0.66	0.95	0.76	0.61	0.64	0.71	0.63	0.47
Net interest margin	3.43	3.68	3.12	3.50	3.36	3.59	3.70	3.53
Noninterest income to assets	1.01	0.85	0.74	0.93	1.43	1.12	1.03	0.78
Noninterest expense to assets	2.64	2.74	2.42	2.75	2.77	2.66	2.82	2.50
Loan and lease loss provision to assets	0.33	0.13	0.37	0.38	0.28	0.28	0.31	0.39
Net operating income to assets	1.04	1.18	0.69	0.87	1.25	1.33	1.18	0.94
Pretax return on assets	1.28	1.46	0.88	1.11	1.55	1.58	1.39	1.22
Return on assets	1.07	1.21	0.69	0.92	1.28	1.37	1.23	0.97
Return on equity	9.46	10.43	6.15	8.21	11.32	12.22	10.83	8.44
Net charge-offs to loans and leases	0.11	0.12	0.09	0.09	0.10	0.12	0.15	0.13
Loan and lease loss provision to net charge-offs	433.75	154.21	590.96	620.97	406.74	332.27	319.45	455.16
Efficiency ratio	62.14	63.53	65.16	64.95	60.14	59.00	62.76	61.07
Net interest income to operating revenue	76.01	80.12	79.69	77.76	68.74	74.94	76.98	80.89
% of unprofitable institutions	4.64	3.77	8.66	8.08	4.47	1.77	3.91	7.02
% of institutions with earnings gains	50.63	63.91	36.22	44.42	57.40	58.03	46.97	44.56

\* See Table V-A for explanation.

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

September 30, 2020	All Community Banks	Geographic Regions*					
		New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
<b>Percent of Loans 30-89 Days Past Due</b>							
All loans secured by real estate	0.37	0.33	0.40	0.38	0.36	0.47	0.23
Construction and development	0.39	0.31	0.36	0.39	0.45	0.42	0.44
Nonfarm nonresidential	0.28	0.31	0.26	0.30	0.27	0.31	0.17
Multifamily residential real estate	0.16	0.20	0.19	0.13	0.17	0.14	0.05
Home equity loans	0.39	0.46	0.36	0.36	0.36	0.47	0.26
Other 1-4 family residential	0.51	0.38	0.67	0.57	0.47	0.72	0.33
Commercial and industrial loans	0.32	0.41	0.27	0.27	0.32	0.35	0.24
Loans to individuals	1.18	1.18	1.16	0.60	0.74	2.31	0.94
Credit card loans	1.40	0.97	1.40	1.03	2.24	0.64	1.48
Other loans to individuals	1.17	1.18	1.16	0.59	0.66	2.36	0.90
All other loans and leases (including farm)	0.38	0.32	0.14	0.29	0.44	0.50	0.26
Total loans and leases	0.39	0.37	0.39	0.36	0.38	0.53	0.26
<b>Percent of Loans Noncurrent</b>							
All loans secured by real estate	0.84	0.90	0.77	0.89	0.79	0.96	0.50
Construction and development	0.66	0.84	0.62	0.68	0.56	0.54	0.66
Nonfarm nonresidential	0.76	0.89	0.65	0.88	0.71	0.79	0.39
Multifamily residential real estate	0.29	0.25	0.31	0.43	0.33	0.22	0.18
Home equity loans	0.58	0.68	0.46	0.51	0.26	0.50	0.92
Other 1-4 family residential	1.00	1.15	0.99	0.96	0.57	1.29	0.47
Commercial and industrial loans	0.65	0.70	0.59	0.66	0.55	0.83	0.49
Loans to individuals	0.54	0.46	0.57	0.32	0.34	1.09	0.41
Credit card loans	0.59	0.74	0.35	0.30	0.89	0.34	0.44
Other loans to individuals	0.54	0.46	0.57	0.32	0.31	1.11	0.41
All other loans and leases (including farm)	0.92	0.39	0.53	0.61	1.20	1.09	1.03
Total loans and leases	0.80	0.84	0.72	0.80	0.77	0.95	0.52
<b>Percent of Loans Charged-Off (net, YTD)</b>							
All loans secured by real estate	0.04	0.04	0.00	0.05	0.06	0.04	0.01
Construction and development	0.03	0.04	0.00	0.04	0.06	0.02	0.05
Nonfarm nonresidential	0.06	0.08	0.00	0.08	0.11	0.06	0.01
Multifamily residential real estate	0.00	0.00	0.00	0.02	0.00	0.01	0.00
Home equity loans	0.02	0.03	0.01	0.01	0.02	0.06	-0.01
Other 1-4 family residential	0.02	0.02	0.00	0.02	0.01	0.04	0.00
Commercial and industrial loans	0.25	0.15	0.31	0.25	0.16	0.35	0.34
Loans to individuals	0.75	0.76	0.70	0.30	0.88	0.96	1.08
Credit card loans	5.40	4.46	1.46	1.71	12.24	1.31	2.39
Other loans to individuals	0.60	0.66	0.68	0.27	0.26	0.95	0.98
All other loans and leases (including farm)	0.18	0.13	0.30	0.15	0.16	0.21	0.28
Total loans and leases	0.11	0.09	0.09	0.10	0.12	0.15	0.13
<b>Loans Outstanding (in billions)</b>							
All loans secured by real estate	\$1,211.1	\$352.5	\$128.2	\$215.2	\$187.8	\$208.5	\$118.8
Construction and development	114.3	26.0	14.4	18.0	17.1	28.7	10.1
Nonfarm nonresidential	481.9	130.6	58.5	82.5	64.7	86.6	58.9
Multifamily residential real estate	104.0	45.8	6.2	19.8	11.9	7.7	12.6
Home equity loans	42.9	13.0	5.8	9.3	4.8	4.5	5.6
Other 1-4 family residential	391.9	135.0	38.9	67.8	55.2	67.5	27.5
Commercial and industrial loans	346.1	77.8	38.3	65.7	60.6	62.6	41.0
Loans to individuals	64.2	15.9	6.0	12.5	11.4	12.4	6.0
Credit card loans	2.0	0.4	0.1	0.2	0.6	0.3	0.4
Other loans to individuals	62.2	15.5	5.9	12.3	10.8	12.1	5.6
All other loans and leases (including farm)	96.0	9.8	5.0	20.8	36.0	16.4	8.0
Total loans and leases	1,717.4	456.1	177.5	314.2	295.9	300.0	173.8
<b>Memo: Unfunded Commitments (in millions)</b>							
Total Unfunded Commitments	337,843	88,339	30,235	63,255	62,759	54,191	39,063
Construction and development: 1-4 family residential	26,268	4,713	3,718	3,237	4,147	7,720	2,733
Construction and development: CRE and other	64,854	19,480	6,672	10,561	9,492	12,397	6,252
Commercial and industrial	115,693	29,820	9,162	24,824	20,619	17,906	13,363

\* 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 \$1.8 Billion

### DIF Reserve Ratio Is Unchanged at 1.30 Percent

### No Insured Institutions Failed in the Third Quarter

During the third quarter, the Deposit Insurance Fund (DIF) balance increased by \$1.8 billion to \$116.4 billion. Assessment income of \$2.0 billion, interest earned on investments of \$392 million, and negative provisions for insurance losses of \$74 million were the largest sources of the increase. Operating expenses of \$451 million and losses on available-for-sale securities of \$284 million reduced the fund. No insured institutions failed in the third quarter of 2020.

The deposit insurance assessment base—average consolidated total assets minus average tangible equity—increased by 1.7 percent in the third quarter and by 16.1 percent over 12 months.<sup>1,2</sup> Total estimated insured deposits increased by 1.0 percent in the third quarter of 2020 and by 15.3 percent year over year.

The DIF's reserve ratio (the fund balance as a percent of estimated insured deposits) was 1.30 percent on September 30, 2020, unchanged from the previous quarter. The third quarter reserve ratio is 11 basis points lower than the previous year. The sharp 12-month decline was almost entirely the result of extraordinary insured deposit growth in the first and second quarter of 2020.

If the reserve ratio drops below 1.35 percent, the Dodd Frank Act requires that the FDIC has a minimum of eight years to return the reserve ratio to 1.35 percent (or longer if warranted by extraordinary circumstances), reducing the likelihood of a large increase in assessment rates. On September 15, 2020, the Federal Deposit Insurance Corporation (FDIC) Board of Directors (Board) voted to adopt a Restoration Plan to restore the Deposit Insurance Fund (DIF) reserve ratio to at least 1.35 percent within 8 years, as required by the Federal Deposit Insurance Act. Under the Restoration Plan, the FDIC will: (1) monitor deposit balance trends, potential losses, and other factors that affect the reserve ratio; (2) maintain the current schedule of assessment rates for all insured depository institutions (IDIs); and (3) provide updates to its loss and income projections at least semiannually.

Author:  
**Kevin Brown**  
 Senior Financial Analyst  
 Division of Insurance and Research

<sup>1</sup>There are additional adjustments to the assessment base for banker's banks and custodial banks.

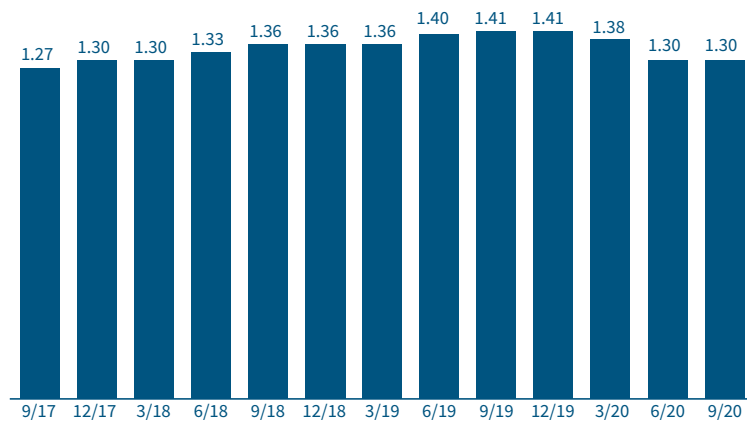
<sup>2</sup>Figures for estimated insured deposits and the assessment base include insured branches of foreign banks, in addition to insured commercial banks and savings institutions.

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

	Deposit Insurance Fund*												
	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	3rd Quarter 2017
<i>(dollar figures in millions)</i>													
<b>Beginning Fund Balance</b>	\$114,651	\$113,206	\$110,347	\$108,940	\$107,446	\$104,870	\$102,609	\$100,204	\$97,588	\$95,072	\$92,747	\$90,506	\$87,588
<b>Changes in Fund Balance:</b>													
Assessments earned	2,047	1,790	1,372	1,272	1,111	1,187	1,369	1,351	2,728	2,598	2,850	2,656	2,568
Interest earned on investment securities	392	454	507	531	544	535	507	481	433	381	338	305	274
Realized gain on sale of investments	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating expenses	451	465	460	460	443	459	434	453	434	445	433	443	404
Provision for insurance losses	-74	-47	12	-88	-192	-610	-396	-236	-121	-141	-65	-203	-512
All other income, net of expenses	5	2	2	21	4	9	2	2	2	3	1	3	1
Unrealized gain/(loss) on available-for-sale securities**	-284	-383	1,450	-45	86	694	421	788	-234	-162	-496	-481	-33
<b>Total fund balance change</b>	<b>1,783</b>	<b>1,445</b>	<b>2,859</b>	<b>1,407</b>	<b>1,494</b>	<b>2,576</b>	<b>2,261</b>	<b>2,405</b>	<b>2,616</b>	<b>2,516</b>	<b>2,325</b>	<b>2,242</b>	<b>2,918</b>
<b>Ending Fund Balance</b>	<b>116,434</b>	<b>114,651</b>	<b>113,206</b>	<b>110,347</b>	<b>108,940</b>	<b>107,446</b>	<b>104,870</b>	<b>102,609</b>	<b>100,204</b>	<b>97,588</b>	<b>95,072</b>	<b>92,747</b>	<b>90,506</b>
Percent change from four quarters earlier	8.37	6.71	7.95	7.54	8.72	10.10	10.31	10.63	10.72	11.42	11.95	11.53	12.14
<b>Reserve Ratio (%)</b>	<b>1.30</b>	<b>1.30</b>	<b>1.38</b>	<b>1.41</b>	<b>1.41</b>	<b>1.40</b>	<b>1.36</b>	<b>1.36</b>	<b>1.36</b>	<b>1.33</b>	<b>1.30</b>	<b>1.30</b>	<b>1.27</b>
<b>Estimated Insured Deposits</b>	<b>8,926,625</b>	<b>8,836,026</b>	<b>8,178,645</b>	<b>7,825,347</b>	<b>7,741,394</b>	<b>7,692,252</b>	<b>7,696,440</b>	<b>7,522,441</b>	<b>7,375,867</b>	<b>7,353,996</b>	<b>7,333,159</b>	<b>7,154,379</b>	<b>7,099,292</b>
Percent change from four quarters earlier	15.31	14.87	6.27	4.03	4.96	4.60	4.95	5.14	3.90	4.35	3.59	3.45	4.16
<b>Domestic Deposits</b>	<b>15,714,977</b>	<b>15,562,008</b>	<b>14,350,253</b>	<b>13,262,206</b>	<b>13,020,253</b>	<b>12,788,773</b>	<b>12,725,363</b>	<b>12,659,406</b>	<b>12,367,954</b>	<b>12,280,904</b>	<b>12,305,817</b>	<b>12,129,503</b>	<b>11,966,478</b>
Percent change from four quarters earlier	20.70	21.68	12.77	4.76	5.27	4.14	3.41	4.37	3.36	3.83	3.79	3.73	3.99
<b>Assessment Base***</b>	<b>18,463,453</b>	<b>18,153,297</b>	<b>16,483,948</b>	<b>16,156,678</b>	<b>15,904,511</b>	<b>15,684,025</b>	<b>15,561,869</b>	<b>15,452,229</b>	<b>15,229,530</b>	<b>15,113,666</b>	<b>15,068,512</b>	<b>15,001,411</b>	<b>14,834,140</b>
Percent change from four quarters earlier	16.09	15.74	5.93	4.56	4.43	3.77	3.27	3.01	2.67	2.79	3.06	3.01	3.14
<b>Number of Institutions Reporting</b>	<b>5,042</b>	<b>5,075</b>	<b>5,125</b>	<b>5,186</b>	<b>5,267</b>	<b>5,312</b>	<b>5,371</b>	<b>5,415</b>	<b>5,486</b>	<b>5,551</b>	<b>5,615</b>	<b>5,679</b>	<b>5,747</b>

**DIF Reserve Ratios**

Percent of Insured Deposits



**Deposit Insurance Fund Balance and Insured Deposits (\$ Millions)**

	DIF Balance	DIF-Insured Deposits
9/17	\$90,506	\$7,099,292
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	7,825,347
3/20	113,206	8,178,645
6/20	114,651	8,836,026
9/20	116,434	8,926,625

**Table II-C. Problem Institutions and Failed Institutions**

<i>(dollar figures in millions)</i>	2020****	2019****	2019	2018	2017	2016	2015	2014
<b>Problem Institutions</b>								
Number of institutions	56	55	51	60	95	123	183	291
Total assets	\$53,884	\$48,779	\$46,190	\$48,489	\$13,939	\$27,624	\$46,780	\$86,712
<b>Failed Institutions</b>								
Number of institutions	2	1	4	0	8	5	8	18
Total assets*****	\$253	\$37	\$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.  
 \*\*\*\* Through September 30.  
 \*\*\*\*\* Total assets are based on final Call Reports submitted by failed institutions.

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

<i>(dollar figures in millions)</i> September 30, 2020	Number of Institutions	Total Assets	Domestic Deposits*	Est. Insured Deposits
<b>Commercial Banks and Savings Institutions</b>				
FDIC-Insured Commercial Banks	4,401	\$19,897,357	\$14,586,807	\$8,024,078
FDIC-Supervised	2,927	3,390,248	2,739,911	1,738,115
OCC-Supervised	774	13,491,152	9,649,136	5,181,694
Federal Reserve-Supervised	700	3,015,957	2,197,760	1,104,269
FDIC-Insured Savings Institutions	632	1,322,385	1,083,231	865,217
OCC-Supervised	284	578,850	457,078	381,609
FDIC-Supervised	312	378,334	291,671	223,999
Federal Reserve-Supervised	36	365,202	334,482	259,609
<b>Total Commercial Banks and Savings Institutions</b>	<b>5,033</b>	<b>21,219,742</b>	<b>15,670,039</b>	<b>8,889,295</b>
<b>Other FDIC-Insured Institutions</b>				
U.S. Branches of Foreign Banks	9	95,661	44,938	37,329
<b>Total FDIC-Insured Institutions</b>	<b>5,042</b>	<b>21,315,403</b>	<b>15,714,977</b>	<b>8,926,625</b>

\* Excludes \$1.4 trillion in foreign office deposits, which are not FDIC insured.

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

Quarter Ending June 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	2,929	57.71	\$3,243.4	17.87
3.01 - 6.00	1,425	28.08	12,331.3	67.93
6.01 - 10.00	579	11.41	2,371.0	13.06
10.01 - 15.00	72	1.42	177.0	0.97
15.01 - 20.00	66	1.30	30.4	0.17
20.01 - 25.00	1	0.02	0.0	0.00
> 25.00	3	0.06	0.3	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: <http://www.fdic.gov/regulations/resources/cbi/report/cbi-full.pdf>.

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

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

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

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

The fourth step includes organizations that operate within a limited geographic scope. This limitation of scope is used as a proxy measure for a bank's relationship approach to banking. Banks that operate within a limited market area have more ease in managing relationships at a personal level. Under this step, four criteria are applied to each banking organization. They include both a minimum and maximum number of total banking offices, a maximum level of deposits for any one office, and location-based criteria. The limits on the number of and deposits per office are 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  $\geq$  10% of total assets
- More than 50% of assets in certain specialty banks, including:
  - credit card specialists
  - consumer nonbank banks<sup>1</sup>
  - industrial loan companies
  - trust companies
  - bankers' banks

**Include:** All remaining banking organizations with:

- Total assets < indexed size threshold<sup>2</sup>
- Total assets  $\geq$  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.<sup>3</sup>
  - Number of large MSAs with offices  $\leq$  2
  - Number of states with offices  $\leq$  3
  - No single office with deposits > indexed maximum branch deposit size.<sup>4</sup>

### 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-

<sup>1</sup> Consumer nonbank banks are financial institutions with limited charters that can make commercial loans or take deposits, but not both.

<sup>2</sup> Asset size threshold indexed to equal \$250 million in 1985 and \$1.39 billion in 2016.

<sup>3</sup> Maximum number of offices indexed to equal 40 in 1985 and 87 in 2016.

<sup>4</sup> 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//2020/fil20097.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 CAMELS Composite			Large and Highly Complex Institutions**
	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.