2024 VOLUME 18 NUMBER 3

FEDERAL DEPOSIT INSURANCE CORPORATION

# QUARTERLY

## SECOND QUARTER



FDIC

FDIC QUARTERLY

2024 VOLUME 18, NUMBER 3

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

Single copy subscriptions of the ***FDIC Quarterly*** can be obtained through the FDIC Public Information Center, 3501 Fairfax Drive, Room E-1002, Arlington, VA 22226. E-mail requests should be sent to publicinfo@fdic.gov. Change of address information also should be submitted to the Public Information Center.

The ***FDIC Quarterly*** is available online by visiting the FDIC website at www.fdic.gov. To receive e-mail notification of the electronic release of the ***FDIC Quarterly*** and the individual feature articles, subscribe at www.fdic.gov/about/subscriptions/index.html.

FDIC QUARTERLY 2024 VOLUME 18, NUMBER 3

# QUARTERLY BANKING PROFILE: SECOND QUARTER 2024

Net income for the 4,539 FDIC-insured commercial banks and savings institutions increased $7.3 billion (11.4 percent) from the prior quarter to $71.5 billion. A decline in noninterest expense (down $3.6 billion, or 2.4 percent), along with higher noninterest income (up $1.2 billion, or 1.5 percent) and higher gains on the sale of securities (up $937 million), drove the increase in net income. Higher provision expenses offset some of the increase in net income. The banking industry reported an aggregate return-on-assets ratio (ROA) of 1.20 percent in second quarter 2024, up 12 basis points from first quarter 2024, but down 1 basis point from second quarter 2023. See page 1.

### COMMUNITY BANK PERFORMANCE

Community banks—which represent 90 percent of insured institutions—reported quarterly net income of $6.4 billion in second quarter 2024, an increase of $72.6 million (1.1 percent) from first quarter 2024. Higher net interest income (up $546.4 million, or 2.7 percent) and higher noninterest income (up $253.9 million, or 5.0 percent) more than offset higher noninterest expense (up $365.7 million, or 2.1 percent) and higher provision expense (up $140.5 million, or 18.2 percent). The community bank pretax ROA increased 1 basis point from last quarter to 1.14 percent. See page 19.

### INSURANCE FUND INDICATORS

The Deposit Insurance Fund (DIF) balance increased by $3.9 billion to $129.2 billion. The rise in the DIF was primarily driven by assessment income of $3.2 billion. Interest earned on securities and negative provisions added a combined $1.3 billion to the fund during the quarter. These gains were partially offset by operating expenses of $0.6 billion. One insured institution failed during the second quarter at an estimated cost to the Fund of $667 million. The DIF's reserve ratio was 1.21 percent on June 30, 2024, up 4 basis points from the previous quarter and 10 basis points higher than the previous year. See page 31.

## *Featured Article*

### U.S. INDUSTRIAL TRANSITION AND ITS EFFECT ON METRO AREAS AND COMMUNITY BANKS

The economies of Metropolitan Statistical Areas (metros) across the country changed significantly in the five-decade span from 1970 to 2019. The national economy shifted away from the manufacturing sector, and U.S. industries such as steel and textiles were hollowed out by the forces of automation and globalization. This article explores this industrial transition in the United States and its implications for areas that may experience similar transitions as alternative forms of energy and lower carbon technologies emerge. The authors create a novel metric called a Transition Score to measure industrial transition across metros, use this metric to determine which metro areas were most affected by industrial transition, and compare the economic and banking performance of affected areas to areas with lower levels of transition. See page 45.

PAGE INTENTIONALLY LEFT BLANK

# INSURED INSTITUTION PERFORMANCE



## THE INDUSTRY'S NET INCOME INCREASED FROM THE PRIOR QUARTER, DRIVEN BY LOWER NONINTEREST EXPENSE AND NONRECURRING GAINS

Second quarter net income for the 4,539 FDIC-insured commercial banks and savings institutions increased $7.3 billion (11.4 percent) from the prior quarter to $71.5 billion. A decline in noninterest expense (down $3.6 billion, or 2.4 percent), along with higher noninterest income (up $1.2 billion, or 1.5 percent) and gains on the sale of securities (up $937 million), drove the increase in net income. Higher provision expenses offset some of the increase in net income.

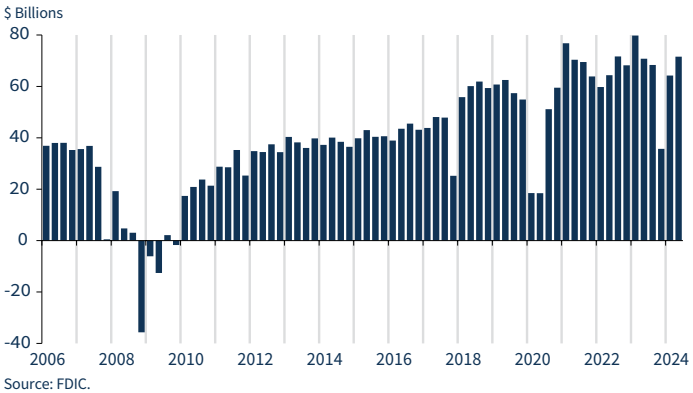
The quarterly increase in net income was largely driven by nonrecurring items including an estimated $4 billion reduction in reported expense related to the FDIC special assessment, approximately $10 billion in one-time gains on equity security transactions, and the sale of an institution's insurance division that resulted in an after-tax $4.9 billion gain.[1] These nonrecurring items were partially offset by several large banks selling bond portfolios at a loss and the industry's $2.7 billion increase in provision expense.

The banking industry reported an aggregate return-on-assets ratio of 1.20 percent in second quarter 2024, up 12 basis points from first quarter 2024 but down 1 basis point from second quarter 2023.

**Chart 1**

**Quarterly Net Income**

All FDIC-Insured Institutions

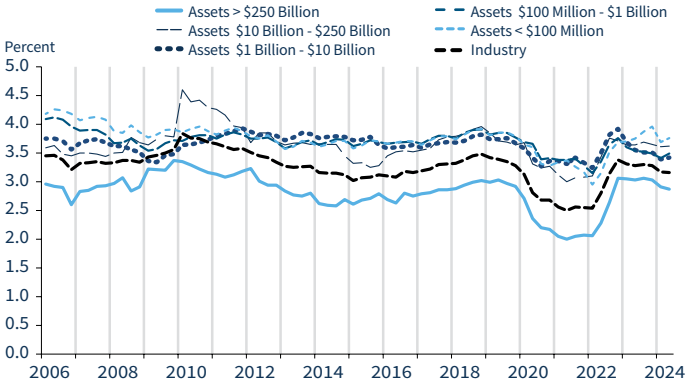



Source: FDIC.

**Chart 2**

**Quarterly Net Interest Margin**

All FDIC-Insured Institutions




Source: FDIC.

[1] Estimated losses attributable to the protection of uninsured depositors pursuant to the systemic risk determination for Silicon Valley Bank and Signature Bank, and that will be recovered through the FDIC special assessment, were $19.2 billion as of June 30, 2024, unchanged from March 31, 2024. The industry reported approximately $4 billion in additional expense for the special assessment in first quarter 2024, and no expense in the second quarter.

## THE NET INTEREST MARGIN INCREASED QUARTER OVER QUARTER FOR ALL SIZE GROUPS EXCEPT FOR THE LARGEST BANKS

The net interest margin (NIM) increased quarter over quarter for all size groups except for the largest banks (those with more than $250 billion in assets), which in aggregate reported a 4 basis-point decline in the NIM. The overall industry's NIM declined 1 basis point to 3.16 percent in the second quarter as the growth in funding costs slightly exceeded the growth in earning asset yields. The industry's second quarter NIM was 9 basis points below the pre-pandemic average after falling below that level last quarter.[2]

## NET OPERATING REVENUE INCREASED FROM THE PREVIOUS QUARTER

Net operating revenue (net interest income plus noninterest income) increased $1.3 billion (0.5 percent) from the first quarter to $250.7 billion. Net interest income increased $124 million (0.1 percent), and noninterest income increased $1.2 billion (1.5 percent). Much of the increase in noninterest income was due to gains on equity security transactions at larger firms.

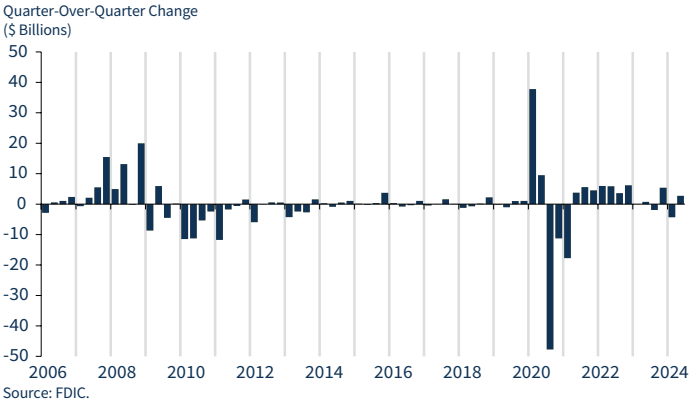
## NONINTEREST EXPENSE DECLINED FROM THE PREVIOUS QUARTER

Noninterest expense declined $3.6 billion (2.4 percent) from the previous quarter due to the reduction of nonrecurring expenses incurred by large banks in the first quarter, including an estimated $4 billion reduction in reported expense related to the FDIC special assessment. Salaries and employee benefits also decreased $3.1 billion (4.3 percent) during the quarter. The efficiency ratio (noninterest expense as a share of net operating revenue) improved to 56.6 percent in the second quarter from 58.7 percent in the first quarter.

**Chart 3**

**Change in Quarterly Credit Loss Provisions**

All FDIC-Insured Institutions

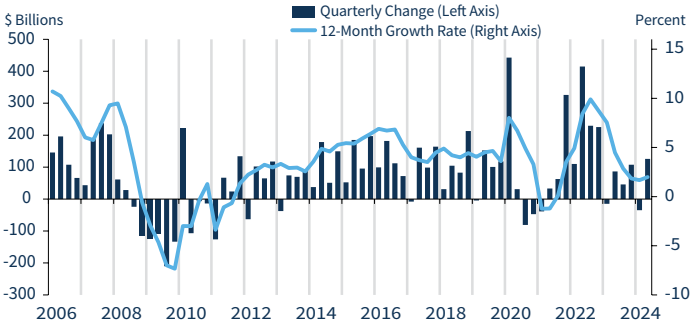



Source: FDIC.

**Chart 4**

**Quarterly Change in Loan Balances**

All FDIC-Insured Institutions




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

[2] The "pre-pandemic average" in this statement is calculated as the average from first quarter 2015 through fourth quarter 2019.

## PROVISION EXPENSE INCREASED FROM THE PREVIOUS QUARTER

Provisions for credit losses totaled $23.3 billion in second quarter 2024, up $2.7 billion from the previous quarter. Provision expenses have been higher than the pre-pandemic average for the past eight quarters. Provisions increased the most at banks with more than $250 billion in assets, up $3.3 billion (30.3 percent) from the prior quarter. The increase in provision expense reflected loan growth, deterioration in office markets, and high credit card charge-offs. The reserve coverage ratio (the ratio of the allowance for credit losses to noncurrent loans) increased from 192.8 percent in the previous quarter to 194.2 percent because the allowance for credit losses increased at a faster pace than noncurrent loan balances.

## ASSET QUALITY METRICS REMAINED GENERALLY FAVORABLE, THOUGH CHARGE-OFFS INCREASED

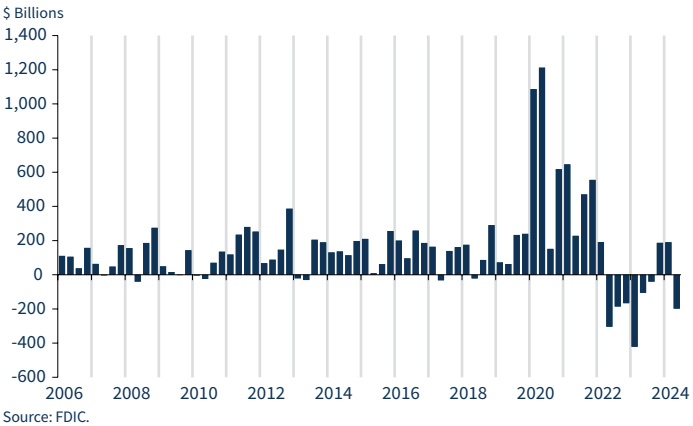
Noncurrent loans, or loans 90 days or more past due or in nonaccrual status, remained unchanged from the prior quarter at 0.91 percent of total loans, well below the pre-pandemic average of 1.28 percent. Despite the stability in overall noncurrent loans, the noncurrent rate for non-owner occupied commercial real estate loans of 1.77 percent was at its highest level since third quarter 2013, driven by office portfolios at the largest banks. However, these banks tend to have lower concentrations of such loans in relation to total assets and capital than smaller institutions, mitigating the overall risk.

The industry's net charge-off rate increased 3 basis points to 0.68 percent from the prior quarter and was 20 basis points higher than the year-ago quarter and the pre-pandemic average. The industry's net charge-off ratio was the highest quarterly rate reported since second quarter 2013. The credit card net charge-off rate was 4.82 percent in the second quarter, up 13 basis points quarter over quarter and the highest rate reported since third quarter 2011.

**Chart 5**

**Quarterly Change in Domestic Deposits**

All FDIC-Insured Institutions

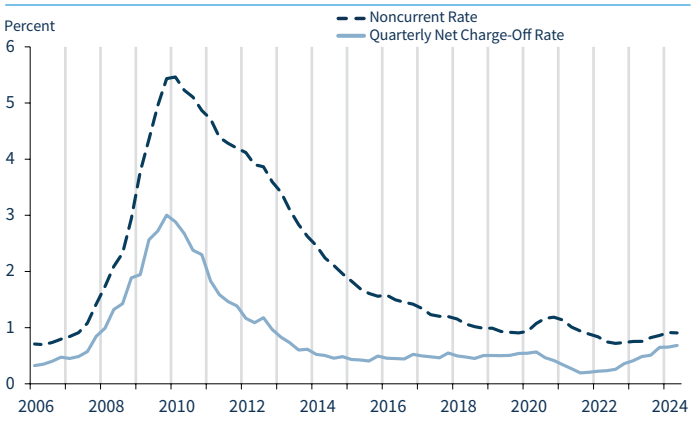



Source: FDIC.

**Chart 6**

**Noncurrent Loan Rate and Quarterly Net Charge-Off Rate**

All FDIC-Insured Institutions




Source: FDIC.

## UNREALIZED LOSSES ON SECURITIES DECREASED FROM THE PREVIOUS QUARTER

Unrealized losses on securities totaled $512.9 billion in the second quarter, a decrease of $3.6 billion (0.7 percent) from first quarter 2024.[3] Interest rates increased modestly in the second quarter, putting downward pressure on bond prices, but the resulting increase in unrealized losses was more than offset by the sale of bonds by several large banks that resulted in substantial realized losses.

## BANKING INDUSTRY ASSETS DECREASED FROM FIRST QUARTER 2024

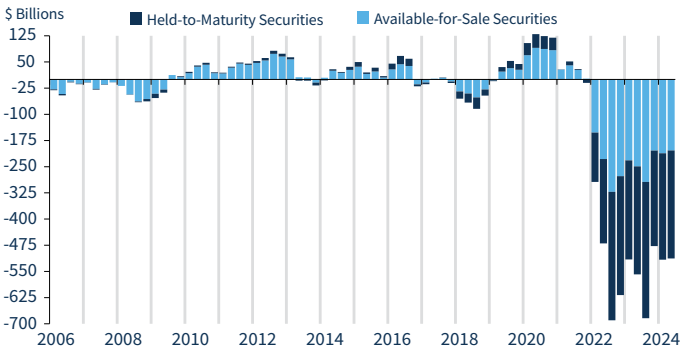
The banking industry reported total assets of $23.9 trillion in second quarter 2024, a decrease of $70.5 billion (0.3 percent) from first quarter 2024. The quarterly decrease was mainly due to reductions in cash and balances due from depository institutions (down $194.9 billion, or 6.7 percent) and securities (down $16.8 billion, or 0.3 percent). An increase in total loans and leases (up $125.8 billion, or 1.0 percent) partially offset the reduction in cash and securities.

## LOAN BALANCES INCREASED MODESTLY FROM THE PRIOR QUARTER AND A YEAR AGO

Total loan and lease balances increased $125.8 billion (1.0 percent) from the previous quarter. Loans to non-depository financial institutions (NDFIs) (up $76.0 billion, or 9.6 percent) and consumer loans (up $25.8 billion, or 1.2 percent) led loan growth during the quarter. Much of the growth in NDFI lending appears to be due to reclassification from other existing loan categories. The majority of banks (75.1 percent) reported quarterly loan growth, and all major loan categories except construction and development loans showed quarter-over-quarter growth.

**Chart 7**

**Unrealized Gains (Losses) on Investment Securities**

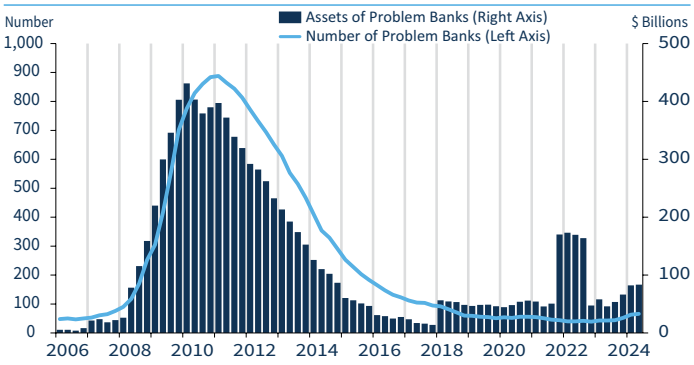



Source: FDIC.
Note: Insured Call Report filers only. Unrealized losses on securities solely reflect the difference between the market value and book value of non-equity securities as of quarter end.

**Chart 8**

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

All FDIC-Insured Institutions




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

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

Total loan and lease balances increased $244.5 billion (2.0 percent) from the prior year. The annual increase was also led by increases in loans to NDFIs (up $77.5 billion, or 9.8 percent), likely due to reclassifications in the second quarter, credit card loans (up $77.0 billion, or 7.5 percent), and adjustable rate 1-4 family residential mortgage loans (up $69.3 billion, or 7.5 percent). A large majority of banks (82.9 percent) reported year-over-year loan growth.

## DOMESTIC DEPOSITS DECREASED FROM LAST QUARTER

Domestic deposits decreased $197.7 billion (1.1 percent) from first quarter 2024, well below pre-pandemic average second quarter growth of 0.2 percent. Both savings and transaction deposits declined from the prior quarter, with growth in small time deposits partially offsetting the declines. Brokered deposits decreased for the second straight quarter, down $10.1 billion (0.8 percent) from the prior quarter. Banks with more than $250 billion in assets drove the quarterly decline in deposits.

Estimated insured deposits decreased $96.0 billion (0.9 percent) quarter over quarter, while estimated uninsured deposits decreased $50.4 billion (0.7 percent). Banks with assets greater than $250 billion, in aggregate, reported lower uninsured deposits in the second quarter, while banks with assets less than $250 billion, in aggregate, reported higher uninsured deposits.

## EQUITY CAPITAL INCREASED FROM FIRST QUARTER 2024

Equity capital rose $40.6 billion (1.8 percent) from first quarter 2024. The quarterly growth was primarily due to positive retained earnings of $31.0 billion. The leverage capital ratio increased 12 basis points from first quarter 2024 to 9.31 percent.

## THE NUMBER OF PROBLEM BANKS INCREASED

The number of banks on the FDIC's "Problem Bank List" increased from 63 to 66, and total assets held by such banks rose $1.3 billion to $83.4 billion.[4] Problem banks represent 1.5 percent of total banks, which is within the normal range of 1 to 2 percent of all banks during non-crisis periods.

[4] Banks on the FDIC's "Problem Bank List" have a CAMELS composite rating of "4" or "5" due to financial, operational, or managerial weaknesses, or a combination of such issues. It is common for banks to move on or off this list each quarter.

## THE DEPOSIT INSURANCE FUND RESERVE RATIO INCREASED 4 BASIS POINTS TO 1.21 PERCENT

In the second quarter, the Deposit Insurance Fund (DIF) balance increased $3.9 billion to $129.2 billion. The reserve ratio increased 4 basis points during the quarter to 1.21 percent.

## THE TOTAL NUMBER OF INSURED INSTITUTIONS DECLINED

The total number of FDIC-insured institutions declined by 29 during the quarter to 4,539. Three banks were sold to credit unions and 26 institutions merged with other banks during the quarter. One bank failed in the second quarter but did not file a Call Report in the first quarter, and no banks opened.

Author:

**Nathan Greenwell**
Senior Financial Analyst (Detailee)
Division of Insurance and Research

PAGE INTENTIONALLY LEFT BLANK

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

| | 2024** | 2023** | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|---|
| Return on assets (%) | 1.14 | 1.29 | 1.09 | 1.11 | 1.23 | 0.72 | 1.29 |
| Return on equity (%) | 11.71 | 13.58 | 11.39 | 11.82 | 12.21 | 6.85 | 11.38 |
| Core capital (leverage) ratio (%) | 9.31 | 9.10 | 9.14 | 8.97 | 8.73 | 8.82 | 9.66 |
| Noncurrent assets plus other real estate owned to assets (%) | 0.49 | 0.41 | 0.47 | 0.39 | 0.44 | 0.61 | 0.55 |
| Net charge-offs to loans (%) | 0.67 | 0.45 | 0.52 | 0.27 | 0.25 | 0.50 | 0.52 |
| Asset growth rate (%) | 1.82 | -1.08 | 0.30 | -0.52 | 8.46 | 17.29 | 3.92 |
| Net interest margin (%) | 3.17 | 3.31 | 3.30 | 2.95 | 2.54 | 2.82 | 3.36 |
| Net operating income growth (%) | -14.41 | 22.48 | -1.33 | -3.70 | 96.90 | -38.77 | -3.14 |
| Number of institutions reporting | 4,539 | 4,645 | 4,587 | 4,706 | 4,839 | 5,002 | 5,177 |
| Commercial banks | 3,985 | 4,073 | 4,027 | 4,127 | 4,232 | 4,375 | 4,518 |
| Savings institutions | 554 | 572 | 560 | 579 | 607 | 627 | 659 |
| Percentage of unprofitable institutions (%) | 6.30 | 4.26 | 5.36 | 3.55 | 3.10 | 4.70 | 3.73 |
| Number of problem institutions | 66 | 43 | 52 | 39 | 44 | 56 | 51 |
| Assets of problem institutions (in billions)*** | $83 | $46 | $66 | $47 | $170 | $56 | $46 |
| Number of failed institutions | 1 | 3 | 5 | 0 | 0 | 4 | 4 |

* Excludes insured branches of foreign banks (IBAs).
** Through June 30, ratios annualized where appropriate. Asset growth rates are for 12 months ending June 30.
*** Assets shown are what were on record as of the last day of the quarter.

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

| (dollar figures in millions) | 2nd Quarter 2024 | 1st Quarter 2024 | 2nd Quarter 2023 | %Change 23Q2-24Q2 |
|---|---|---|---|---|
| Number of institutions reporting | 4,539 | 4,568 | 4,645 | -2.3 |
| Total employees (full-time equivalent) | 2,056,867 | 2,074,042 | 2,115,568 | -2.8 |
| **CONDITION DATA** | | | | |
| Total assets | $23,887,133 | $23,957,637 | $23,460,851 | 1.8 |
| Loans secured by real estate | 5,976,949 | 5,944,736 | 5,847,206 | 2.2 |
| 1-4 Family residential mortgages | 2,586,152 | 2,566,157 | 2,526,010 | 2.4 |
| Nonfarm nonresidential | 1,832,779 | 1,826,165 | 1,796,665 | 2.0 |
| Construction and development | 495,772 | 498,484 | 486,230 | 2.0 |
| Home equity lines | 273,943 | 270,290 | 269,144 | 1.8 |
| Commercial & industrial loans | 2,499,805 | 2,487,368 | 2,511,954 | -0.5 |
| Loans to individuals | 2,111,443 | 2,085,639 | 2,072,175 | 1.9 |
| Credit cards | 1,104,854 | 1,081,129 | 1,027,826 | 7.5 |
| Farm loans | 83,727 | 79,660 | 75,698 | 10.6 |
| Other loans & leases | 1,873,134 | 1,821,870 | 1,793,387 | 4.4 |
| Less: Unearned income | 2,013 | 1,980 | 1,912 | 5.3 |
| Total loans & leases | 12,543,046 | 12,417,294 | 12,298,509 | 2.0 |
| Less: Reserve for losses* | 220,538 | 218,624 | 208,887 | 5.6 |
| Net loans and leases | 12,322,508 | 12,198,669 | 12,089,622 | 1.9 |
| Securities** | 5,457,825 | 5,474,624 | 5,436,071 | 0.4 |
| Other real estate owned | 3,394 | 2,980 | 2,841 | 19.5 |
| Goodwill and other intangibles | 417,058 | 422,871 | 435,982 | -4.3 |
| All other assets | 5,686,348 | 5,858,494 | 5,496,335 | 3.5 |
| Total liabilities and capital | 23,887,133 | 23,957,637 | 23,460,851 | 1.8 |
| Deposits | 18,807,647 | 18,997,655 | 18,644,207 | 0.9 |
| Domestic office deposits | 17,338,545 | 17,536,283 | 17,198,207 | 0.8 |
| Foreign office deposits | 1,469,101 | 1,461,372 | 1,446,000 | 1.6 |
| Other borrowed funds | 1,863,037 | 1,778,543 | 1,734,292 | 7.4 |
| Subordinated debt | 55,426 | 57,580 | 59,450 | -6.8 |
| All other liabilities | 803,048 | 806,256 | 770,141 | 4.3 |
| Total equity capital (includes minority interests) | 2,357,976 | 2,317,602 | 2,252,761 | 4.7 |
| Bank equity capital | 2,355,565 | 2,314,981 | 2,250,388 | 4.7 |
| Loans and leases 30-89 days past due | 71,618 | 70,813 | 62,247 | 15.1 |
| Noncurrent loans and leases | 113,553 | 113,384 | 92,991 | 22.1 |
| Restructured loans and leases | 44,269 | 40,331 | 20,885 | 112.0 |
| Mortgage-backed securities | 2,910,504 | 2,914,458 | 2,962,405 | -1.8 |
| Earning assets | 21,673,697 | 21,763,563 | 21,263,993 | 1.9 |
| FHLB Advances | 549,699 | 542,381 | 658,595 | -16.5 |
| Unused loan commitments | 9,807,641 | 9,901,135 | 9,815,839 | -0.1 |
| Trust assets | 34,512,790 | 34,408,947 | 31,770,115 | 8.6 |
| Assets securitized and sold | 444,459 | 443,288 | 383,923 | 15.8 |
| Notional amount of derivatives | 211,482,233 | 209,327,843 | 224,649,005 | -5.9 |

| **INCOME DATA** | First Half 2024 | First Half 2023 | %Change | 2nd Quarter 2024 | 2nd Quarter 2023 | %Change 23Q2-24Q2 |
|---|---|---|---|---|---|---|
| Total interest income | $627,225 | $542,515 | 15.6 | $315,860 | $283,177 | 11.5 |
| Total interest expense | 284,185 | 193,442 | 46.9 | 144,181 | 108,862 | 32.4 |
| Net interest income | 343,040 | 349,072 | -1.7 | 171,680 | 174,315 | -1.5 |
| Provision for credit losses*** | 43,901 | 42,189 | 4.1 | 23,298 | 21,465 | 8.5 |
| Total noninterest income | 156,830 | 163,861 | -4.3 | 79,008 | 78,198 | 1.0 |
| Total noninterest expense | 291,245 | 282,324 | 3.2 | 143,924 | 141,893 | 1.4 |
| Securities gains (losses) | -477 | -3,411 | N/M | 228 | -1,239 | N/M |
| Applicable income taxes | 33,386 | 34,500 | -3.2 | 17,029 | 17,015 | 0.1 |
| Extraordinary gains, net**** | 5,073 | 5 | N/M | 5,007 | 0 | N/M |
| Total net income (includes minority interests) | 135,934 | 150,514 | -9.7 | 71,673 | 70,900 | 1.1 |
| Bank net income | 135,713 | 150,285 | -9.7 | 71,548 | 70,768 | 1.1 |
| Net charge-offs | 41,585 | 27,175 | 53.0 | 21,286 | 14,749 | 44.3 |
| Cash dividends | 73,078 | 95,149 | -23.2 | 40,530 | 51,005 | -20.5 |
| Retained earnings | 62,635 | 55,136 | 13.6 | 31,018 | 19,764 | 56.9 |
| Net operating income | 131,258 | 153,363 | -14.4 | 66,506 | 71,936 | -7.6 |

* For institutions that have adopted ASU 2016-13, this item represents the allowance for credit losses on loans and leases held for investment and allocated transfer risk. Beginning in 2024, almost all institutions have adopted ASU 2016-13.
** For institutions that have adopted ASU 2016-13, securities are reported net of allowances for credit losses. Beginning in 2024, almost all institutions have adopted ASU 2016-13.
*** 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. Beginning in 2024, almost all institutions have adopted ASU 2016-13.
**** See Notes to Users for explanation.

N/M - Not Meaningful

**TABLE III-A. Second Quarter 2024, All FDIC-Insured Institutions**

| SECOND 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 | 4,539 | 10 | 5 | 1,001 | 2,506 | 318 | 42 | 202 | 384 | 71 |
| Commercial banks | 3,985 | 9 | 5 | 989 | 2,273 | 93 | 33 | 186 | 338 | 59 |
| Savings institutions | 554 | 1 | 0 | 12 | 233 | 225 | 9 | 16 | 46 | 12 |
| Total assets (in billions) | $23,887.1 | $526.5 | $6,019.0 | $300.6 | $8,500.3 | $572.0 | $379.1 | $45.6 | $87.6 | $7,456.3 |
| Commercial banks | 22,686.4 | 413.6 | 6,019.0 | 292.7 | 8,060.6 | 98.0 | 373.7 | 42.5 | 76.5 | 7,309.8 |
| Savings institutions | 1,200.7 | 112.9 | 0.0 | 7.9 | 439.8 | 474.1 | 5.4 | 3.1 | 11.1 | 146.5 |
| Total deposits (in billions) | 18,807.6 | 399.1 | 4,467.5 | 251.4 | 6,848.8 | 459.1 | 312.0 | 37.5 | 75.3 | 5,956.9 |
| Commercial banks | 17,851.5 | 313.6 | 4,467.5 | 246.9 | 6,505.6 | 79.5 | 307.4 | 35.7 | 66.3 | 5,829.0 |
| Savings institutions | 956.1 | 85.5 | 0.0 | 4.4 | 343.1 | 379.7 | 4.7 | 1.8 | 9.0 | 127.9 |
| Bank net income (in millions) | 71,548 | 4,185 | 22,805 | 845 | 20,046 | 831 | 1,391 | 266 | 222 | 20,956 |
| Commercial banks | 69,522 | 3,592 | 22,805 | 819 | 19,466 | 243 | 1,384 | 138 | 210 | 20,864 |
| Savings institutions | 2,026 | 593 | 0 | 25 | 580 | 588 | 7 | 129 | 12 | 91 |
| **Performance Ratios (annualized, %)** | | | | | | | | | | |
| Yield on earning assets | 5.82 | 14.33 | 5.75 | 5.59 | 5.66 | 3.45 | 7.33 | 4.68 | 5.07 | 5.57 |
| Cost of funding earning assets | 2.66 | 3.94 | 3.02 | 2.17 | 2.43 | 1.88 | 3.70 | 1.41 | 1.72 | 2.59 |
| Net interest margin | 3.16 | 10.39 | 2.74 | 3.42 | 3.23 | 1.57 | 3.63 | 3.27 | 3.35 | 2.98 |
| Noninterest income to assets | 1.32 | 6.21 | 1.75 | 0.52 | 0.87 | 0.88 | 0.95 | 5.10 | 0.89 | 1.22 |
| Noninterest expense to assets | 2.41 | 8.86 | 2.42 | 2.29 | 2.33 | 1.63 | 2.00 | 5.22 | 2.80 | 2.10 |
| Credit loss provision to assets** | 0.39 | 3.17 | 0.34 | 0.16 | 0.22 | 0.00 | 0.60 | 0.07 | 0.08 | 0.46 |
| Net operating income to assets | 1.11 | 3.15 | 1.09 | 1.14 | 1.01 | 0.58 | 1.47 | 2.17 | 1.01 | 1.12 |
| Pretax return on assets | 1.48 | 4.14 | 1.96 | 1.28 | 1.12 | 0.75 | 1.78 | 3.01 | 1.16 | 1.36 |
| Return on assets | 1.20 | 3.18 | 1.51 | 1.13 | 0.95 | 0.57 | 1.47 | 2.32 | 1.01 | 1.12 |
| Return on equity | 12.26 | 31.03 | 16.86 | 12.03 | 9.09 | 7.07 | 16.57 | 18.37 | 10.87 | 11.42 |
| Net charge-offs to loans and leases | 0.68 | 4.70 | 0.81 | 0.20 | 0.27 | 0.04 | 0.81 | 0.38 | 0.11 | 0.84 |
| Loan and lease loss provision to net charge-offs | 109.38 | 82.88 | 116.44 | 119.61 | 124.33 | 19.48 | 93.76 | 65.11 | 123.95 | 117.02 |
| Efficiency ratio | 56.63 | 54.58 | 57.41 | 60.75 | 59.43 | 65.78 | 45.55 | 64.11 | 69.21 | 53.26 |
| % of unprofitable institutions | 6.59 | 10.00 | 0.00 | 3.00 | 5.11 | 24.84 | 9.52 | 11.88 | 7.55 | 5.63 |
| % of institutions with earnings gains | 47.17 | 80.00 | 80.00 | 52.95 | 47.41 | 32.08 | 50.00 | 47.52 | 40.36 | 52.11 |
| **Structural Changes** | | | | | | | | | | |
| New reporters | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Institutions absorbed by mergers | 26 | 0 | 0 | 5 | 20 | 0 | 0 | 0 | 0 | 1 |
| Failed institutions | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| **PRIOR SECOND QUARTERS (The way it was...)** | | | | | | | | | | |
| Return on assets (%) 2023 | 1.21 | 2.53 | 1.32 | 1.20 | 1.08 | 0.63 | 1.48 | 3.41 | 1.05 | 1.19 |
| 2021 | 1.24 | 5.76 | 1.10 | 1.43 | 1.27 | 0.82 | 1.43 | 1.79 | 1.09 | 1.07 |
| 2019 | 1.38 | 3.21 | 1.24 | 1.33 | 1.25 | 1.09 | 1.44 | 3.04 | 1.44 | 1.46 |
| | | | | | | | | | | |
| Net charge-offs to loans & leases (%) 2023 | 0.48 | 3.54 | 0.56 | 0.07 | 0.18 | 0.02 | 0.84 | 0.17 | 0.10 | 0.61 |
| 2021 | 0.27 | 2.37 | 0.40 | 0.06 | 0.12 | 0.01 | 0.22 | 0.11 | 0.03 | 0.21 |
| 2019 | 0.50 | 4.33 | 0.73 | 0.17 | 0.19 | 0.02 | 0.79 | 0.15 | 0.16 | 0.35 |

* See Table IV-A for explanations.
** For institutions that have adopted ASU 2016-13, the numerator represents provisions for credit losses on a consolidated basis; for institutions that have not adopted ASU 2016-13, the numerator represents the provision for loan and lease losses. Beginning in 2024, almost all institutions have adopted ASU 2016-13.

**TABLE III-A. Second Quarter 2024, All FDIC-Insured Institutions**

| SECOND 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 | 4,539 | 686 | 2,831 | 867 | 141 | 14 | 537 | 510 | 972 | 1,158 | 1,025 | 337 |
| Commercial banks | 3,985 | 605 | 2,508 | 731 | 128 | 13 | 283 | 469 | 840 | 1,124 | 962 | 307 |
| Savings institutions | 554 | 81 | 323 | 136 | 13 | 1 | 254 | 41 | 132 | 34 | 63 | 30 |
| Total assets (in billions) | $23,887.1 | $42.4 | $1,065.8 | $2,415.2 | $6,573.8 | $13,789.9 | $4,623.4 | $4,881.5 | $6,132.1 | $4,213.5 | $1,860.2 | $2,176.5 |
| Commercial banks | 22,686.4 | 37.8 | 934.8 | 2,071.9 | 6,125.8 | 13,516.1 | 4,244.3 | 4,866.5 | 6,055.2 | 4,153.9 | 1,476.6 | 1,889.9 |
| Savings institutions | 1,200.7 | 4.6 | 131.0 | 343.3 | 447.9 | 273.8 | 379.1 | 15.0 | 76.9 | 59.6 | 383.6 | 286.5 |
| Total deposits (in billions) | 18,807.6 | 35.1 | 898.2 | 1,978.2 | 5,289.6 | 10,606.5 | 3,629.5 | 3,879.6 | 4,597.8 | 3,409.3 | 1,524.1 | 1,767.3 |
| Commercial banks | 17,851.5 | 31.7 | 794.3 | 1,710.6 | 4,932.4 | 10,382.5 | 3,330.8 | 3,867.5 | 4,543.1 | 3,358.9 | 1,220.3 | 1,531.0 |
| Savings institutions | 956.1 | 3.4 | 103.9 | 267.6 | 357.2 | 224.0 | 298.6 | 12.1 | 54.7 | 50.5 | 303.8 | 236.3 |
| Bank net income (in millions) | 71,548 | 117 | 2,961 | 6,265 | 19,752 | 42,452 | 11,877 | 11,954 | 23,916 | 11,601 | 4,188 | 8,013 |
| Commercial banks | 69,522 | 107 | 2,612 | 5,921 | 18,577 | 42,305 | 11,523 | 11,924 | 23,672 | 11,357 | 3,776 | 7,270 |
| Savings institutions | 2,026 | 11 | 349 | 344 | 1,175 | 147 | 353 | 30 | 244 | 244 | 412 | 743 |
| **Performance Ratios (annualized, %)** | | | | | | | | | | | | |
| Yield on earning assets | 5.82 | 5.41 | 5.56 | 5.81 | 6.40 | 5.56 | 6.08 | 5.62 | 5.49 | 5.81 | 5.22 | 7.16 |
| Cost of funding earning assets | 2.66 | 1.65 | 2.07 | 2.39 | 2.78 | 2.69 | 3.19 | 2.42 | 2.53 | 2.62 | 2.28 | 2.79 |
| Net interest margin | 3.16 | 3.76 | 3.49 | 3.42 | 3.62 | 2.87 | 2.89 | 3.19 | 2.95 | 3.19 | 2.95 | 4.37 |
| Noninterest income to assets | 1.32 | 1.54 | 1.18 | 0.97 | 1.31 | 1.40 | 1.33 | 1.01 | 1.58 | 1.15 | 0.76 | 2.10 |
| Noninterest expense to assets | 2.41 | 3.81 | 3.04 | 2.61 | 2.65 | 2.21 | 2.25 | 2.17 | 2.45 | 2.29 | 2.25 | 3.51 |
| Credit loss provision to assets** | 0.39 | 0.09 | 0.10 | 0.23 | 0.46 | 0.41 | 0.30 | 0.53 | 0.30 | 0.36 | 0.13 | 0.80 |
| Net operating income to assets | 1.11 | 0.96 | 1.12 | 1.06 | 1.18 | 1.09 | 1.08 | 1.03 | 1.14 | 1.11 | 0.90 | 1.47 |
| Pretax return on assets | 1.48 | 1.33 | 1.31 | 1.30 | 1.55 | 1.49 | 1.31 | 1.03 | 2.01 | 1.37 | 1.10 | 1.90 |
| Return on assets | 1.20 | 1.11 | 1.11 | 1.04 | 1.20 | 1.23 | 1.03 | 0.98 | 1.56 | 1.10 | 0.90 | 1.47 |
| Return on equity | 12.26 | 8.52 | 11.21 | 10.26 | 11.89 | 12.92 | 10.02 | 9.78 | 16.80 | 11.47 | 9.24 | 14.86 |
| Net charge-offs to loans and leases | 0.68 | 0.09 | 0.09 | 0.30 | 0.78 | 0.80 | 0.70 | 0.81 | 0.48 | 0.71 | 0.16 | 1.21 |
| Loan and lease loss provision to net charge-offs | 109.38 | 182.31 | 170.64 | 111.11 | 94.70 | 118.59 | 82.61 | 127.07 | 130.48 | 101.67 | 142.39 | 101.52 |
| Efficiency ratio | 56.63 | 75.53 | 67.98 | 61.58 | 55.72 | 55.18 | 56.44 | 55.22 | 57.34 | 56.33 | 60.77 | 55.91 |
| % of unprofitable institutions | 6.59 | 14.58 | 5.69 | 3.81 | 3.55 | 0.00 | 12.85 | 9.02 | 6.17 | 3.37 | 4.49 | 11.57 |
| % of institutions with earnings gains | 47.17 | 46.94 | 48.71 | 42.56 | 44.68 | 57.14 | 32.96 | 45.69 | 48.56 | 53.54 | 48.68 | 41.54 |
| **Structural Changes** | | | | | | | | | | | | |
| New reporters | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Institutions absorbed by mergers | 26 | 4 | 15 | 6 | 1 | 0 | 1 | 4 | 8 | 6 | 5 | 2 |
| Failed institutions | 1 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| **PRIOR SECOND QUARTERS (The way it was...)** | | | | | | | | | | | | |
| Return on assets (%) 2023 | 1.21 | 1.00 | 1.23 | 1.20 | 1.23 | 1.19 | 1.05 | 1.20 | 1.39 | 1.06 | 1.02 | 1.51 |
| 2021 | 1.24 | 1.11 | 1.32 | 1.37 | 1.49 | 1.09 | 1.14 | 1.18 | 1.23 | 1.16 | 1.17 | 1.76 |
| 2019 | 1.38 | 0.97 | 1.35 | 1.26 | 1.43 | 1.37 | 1.15 | 1.44 | 1.34 | 1.34 | 1.38 | 1.75 |
| | | | | | | | | | | | | |
| Net charge-offs to loans & leases (%) 2023 | 0.48 | 0.03 | 0.07 | 0.22 | 0.52 | 0.58 | 0.46 | 0.62 | 0.35 | 0.45 | 0.15 | 0.88 |
| 2021 | 0.27 | 0.08 | 0.06 | 0.14 | 0.35 | 0.27 | 0.25 | 0.32 | 0.20 | 0.34 | 0.08 | 0.36 |
| 2019 | 0.50 | 0.15 | 0.12 | 0.21 | 0.66 | 0.51 | 0.46 | 0.54 | 0.41 | 0.53 | 0.22 | 0.77 |

* See Table IV-A for explanations.
** For institutions that have adopted ASU 2016-13, the numerator represents provisions for credit losses on a consolidated basis; for institutions that have not adopted ASU 2016-13, the numerator represents the provision for loan and lease losses. Beginning in 2024, almost all institutions have adopted ASU 2016-13.

**TABLE IV-A. First Half 2024, All FDIC-Insured Institutions**

| FIRST HALF (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 <$1Billion | All Other >$1 Billion |
| Number of institutions reporting | 4,539 | 10 | 5 | 1,001 | 2,506 | 318 | 42 | 202 | 384 | 71 |
| Commercial banks | 3,985 | 9 | 5 | 989 | 2,273 | 93 | 33 | 186 | 338 | 59 |
| Savings institutions | 554 | 1 | 0 | 12 | 233 | 225 | 9 | 16 | 46 | 12 |
| Total assets (in billions) | $23,887.1 | $526.5 | $6,019.0 | $300.6 | $8,500.3 | $572.0 | $379.1 | $45.6 | $87.6 | $7,456.3 |
| Commercial banks | 22,686.4 | 413.6 | 6,019.0 | 292.7 | 8,060.6 | 98.0 | 373.7 | 42.5 | 76.5 | 7,309.8 |
| Savings institutions | 1,200.7 | 112.9 | 0.0 | 7.9 | 439.8 | 474.1 | 5.4 | 3.1 | 11.1 | 146.5 |
| Total deposits (in billions) | 18,807.6 | 399.1 | 4,467.5 | 251.4 | 6,848.8 | 459.1 | 312.0 | 37.5 | 75.3 | 5,956.9 |
| Commercial banks | 17,851.5 | 313.6 | 4,467.5 | 246.9 | 6,505.6 | 79.5 | 307.4 | 35.7 | 66.3 | 5,829.0 |
| Savings institutions | 956.1 | 85.5 | 0.0 | 4.4 | 343.1 | 379.7 | 4.7 | 1.8 | 9.0 | 127.9 |
| Bank net income (in millions) | 135,713 | 7,033 | 39,316 | 1,676 | 40,232 | 1,774 | 2,629 | 488 | 420 | 42,144 |
| Commercial banks | 131,526 | 5,996 | 39,316 | 1,607 | 38,901 | 486 | 2,617 | 233 | 405 | 41,965 |
| Savings institutions | 4,187 | 1,037 | 0 | 69 | 1,331 | 1,289 | 12 | 255 | 15 | 178 |
| **Performance Ratios (annualized, %)** | | | | | | | | | | |
| Yield on earning assets | 5.80 | 14.48 | 5.79 | 5.48 | 5.61 | 3.41 | 7.29 | 4.66 | 5.00 | 5.55 |
| Cost of funding earning assets | 2.63 | 3.96 | 3.01 | 2.10 | 2.40 | 1.84 | 3.70 | 1.39 | 1.68 | 2.55 |
| Net interest margin | 3.17 | 10.52 | 2.78 | 3.38 | 3.21 | 1.57 | 3.59 | 3.26 | 3.32 | 3.00 |
| Noninterest income to assets | 1.32 | 6.05 | 1.74 | 0.52 | 0.84 | 0.85 | 0.95 | 5.03 | 0.87 | 1.27 |
| Noninterest expense to assets | 2.45 | 8.96 | 2.45 | 2.29 | 2.32 | 1.57 | 2.01 | 5.30 | 2.79 | 2.21 |
| Credit loss provision to assets** | 0.37 | 3.64 | 0.31 | 0.11 | 0.20 | 0.01 | 0.60 | 0.08 | 0.07 | 0.41 |
| Net operating income to assets | 1.10 | 2.68 | 1.11 | 1.14 | 0.99 | 0.60 | 1.38 | 2.03 | 0.98 | 1.13 |
| Pretax return on assets | 1.42 | 3.51 | 1.71 | 1.28 | 1.16 | 0.78 | 1.72 | 2.77 | 1.09 | 1.37 |
| Return on assets | 1.14 | 2.69 | 1.32 | 1.12 | 0.95 | 0.60 | 1.38 | 2.14 | 0.96 | 1.13 |
| Return on equity | 11.71 | 26.38 | 14.66 | 12.00 | 9.17 | 7.63 | 15.78 | 16.87 | 10.33 | 11.55 |
| Net charge-offs to loans and leases | 0.67 | 4.72 | 0.79 | 0.12 | 0.25 | 0.04 | 0.89 | 0.32 | 0.09 | 0.82 |
| Loan and lease loss provision to net charge-offs | 106.72 | 94.07 | 109.80 | 141.76 | 122.49 | 44.50 | 93.41 | 97.53 | 123.74 | 107.04 |
| Efficiency ratio | 57.64 | 55.36 | 57.74 | 61.55 | 60.51 | 65.55 | 46.36 | 65.75 | 70.14 | 55.00 |
| % of unprofitable institutions | 6.30 | 10.00 | 0.00 | 2.90 | 4.51 | 24.53 | 11.90 | 13.37 | 7.81 | 4.23 |
| % of institutions with earnings gains | 39.83 | 50.00 | 40.00 | 43.26 | 40.26 | 29.56 | 40.48 | 37.62 | 37.24 | 40.85 |
| **Condition Ratios (%)** | | | | | | | | | | |
| Earning assets to total assets | 90.73 | 95.41 | 88.91 | 93.72 | 91.11 | 95.82 | 94.25 | 91.52 | 93.57 | 90.73 |
| Loss Allowance to: | | | | | | | | | | |
| Loans and leases | 1.76 | 6.90 | 1.90 | 1.27 | 1.32 | 0.60 | 1.88 | 1.50 | 1.25 | 1.85 |
| Noncurrent loans and leases | 194.22 | 437.21 | 262.23 | 216.21 | 156.95 | 141.14 | 336.51 | 218.01 | 191.88 | 165.63 |
| Noncurrent assets plus other real estate owned to assets | 0.49 | 1.30 | 0.27 | 0.42 | 0.59 | 0.17 | 0.44 | 0.22 | 0.39 | 0.54 |
| Equity capital ratio | 9.86 | 10.50 | 9.08 | 9.45 | 10.49 | 8.29 | 8.98 | 12.84 | 9.45 | 9.90 |
| Core capital (leverage) ratio | 9.31 | 10.76 | 8.16 | 10.87 | 9.95 | 11.22 | 10.11 | 16.15 | 11.62 | 9.04 |
| Common equity tier 1 capital ratio*** | 14.18 | 12.54 | 15.47 | 13.58 | 12.68 | 30.04 | 15.00 | 39.10 | 18.06 | 14.68 |
| Tier 1 risk-based capital ratio*** | 14.24 | 12.68 | 15.54 | 13.58 | 12.74 | 30.04 | 15.02 | 39.10 | 18.06 | 14.73 |
| Total risk-based capital ratio*** | 15.57 | 14.53 | 16.65 | 14.65 | 14.09 | 30.54 | 16.02 | 39.90 | 19.12 | 16.21 |
| Net loans and leases to deposits | 65.52 | 101.10 | 46.27 | 78.94 | 82.29 | 46.59 | 91.08 | 31.95 | 64.79 | 58.06 |
| Net loans and leases to total assets | 51.59 | 76.63 | 34.34 | 66.00 | 66.30 | 37.39 | 74.98 | 26.26 | 55.70 | 46.39 |
| Domestic deposits to total assets | 72.59 | 75.80 | 52.79 | 83.61 | 80.46 | 80.04 | 82.32 | 82.18 | 85.94 | 77.64 |
| **Structural Changes** | | | | | | | | | | |
| New reporters | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 |
| Institutions absorbed by mergers | 42 | 0 | 0 | 9 | 29 | 2 | 0 | 0 | 1 | 1 |
| Failed institutions | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| **PRIOR FIRST HALVES (The way it was...)** | | | | | | | | | | |
| Number of institutions | 2023 4,645 | 10 | 5 | 1,018 | 2,522 | 327 | 41 | 253 | 402 | 67 |
| | 2021 4,950 | 11 | 5 | 1,130 | 2,585 | 281 | 32 | 311 | 509 | 86 |
| | 2019 5,303 | 11 | 5 | 1,329 | 2,803 | 389 | 70 | 220 | 426 | 50 |
| Total assets (in billions) | 2023 $23,460.9 | $476.2 | $5,885.4 | $289.3 | $8,347.2 | $686.5 | $385.9 | $56.2 | $92.0 | $7,242.2 |
| | 2021 22,774.4 | 477.8 | 5,747.9 | 289.0 | 7,184.7 | 685.2 | 152.7 | 64.5 | 119.4 | 8,053.0 |
| | 2019 18,265.9 | 521.0 | 4,488.8 | 291.1 | 6,584.0 | 356.9 | 222.4 | 37.7 | 75.6 | 5,688.4 |
| Return on assets (%) | 2023 1.29 | 2.84 | 1.28 | 1.23 | 1.33 | 0.65 | 1.41 | 2.87 | 1.05 | 1.20 |
| | 2021 1.31 | 5.77 | 1.24 | 1.44 | 1.31 | 0.88 | 2.09 | 1.81 | 1.11 | 1.11 |
| | 2019 1.36 | 3.21 | 1.25 | 1.33 | 1.24 | 1.15 | 1.38 | 3.07 | 1.43 | 1.43 |
| Net charge-offs to loans & leases (%) | 2023 0.45 | 3.35 | 0.52 | 0.05 | 0.17 | 0.03 | 0.85 | 0.21 | 0.09 | 0.56 |
| | 2021 0.30 | 2.49 | 0.47 | 0.04 | 0.13 | 0.02 | 0.25 | 0.08 | 0.03 | 0.25 |
| | 2019 0.50 | 4.32 | 0.72 | 0.18 | 0.18 | 0.02 | 0.79 | 0.13 | 0.13 | 0.37 |
| Noncurrent assets plus OREO to assets (%) | 2023 0.41 | 1.09 | 0.24 | 0.34 | 0.48 | 0.15 | 0.47 | 0.23 | 0.37 | 0.46 |
| | 2021 0.51 | 0.65 | 0.31 | 0.59 | 0.66 | 0.22 | 0.20 | 0.29 | 0.49 | 0.53 |
| | 2019 0.57 | 1.20 | 0.37 | 0.92 | 0.61 | 1.23 | 0.46 | 0.43 | 0.67 | 0.56 |
| Equity capital ratio (%) | 2023 9.59 | 10.31 | 9.28 | 9.00 | 10.01 | 6.74 | 8.41 | 11.14 | 8.76 | 9.67 |
| | 2021 10.12 | 13.59 | 9.04 | 11.09 | 10.97 | 9.08 | 8.90 | 13.96 | 11.22 | 9.97 |
| | 2019 11.47 | 12.32 | 10.46 | 11.94 | 12.18 | 11.06 | 10.93 | 17.57 | 13.09 | 11.32 |

***Asset Concentration Group Definitions (Groups are hierarchical and mutually exclusive):**
Credit-card Lenders - Institutions whose credit-card loans plus securitized receivables exceed 50 percent of total assets plus securitized receivables.
International Banks - Banks with assets greater than $10 billion and more than 25 percent of total assets in foreign offices.
Agricultural Banks - Banks whose agricultural production loans plus real estate loans secured by farmland exceed 25 percent of the total loans and leases.
Commercial Lenders - Institutions whose commercial and industrial loans, plus real estate construction and development loans, plus loans secured by commercial real estate properties exceed 25 percent of total assets.
Mortgage Lenders - Institutions whose residential mortgage loans, plus mortgage-backed securities, exceed 50 percent of total assets.
Consumer Lenders - Institutions whose residential mortgage loans, plus credit-card loans, plus other loans to individuals, exceed 50 percent of total assets.
Other Specialized < $1 Billion - Institutions with assets less than $1 billion, whose loans and leases are less than 40 percent of total assets.
All Other < $1 billion - Institutions with assets less than $1 billion that do not meet any of the definitions above, they have significant lending activity with no identified asset concentrations.
All Other > $1 billion - Institutions with assets greater than $1 billion that do not meet any of the definitions above, they have significant lending activity with no identified asset concentrations.
** For institutions that have adopted ASU 2016-13, the numerator represents provisions for credit losses on a consolidated basis; for institutions that have not adopted ASU 2016-13, the numerator represents the provision for loan and lease losses. Beginning in 2024, almost all institutions have adopted ASU 2016-13.
*** Beginning March 2020, does not include institutions that have a Community Bank Leverage Ratio election in effect at the report date.

**TABLE IV-A. First Half 2024, All FDIC-Insured Institutions**

| FIRST HALF (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 | 4,539 | 686 | 2,831 | 867 | 141 | 14 | 537 | 510 | 972 | 1,158 | 1,025 | 337 |
| Commercial banks | 3,985 | 605 | 2,508 | 731 | 128 | 13 | 283 | 469 | 840 | 1,124 | 962 | 307 |
| Savings institutions | 554 | 81 | 323 | 136 | 13 | 1 | 254 | 41 | 132 | 34 | 63 | 30 |
| Total assets (in billions) | $23,887.1 | $42.4 | $1,065.8 | $2,415.2 | $6,573.8 | $13,789.9 | $4,623.4 | $4,881.5 | $6,132.1 | $4,213.5 | $1,860.2 | $2,176.5 |
| Commercial banks | 22,686.4 | 37.8 | 934.8 | 2,071.9 | 6,125.8 | 13,516.1 | 4,244.3 | 4,866.5 | 6,055.2 | 4,153.9 | 1,476.6 | 1,889.9 |
| Savings institutions | 1,200.7 | 4.6 | 131.0 | 343.3 | 447.9 | 273.8 | 379.1 | 15.0 | 76.9 | 59.6 | 383.6 | 286.5 |
| Total deposits (in billions) | 18,807.6 | 35.1 | 898.2 | 1,978.2 | 5,289.6 | 10,606.5 | 3,629.5 | 3,879.6 | 4,597.8 | 3,409.3 | 1,524.1 | 1,767.3 |
| Commercial banks | 17,851.5 | 31.7 | 794.3 | 1,710.6 | 4,932.4 | 10,382.5 | 3,330.8 | 3,867.5 | 4,543.1 | 3,358.9 | 1,220.3 | 1,531.0 |
| Savings institutions | 956.1 | 3.4 | 103.9 | 267.6 | 357.2 | 224.0 | 298.6 | 12.1 | 54.7 | 50.5 | 303.8 | 236.3 |
| Bank net income (in millions) | 135,713 | 206 | 5,716 | 12,876 | 37,736 | 79,179 | 21,507 | 24,404 | 42,042 | 22,731 | 8,726 | 16,303 |
| Commercial banks | 131,526 | 189 | 5,036 | 11,917 | 35,520 | 78,865 | 20,613 | 24,355 | 41,524 | 22,220 | 7,907 | 14,907 |
| Savings institutions | 4,187 | 17 | 681 | 959 | 2,217 | 314 | 894 | 49 | 518 | 511 | 819 | 1,396 |
| **Performance Ratios (annualized, %)** | | | | | | | | | | | | |
| Yield on earning assets | 5.80 | 5.32 | 5.48 | 5.75 | 6.37 | 5.56 | 6.06 | 5.58 | 5.49 | 5.82 | 5.16 | 7.14 |
| Cost of funding earning assets | 2.63 | 1.59 | 2.02 | 2.35 | 2.76 | 2.67 | 3.16 | 2.38 | 2.51 | 2.61 | 2.25 | 2.77 |
| Net interest margin | 3.17 | 3.72 | 3.46 | 3.40 | 3.62 | 2.89 | 2.89 | 3.20 | 2.98 | 3.20 | 2.91 | 4.37 |
| Noninterest income to assets | 1.32 | 1.51 | 1.15 | 0.98 | 1.32 | 1.38 | 1.31 | 0.99 | 1.56 | 1.16 | 0.75 | 2.21 |
| Noninterest expense to assets | 2.45 | 3.82 | 3.02 | 2.59 | 2.67 | 2.27 | 2.34 | 2.22 | 2.45 | 2.37 | 2.18 | 3.53 |
| Credit loss provision to assets** | 0.37 | 0.09 | 0.09 | 0.22 | 0.49 | 0.36 | 0.33 | 0.47 | 0.25 | 0.34 | 0.12 | 0.82 |
| Net operating income to assets | 1.10 | 0.91 | 1.08 | 1.08 | 1.16 | 1.08 | 0.96 | 1.02 | 1.19 | 1.08 | 0.94 | 1.52 |
| Pretax return on assets | 1.42 | 1.15 | 1.26 | 1.34 | 1.49 | 1.42 | 1.21 | 1.11 | 1.78 | 1.34 | 1.13 | 1.95 |
| Return on assets | 1.14 | 0.97 | 1.08 | 1.08 | 1.15 | 1.15 | 0.94 | 1.00 | 1.38 | 1.07 | 0.93 | 1.50 |
| Return on equity | 11.71 | 7.50 | 10.90 | 10.61 | 11.43 | 12.13 | 9.14 | 10.03 | 14.88 | 11.29 | 9.69 | 15.27 |
| Net charge-offs to loans and leases | 0.67 | 0.07 | 0.09 | 0.28 | 0.76 | 0.78 | 0.68 | 0.80 | 0.45 | 0.69 | 0.15 | 1.20 |
| Loan and lease loss provision to net charge-offs | 106.72 | 222.38 | 159.73 | 112.24 | 102.36 | 108.43 | 90.99 | 114.76 | 117.34 | 101.97 | 142.71 | 105.16 |
| Efficiency ratio | 57.64 | 76.62 | 68.69 | 61.58 | 56.46 | 56.57 | 59.14 | 56.67 | 57.37 | 58.07 | 61.10 | 55.36 |
| % of unprofitable institutions | 6.30 | 14.58 | 5.44 | 3.23 | 2.84 | 0.00 | 11.17 | 8.43 | 6.69 | 2.59 | 5.27 | 10.09 |
| % of institutions with earnings gains | 39.83 | 39.65 | 41.15 | 35.87 | 40.43 | 21.43 | 27.93 | 40.20 | 41.46 | 43.70 | 41.46 | 35.31 |
| **Condition Ratios (%)** | | | | | | | | | | | | |
| Earning assets to total assets | 90.73 | 93.12 | 93.74 | 93.07 | 91.96 | 89.50 | 89.92 | 90.56 | 89.91 | 90.51 | 92.66 | 93.95 |
| Loss Allowance to: | | | | | | | | | | | | |
| Loans and leases | 1.76 | 1.39 | 1.27 | 1.31 | 1.87 | 1.87 | 1.71 | 1.78 | 1.60 | 1.83 | 1.21 | 2.42 |
| Noncurrent loans and leases | 194.22 | 140.81 | 204.78 | 187.95 | 195.81 | 193.80 | 156.19 | 198.75 | 200.24 | 200.12 | 133.39 | 304.60 |
| Noncurrent assets plus other real estate owned to assets | 0.49 | 0.62 | 0.45 | 0.54 | 0.63 | 0.42 | 0.59 | 0.48 | 0.40 | 0.47 | 0.57 | 0.54 |
| Equity capital ratio | 9.86 | 13.11 | 10.02 | 10.20 | 10.20 | 9.62 | 10.37 | 10.12 | 9.39 | 9.65 | 9.83 | 9.97 |
| Core capital (leverage) ratio | 9.31 | 14.58 | 11.44 | 10.70 | 9.81 | 8.63 | 9.59 | 8.93 | 8.75 | 9.07 | 10.59 | 10.39 |
| Common equity tier 1 capital ratio*** | 14.18 | 22.97 | 15.58 | 13.59 | 13.63 | 14.52 | 14.44 | 13.47 | 14.50 | 13.42 | 15.52 | 14.79 |
| Tier 1 risk-based capital ratio*** | 14.24 | 22.97 | 15.61 | 13.62 | 13.74 | 14.56 | 14.47 | 13.52 | 14.55 | 13.50 | 15.59 | 14.85 |
| Total risk-based capital ratio*** | 15.57 | 24.01 | 16.72 | 14.69 | 15.12 | 15.93 | 15.70 | 14.80 | 15.96 | 15.02 | 16.76 | 16.14 |
| Net loans and leases to deposits | 65.52 | 68.19 | 78.07 | 85.11 | 78.28 | 54.43 | 66.90 | 64.43 | 62.51 | 60.23 | 69.81 | 79.39 |
| Net loans and leases to total assets | 51.59 | 56.42 | 65.79 | 69.71 | 62.99 | 41.86 | 52.52 | 51.21 | 46.87 | 48.74 | 57.19 | 64.47 |
| Domestic deposits to total assets | 72.59 | 82.73 | 84.27 | 81.81 | 79.07 | 66.94 | 74.45 | 76.91 | 65.80 | 67.01 | 81.91 | 80.86 |
| **Structural Changes** | | | | | | | | | | | | |
| New reporters | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 |
| Institutions absorbed by mergers | 42 | 9 | 25 | 7 | 1 | 0 | 2 | 6 | 10 | 13 | 6 | 5 |
| Failed institutions | 1 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| **PRIOR FIRST HALVES (The way it was...)** | | | | | | | | | | | | |
| Number of institutions 2023 | 4,645 | 733 | 2,920 | 836 | 142 | 14 | 547 | 528 | 994 | 1,188 | 1,043 | 345 |
| 2021 | 4,950 | 870 | 3,103 | 817 | 147 | 13 | 586 | 565 | 1,059 | 1,275 | 1,095 | 370 |
| 2019 | 5,303 | 1,230 | 3,281 | 651 | 132 | 9 | 640 | 611 | 1,143 | 1,357 | 1,165 | 387 |
| Total assets (in billions) 2023 | $23,460.9 | $44.3 | $1,080.1 | $2,305.7 | $6,465.8 | $13,564.9 | $4,519.0 | $4,773.8 | $5,963.0 | $4,159.7 | $2,013.5 | $2,031.9 |
| 2021 | 22,774.4 | 53.0 | 1,117.8 | 2,151.7 | 6,742.7 | 12,709.2 | 4,216.8 | 4,652.3 | 5,473.4 | 4,160.0 | 1,887.2 | 2,384.7 |
| 2019 | 18,265.9 | 72.7 | 1,090.1 | 1,716.1 | 6,287.9 | 9,099.1 | 3,316.9 | 3,735.2 | 4,220.8 | 3,745.8 | 1,169.1 | 2,078.1 |
| Return on assets (%) 2023 | 1.29 | 1.01 | 1.22 | 1.18 | 1.55 | 1.19 | 1.13 | 1.60 | 1.32 | 1.15 | 1.02 | 1.38 |
| 2021 | 1.31 | 1.10 | 1.34 | 1.45 | 1.54 | 1.17 | 1.17 | 1.25 | 1.34 | 1.26 | 1.19 | 1.82 |
| 2019 | 1.36 | 1.00 | 1.29 | 1.26 | 1.42 | 1.36 | 1.13 | 1.42 | 1.35 | 1.32 | 1.36 | 1.74 |
| Net charge-offs to loans & leases (%) 2023 | 0.45 | 0.04 | 0.06 | 0.22 | 0.50 | 0.53 | 0.42 | 0.56 | 0.32 | 0.41 | 0.13 | 0.87 |
| 2021 | 0.30 | 0.06 | 0.05 | 0.14 | 0.37 | 0.33 | 0.30 | 0.34 | 0.24 | 0.38 | 0.11 | 0.39 |
| 2019 | 0.50 | 0.14 | 0.10 | 0.19 | 0.66 | 0.52 | 0.46 | 0.56 | 0.39 | 0.52 | 0.21 | 0.78 |
| Noncurrent assets plus OREO to assets (%) 2023 | 0.41 | 0.49 | 0.36 | 0.43 | 0.52 | 0.36 | 0.48 | 0.40 | 0.34 | 0.41 | 0.47 | 0.46 |
| 2021 | 0.51 | 0.66 | 0.50 | 0.55 | 0.68 | 0.40 | 0.50 | 0.48 | 0.43 | 0.52 | 0.89 | 0.41 |
| 2019 | 0.57 | 0.97 | 0.73 | 0.64 | 0.60 | 0.51 | 0.54 | 0.58 | 0.53 | 0.62 | 0.76 | 0.45 |
| Equity capital ratio (%) 2023 | 9.59 | 12.63 | 9.55 | 9.82 | 9.67 | 9.51 | 10.02 | 9.87 | 9.44 | 9.55 | 8.44 | 9.64 |
| 2021 | 10.12 | 13.41 | 10.93 | 10.94 | 10.72 | 9.58 | 10.35 | 10.61 | 9.59 | 9.86 | 10.22 | 10.39 |
| 2019 | 11.47 | 14.36 | 11.95 | 12.08 | 12.07 | 10.85 | 12.07 | 12.29 | 11.18 | 10.29 | 12.13 | 11.38 |

*** Regions:**
New York - Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, U.S. Virgin Islands
Atlanta - Alabama, Florida, Georgia, North Carolina, South Carolina, Virginia, West Virginia
Chicago - Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin
Kansas City - Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota
Dallas - Arkansas, Colorado, Louisiana, Mississippi, New Mexico, Oklahoma, Tennessee, Texas
San Francisco - Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, Pacific Islands, Utah, Washington, Wyoming
** For institutions that have adopted ASU 2016-13, the numerator represents provisions for credit losses on a consolidated basis; for institutions that have not adopted ASU 2016-13, the numerator represents the provision for loan and lease losses. Beginning in 2024, almost all institutions have adopted ASU 2016-13.
*** 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**

| June 30, 2024 | All Insured Institutions | Asset Concentration Groups* | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Credit Card Banks | International Banks | Agricultural Banks | Commercial Lenders | Mortgage Lenders | Consumer Lenders | Other Specialized <$1 Billion | All Other <$1 Billion | All Other >$1 Billion |
| **Percent of Loans 30-89 Days Past Due** | | | | | | | | | | |
| All loans secured by real estate | 0.46 | 0.38 | 0.37 | 0.54 | 0.47 | 0.32 | 0.16 | 0.70 | 0.86 | 0.53 |
| Construction and development | 0.40 | 0.00 | 0.52 | 0.69 | 0.39 | 0.38 | 0.10 | 0.74 | 0.89 | 0.31 |
| Nonfarm nonresidential | 0.26 | 0.66 | 0.64 | 0.50 | 0.22 | 0.15 | 0.02 | 0.56 | 0.62 | 0.31 |
| Multifamily residential real estate | 0.39 | 0.00 | 0.36 | 0.21 | 0.43 | 0.08 | 0.58 | 0.32 | 0.21 | 0.25 |
| Home equity loans | 0.58 | 0.00 | 0.80 | 0.58 | 0.59 | 0.39 | 0.23 | 0.62 | 0.82 | 0.54 |
| Other 1-4 family residential | 0.64 | 0.36 | 0.32 | 0.76 | 0.81 | 0.34 | 0.17 | 0.92 | 1.04 | 0.65 |
| Commercial and industrial loans | 0.31 | 0.77 | 0.40 | 0.89 | 0.28 | 0.25 | 0.49 | 0.78 | 0.87 | 0.26 |
| Loans to individuals | 1.56 | 1.64 | 1.09 | 1.08 | 1.12 | 0.36 | 2.58 | 1.56 | 1.32 | 1.80 |
| Credit card loans | 1.52 | 1.66 | 1.12 | 1.09 | 1.65 | 1.61 | 2.55 | 0.60 | 1.47 | 1.74 |
| Other loans to individuals | 1.60 | 1.43 | 1.01 | 1.07 | 1.08 | 0.33 | 2.58 | 1.62 | 1.32 | 1.86 |
| All other loans and leases (including farm) | 0.16 | 0.68 | 0.25 | 0.56 | 0.14 | 0.06 | 0.05 | 0.67 | 0.41 | 0.09 |
| Total loans and leases | 0.57 | 1.52 | 0.49 | 0.61 | 0.44 | 0.32 | 1.61 | 0.79 | 0.88 | 0.64 |
| **Percent of Loans Noncurrent**** | | | | | | | | | | |
| All real estate loans | 1.10 | 1.07 | 1.00 | 0.55 | 0.91 | 0.46 | 0.29 | 0.74 | 0.58 | 1.93 |
| Construction and development | 0.59 | 0.00 | 1.58 | 0.61 | 0.51 | 0.50 | 0.10 | 0.21 | 0.24 | 0.71 |
| Nonfarm nonresidential | 1.36 | 2.04 | 2.32 | 0.61 | 0.90 | 0.50 | 0.24 | 0.75 | 0.68 | 3.87 |
| Multifamily residential real estate | 0.50 | 0.66 | 0.15 | 0.68 | 0.62 | 0.11 | 0.00 | 0.45 | 0.13 | 0.43 |
| Home equity loans | 1.69 | 0.00 | 5.67 | 0.24 | 1.10 | 0.42 | 4.14 | 0.63 | 0.34 | 2.49 |
| Other 1-4 family residential | 1.11 | 1.02 | 0.80 | 0.42 | 1.15 | 0.47 | 0.24 | 0.84 | 0.61 | 1.45 |
| Commercial and industrial loans | 0.82 | 0.72 | 0.72 | 1.02 | 0.94 | 0.32 | 0.44 | 0.82 | 0.85 | 0.71 |
| Loans to individuals | 1.09 | 1.70 | 1.04 | 0.43 | 0.57 | 0.13 | 0.74 | 0.42 | 0.49 | 1.15 |
| Credit card loans | 1.64 | 1.82 | 1.25 | 0.38 | 1.59 | 1.28 | 3.52 | 0.12 | 0.69 | 1.84 |
| Other loans to individuals | 0.47 | 0.55 | 0.26 | 0.44 | 0.50 | 0.10 | 0.70 | 0.44 | 0.49 | 0.42 |
| All other loans and leases (including farm) | 0.22 | 0.71 | 0.17 | 0.49 | 0.28 | 0.08 | 0.02 | 0.20 | 1.62 | 0.20 |
| Total loans and leases | 0.91 | 1.58 | 0.73 | 0.59 | 0.84 | 0.42 | 0.56 | 0.69 | 0.65 | 1.12 |
| **Percent of Loans Charged-Off (net, YTD)** | | | | | | | | | | |
| All real estate loans | 0.11 | 0.14 | 0.08 | 0.00 | 0.10 | 0.00 | 0.01 | -0.03 | 0.03 | 0.18 |
| Construction and development | 0.04 | 0.00 | 0.00 | 0.00 | 0.04 | 0.00 | 0.00 | -0.07 | 0.07 | 0.08 |
| Nonfarm nonresidential | 0.33 | 0.00 | 0.73 | 0.01 | 0.22 | -0.01 | 0.00 | -0.02 | 0.00 | 0.91 |
| Multifamily residential real estate | 0.07 | 0.00 | 0.07 | 0.04 | 0.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.02 |
| Home equity loans | -0.05 | 0.00 | -0.23 | 0.00 | 0.01 | -0.02 | 0.56 | -0.02 | 0.00 | -0.16 |
| Other 1-4 family residential | 0.00 | 0.16 | -0.01 | 0.01 | 0.00 | 0.00 | 0.00 | -0.02 | 0.04 | -0.01 |
| Commercial and industrial loans | 0.44 | 2.74 | 0.45 | 0.35 | 0.43 | 0.27 | 0.29 | 0.19 | 0.21 | 0.34 |
| Loans to individuals | 3.02 | 5.06 | 3.16 | 0.55 | 1.44 | 0.42 | 1.44 | 3.04 | 0.50 | 3.10 |
| Credit card loans | 4.74 | 5.22 | 3.83 | 2.37 | 5.69 | 3.81 | 11.34 | 1.18 | 0.63 | 5.03 |
| Other loans to individuals | 1.15 | 3.33 | 0.74 | 0.35 | 1.12 | 0.33 | 1.29 | 3.15 | 0.50 | 1.07 |
| All other loans and leases (including farm) | 0.10 | 2.42 | 0.07 | 0.28 | 0.10 | 0.07 | 0.04 | 0.65 | 0.23 | 0.12 |
| Total loans and leases | 0.67 | 4.72 | 0.79 | 0.12 | 0.25 | 0.04 | 0.89 | 0.32 | 0.09 | 0.82 |
| **Loans Outstanding (in billions)** | | | | | | | | | | |
| All real estate loans | $5,976.9 | $8.1 | $693.9 | $128.9 | $3,611.1 | $186.6 | $62.6 | $8.9 | $38.3 | $1,238.5 |
| Construction and development | 495.8 | 0.1 | 24.0 | 9.7 | 393.3 | 5.1 | 0.6 | 1.0 | 2.9 | 59.1 |
| Nonfarm nonresidential | 1,832.8 | 0.6 | 71.1 | 33.8 | 1,436.0 | 14.1 | 8.8 | 3.1 | 8.2 | 257.1 |
| Multifamily residential real estate | 625.0 | 0.0 | 115.1 | 5.5 | 423.0 | 3.8 | 1.1 | 0.3 | 1.1 | 75.0 |
| Home equity loans | 273.9 | 0.0 | 18.8 | 2.3 | 180.5 | 9.6 | 0.8 | 0.3 | 1.2 | 60.5 |
| Other 1-4 family residential | 2,586.2 | 7.2 | 431.2 | 30.6 | 1,115.2 | 153.1 | 51.2 | 3.7 | 21.6 | 772.3 |
| Commercial and industrial loans | 2,499.8 | 46.3 | 373.4 | 24.1 | 1,229.7 | 6.7 | 41.7 | 1.5 | 4.4 | 772.0 |
| Loans to individuals | 2,111.4 | 376.9 | 445.8 | 6.9 | 349.5 | 15.6 | 168.8 | 1.1 | 4.2 | 742.6 |
| Credit card loans | 1,104.9 | 342.7 | 351.0 | 0.7 | 24.1 | 0.4 | 2.7 | 0.1 | 0.0 | 383.3 |
| Other loans to individuals | 1,006.6 | 34.2 | 94.8 | 6.2 | 325.4 | 15.3 | 166.1 | 1.1 | 4.2 | 359.3 |
| All other loans and leases (including farm) | 1,956.9 | 2.0 | 594.3 | 41.0 | 522.5 | 6.5 | 16.5 | 0.7 | 2.6 | 770.8 |
| Total loans and leases (plus unearned income) | 12,545.1 | 433.4 | 2,107.4 | 201.0 | 5,712.8 | 215.3 | 289.6 | 12.2 | 49.4 | 3,523.9 |
| **Memo: Other Real Estate Owned (in millions)** | | | | | | | | | | |
| All other real estate owned | 3,394.2 | 0.2 | 305.0 | 73.9 | 2,146.6 | 40.3 | 22.1 | 14.8 | 24.1 | 767.2 |
| Construction and development | 474.0 | 0.0 | 10.0 | 14.7 | 400.9 | 9.4 | 1.4 | 4.3 | 8.1 | 25.2 |
| Nonfarm nonresidential | 1,965.7 | 0.0 | 184.0 | 29.4 | 1,203.6 | 10.7 | 0.2 | 6.8 | 7.9 | 523.1 |
| Multifamily residential real estate | 148.6 | 0.0 | 6.0 | 0.8 | 137.0 | 0.1 | 0.0 | 0.0 | 0.4 | 4.3 |
| 1-4 family residential | 766.2 | 0.2 | 103.0 | 12.6 | 384.3 | 20.1 | 20.5 | 3.7 | 7.3 | 214.5 |
| Farmland | 37.0 | 0.0 | 0.0 | 16.4 | 20.2 | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 |

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

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

| June 30, 2024 | 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 |
| **Percent of Loans 30-89 Days Past Due** | | | | | | | | | | | | |
| All loans secured by real estate | 0.46 | 1.05 | 0.49 | 0.32 | 0.53 | 0.47 | 0.50 | 0.45 | 0.38 | 0.49 | 0.68 | 0.30 |
| Construction and development | 0.40 | 1.15 | 0.55 | 0.43 | 0.36 | 0.32 | 0.45 | 0.27 | 0.35 | 0.40 | 0.46 | 0.41 |
| Nonfarm nonresidential | 0.26 | 0.73 | 0.38 | 0.24 | 0.19 | 0.34 | 0.28 | 0.19 | 0.32 | 0.29 | 0.22 | 0.24 |
| Multifamily residential real estate | 0.39 | 0.36 | 0.22 | 0.24 | 0.55 | 0.31 | 0.65 | 0.13 | 0.29 | 0.48 | 0.17 | 0.17 |
| Home equity loans | 0.58 | 0.43 | 0.55 | 0.51 | 0.68 | 0.53 | 0.58 | 0.53 | 0.62 | 0.63 | 0.67 | 0.48 |
| Other 1-4 family residential | 0.64 | 1.38 | 0.63 | 0.41 | 0.88 | 0.55 | 0.61 | 0.70 | 0.41 | 0.62 | 1.48 | 0.39 |
| Commercial and industrial loans | 0.31 | 1.18 | 0.74 | 0.42 | 0.28 | 0.28 | 0.22 | 0.24 | 0.35 | 0.35 | 0.37 | 0.47 |
| Loans to individuals | 1.56 | 1.48 | 1.20 | 1.77 | 1.52 | 1.57 | 1.42 | 2.13 | 0.92 | 1.40 | 1.35 | 1.79 |
| Credit card loans | 1.52 | 3.51 | 1.97 | 3.44 | 1.57 | 1.44 | 1.83 | 1.90 | 1.03 | 1.30 | 0.58 | 1.55 |
| Other loans to individuals | 1.60 | 1.47 | 1.18 | 1.41 | 1.49 | 1.77 | 1.06 | 2.38 | 0.80 | 1.64 | 1.40 | 2.02 |
| All other loans and leases (including farm) | 0.16 | 0.52 | 0.49 | 0.34 | 0.15 | 0.15 | 0.05 | 0.08 | 0.31 | 0.17 | 0.22 | 0.08 |
| Total loans and leases | 0.57 | 1.02 | 0.54 | 0.42 | 0.63 | 0.57 | 0.53 | 0.66 | 0.44 | 0.53 | 0.62 | 0.77 |
| **Percent of Loans Noncurrent**** | | | | | | | | | | | | |
| All real estate loans | 1.10 | 0.99 | 0.57 | 0.58 | 1.10 | 1.58 | 1.24 | 1.15 | 1.00 | 1.40 | 0.99 | 0.65 |
| Construction and development | 0.59 | 0.91 | 0.59 | 0.75 | 0.34 | 0.86 | 0.82 | 0.58 | 0.78 | 0.35 | 0.41 | 0.60 |
| Nonfarm nonresidential | 1.36 | 1.40 | 0.68 | 0.57 | 1.16 | 3.29 | 1.72 | 1.62 | 1.24 | 2.24 | 0.63 | 0.69 |
| Multifamily residential real estate | 0.50 | 0.90 | 0.33 | 0.44 | 0.77 | 0.24 | 0.94 | 0.32 | 0.33 | 0.29 | 0.44 | 0.18 |
| Home equity loans | 1.69 | 0.84 | 0.57 | 0.49 | 1.13 | 2.88 | 1.52 | 1.21 | 2.14 | 3.67 | 0.82 | 0.68 |
| Other 1-4 family residential | 1.11 | 0.91 | 0.49 | 0.57 | 1.35 | 1.22 | 1.00 | 0.97 | 1.00 | 1.31 | 1.86 | 0.76 |
| Commercial and industrial loans | 0.82 | 1.41 | 1.04 | 1.20 | 0.91 | 0.68 | 1.19 | 0.73 | 0.90 | 0.44 | 0.82 | 0.93 |
| Loans to individuals | 1.09 | 0.78 | 0.42 | 1.02 | 1.07 | 1.11 | 1.20 | 1.26 | 0.70 | 1.18 | 0.58 | 1.14 |
| Credit card loans | 1.64 | 1.73 | 1.01 | 3.49 | 1.74 | 1.55 | 1.99 | 1.98 | 1.10 | 1.47 | 0.41 | 1.71 |
| Other loans to individuals | 0.47 | 0.77 | 0.40 | 0.48 | 0.50 | 0.45 | 0.51 | 0.52 | 0.27 | 0.43 | 0.59 | 0.58 |
| All other loans and leases (including farm) | 0.22 | 0.68 | 0.59 | 0.54 | 0.19 | 0.20 | 0.37 | 0.09 | 0.27 | 0.13 | 0.40 | 0.16 |
| Total loans and leases | 0.91 | 0.99 | 0.62 | 0.70 | 0.95 | 0.97 | 1.09 | 0.90 | 0.80 | 0.92 | 0.90 | 0.80 |
| **Percent of Loans Charged-Off (net, YTD)** | | | | | | | | | | | | |
| All real estate loans | 0.11 | 0.00 | 0.02 | 0.04 | 0.12 | 0.17 | 0.17 | 0.17 | 0.05 | 0.13 | 0.05 | 0.07 |
| Construction and development | 0.04 | 0.06 | 0.01 | 0.02 | 0.05 | 0.05 | 0.07 | 0.03 | 0.03 | 0.05 | 0.02 | 0.03 |
| Nonfarm nonresidential | 0.33 | 0.00 | 0.03 | 0.06 | 0.28 | 0.95 | 0.45 | 0.51 | 0.22 | 0.49 | 0.09 | 0.15 |
| Multifamily residential real estate | 0.07 | 0.12 | 0.01 | 0.06 | 0.10 | 0.05 | 0.14 | 0.01 | 0.03 | 0.14 | 0.01 | 0.02 |
| Home equity loans | -0.05 | 0.00 | 0.03 | 0.01 | 0.00 | -0.12 | 0.01 | -0.09 | -0.08 | -0.12 | 0.01 | 0.01 |
| Other 1-4 family residential | 0.00 | 0.01 | 0.00 | 0.00 | 0.00 | -0.01 | -0.01 | -0.01 | -0.01 | 0.00 | 0.02 | 0.03 |
| Commercial and industrial loans | 0.44 | 0.31 | 0.27 | 0.44 | 0.57 | 0.38 | 0.33 | 0.43 | 0.50 | 0.28 | 0.38 | 0.95 |
| Loans to individuals | 3.02 | 0.52 | 0.95 | 3.16 | 2.99 | 3.09 | 3.30 | 3.19 | 2.08 | 3.68 | 0.91 | 3.22 |
| Credit card loans | 4.74 | 14.47 | 6.65 | 10.23 | 4.99 | 4.46 | 5.74 | 5.08 | 3.46 | 4.60 | 1.58 | 4.97 |
| Other loans to individuals | 1.15 | 0.42 | 0.82 | 1.55 | 1.25 | 1.01 | 1.17 | 1.22 | 0.62 | 1.33 | 0.86 | 1.51 |
| All other loans and leases (including farm) | 0.10 | -0.03 | 0.11 | 0.27 | 0.09 | 0.10 | 0.08 | 0.11 | 0.11 | 0.09 | 0.17 | 0.13 |
| Total loans and leases | 0.67 | 0.07 | 0.09 | 0.28 | 0.76 | 0.78 | 0.68 | 0.80 | 0.45 | 0.69 | 0.15 | 1.20 |
| **Loans Outstanding (in billions)** | | | | | | | | | | | | |
| All real estate loans | $5,976.9 | $16.5 | $557.8 | $1,273.8 | $2,098.9 | $2,029.9 | $1,291.2 | $1,017.8 | $1,348.5 | $924.2 | $763.0 | $632.3 |
| Construction and development | 495.8 | 1.1 | 55.7 | 139.1 | 203.3 | 96.6 | 89.8 | 77.3 | 87.9 | 71.8 | 121.7 | 47.4 |
| Nonfarm nonresidential | 1,832.8 | 3.5 | 200.4 | 534.0 | 729.7 | 365.2 | 408.7 | 337.9 | 305.0 | 226.7 | 306.6 | 247.9 |
| Multifamily residential real estate | 625.0 | 0.5 | 33.9 | 142.7 | 251.7 | 196.2 | 197.5 | 56.8 | 181.2 | 66.3 | 43.6 | 79.6 |
| Home equity loans | 273.9 | 0.3 | 17.4 | 43.6 | 102.7 | 110.0 | 75.9 | 58.5 | 68.5 | 26.4 | 21.9 | 22.7 |
| Other 1-4 family residential | 2,586.2 | 8.0 | 198.1 | 372.1 | 794.1 | 1,213.9 | 513.8 | 472.3 | 678.2 | 452.0 | 244.7 | 225.2 |
| Commercial and industrial loans | 2,499.8 | 2.9 | 83.6 | 259.3 | 811.3 | 1,342.7 | 420.5 | 630.6 | 604.5 | 438.8 | 198.4 | 207.0 |
| Loans to individuals | 2,111.4 | 1.6 | 27.1 | 94.8 | 816.0 | 1,171.9 | 392.1 | 484.0 | 424.1 | 315.1 | 42.3 | 453.9 |
| Credit card loans | 1,104.9 | 0.0 | 0.6 | 17.1 | 378.2 | 709.0 | 181.9 | 246.1 | 221.8 | 228.2 | 2.8 | 224.0 |
| Other loans to individuals | 1,006.6 | 1.6 | 26.5 | 77.8 | 437.8 | 462.9 | 210.2 | 237.9 | 202.3 | 86.9 | 39.5 | 229.8 |
| All other loans and leases (including farm) | 1,956.9 | 3.3 | 42.0 | 78.6 | 494.3 | 1,338.8 | 366.8 | 412.9 | 544.0 | 414.0 | 73.6 | 145.5 |
| Total loans and leases (plus unearned income) | 12,545.1 | 24.3 | 710.5 | 1,706.6 | 4,220.5 | 5,883.3 | 2,470.6 | 2,545.3 | 2,921.1 | 2,092.0 | 1,077.3 | 1,438.7 |
| **Memo: Other Real Estate Owned (in millions)** | | | | | | | | | | | | |
| All other real estate owned | 3,394.2 | 22.9 | 383.8 | 979.7 | 849.8 | 1,158.1 | 423.8 | 690.3 | 618.9 | 633.2 | 773.3 | 254.7 |
| Construction and development | 474.0 | 1.7 | 118.1 | 208.4 | 118.4 | 27.6 | 45.3 | 38.1 | 30.3 | 114.0 | 220.0 | 26.5 |
| Nonfarm nonresidential | 1,965.7 | 9.6 | 149.0 | 536.8 | 413.3 | 857.0 | 137.8 | 496.7 | 375.6 | 414.7 | 410.6 | 130.4 |
| Multifamily residential real estate | 148.6 | 3.7 | 11.9 | 99.4 | 22.6 | 11.2 | 40.5 | 5.4 | 17.4 | 52.6 | 22.9 | 10.0 |
| 1-4 family residential | 766.2 | 7.7 | 88.4 | 115.3 | 294.5 | 260.4 | 200.2 | 145.1 | 193.3 | 42.8 | 98.4 | 86.5 |
| Farmland | 37.0 | 0.2 | 16.4 | 19.2 | 1.0 | 0.0 | 0.0 | 5.1 | 1.7 | 7.2 | 21.4 | 1.5 |

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

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

| (dollar figures in millions; notional amounts unless otherwise indicated) | 2nd Quarter 2024 | 1st Quarter 2024 | 4th Quarter 2023 | 3rd Quarter 2023 | 2nd Quarter 2023 | % Change 23Q2-24Q2 | Asset Size Distribution: Less Than $100 Million | $100 Million to $1 Billion | $1 Billion to $10 Billion | $10 Billion to $250 Billion | Greater Than $250 Billion |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **ALL DERIVATIVE HOLDERS** | | | | | | | | | | | |
| Number of institutions reporting derivatives | 1,232 | 1,209 | 1,186 | 1,186 | 1,188 | 3.7 | 10 | 508 | 567 | 133 | 14 |
| Total assets of institutions reporting derivatives | $22,113,041 | $22,048,631 | $21,695,752 | $21,461,212 | $21,520,764 | 2.8 | $599 | $262,586 | $1,781,325 | $6,278,633 | $13,789,899 |
| Total deposits of institutions reporting derivatives | 17,342,447 | 17,425,665 | 17,192,988 | 16,948,507 | 17,039,587 | 1.8 | 440 | 219,196 | 1,458,450 | 5,057,831 | 10,606,530 |
| Total derivatives | 211,482,233 | 209,327,843 | 194,773,965 | 207,457,275 | 224,649,005 | -5.9 | 184 | 13,512 | 241,455 | 4,126,483 | 207,100,599 |
| **Derivative Contracts by Underlying Risk Exposure** | | | | | | | | | | | |
| Interest rate | 144,997,017 | 144,461,987 | 136,305,506 | 145,867,852 | 164,099,799 | -11.6 | 184 | 13,266 | 233,354 | 2,221,604 | 142,528,608 |
| Foreign exchange* | 54,366,372 | 53,056,308 | 47,555,596 | 49,994,101 | 49,083,132 | 10.8 | 0 | 0 | 3,063 | 1,638,737 | 52,724,571 |
| Equity | 6,307,683 | 6,252,639 | 5,673,759 | 5,935,178 | 5,471,364 | 15.3 | 0 | 32 | 66 | 74,233 | 6,233,353 |
| Commodity & other (excluding credit derivatives) | 1,698,859 | 1,557,382 | 1,492,562 | 1,544,142 | 1,519,658 | 11.8 | 0 | 0 | 146 | 93,548 | 1,605,165 |
| Credit | 4,111,544 | 3,998,851 | 3,745,780 | 4,115,115 | 4,474,264 | -8.1 | 0 | 15 | 4,264 | 98,361 | 4,008,903 |
| Total | 211,481,474 | 209,327,166 | 194,773,203 | 207,456,389 | 224,648,217 | -5.9 | 184 | 13,314 | 240,894 | 4,126,483 | 207,100,599 |
| **Derivative Contracts by Transaction Type** | | | | | | | | | | | |
| Swaps | 127,082,692 | 124,892,692 | 117,303,421 | 124,696,738 | 143,242,663 | -11.3 | 0 | 1,634 | 165,939 | 2,523,280 | 124,391,838 |
| Futures & forwards | 36,700,822 | 36,821,596 | 31,807,000 | 34,331,184 | 33,317,789 | 10.2 | 0 | 1,212 | 8,719 | 1,052,155 | 35,638,735 |
| Purchased options | 19,983,251 | 20,186,260 | 19,595,099 | 20,220,326 | 20,128,140 | -0.7 | 0 | 873 | 22,315 | 211,299 | 19,748,763 |
| Written options | 20,219,395 | 20,192,038 | 20,012,756 | 20,929,531 | 20,751,786 | -2.6 | 0 | 1,276 | 10,046 | 183,013 | 20,025,060 |
| Total | 203,986,159 | 202,092,585 | 188,718,277 | 200,177,778 | 217,440,378 | -6.2 | 0 | 4,995 | 207,019 | 3,969,747 | 199,804,397 |
| **Fair Value of Derivative Contracts** | | | | | | | | | | | |
| Interest rate contracts | 67,174 | 63,247 | 56,308 | 72,427 | 54,260 | 23.8 | 0 | 60 | 1,689 | 161 | 65,265 |
| Foreign exchange contracts | 5,251 | 11,737 | -14,861 | 17,473 | 9,781 | -46.3 | 0 | 0 | -1 | 416 | 4,836 |
| Equity contracts | -17,438 | -18,264 | -9,259 | -2,176 | -7,184 | N/M | 0 | 3 | 1 | -617 | -16,825 |
| Commodity & other (excluding credit derivatives) | 3,273 | 1,531 | 620 | 4,374 | 1,819 | 79.9 | 0 | 0 | 2 | 159 | 3,112 |
| Credit derivatives as guarantor** | 20,415 | 23,067 | 21,218 | 11,961 | 15,417 | 32.4 | 0 | 0 | 9 | 50 | 20,356 |
| Credit derivatives as beneficiary** | -24,337 | -26,934 | -27,002 | -10,044 | -17,353 | N/M | 0 | 0 | -14 | -823 | -23,500 |
| **Derivative Contracts by Maturity*** ** | | | | | | | | | | | |
| Interest rate contracts < 1 year | 95,828,261 | 96,124,330 | 87,575,398 | 97,310,457 | 112,941,103 | -15.2 | 0 | 1,907 | 26,791 | 1,007,990 | 94,791,573 |
| 1-5 years | 29,557,273 | 29,103,598 | 29,666,453 | 29,225,270 | 29,394,254 | 0.6 | 0 | 3,867 | 107,289 | 757,404 | 28,688,714 |
| > 5 years | 23,268,543 | 22,392,575 | 21,816,336 | 21,230,144 | 21,501,885 | 8.2 | 0 | 1,896 | 66,142 | 320,616 | 22,879,889 |
| Foreign exchange and gold contracts < 1 year | 39,180,428 | 39,005,225 | 34,341,088 | 36,129,459 | 35,713,645 | 9.7 | 0 | 0 | 2,053 | 1,478,595 | 37,699,780 |
| 1-5 years | 6,854,640 | 6,726,699 | 6,861,582 | 6,295,543 | 5,264,869 | 30.2 | 0 | 0 | 175 | 101,298 | 6,753,167 |
| > 5 years | 3,422,696 | 3,485,706 | 3,501,034 | 3,277,695 | 3,320,695 | 3.1 | 0 | 0 | 3 | 6,251 | 3,416,442 |
| Equity contracts < 1 year | 6,414,377 | 6,047,242 | 5,469,120 | 5,522,081 | 5,331,690 | 20.3 | 0 | 9 | 19 | 28,551 | 6,385,798 |
| 1-5 years | 1,459,359 | 1,401,254 | 1,304,408 | 1,435,623 | 1,142,255 | 27.8 | 0 | 23 | 13 | 36,148 | 1,423,175 |
| > 5 years | 142,927 | 110,710 | 98,619 | 109,587 | 133,313 | 7.2 | 0 | 0 | 2 | 3,547 | 139,378 |
| Commodity & other contracts (including credit derivatives, excluding gold contracts) < 1 year | 2,997,198 | 2,953,338 | 2,680,092 | 2,842,877 | 2,903,727 | 3.2 | 0 | 2 | 244 | 41,605 | 2,955,347 |
| 1-5 years | 2,867,315 | 2,504,009 | 2,517,107 | 2,637,106 | 3,037,621 | -5.6 | 0 | 27 | 2,222 | 68,841 | 2,796,225 |
| > 5 years | 245,372 | 426,304 | 238,847 | 437,961 | 270,522 | -9.3 | 0 | 70 | 1,908 | 10,107 | 233,288 |
| **Risk-Based Capital: Credit Equivalent Amount** | | | | | | | | | | | |
| Total current exposure to tier 1 capital (%) | 13.1 | 13.0 | 12.6 | 16.1 | 14.4 | | 0.0 | 0.7 | 2.4 | 3.8 | 20.0 |
| Total potential future exposure to tier 1 capital (%) | 32.0 | 32.4 | 31.7 | 30.5 | 31.6 | | 0.0 | 0.2 | 1.0 | 5.1 | 51.8 |
| Total exposure (credit equivalent amount) to tier 1 capital (%) | 45.1 | 45.4 | 44.3 | 46.5 | 46.0 | | 0.0 | 0.9 | 3.4 | 8.9 | 71.7 |
| **Credit losses on derivatives**** ** | -9.0 | -3.5 | -24.7 | -21.1 | -13.4 | -32.8 | 0.0 | -1.2 | 3.3 | -1.8 | -9.3 |
| **HELD FOR TRADING** | | | | | | | | | | | |
| Number of institutions reporting derivatives | 152 | 156 | 151 | 156 | 153 | -0.7 | 0 | 8 | 75 | 57 | 12 |
| Total assets of institutions reporting derivatives | 16,636,856 | 16,700,419 | 16,414,775 | 16,244,085 | 16,282,959 | 2.2 | 0 | 4,561 | 365,776 | 3,120,767 | 13,145,751 |
| Total deposits of institutions reporting derivatives | 12,912,993 | 13,068,372 | 12,897,584 | 12,708,914 | 12,812,084 | 0.8 | 0 | 3,789 | 300,834 | 2,515,947 | 10,092,423 |
| **Derivative Contracts by Underlying Risk Exposure** | | | | | | | | | | | |
| Interest rate | 140,033,547 | 139,469,216 | 131,459,220 | 140,769,769 | 157,950,237 | -11.3 | 0 | 262 | 41,759 | 871,044 | 139,120,482 |
| Foreign exchange | 50,448,166 | 49,298,883 | 44,703,325 | 46,281,426 | 45,798,355 | 10.2 | 0 | 0 | 2,853 | 1,538,304 | 48,907,009 |
| Equity | 6,243,753 | 6,180,309 | 5,613,118 | 5,877,436 | 5,417,822 | 15.2 | 0 | 0 | 49 | 57,298 | 6,186,406 |
| Commodity & other | 1,656,989 | 1,491,661 | 1,427,211 | 1,496,944 | 1,476,394 | 12.2 | 0 | 0 | 53 | 85,567 | 1,571,369 |
| Total | 198,382,456 | 196,440,070 | 183,202,875 | 194,425,575 | 210,642,807 | -5.8 | 0 | 262 | 44,714 | 2,552,213 | 195,785,266 |
| **Trading Revenues: Cash & Derivative Instruments** | | | | | | | | | | | |
| Interest rate** | 4,932 | 1,822 | 6,018 | 641 | 3,479 | 41.8 | 0 | 0 | 4 | 72 | 4,855 |
| Foreign exchange** | 4,377 | 7,550 | 2,332 | 8,037 | 5,173 | -15.4 | 0 | 0 | 2 | 138 | 4,237 |
| Equity** | 5,511 | 4,812 | 3,602 | 2,262 | 3,995 | 37.9 | 0 | 0 | 9 | 408 | 5,094 |
| Commodity & other (including credit derivatives)** | 1,034 | 1,446 | -305 | 2,286 | 1,027 | 0.7 | 0 | 0 | 0 | 63 | 971 |
| Total trading revenues** | 15,854 | 15,631 | 11,647 | 13,227 | 13,674 | 15.9 | 0 | 0 | 16 | 680 | 15,158 |
| **Share of Revenue** | | | | | | | | | | | |
| Trading revenues to gross revenues (%)** | 5.9 | 5.9 | 4.6 | 5.2 | 5.6 | | 0.0 | 0.0 | 0.3 | 1.4 | 7.1 |
| Trading revenues to net operating revenues (%)** | 35.0 | 34.6 | 53.9 | 25.7 | 27.0 | | 0.0 | 0.0 | 1.6 | 9.1 | 41.2 |
| **HELD FOR PURPOSES OTHER THAN TRADING** | | | | | | | | | | | |
| Number of institutions reporting derivatives | 545 | 543 | 550 | 548 | 547 | -0.4 | 1 | 98 | 306 | 126 | 14 |
| Total assets of institutions reporting derivatives | 21,148,708 | 21,208,497 | 20,914,201 | 20,678,162 | 20,733,805 | 2.0 | 59 | 53,557 | 1,266,829 | 6,038,364 | 13,789,899 |
| Total deposits of institutions reporting derivatives | 16,555,108 | 16,729,196 | 16,546,945 | 16,294,726 | 16,387,662 | 1.0 | 43 | 44,638 | 1,036,668 | 4,867,229 | 10,606,530 |
| **Derivative Contracts by Underlying Risk Exposure** | | | | | | | | | | | |
| Interest rate | 4,925,423 | 4,957,808 | 4,815,185 | 5,069,794 | 6,123,182 | -19.6 | 0 | 4,702 | 162,035 | 1,350,561 | 3,408,126 |
| Foreign exchange | 572,481 | 556,658 | 574,225 | 577,469 | 577,582 | -0.9 | 0 | 0 | 161 | 42,058 | 530,262 |
| Equity | 63,929 | 72,329 | 60,641 | 57,742 | 53,542 | 19.4 | 0 | 32 | 16 | 16,935 | 46,947 |
| Commodity & other | 41,870 | 65,720 | 65,351 | 47,198 | 43,264 | -3.2 | 0 | 0 | 93 | 7,980 | 33,796 |
| Total notional amount | 5,603,703 | 5,652,515 | 5,515,402 | 5,752,203 | 6,797,570 | -17.6 | 0 | 4,733 | 162,305 | 1,417,534 | 4,019,131 |

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

N/M - Not Meaningful

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

| (dollar figures in millions) | 2nd Quarter 2024 | 1st Quarter 2024 | 4th Quarter 2023 | 3rd Quarter 2023 | 2nd Quarter 2023 | % Change 23Q2-24Q2 | Asset Size Distribution: Less Than $100 Million | $100 Million to $1 Billion | $1 Billion to $10 Billion | $10 Billion to $250 Billion | Greater Than $250 Billion |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assets Sold and Securitized with Servicing Retained or with Recourse or Other Seller-Provided Credit Enhancements** | | | | | | | | | | | |
| Number of institutions reporting securitization activities | 67 | 65 | 64 | 62 | 61 | 9.8 | 0 | 5 | 12 | 39 | 11 |
| **Outstanding Principal Balance by Asset Type**** | | | | | | | | | | | |
| 1-4 family residential loans | $296,530 | $304,316 | $299,981 | $303,098 | $251,654 | 17.8 | $0 | $2,203 | $12,041 | $58,647 | $223,640 |
| Home equity loans | 797 | 3 | 4 | 4 | 4 | N/M | 0 | 0 | 0 | 3 | 794 |
| Credit card receivables | 101 | 111 | 125 | 131 | 130 | -22.3 | 0 | 0 | 0 | 101 | 0 |
| Auto loans | 7,738 | 5,518 | 3,649 | 2,110 | 1,336 | 479.2 | 0 | 0 | 0 | 3,450 | 4,288 |
| Other consumer loans | 7,284 | 7,658 | 12,792 | 1,370 | 1,545 | 371.5 | 0 | 0 | 0 | 495 | 6,788 |
| Commercial and industrial loans | 4,243 | 4,129 | 5,837 | 5,157 | 5,481 | -22.6 | 0 | 0 | 0 | 0 | 4,243 |
| All other loans, leases, and other assets | 122,137 | 115,861 | 111,937 | 112,796 | 111,473 | 9.6 | 0 | 21 | 5,019 | 14,852 | 102,244 |
| Total securitized and sold | 438,830 | 437,596 | 434,325 | 424,666 | 371,623 | 18.1 | 0 | 2,224 | 17,060 | 77,548 | 341,998 |
| **Maximum Credit Exposure by Asset Type**** | | | | | | | | | | | |
| 1-4 family residential loans | 609 | 590 | 571 | 866 | 874 | -30.3 | 0 | 0 | 0 | 338 | 271 |
| Home equity loans | 17 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0 | 17 |
| Credit card receivables | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0 | 0 |
| Auto loans | 313 | 210 | 112 | 45 | 12 | 2,508.3 | 0 | 0 | 0 | 115 | 198 |
| Other consumer loans | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0 | 0 |
| Commercial and industrial loans | 190 | 193 | 276 | 259 | 210 | -9.5 | 0 | 0 | 0 | 0 | 190 |
| All other loans, leases, and other assets | 1,771 | 1,763 | 1,737 | 2,790 | 2,767 | -36.0 | 0 | 4 | 41 | 402 | 1,324 |
| Total credit exposure | 2,900 | 2,756 | 2,696 | 3,960 | 3,863 | -24.9 | 0 | 4 | 41 | 855 | 2,000 |
| Total unused liquidity commitments provided to institution's own securitizations | 151 | 164 | 211 | 199 | 229 | -34.1 | 0 | 0 | 0 | 0 | 151 |
| **Securitized Loans, Leases, and Other Assets 30-89 Days Past Due (%)**** | | | | | | | | | | | |
| 1-4 family residential loans | 3.8 | 3.4 | 3.9 | 3.5 | 2.7 | | 0.0 | 0.9 | 0.4 | 3.9 | 4.0 |
| Home equity loans | 2.0 | 3.8 | 4.4 | 6.1 | 6.3 | | 0.0 | 0.0 | 0.0 | 5.3 | 2.0 |
| Credit card receivables | 5.9 | 6.3 | 7.2 | 6.9 | 6.2 | | 0.0 | 0.0 | 0.0 | 5.9 | 0.0 |
| Auto loans | 3.0 | 3.1 | 4.4 | 4.4 | 4.5 | | 0.0 | 0.0 | 0.0 | 6.1 | 0.6 |
| Other consumer loans | 0.4 | 0.4 | 1.0 | 2.5 | 2.2 | | 0.0 | 0.0 | 0.0 | 1.8 | 0.3 |
| Commercial and industrial loans | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| All other loans, leases, and other assets | 0.9 | 0.4 | 0.9 | 0.8 | 0.5 | | 0.0 | 0.0 | 0.4 | 2.0 | 0.7 |
| Total loans, leases, and other assets | 2.5 | 2.1 | 2.5 | 2.3 | 1.6 | | 0.0 | 0.0 | 0.0 | 1.4 | 2.9 |
| **Securitized Loans, Leases, and Other Assets 90 Days or More Past Due (%)**** | | | | | | | | | | | |
| 1-4 family residential loans | 1.1 | 1.2 | 1.3 | 1.2 | 0.8 | | 0.0 | 0.4 | 0.1 | 1.9 | 0.9 |
| Home equity loans | 0.2 | 24.0 | 27.4 | 25.5 | 27.0 | | 0.0 | 0.0 | 0.0 | 24.5 | 0.1 |
| Credit card receivables | 7.9 | 9.9 | 10.4 | 8.4 | 6.2 | | 0.0 | 0.0 | 0.0 | 7.9 | 0.0 |
| Auto loans | 0.3 | 0.3 | 0.5 | 0.3 | 0.3 | | 0.0 | 0.0 | 0.0 | 0.7 | 0.0 |
| Other consumer loans | 0.3 | 0.3 | 0.3 | 1.7 | 1.5 | | 0.0 | 0.0 | 0.0 | 1.4 | 0.2 |
| Commercial and industrial loans | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| All other loans, leases, and other assets | 1.4 | 1.1 | 1.0 | 0.9 | 0.9 | | 0.0 | 0.0 | 0.8 | 1.0 | 1.5 |
| Total loans, leases, and other assets | 1.1 | 1.1 | 1.2 | 1.1 | 0.8 | | 0.0 | 0.4 | 0.3 | 1.7 | 1.1 |
| **Securitized Loans, Leases, and Other Assets Charged-Off (net, YTD, annualized, %)**** | | | | | | | | | | | |
| 1-4 family residential loans | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Home equity loans | 0.0 | -2.6 | 2.9 | 2.9 | 1.2 | | 0.0 | 0.0 | 0.0 | -1.9 | 0.0 |
| Credit card receivables | 21.8 | 10.8 | 24.8 | 16.0 | 10.0 | | 0.0 | 0.0 | 0.0 | 21.8 | 0.0 |
| Auto loans | 0.6 | 0.4 | 0.9 | 0.8 | 0.4 | | 0.0 | 0.0 | 0.0 | 1.2 | 0.1 |
| Other consumer loans | 0.1 | 0.0 | 0.2 | 1.2 | 0.8 | | 0.0 | 0.0 | 0.0 | 0.6 | 0.0 |
| Commercial and industrial loans | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| All other loans, leases, and other assets | 0.1 | 0.1 | 0.3 | 0.2 | 0.1 | | 0.0 | 0.0 | 0.3 | 0.8 | 0.0 |
| Total loans, leases, and other assets | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | | 0.0 | 0.0 | 0.1 | 0.2 | 0.0 |
| **Seller's Interests in Institution's Own Securitizations - Carried as Securities or Loans***** | | | | | | | | | | | |
| Home equity loans | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0 | 0 |
| Credit card receivables | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0 | 0 |
| Commercial and industrial loans | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0 | 0 |
| **Assets Sold with Recourse and Not Securitized** | | | | | | | | | | | |
| Number of institutions reporting asset sales | 304 | 310 | 309 | 310 | 307 | -1.0 | 4 | 87 | 140 | 63 | 10 |
| **Outstanding Principal Balance by Asset Type** | | | | | | | | | | | |
| 1-4 family residential loans | 24,558 | 23,194 | 23,274 | 24,385 | 20,352 | 20.7 | 30 | 2,199 | 10,192 | 11,146 | 992 |
| All other loans, leases, and other assets | 152,474 | 152,408 | 149,036 | 149,386 | 146,945 | 3.8 | 0 | 38 | 2,225 | 47,238 | 102,972 |
| Total sold and not securitized | 177,032 | 175,602 | 172,310 | 173,770 | 167,297 | 5.8 | 30 | 2,237 | 12,417 | 58,384 | 103,964 |
| **Maximum Credit Exposure by Asset Type** | | | | | | | | | | | |
| 1-4 family residential loans | 6,940 | 6,198 | 6,045 | 6,646 | 6,487 | 7.0 | 1 | 315 | 3,135 | 2,856 | 633 |
| All other loans, leases, and other assets | 44,814 | 45,086 | 44,351 | 44,053 | 43,182 | 3.8 | 0 | 38 | 612 | 14,431 | 29,733 |
| Total credit exposure | 51,754 | 51,284 | 50,396 | 50,699 | 49,669 | 4.2 | 1 | 354 | 3,747 | 17,287 | 30,366 |
| **Support for Securitization Facilities Sponsored by Other Institutions** | | | | | | | | | | | |
| Number of institutions reporting securitization facilities sponsored by others | 34 | 33 | 34 | 34 | 33 | 3.0 | 0 | 11 | 11 | 4 | 8 |
| Total credit exposure | 11,575 | 11,807 | 11,786 | 18,578 | 20,303 | -43.0 | 0 | 55 | 122 | 572 | 10,827 |
| Total unused liquidity commitments | 1,561 | 1,532 | 1,915 | 2,415 | 2,722 | -42.7 | 0 | 0 | 0 | 0 | 1,561 |
| **Other** | | | | | | | | | | | |
| Assets serviced for others****** | 6,104,982 | 6,154,396 | 6,213,978 | 6,453,146 | 6,238,588 | -2.1 | 2,835 | 210,315 | 400,570 | 1,525,270 | 3,965,992 |
| Asset-backed commercial paper conduits | | | | | | | | | | | |
| Credit exposure to conduits sponsored by institutions and others | 5,025 | 4,940 | 5,127 | 5,071 | 4,920 | 2.1 | 0 | 0 | 0 | 0 | 5,025 |
| Unused liquidity commitments to conduits sponsored by institutions and others | 64,140 | 68,389 | 68,403 | 68,303 | 69,682 | -8.0 | 0 | 0 | 0 | 0 | 64,140 |
| Net servicing income (for the quarter) | 2,099 | 2,538 | 770 | 3,164 | 2,391 | -12.2 | 6 | 114 | 443 | 699 | 837 |
| Net securitization income (for the quarter) | 86 | 20 | 54 | 57 | 30 | 186.7 | 0 | 0 | 12 | 3 | 72 |
| Total credit exposure to Tier 1 capital (%)******* | 3.0 | 3.1 | 3.0 | 3.4 | 3.5 | | 0.0 | 0.3 | 1.5 | 2.9 | 3.7 |

* Does not include banks filing the FFIEC 051 report form, which was introduced in first quarter 2017.
** Beginning in June 2018, for banks that file the FFIEC 041 report form, all other loans include home equity loans, credit card receivables, auto loans, other consumer loans, and commercial and industrial loans.
*** Beginning in June 2018, only includes banks that file the FFIEC 031 report form.
**** The amount of financial assets serviced for others, other than closed-end 1-4 family residential mortgages, is reported when these assets are greater than $10 million.
***** Total credit exposure includes the sum of the three line items titled "Total credit exposure" reported above.

PAGE INTENTIONALLY LEFT BLANK

# COMMUNITY BANK PERFORMANCE

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



## COMMUNITY BANK NET INCOME INCREASED FROM THE PRIOR QUARTER BUT DECREASED FROM ONE YEAR EARLIER

Second quarter net income for the 4,104 community banks increased $72.6 million (1.1 percent) from the previous quarter to $6.4 billion. An increase in net interest income (up $546.4 million, or 2.7 percent) and noninterest income (up $253.9 million, or 5.0 percent) more than exceeded the increase in noninterest expense (up $365.7 million, or 2.1 percent) and provision expense (up $140.5 million, or 18.2 percent). Community banks also booked a securities loss of $104.4 million, compared to a gain of $70.7 million in the previous quarter. More than half (61.6 percent) of all community banks reported a quarter-over-quarter increase in net income.

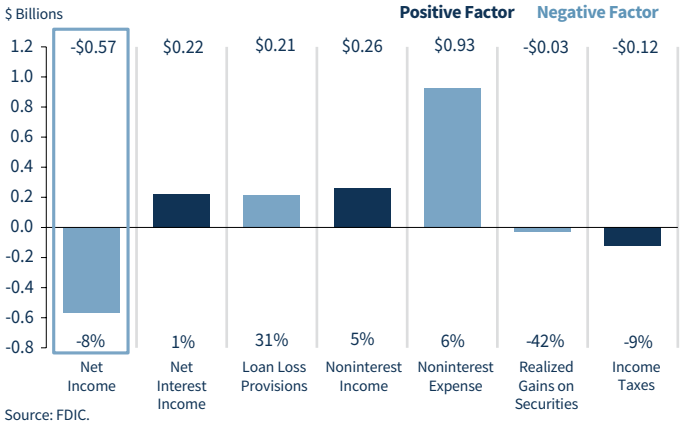
The pretax return on assets ratio at community banks of 1.14 percent increased 1 basis point from one quarter earlier but was down 14 basis points from the year-ago quarter. The share of community banks that were unprofitable during the quarter was 6.7 percent, down from 7.2 percent last quarter.

Net income declined $568.9 billion (8.2 percent) from second quarter 2023, driven primarily by higher noninterest expense.

**Chart 1**

**Contributors to the Year-Over-Year Change in Income**

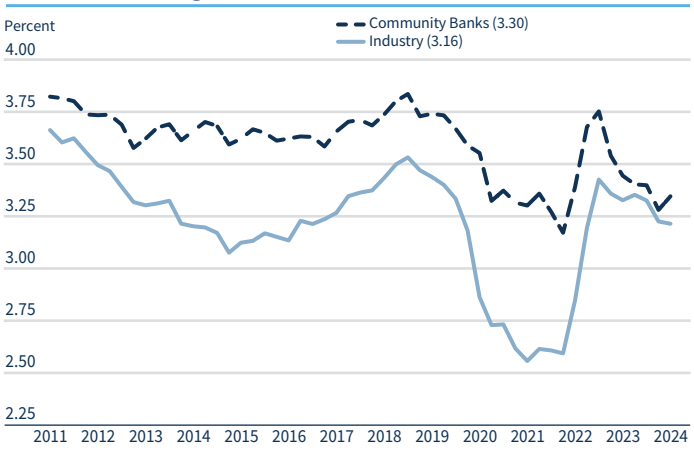
FDIC-Insured Community Banks




Source: FDIC.

**Chart 2**

**Net Interest Margin**




Source: FDIC.

## THE NET INTEREST MARGIN INCREASED FROM THE PREVIOUS QUARTER

The community bank net interest margin (NIM) increased 7 basis points from the previous quarter to 3.30 percent as the yield on earning assets increased 15 basis points, outpacing the cost of funds increase of 8 basis points. The NIM was down 10 basis points from the year-earlier quarter because the cost of funds increased 63 basis points while the yield on earning assets increased 54 basis points.[1]

## NET OPERATING REVENUE INCREASED IN THE SECOND QUARTER

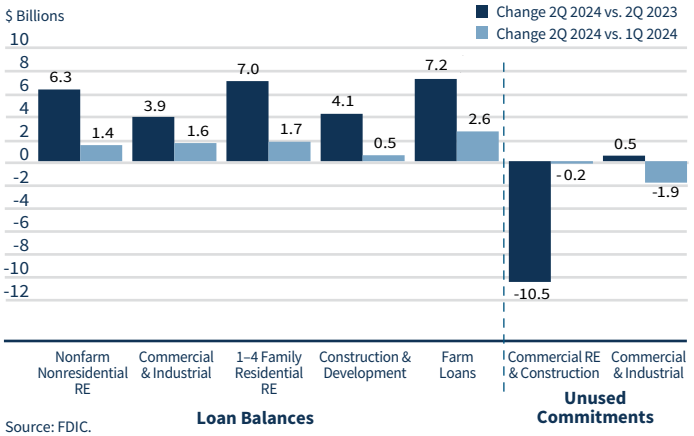
Community bank net operating revenue (net interest income plus noninterest income) increased $800.3 million (3.2 percent) quarter over quarter as net interest income and noninterest income increased from the previous quarter. Interest income increased in the second quarter—mainly from real estate loan income—by a greater amount than interest expense, resulting in a $546.4 million (2.7 percent) increase in net interest income. Noninterest income increased $253.9 million (5.0 percent) from the previous quarter predominantly due to higher net gains on loan sales and "all other" noninterest income.[2]

Net operating revenue increased $483.5 million (1.9 percent) year over year as net interest income increased $221.5 million and noninterest income increased $262.0 million. Higher net gains on loan sales drove the annual increase in noninterest income.

**Chart 3**

**Change in Loan Balances and Unused Commitments**

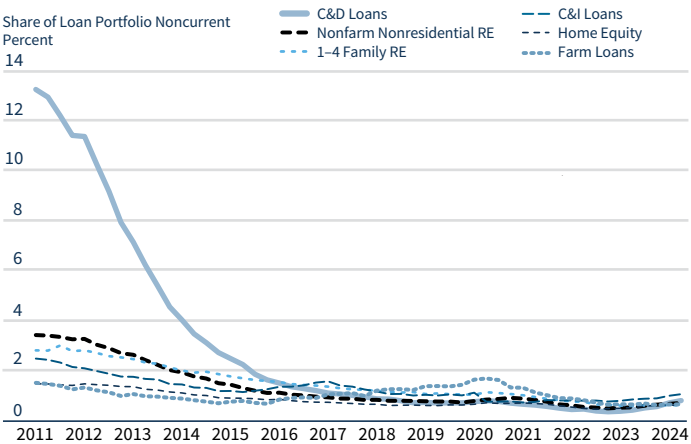
FDIC-Insured Community Banks




Source: FDIC.

**Chart 4**

**Noncurrent Loan Rates for FDIC-Insured Community Banks**




Source: FDIC.

[1] The change in NIM does not tie to the difference in funding and yield changes due to rounding.

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

## NONINTEREST EXPENSE INCREASED QUARTER OVER QUARTER AND YEAR OVER YEAR

Noninterest expense increased $365.7 million (2.1 percent) from a quarter earlier and increased $929.1 million (5.6 percent) from a year earlier to $17.5 billion. Higher amortization expense of intangible assets and "all other" noninterest expense led the quarterly increase in noninterest expense, while higher salaries and employee benefit expense and "all other" noninterest expense led the yearly increase in noninterest expense.[3] The efficiency ratio (noninterest expense as a share of net operating revenue) improved 1.1 percentage points from a quarter earlier to 65.6 percent as the growth in net operating revenue outpaced the growth in noninterest expense.

## PROVISION EXPENSE INCREASED FROM THE PREVIOUS QUARTER AND ONE YEAR EARLIER

Quarterly provision expense of $913.5 million was up $140.5 million (18.2 percent) from a quarter earlier and up $213.9 million (30.6 percent) from a year earlier. The reserve coverage ratio (the ratio of the allowance for credit losses to noncurrent loans) decreased 10.4 percentage points from a quarter earlier and 60.8 percentage points from a year earlier to 200.3 percent, driven by higher noncurrent loan balances.

## ASSET QUALITY METRICS REMAINED FAVORABLE DESPITE MODEST DETERIORATION

The share of loans and leases 90 days or more past due or in nonaccrual status increased 3 basis points from first quarter 2024 to 0.61 percent. Noncurrent loan balances for all major loan portfolios except consumer loans and residential real estate loans increased from one quarter earlier. Despite the increasing trend, the second quarter noncurrent rate was 34 basis points below the pre-pandemic average of 0.96 percent.[4]

The community bank net charge-off rate increased 2 basis points from one quarter earlier and 5 basis points from one year earlier to 0.14 percent. This ratio was 1 basis point lower than the pre-pandemic average of 0.15 percent. Nearly 39 percent of the annual increase in net charge-off volume occurred in commercial and industrial loans, a moderately sized loan portfolio at community banks (12.8 percent of total loan balances). The net charge-off rate for commercial and industrial loans increased 16 basis points from one year earlier to 0.37 percent.

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

[4] The "pre-pandemic average" refers to the period of first quarter 2015 through fourth quarter 2019 and is used consistently throughout this report.

## UNREALIZED LOSSES ON SECURITIES DECREASED FROM THE PREVIOUS QUARTER

Unrealized losses on securities totaled $54.8 billion in second quarter 2024, down $775.7 million (1.4 percent) from the previous quarter and down $7.7 billion (12.3 percent) from the previous year.[5] Unrealized losses on held-to-maturity securities ($9.1 billion) and available-for-sale securities ($45.7 billion) both decreased quarter over quarter. The vast majority of community banks (96.7 percent) reported unrealized losses on securities.

## TOTAL ASSETS INCREASED FROM THE PREVIOUS QUARTER AND ONE YEAR EARLIER

Total assets at community banks increased $14.5 billion (0.5 percent) quarter over quarter and $101.8 billion (3.9 percent) year over year. Quarterly growth in total loans and leases was $30.9 billion (1.7 percent) in second quarter 2024, up from the $16.8 billion (0.9 percent) increase in first quarter 2024. Total loans and leases grew $111.9 billion (6.3 percent) from a year earlier. Securities balances fell $8.1 billion (1.5 percent) quarter over quarter and $29.6 billion (5.4 percent) year over year. Cash and balances due from depository institutions decreased $8.2 billion (4.7 percent) quarter over quarter but increased $14.4 billion (9.4 percent) year over year.

## LOAN GROWTH WAS BROAD-BASED ACROSS LOAN CATEGORIES

Loan and lease balances increased $30.9 billion (1.7 percent) from one quarter earlier. Growth was broad-based across all major portfolios. Increases in nonfarm, nonresidential commercial real estate (CRE) loans (up $7.9 billion, or 1.4 percent) and 1–4 family residential real estate loans (up $7.8 billion, or 1.7 percent) led the quarter-over-quarter loan growth. The majority of community banks (75.7 percent) reported quarterly growth in total loan balances.

Loan and lease balances increased 6.3 percent from the previous year. Increases in nonfarm nonresidential CRE loans (up $33.9 billion, or 6.3 percent) and 1–4 family residential real estate loans (up $30.5 billion, or 7.0 percent) led the year-over-year loan growth.

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

## TOTAL DEPOSITS INCREASED QUARTER OVER QUARTER

Community banks reported an increase in deposits of 0.2 percent ($4.5 billion) during second quarter 2024. Just over half of all community banks (50.6 percent) reported an increase in deposit balances from the previous quarter. Community banks reported growth in estimated insured deposits (up $2.4 billion, or 0.2 percent) but a decline in estimated uninsured deposits (down $748.4 million, or 0.1 percent). In the second quarter, growth in interest-bearing deposits (up $8.5 billion, or 0.5 percent) was somewhat offset by a decline in noninterest-bearing deposits (down $3.9 billion, or 0.8 percent). Total deposits increased 3.5 percent ($75.3 billion) from one year earlier.

## CAPITAL RATIOS INCREASED DURING THE QUARTER

The tier one risk-based capital ratio for community banks that did not file the community bank leverage ratio (CBLR) was 13.94 percent, up 4 basis points from the previous quarter, as tier 1 capital growth outpaced an increase in risk-weighted assets. The average CBLR for the 1,624 community banks that elected to use the CBLR framework was 12.16 percent, up 9 basis points from first quarter 2024. The leverage capital ratio for community banks was 10.84 percent, up 8 basis points from a quarter earlier.

## THE NUMBER OF COMMUNITY BANKS DECLINED IN SECOND QUARTER 2024

The number of community banks declined to 4,104 in the second quarter, down 27 from the previous quarter. Three community banks closed, several banks transitioned from community to noncommunity banks or vice versa, and 22 merged out of existence during the quarter. One community bank failed in the second quarter.

Authors:

**Lousasha J. Denis**
Senior Financial Analyst
Division of Insurance and Research

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

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

| | 2024* | 2023* | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|---|
| Return on assets (%) | 0.95 | 1.05 | 1.01 | 1.15 | 1.26 | 1.09 | 1.20 |
| Return on equity (%) | 9.60 | 11.15 | 10.71 | 11.93 | 11.69 | 9.70 | 10.24 |
| Core capital (leverage) ratio (%) | 10.84 | 10.69 | 10.71 | 10.50 | 10.16 | 10.32 | 11.14 |
| Noncurrent assets plus other real estate owned to assets (%) | 0.46 | 0.36 | 0.40 | 0.33 | 0.40 | 0.60 | 0.65 |
| Net charge-offs to loans (%) | 0.12 | 0.09 | 0.12 | 0.07 | 0.07 | 0.12 | 0.13 |
| Asset growth rate (%) | -0.77 | -1.74 | -0.46 | -1.42 | 9.03 | 12.87 | 2.55 |
| Net interest margin (%) | 3.27 | 3.44 | 3.39 | 3.45 | 3.28 | 3.39 | 3.66 |
| Net operating income growth (%) | -12.94 | -3.36 | -11.45 | -3.68 | 30.14 | -1.79 | 0.13 |
| Number of institutions reporting | 4,104 | 4,203 | 4,147 | 4,264 | 4,391 | 4,560 | 4,750 |
| Percentage of unprofitable institutions (%) | 6.46 | 4.28 | 5.40 | 3.61 | 3.26 | 4.54 | 3.96 |

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

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

| (dollar figures in millions) | 2nd Quarter 2024 | 1st Quarter 2024 | 2nd Quarter 2023 | % Change 23Q2-24Q2 |
|---|---|---|---|---|
| Number of institutions reporting | 4,104 | 4,131 | 4,203 | -2.4 |
| Total employees (full-time equivalent) | 366,534 | 366,403 | 375,719 | -2.4 |
| **CONDITION DATA** | | | | |
| Total assets | $2,710,212 | $2,716,257 | $2,731,313 | -0.8 |
| Loans secured by real estate | 1,477,026 | 1,468,597 | 1,442,884 | 2.4 |
| 1-4 Family residential mortgages | 467,177 | 462,188 | 445,867 | 4.8 |
| Nonfarm nonresidential | 576,575 | 576,235 | 572,737 | 0.7 |
| Construction and development | 154,987 | 154,888 | 153,309 | 1.1 |
| Home equity lines | 48,778 | 47,122 | 45,141 | 8.1 |
| Commercial & industrial loans | 240,872 | 238,295 | 242,764 | -0.8 |
| Loans to individuals | 75,160 | 74,060 | 88,119 | -14.7 |
| Credit cards | 3,081 | 3,075 | 2,937 | 4.9 |
| Farm loans | 52,335 | 49,781 | 47,363 | 10.5 |
| Other loans & leases | 42,813 | 41,815 | 49,437 | -13.4 |
| Less: Unearned income | 739 | 728 | 758 | -2.5 |
| Total loans & leases | 1,887,466 | 1,871,821 | 1,869,808 | 0.9 |
| Less: Reserve for losses* | 23,204 | 23,103 | 22,917 | 1.3 |
| Net loans and leases | 1,864,263 | 1,848,718 | 1,846,891 | 0.9 |
| Securities** | 521,752 | 532,676 | 566,453 | -7.9 |
| Other real estate owned | 852 | 840 | 789 | 7.9 |
| Goodwill and other intangibles | 17,745 | 18,030 | 18,240 | -2.7 |
| All other assets | 305,601 | 315,992 | 298,939 | 2.2 |
| Total liabilities and capital | 2,710,212 | 2,716,257 | 2,731,313 | -0.8 |
| Deposits | 2,255,329 | 2,267,769 | 2,277,637 | -1.0 |
| Domestic office deposits | 2,252,140 | 2,264,898 | 2,276,842 | -1.1 |
| Foreign office deposits | 3,190 | 2,871 | 795 | 301.2 |
| Brokered deposits | 107,105 | 111,439 | 114,335 | -6.3 |
| Estimated insured deposits | 1,587,694 | 1,597,416 | 1,606,797 | -1.2 |
| Other borrowed funds | 155,533 | 152,676 | 165,985 | -6.3 |
| Subordinated debt | 371 | 172 | 315 | 17.9 |
| All other liabilities | 29,576 | 28,682 | 27,741 | 6.6 |
| Total equity capital (includes minority interests) | 269,403 | 266,957 | 259,635 | 3.8 |
| Bank equity capital | 269,284 | 266,813 | 259,530 | 3.8 |
| Loans and leases 30-89 days past due | 8,702 | 8,845 | 6,223 | 39.8 |
| Noncurrent loans and leases | 11,586 | 10,967 | 8,777 | 32.0 |
| Restructured loans and leases | 3,208 | 2,629 | 2,568 | 24.9 |
| Mortgage-backed securities | 219,173 | 220,987 | 231,458 | -5.3 |
| Earning assets | 2,534,480 | 2,544,528 | 2,553,740 | -0.8 |
| FHLB Advances | 108,994 | 100,272 | 117,699 | -7.4 |
| Unused loan commitments | 393,097 | 398,268 | 424,443 | -7.4 |
| Trust assets | 478,554 | 358,724 | 349,041 | 37.1 |
| Assets securitized and sold | 21,923 | 21,417 | 26,144 | -16.1 |
| Notional amount of derivatives | 139,891 | 138,269 | 128,857 | 8.6 |

| INCOME DATA | First Half 2024 | First Half 2023 | % Change | 2nd Quarter 2024 | 2nd Quarter 2023 | % Change 23Q2-24Q2 |
|---|---|---|---|---|---|---|
| Total interest income | $68,595 | $61,225 | 12.0 | $34,890 | $31,682 | 10.1 |
| Total interest expense | 27,445 | 17,724 | 54.8 | 14,033 | 10,093 | 39.0 |
| Net interest income | 41,151 | 43,501 | -5.4 | 20,857 | 21,588 | -3.4 |
| Provision for credit losses*** | 1,688 | 1,549 | 9.0 | 914 | 787 | 16.0 |
| Total noninterest income | 10,424 | 9,746 | 7.0 | 5,340 | 5,093 | 4.8 |
| Total noninterest expense | 34,565 | 33,964 | 1.8 | 17,473 | 17,114 | 2.1 |
| Securities gains (losses) | -34 | -494 | -93.1 | -104 | -74 | 41.7 |
| Applicable income taxes | 2,542 | 3,037 | -16.3 | 1,294 | 1,495 | -13.4 |
| Extraordinary gains, net**** | 0 | 5 | N/M | 0 | 1 | N/M |
| Total net income (includes minority interests) | 12,745 | 14,207 | -10.3 | 6,413 | 7,211 | -11.1 |
| Bank net income | 12,739 | 14,204 | -10.3 | 6,409 | 7,209 | -11.1 |
| Net charge-offs | 1,162 | 841 | 38.1 | 642 | 422 | 52.2 |
| Cash dividends | 6,053 | 6,206 | -2.5 | 3,261 | 3,383 | -3.6 |
| Retained earnings | 6,687 | 7,997 | -16.4 | 3,148 | 3,826 | -17.7 |
| Net operating income | 12,777 | 14,677 | -12.9 | 6,498 | 7,285 | -10.8 |

* For institutions that have adopted ASU 2016-13, this item represents the allowance for credit losses on loans and leases held for investment and allocated transfer risk. Beginning in 2024, almost all institutions have adopted ASU 2016-13.
** For institutions that have adopted ASU 2016-13, securities are reported net of allowances for credit losses. Beginning in 2024, almost all institutions have adopted ASU 2016-13.
*** 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. Beginning in 2024, almost all institutions have adopted ASU 2016-13.
**** 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) | 2nd Quarter 2024 | 1st Quarter 2024 | 2nd Quarter 2023 | % Change 23Q2-24Q2 |
|---|---|---|---|---|
| Number of institutions reporting | 4,104 | 4,104 | 4,100 | 0.1 |
| Total employees (full-time equivalent) | 366,534 | 364,294 | 368,269 | -0.5 |
| **CONDITION DATA** | | | | |
| Total assets | $2,710,212 | $2,695,675 | $2,608,359 | 3.9 |
| Loans secured by real estate | 1,477,026 | 1,455,038 | 1,385,368 | 6.6 |
| 1-4 Family residential mortgages | 467,177 | 459,413 | 436,650 | 7.0 |
| Nonfarm nonresidential | 576,575 | 568,648 | 542,633 | 6.3 |
| Construction and development | 154,987 | 154,187 | 148,846 | 4.1 |
| Home equity lines | 48,778 | 46,811 | 43,299 | 12.7 |
| Commercial & industrial loans | 240,872 | 237,139 | 231,907 | 3.9 |
| Loans to individuals | 75,160 | 74,227 | 73,212 | 2.7 |
| Credit cards | 3,081 | 3,071 | 2,956 | 4.2 |
| Farm loans | 52,335 | 49,638 | 46,301 | 13.0 |
| Other loans & leases | 42,813 | 41,249 | 39,479 | 8.4 |
| Less: Unearned income | 739 | 719 | 732 | 1.0 |
| Total loans & leases | 1,887,466 | 1,856,572 | 1,775,535 | 6.3 |
| Less: Reserve for losses* | 23,204 | 22,939 | 22,124 | 4.9 |
| Net loans and leases | 1,864,263 | 1,833,633 | 1,753,411 | 6.3 |
| Securities** | 521,752 | 529,878 | 551,314 | -5.4 |
| Other real estate owned | 852 | 840 | 751 | 13.5 |
| Goodwill and other intangibles | 17,745 | 17,837 | 17,822 | -0.4 |
| All other assets | 305,601 | 313,487 | 285,061 | 7.2 |
| Total liabilities and capital | 2,710,212 | 2,695,675 | 2,608,359 | 3.9 |
| Deposits | 2,255,329 | 2,250,481 | 2,179,392 | 3.5 |
| Domestic office deposits | 2,252,140 | 2,247,610 | 2,176,866 | 3.5 |
| Foreign office deposits | 3,190 | 2,871 | 2,526 | 26.3 |
| Brokered deposits | 107,105 | 109,794 | 95,804 | 11.8 |
| Estimated insured deposits | 1,587,694 | 1,585,282 | 1,531,683 | 3.7 |
| Other borrowed funds | 155,533 | 151,140 | 154,222 | 0.9 |
| Subordinated debt | 371 | 171 | 174 | 112.9 |
| All other liabilities | 29,576 | 29,000 | 26,884 | 10.0 |
| Total equity capital (includes minority interests) | 269,403 | 264,883 | 247,688 | 8.8 |
| Bank equity capital | 269,284 | 264,765 | 247,581 | 8.8 |
| Loans and leases 30-89 days past due | 8,702 | 8,812 | 6,062 | 43.5 |
| Noncurrent loans and leases | 11,586 | 11,020 | 8,457 | 37.0 |
| Restructured loans and leases | 3,208 | 2,623 | 2,579 | 24.4 |
| Mortgage-backed securities | 219,173 | 219,598 | 221,636 | -1.1 |
| Earning assets | 2,534,480 | 2,524,816 | 2,436,560 | 4.0 |
| FHLB Advances | 108,994 | 99,123 | 109,648 | -0.6 |
| Unused loan commitments | 393,097 | 395,139 | 403,496 | -2.6 |
| Trust assets | 478,554 | 445,379 | 440,954 | 8.5 |
| Assets securitized and sold | 21,923 | 25,304 | 27,954 | -21.6 |
| Notional amount of derivatives | 139,891 | 134,173 | 117,025 | 19.5 |

| INCOME DATA | First Half 2024 | First Half 2023 | % Change | 2nd Quarter 2024 | 2nd Quarter 2023 | % Change 23Q2-24Q2 |
|---|---|---|---|---|---|---|
| Total interest income | $68,595 | $57,895 | 18.5 | $34,890 | $29,957 | 16.5 |
| Total interest expense | 27,445 | 16,270 | 68.7 | 14,033 | 9,321 | 50.6 |
| Net interest income | 41,151 | 41,625 | -1.1 | 20,857 | 20,636 | 1.1 |
| Provision for credit losses*** | 1,688 | 1,358 | 24.3 | 914 | 700 | 30.6 |
| Total noninterest income | 10,424 | 9,794 | 6.4 | 5,340 | 5,078 | 5.2 |
| Total noninterest expense | 34,565 | 32,746 | 5.6 | 17,473 | 16,543 | 5.6 |
| Securities gains (losses) | -34 | -175 | -80.5 | -104 | -73 | 42.3 |
| Applicable income taxes | 2,542 | 2,877 | -11.6 | 1,294 | 1,417 | -8.7 |
| Extraordinary gains, net**** | 0 | 5 | N/M | 0 | 1 | N/M |
| Total net income (includes minority interests) | 12,745 | 14,267 | -10.7 | 6,413 | 6,980 | -8.1 |
| Bank net income | 12,739 | 14,263 | -10.7 | 6,409 | 6,978 | -8.2 |
| Net charge-offs | 1,162 | 703 | 65.2 | 642 | 377 | 70.4 |
| Cash dividends | 6,053 | 6,081 | -0.5 | 3,261 | 3,308 | -1.4 |
| Retained earnings | 6,687 | 8,182 | -18.3 | 3,148 | 3,669 | -14.2 |
| Net operating income | 12,777 | 14,427 | -11.4 | 6,498 | 7,052 | -7.9 |

* 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. Beginning in 2024, almost all institutions have adopted ASU 2016-13.
** For institutions that have adopted ASU 2016-13, securities are reported net of allowances for credit losses. Beginning in 2024, almost all institutions have adopted ASU 2016-13.
*** 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. Beginning in 2024, almost all institutions have adopted ASU 2016-13.
**** 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**

| Second Quarter 2024 (dollar figures in millions) | All Community Banks | Geographic Regions* | | | | | |
|---|---|---|---|---|---|---|---|
| | | New York | Atlanta | Chicago | Kansas City | Dallas | San Francisco |
| Number of institutions reporting | 4,104 | 453 | 457 | 896 | 1,115 | 933 | 250 |
| Total employees (full-time equivalent) | 366,534 | 71,558 | 37,506 | 74,885 | 71,382 | 80,948 | 30,255 |
| **CONDITION DATA** | | | | | | | |
| Total assets | $2,710,212 | $628,163 | $266,785 | $501,280 | $525,711 | $532,286 | $255,987 |
| Loans secured by real estate | 1,477,026 | 383,997 | 144,209 | 266,630 | 268,552 | 276,902 | 136,737 |
| 1-4 Family residential mortgages | 467,177 | 148,274 | 45,770 | 82,229 | 77,308 | 82,817 | 30,778 |
| Nonfarm nonresidential | 576,575 | 136,319 | 62,431 | 102,477 | 92,715 | 114,922 | 67,711 |
| Construction and development | 154,987 | 27,472 | 17,508 | 25,036 | 28,579 | 44,776 | 11,615 |
| Home equity lines | 48,778 | 12,192 | 6,083 | 10,860 | 6,636 | 6,419 | 6,588 |
| Commercial & industrial loans | 240,872 | 45,140 | 22,201 | 51,329 | 54,630 | 47,574 | 19,997 |
| Loans to individuals | 75,160 | 18,425 | 7,538 | 13,062 | 13,956 | 13,349 | 8,831 |
| Credit cards | 3,081 | 558 | 120 | 181 | 977 | 235 | 1,009 |
| Farm loans | 52,335 | 519 | 1,601 | 7,916 | 31,088 | 8,370 | 2,841 |
| Other loans & leases | 42,813 | 11,258 | 3,028 | 9,010 | 8,580 | 8,012 | 2,926 |
| Less: Unearned income | 739 | 151 | 90 | 75 | 107 | 188 | 129 |
| Total loans & leases | 1,887,466 | 459,188 | 178,487 | 347,872 | 376,698 | 354,019 | 171,203 |
| Less: Reserve for losses** | 23,204 | 4,620 | 2,218 | 4,359 | 4,751 | 4,608 | 2,647 |
| Net loans and leases | 1,864,263 | 454,568 | 176,269 | 343,513 | 371,947 | 349,411 | 168,555 |
| Securities*** | 521,752 | 102,927 | 52,745 | 102,235 | 100,051 | 110,594 | 53,200 |
| Other real estate owned | 852 | 149 | 97 | 115 | 171 | 256 | 64 |
| Goodwill and other intangibles | 17,745 | 4,293 | 799 | 3,627 | 3,568 | 3,590 | 1,869 |
| All other assets | 305,601 | 66,227 | 36,875 | 51,791 | 49,973 | 68,436 | 32,299 |
| Total liabilities and capital | 2,710,212 | 628,163 | 266,785 | 501,280 | 525,711 | 532,286 | 255,987 |
| Deposits | 2,255,329 | 505,769 | 230,293 | 417,083 | 435,093 | 454,659 | 212,432 |
| Domestic office deposits | 2,252,140 | 504,607 | 230,293 | 417,083 | 435,093 | 454,659 | 210,404 |
| Foreign office deposits | 3,190 | 1,162 | 0 | 0 | 0 | 0 | 2,027 |
| Brokered deposits | 107,105 | 26,822 | 8,704 | 19,936 | 24,146 | 18,687 | 8,811 |
| Estimated insured deposits | 1,587,694 | 356,552 | 159,983 | 300,533 | 326,006 | 307,758 | 136,864 |
| Other borrowed funds | 155,533 | 48,631 | 8,051 | 30,926 | 35,208 | 19,903 | 12,812 |
| Subordinated debt | 371 | 7 | 0 | 14 | 1 | 339 | 10 |
| All other liabilities | 29,576 | 9,059 | 2,499 | 4,800 | 5,138 | 4,658 | 3,423 |
| Total equity capital (includes minority interests) | 269,403 | 64,697 | 25,942 | 48,458 | 50,270 | 52,726 | 27,310 |
| Bank equity capital | 269,284 | 64,695 | 25,945 | 48,348 | 50,269 | 52,717 | 27,309 |
| Loans and leases 30-89 days past due | 8,702 | 2,004 | 804 | 1,355 | 1,671 | 2,248 | 619 |
| Noncurrent loans and leases | 11,586 | 3,074 | 1,038 | 2,084 | 1,896 | 2,516 | 978 |
| Restructured loans and leases | 3,208 | 1,104 | 227 | 602 | 565 | 530 | 180 |
| Mortgage-backed securities | 219,173 | 53,254 | 21,687 | 38,661 | 33,886 | 43,226 | 28,459 |
| Earning assets | 2,534,480 | 586,609 | 250,119 | 468,403 | 492,833 | 497,399 | 239,117 |
| FHLB Advances | 108,994 | 38,072 | 5,162 | 23,098 | 25,427 | 10,191 | 7,043 |
| Unused loan commitments | 393,097 | 86,161 | 34,117 | 75,010 | 88,657 | 68,918 | 40,234 |
| Trust assets | 478,554 | 158,812 | 13,488 | 85,756 | 144,540 | 50,919 | 25,039 |
| Assets securitized and sold | 21,923 | 9,673 | 36 | 2,893 | 6,237 | 2,454 | 630 |
| Notional amount of derivatives | 139,891 | 57,134 | 6,179 | 24,518 | 31,349 | 11,781 | 8,929 |
| **INCOME DATA** | | | | | | | |
| Total interest income | $34,890 | $7,618 | $3,549 | $6,311 | $6,837 | $7,302 | $3,273 |
| Total interest expense | 14,033 | 3,439 | 1,290 | 2,505 | 2,901 | 2,740 | 1,157 |
| Net interest income | 20,857 | 4,179 | 2,259 | 3,806 | 3,936 | 4,562 | 2,116 |
| Provision for credit losses**** | 914 | 168 | 76 | 147 | 159 | 166 | 199 |
| Total noninterest income | 5,340 | 1,302 | 454 | 1,135 | 1,006 | 989 | 453 |
| Total noninterest expense | 17,473 | 4,056 | 1,749 | 3,129 | 3,246 | 3,539 | 1,753 |
| Securities gains (losses) | -104 | -4 | -1 | -35 | -14 | -19 | -32 |
| Applicable income taxes | 1,294 | 299 | 173 | 272 | 203 | 224 | 124 |
| Extraordinary gains, net***** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total net income (includes minority interests) | 6,413 | 954 | 714 | 1,361 | 1,320 | 1,603 | 461 |
| Bank net income | 6,409 | 954 | 713 | 1,359 | 1,320 | 1,602 | 461 |
| Net charge-offs | 642 | 152 | 42 | 92 | 125 | 117 | 113 |
| Cash dividends | 3,261 | 413 | 248 | 723 | 651 | 977 | 247 |
| Retained earnings | 3,148 | 540 | 465 | 636 | 669 | 624 | 214 |
| Net operating income | 6,498 | 957 | 715 | 1,389 | 1,331 | 1,619 | 486 |

* See Table IV-A for explanation.
** For institutions that have adopted ASU 2016-13, this item represents the allowance for credit losses on loans and leases held for investment and allocated transfer risk. Beginning in 2024, almost all institutions have adopted ASU 2016-13.
*** For institutions that have adopted ASU 2016-13, securities are reported net of allowances for credit losses. Beginning in 2024, almost all institutions have adopted ASU 2016-13.
**** 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. Beginning in 2024, almost all institutions have adopted ASU 2016-13.
***** See Notes to Users for explanation.

**Table IV-B. Second Quarter 2024, FDIC-Insured Community Banks**

| Performance ratios (annualized, %) | All Community Banks | | Second Quarter 2024, Geographic Regions* | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2nd Quarter 2024 | 1st Quarter 2024 | New York | Atlanta | Chicago | Kansas City | Dallas | San Francisco |
| Yield on earning assets | 5.52 | 5.37 | 5.21 | 5.70 | 5.40 | 5.56 | 5.87 | 5.49 |
| Cost of funding earning assets | 2.22 | 2.14 | 2.35 | 2.07 | 2.15 | 2.36 | 2.20 | 1.94 |
| Net interest margin | 3.30 | 3.23 | 2.86 | 3.63 | 3.26 | 3.20 | 3.67 | 3.55 |
| Noninterest income to assets | 0.79 | 0.73 | 0.83 | 0.68 | 0.91 | 0.77 | 0.74 | 0.71 |
| Noninterest expense to assets | 2.59 | 2.53 | 2.59 | 2.64 | 2.51 | 2.48 | 2.66 | 2.75 |
| Loan and lease loss provision to assets | 0.14 | 0.11 | 0.11 | 0.11 | 0.12 | 0.12 | 0.13 | 0.31 |
| Net operating income to assets | 0.96 | 0.94 | 0.61 | 1.08 | 1.11 | 1.02 | 1.22 | 0.76 |
| Pretax return on assets | 1.14 | 1.13 | 0.80 | 1.34 | 1.31 | 1.16 | 1.37 | 0.92 |
| Return on assets | 0.95 | 0.94 | 0.61 | 1.07 | 1.09 | 1.01 | 1.21 | 0.72 |
| Return on equity | 9.60 | 9.59 | 5.93 | 11.15 | 11.34 | 10.60 | 12.27 | 6.81 |
| Net charge-offs to loans and leases | 0.14 | 0.11 | 0.13 | 0.10 | 0.11 | 0.13 | 0.13 | 0.27 |
| Loan and lease loss provision to net charge-offs | 143.80 | 155.51 | 115.85 | 184.04 | 156.86 | 127.35 | 138.84 | 179.07 |
| Efficiency ratio | 65.65 | 66.79 | 71.89 | 64.30 | 62.88 | 65.21 | 63.37 | 64.82 |
| Net interest income to operating revenue | 79.62 | 80.52 | 76.25 | 83.27 | 77.02 | 79.64 | 82.18 | 82.36 |
| % of unprofitable institutions | 6.75 | 7.21 | 14.57 | 8.97 | 6.58 | 3.50 | 4.18 | 13.20 |
| % of institutions with earnings gains | 47.03 | 35.71 | 30.24 | 45.95 | 48.33 | 52.83 | 49.52 | 39.60 |

*See Table IV-A for explanation.

**Table V-B. First Half 2024, FDIC-Insured Community Banks**

| Performance ratios (%) | All Community Banks | | First Half 2024, Geographic Regions* | | | | | |
|---|---|---|---|---|---|---|---|---|
| | First Half 2024 | First Half 2023 | New York | Atlanta | Chicago | Kansas City | Dallas | San Francisco |
| Yield on earning assets | 5.45 | 4.85 | 5.16 | 5.63 | 5.33 | 5.48 | 5.80 | 5.41 |
| Cost of funding earning assets | 2.18 | 1.40 | 2.31 | 2.04 | 2.11 | 2.31 | 2.17 | 1.90 |
| Net interest margin | 3.27 | 3.44 | 2.84 | 3.59 | 3.23 | 3.17 | 3.63 | 3.51 |
| Noninterest income to assets | 0.77 | 0.72 | 0.82 | 0.67 | 0.87 | 0.76 | 0.71 | 0.73 |
| Noninterest expense to assets | 2.57 | 2.51 | 2.57 | 2.63 | 2.50 | 2.47 | 2.65 | 2.68 |
| Loan and lease loss provision to assets | 0.13 | 0.11 | 0.10 | 0.11 | 0.10 | 0.11 | 0.12 | 0.30 |
| Net operating income to assets | 0.95 | 1.09 | 0.62 | 1.05 | 1.08 | 1.00 | 1.18 | 0.81 |
| Pretax return on assets | 1.14 | 1.28 | 0.84 | 1.30 | 1.27 | 1.15 | 1.32 | 0.99 |
| Return on assets | 0.95 | 1.05 | 0.65 | 1.05 | 1.06 | 1.00 | 1.16 | 0.77 |
| Return on equity | 9.60 | 11.15 | 6.36 | 10.92 | 11.06 | 10.59 | 11.85 | 7.34 |
| Net charge-offs to loans and leases | 0.12 | 0.09 | 0.11 | 0.08 | 0.09 | 0.11 | 0.13 | 0.31 |
| Loan and lease loss provision to net charge-offs | 149.25 | 176.83 | 127.51 | 212.05 | 170.08 | 146.96 | 145.08 | 146.98 |
| Efficiency ratio | 66.27 | 63.41 | 72.66 | 64.89 | 63.74 | 65.58 | 64.07 | 64.96 |
| Net interest income to operating revenue | 79.79 | 81.70 | 76.44 | 83.43 | 77.59 | 79.52 | 82.60 | 81.78 |
| % of unprofitable institutions | 6.46 | 4.28 | 12.58 | 8.53 | 7.14 | 2.69 | 5.04 | 11.20 |
| % of institutions with earnings gains | 39.50 | 60.43 | 25.17 | 40.26 | 40.74 | 43.14 | 42.02 | 34.00 |

*See Table IV-A for explanation.

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

| June 30, 2024 | All Community Banks | Geographic Regions* | | | | | |
|---|---|---|---|---|---|---|---|
| | | New York | Atlanta | Chicago | Kansas City | Dallas | San Francisco |
| **Percent of Loans 30-89 Days Past Due** | | | | | | | |
| All loans secured by real estate | 0.39 | 0.38 | 0.39 | 0.36 | 0.37 | 0.52 | 0.25 |
| Construction and development | 0.49 | 0.73 | 0.25 | 0.28 | 0.52 | 0.60 | 0.30 |
| Nonfarm nonresidential | 0.28 | 0.25 | 0.31 | 0.27 | 0.26 | 0.32 | 0.26 |
| Multifamily residential real estate | 0.24 | 0.38 | 0.09 | 0.13 | 0.17 | 0.18 | 0.14 |
| Home equity loans | 0.51 | 0.61 | 0.40 | 0.52 | 0.50 | 0.57 | 0.36 |
| Other 1-4 family residential | 0.52 | 0.41 | 0.60 | 0.56 | 0.49 | 0.78 | 0.26 |
| Commercial and industrial loans | 0.53 | 0.31 | 0.61 | 0.44 | 0.61 | 0.68 | 0.64 |
| Loans to individuals | 1.72 | 2.14 | 1.13 | 0.82 | 1.25 | 2.99 | 1.45 |
| Credit card loans | 3.76 | 4.42 | 1.64 | 1.22 | 5.13 | 1.37 | 3.32 |
| Other loans to individuals | 1.63 | 2.07 | 1.13 | 0.82 | 0.96 | 3.02 | 1.21 |
| All other loans and leases (including farm) | 0.40 | 0.19 | 0.33 | 0.33 | 0.44 | 0.61 | 0.31 |
| Total loans and leases | 0.46 | 0.44 | 0.45 | 0.39 | 0.44 | 0.63 | 0.36 |
| **Percent of Loans Noncurrent** | | | | | | | |
| All loans secured by real estate | 0.56 | 0.64 | 0.53 | 0.55 | 0.45 | 0.64 | 0.46 |
| Construction and development | 0.69 | 0.91 | 0.39 | 0.72 | 0.61 | 0.63 | 1.04 |
| Nonfarm nonresidential | 0.60 | 0.71 | 0.60 | 0.63 | 0.49 | 0.64 | 0.40 |
| Multifamily residential real estate | 0.43 | 0.68 | 0.18 | 0.21 | 0.31 | 0.31 | 0.25 |
| Home equity loans | 0.50 | 0.61 | 0.25 | 0.36 | 0.40 | 0.47 | 0.92 |
| Other 1-4 family residential | 0.50 | 0.49 | 0.54 | 0.53 | 0.41 | 0.62 | 0.30 |
| Commercial and industrial loans | 0.96 | 1.01 | 0.82 | 0.95 | 0.83 | 1.06 | 1.10 |
| Loans to individuals | 0.59 | 0.45 | 0.52 | 0.31 | 0.50 | 1.08 | 0.80 |
| Credit card loans | 2.49 | 1.82 | 0.45 | 0.55 | 2.39 | 0.73 | 3.95 |
| Other loans to individuals | 0.51 | 0.40 | 0.52 | 0.31 | 0.36 | 1.08 | 0.39 |
| All other loans and leases (including farm) | 0.57 | 0.75 | 1.00 | 0.53 | 0.39 | 0.65 | 0.96 |
| Total loans and leases | 0.61 | 0.67 | 0.58 | 0.60 | 0.50 | 0.71 | 0.57 |
| **Percent of Loans Charged-Off (net, YTD)** | | | | | | | |
| All loans secured by real estate | 0.02 | 0.02 | 0.00 | 0.02 | 0.02 | 0.02 | 0.06 |
| Construction and development | 0.02 | 0.00 | -0.02 | 0.03 | 0.04 | 0.02 | 0.01 |
| Nonfarm nonresidential | 0.04 | 0.05 | 0.01 | 0.04 | 0.03 | 0.02 | 0.10 |
| Multifamily residential real estate | 0.04 | 0.06 | 0.00 | 0.06 | 0.07 | 0.02 | -0.02 |
| Home equity loans | 0.01 | -0.01 | 0.00 | -0.01 | 0.01 | 0.01 | 0.11 |
| Other 1-4 family residential | 0.00 | 0.00 | -0.01 | 0.00 | 0.00 | 0.02 | 0.00 |
| Commercial and industrial loans | 0.32 | 0.33 | 0.32 | 0.29 | 0.23 | 0.33 | 0.57 |
| Loans to individuals | 1.51 | 1.33 | 0.89 | 0.45 | 1.70 | 1.47 | 3.88 |
| Credit card loans | 11.55 | 5.53 | 1.91 | 1.87 | 17.41 | 1.92 | 14.48 |
| Other loans to individuals | 1.08 | 1.20 | 0.87 | 0.43 | 0.48 | 1.47 | 2.46 |
| All other loans and leases (including farm) | 0.12 | 0.14 | 0.14 | 0.17 | 0.02 | 0.23 | 0.23 |
| Total loans and leases | 0.12 | 0.11 | 0.08 | 0.09 | 0.11 | 0.13 | 0.31 |
| **Loans Outstanding (in billions)** | | | | | | | |
| All real estate loans | $1,477.0 | $384.0 | $144.2 | $266.6 | $268.6 | $276.9 | $136.7 |
| Construction and development | 155.0 | 27.5 | 17.5 | 25.0 | 28.6 | 44.8 | 11.6 |
| Nonfarm nonresidential | 576.6 | 136.3 | 62.4 | 102.5 | 92.7 | 114.9 | 67.7 |
| Multifamily residential real estate | 142.0 | 57.5 | 7.6 | 27.2 | 22.3 | 11.3 | 16.2 |
| Home equity loans | 48.8 | 12.2 | 6.1 | 10.9 | 6.6 | 6.4 | 6.6 |
| Other 1-4 family residential | 467.2 | 148.3 | 45.8 | 82.2 | 77.3 | 82.8 | 30.8 |
| Commercial and industrial loans | 240.9 | 45.1 | 22.2 | 51.3 | 54.6 | 47.6 | 20.0 |
| Loans to individuals | 75.2 | 18.4 | 7.5 | 13.1 | 14.0 | 13.3 | 8.8 |
| Credit card loans | 3.1 | 0.6 | 0.1 | 0.2 | 1.0 | 0.2 | 1.0 |
| Other loans to individuals | 72.1 | 17.9 | 7.4 | 12.9 | 13.0 | 13.1 | 7.8 |
| All other loans and leases (including farm) | 95.1 | 11.8 | 4.6 | 16.9 | 39.7 | 16.4 | 5.8 |
| Total loans and leases (plus unearned income) | 1,888.2 | 459.3 | 178.6 | 347.9 | 376.8 | 354.2 | 171.3 |
| **Memo: Unfunded Commitments (in millions)** | | | | | | | |
| Total Unfunded Commitments | 393,097 | 86,161 | 34,117 | 75,010 | 88,657 | 68,918 | 40,234 |
| Construction and development: 1-4 family residential | 31,631 | 5,310 | 4,479 | 4,539 | 5,261 | 9,909 | 2,133 |
| Construction and development: CRE and other | 83,048 | 18,375 | 8,411 | 14,910 | 15,099 | 18,923 | 7,330 |
| Commercial and industrial | 123,824 | 29,081 | 9,250 | 27,430 | 25,632 | 20,069 | 12,361 |

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

PAGE INTENTIONALLY LEFT BLANK

# INSURANCE FUND INDICATORS

**Deposit Insurance Fund Increases by $3.9 Billion**
**DIF Reserve Ratio Rises 4 Basis Points, Ends Second Quarter at 1.21 Percent**
**One Institution Failed During the Second Quarter**

During the second quarter, the Deposit Insurance Fund (DIF) balance increased by $3.9 billion to $129.2 billion. The rise in the DIF was primarily driven by assessment income of $3.2 billion. Interest earned on securities and negative provisions added a combined $1.3 billion to the fund during the quarter. These gains were partially offset by operating expenses of $0.6 billion. There was one institution that failed during the second quarter at an estimated cost to the Fund of $667 million.

The deposit insurance assessment base—average consolidated total assets minus average tangible equity—increased by 0.2 percent in the second quarter and increased by 0.9 percent from a year ago.[1,2]

Total estimated insured deposits declined by 0.9 percent in the second quarter though increased by 0.8 percent year over year. The DIF's reserve ratio (the fund balance as a percent of insured deposits) was 1.21 percent on June 30, 2024, up 4 basis points from the previous quarter and 10 basis points higher than the previous year.

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

Author:

**Courtney Smith**
Economic Analyst
Division of Insurance and Research

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

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

| | Deposit Insurance Fund** | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (dollar figures in millions) | 2nd Quarter 2024 | 1st Quarter 2024 | 4th Quarter 2023 | 3rd Quarter 2023 | 2nd Quarter 2023 | 1st Quarter 2023 | 4th Quarter 2022 | 3rd Quarter 2022 | 2nd Quarter 2022 | 1st Quarter 2022 | 4th Quarter 2021 | 3rd Quarter 2021 | 2nd Quarter 2021 |
| **Beginning Fund Balance** | $125,300 | $121,778 | $119,339 | $116,968 | $116,071 | $128,218 | $125,457 | $124,458 | $123,039 | $123,141 | $121,935 | $120,547 | $119,362 |
| **Changes in Fund Balance:** | | | | | | | | | | | | | |
| Assessments earned | 3,218 | 3,248 | 3,107 | 3,225 | 3,127 | 3,306 | 2,142 | 2,145 | 2,086 | 1,938 | 1,967 | 1,662 | 1,589 |
| Interest earned on investment securities | 981 | 795 | 574 | 828 | 673 | 661 | 498 | 332 | 225 | 191 | 197 | 221 | 251 |
| Realized gain on sale of investments | 0 | 0 | -450 | -272 | 96 | -1,666 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating expenses | 609 | 564 | 604 | 517 | 497 | 508 | 515 | 456 | 460 | 453 | 475 | 448 | 466 |
| Provision for insurance losses | -320 | 9 | 856 | 1,237 | 2,033 | 16,402 | -48 | -49 | -86 | 100 | 8 | -53 | -42 |
| All other income, net of expenses | 19 | 32 | 30 | 4 | 3 | 12 | 114 | 6 | 29 | 8 | 61 | 65 | 2 |
| Unrealized gain/(loss) on available-for-sale securities*** | 7 | 20 | 638 | 340 | -472 | 2,450 | 474 | -1,077 | -547 | -1,686 | -536 | -165 | -233 |
| Total fund balance change | 3,936 | 3,522 | 2,439 | 2,371 | 897 | -12,147 | 2,761 | 999 | 1,419 | -102 | 1,206 | 1,388 | 1,185 |
| **Ending Fund Balance** | 129,236 | 125,300 | 121,778 | 119,339 | 116,968 | 116,071 | 128,218 | 125,457 | 124,458 | 123,039 | 123,141 | 121,935 | 120,547 |
| Percent change from four quarters earlier | 10.49 | 7.95 | -5.02 | -4.88 | -6.02 | -5.66 | 4.12 | 2.89 | 3.24 | 3.08 | 4.45 | 4.72 | 5.14 |
| **Reserve Ratio (%)** | 1.21 | 1.17 | 1.15 | 1.13 | 1.11 | 1.11 | 1.25 | 1.23 | 1.23 | 1.21 | 1.24 | 1.25 | 1.27 |
| **Estimated Insured Deposits** | 10,646,636 | 10,743,486 | 10,621,339 | 10,567,465 | 10,566,836 | 10,472,144 | 10,267,169 | 10,178,398 | 10,085,379 | 10,145,091 | 9,904,680 | 9,743,499 | 9,469,753 |
| Percent change from four quarters earlier | 0.76 | 2.59 | 3.45 | 3.82 | 4.77 | 3.22 | 3.66 | 4.46 | 6.50 | 6.85 | 8.83 | 9.49 | 7.43 |
| Percent of Total Deposit Liabilites After Exclusions | 59.70 | 59.75 | 59.69 | 59.29 | 59.25 | 58.41 | 55.69 | 55.24 | 54.34 | 53.74 | 52.98 | 53.69 | 53.56 |
| **Estimated Uninsured Deposits** | 7,186,514 | 7,237,147 | 7,172,312 | 7,257,350 | 7,268,630 | 7,455,260 | 8,168,754 | 8,247,629 | 8,475,874 | 8,732,412 | 8,788,725 | 8,405,095 | 8,209,279 |
| Percent change from four quarters earlier | -1.13 | -2.93 | -12.20 | -12.01 | -14.24 | -14.63 | -7.05 | -1.87 | 3.25 | 9.94 | 14.39 | 15.42 | 14.17 |
| Percent of Total Deposit Liabilites After Exclusions | 40.30 | 40.25 | 40.31 | 40.71 | 40.75 | 41.59 | 44.31 | 44.76 | 45.66 | 46.26 | 47.02 | 46.31 | 46.44 |
| **Total Deposit Liabilities After Exclusions****** | 17,833,150 | 17,980,632 | 17,793,652 | 17,824,814 | 17,835,467 | 17,927,403 | 18,435,923 | 18,426,027 | 18,561,252 | 18,877,503 | 18,693,405 | 18,148,594 | 17,679,032 |
| Percent change from four quarters earlier | -0.01 | 0.30 | -3.48 | -3.26 | -3.91 | -5.03 | -1.38 | 1.53 | 4.99 | 8.26 | 11.37 | 12.16 | 10.46 |
| **Assessment Base******* | 21,015,372 | 20,971,238 | 20,887,860 | 20,715,979 | 20,836,184 | 20,726,962 | 21,010,979 | 21,024,476 | 21,053,618 | 20,936,265 | 20,677,903 | 20,123,703 | 19,771,625 |
| Percent change from four quarters earlier | 0.86 | 1.18 | -0.59 | -1.47 | -1.03 | -1.00 | 1.61 | 4.48 | 6.48 | 8.45 | 9.38 | 8.36 | 8.26 |
| **Number of Institutions Reporting** | 4,548 | 4,577 | 4,596 | 4,623 | 4,654 | 4,681 | 4,715 | 4,755 | 4,780 | 4,805 | 4,848 | 4,923 | 4,959 |

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

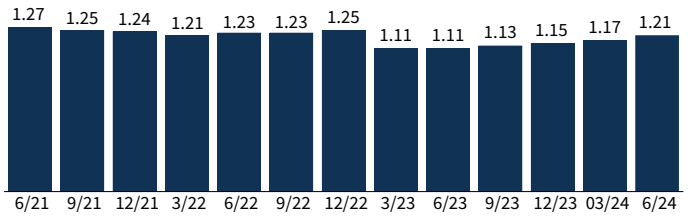
**Table II-C. Problem Institutions and Failed Institutions**

| (dollar figures in millions) | 2024*** | 2023*** | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|
| Problem Institutions | | | | | | | | | |
| Number of institutions | 66 | 43 | 52 | 39 | 44 | 56 | 51 | 60 | 95 |
| Total assets* | $83,389 | $46,014 | $66,279 | $47,463 | $170,172 | $55,830 | $46,190 | $48,481 | $13,939 |
| Failed Institutions | | | | | | | | | |
| Number of institutions | 1 | 2 | 5 | 0 | 0 | 4 | 4 | 0 | 8 |
| Total assets** | $5,866 | $319,390 | $552,539 | $0 | $0 | $455 | $209 | $0 | $5,082 |

* Assets shown are what were on record as of the last day of the quarter.
** Total assets are based on final Call Reports submitted by failed institutions.
*** Through June 30.

## DIF Reserve Ratios

Percent of Insured Deposits




## Deposit Insurance Fund Balance and Insured Deposits ($ Millions)

| | DIF Balance | DIF-Insured Deposits |
|---|---|---|
| 6/21 | $120,547 | $9,469,753 |
| 9/21 | 121,935 | 9,743,499 |
| 12/21 | 123,141 | 9,904,680 |
| 3/22 | 123,039 | 10,145,091 |
| 6/22 | 124,458 | 10,085,379 |
| 9/22 | 125,457 | 10,178,398 |
| 12/22 | 128,218 | 10,267,169 |
| 3/23 | 116,071 | 10,472,144 |
| 6/23 | 116,968 | 10,566,836 |
| 9/23 | 119,339 | 10,567,465 |
| 12/23 | 121,778 | 10,621,339 |
| 03/24 | 125,300 | 10,743,486 |
| 6/24 | 129,236 | 10,646,636 |

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

| (dollar figures in millions) June 30, 2024 | Number of Institutions | Total Assets | Domestic Deposits* | Est. Insured Deposits |
|---|---|---|---|---|
| **Commercial Banks and Savings Institutions** | | | | |
| FDIC-Insured Commercial Banks | 3,985 | $22,686,417 | $16,382,733 | $9,800,480 |
| FDIC-Supervised | 2,620 | 3,835,424 | 3,071,553 | 2,088,850 |
| OCC-Supervised | 697 | 15,217,162 | 10,653,073 | 6,210,145 |
| Federal Reserve-Supervised | 668 | 3,633,831 | 2,658,107 | 1,501,485 |
| FDIC-Insured Savings Institutions | 554 | 1,200,717 | 955,813 | 795,204 |
| OCC-Supervised | 241 | 538,398 | 424,384 | 359,642 |
| FDIC-Supervised | 276 | 312,994 | 245,469 | 186,202 |
| Federal Reserve-Supervised | 37 | 349,325 | 285,959 | 249,360 |
| **Total Commercial Banks and Savings Institutions** | 4,539 | 23,887,133 | 17,338,545 | 10,595,684 |
| **Other FDIC-Insured Institutions** | | | | |
| U.S. Branches of Foreign Banks | 9 | 101,710 | 57,700 | 50,953 |
| **Total FDIC-Insured Institutions** | 4,548 | 23,988,843 | 17,396,245 | 10,646,636 |

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

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

**Quarter Ending March 31, 2024** (dollar figures in billions)

| Annual Rate in Basis Points | Number of Institutions | Percent of Total Institutions | Amount of Assessment Base | Percent of Total Assessment Base |
|---|---|---|---|---|
| 2.50 - 5.00 | 2,656 | 58.0 | $5,556.2 | 26.49 |
| 5.01 - 8.00 | 1,250 | 27.3 | 13,045.2 | 62.21 |
| 8.01 - 12.00 | 528 | 11.5 | 1,931.4 | 9.21 |
| 12.01 - 17.00 | 58 | 1.3 | 114.3 | 0.55 |
| >17.00 | 85 | 1.9 | 324.2 | 1.55 |

# NOTES TO USERS

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

## TABLES I-A THROUGH VIII-A.

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

## TABLES I-B THROUGH VI-B.

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

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

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

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

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

The fourth step includes organizations that operate within a limited geographic scope. This limitation of scope is used as a proxy measure for a bank's relationship approach to banking. Banks that operate within a limited market area have more ease in managing relationships at a personal level. Under this step, four criteria are applied to each banking organization. They include both a minimum and maximum number of total banking offices, a maximum level of deposits for any one office, and location-based criteria. The limits on the

number of and deposits per office are adjusted upward quarterly. For banking offices, banks must have more than one office, and the maximum number of offices is 40 in 1985 and reached 107 in 2024. The maximum level of deposits for any one office is $1.25 billion in deposits in 1985 and reached $10.87 billion in deposits in 2024. The remaining geographic limitations are also based on maximums for the number of states (fixed at 3) and large metropolitan areas (fixed at 2) in which the organization maintains offices. Branch office data are based on the most recent data from the annual June 30 *Summary of Deposits Survey* that are available at the time of publication.

Finally, the definition establishes an asset-size limit, also adjusted upward quarterly and below which the limits on banking activities and geographic scope are waived. The asset-size limit is $250 million in 1985 and reached $2.17 billion in 2024. This final step acknowledges the fact that most of those small banks that are not excluded as specialty banks meet the requirements for banking activities and geographic limits in any event.

## SUMMARY OF FDIC RESEARCH DEFINITION OF COMMUNITY BANKING ORGANIZATIONS

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

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

**Exclude:** Any organization with:

— No loans or no core deposits

— Assets held in foreign branches ≥ 10% of total assets

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

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

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

— Total assets < indexed size threshold[2]

— Total assets ≥ indexed size threshold, where:

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

## TABLES I-C THROUGH IV-C.

A separate set of tables (Tables I-C through IV-C) provides comparative quarterly data related to the Deposit Insurance Fund (DIF), problem institutions, failed institutions, estimated FDIC-insured deposits, as well as assessment rate information. Depository institutions that are not insured by the FDIC through the DIF are not included in the *FDIC Quarterly Banking*

[1] Consumer nonbank banks are financial institutions with limited charters that can make commercial loans or take deposits, but not both.
[2] Asset size threshold indexed to equal $250 million in 1985 and $2.17 billion in 2024.
[3] Maximum number of offices indexed to equal 40 in 1985 and 107 in 2024.
[4] Maximum branch deposit size indexed to equal $1.25 billion in 1985 and $10.87 billion in 2024.

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

## DATA SOURCES

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

## COMPUTATION METHODOLOGY

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

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

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

## ACCOUNTING CHANGES

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

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

https://www.fdic.gov/news/financial-institution-letters/2024/consolidated-reports-condition-and-income-second-quarter

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

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

https://www.fasb.org/standards

## DEFINITIONS (IN ALPHABETICAL ORDER)

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

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

**Assessment base** – Effective April 1, 2011, the deposit insurance assessment base changed to "average consolidated total assets minus average tangible equity" with an additional adjustment to the assessment base for banker's banks and custodial banks. Previously, the assessment base consisted of deposit liabilities after exclusions.

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

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

The current assessment rate schedule became effective January 1, 2023. Under the current schedule, initial base assessment rates range from 5 to 32 basis points. An institution's total base assessment rate may differ from its initial rate due to three possible adjustments: (1) Unsecured Debt Adjustment: An institution's rate may decrease by up to 5 basis points for unsecured debt. The unsecured debt adjustment cannot exceed the lesser of 5 basis points or 50 percent of an institution's initial base assessment rate (IBAR). Thus, for

example, an institution with an IBAR of 5 basis points would have a maximum unsecured debt adjustment of 2.5 basis points and could not have a total base assessment rate lower than 2.5 basis points. (2) Depository Institution Debt Adjustment: For institutions that hold long-term unsecured debt issued by another insured depository institution, a 50 basis point charge is applied to the amount of such debt held in excess of 3 percent of an institution's Tier 1 capital. (3) Brokered Deposit Adjustment: Rates for large institutions that are not well capitalized or do not have a composite CAMELS rating of 1 or 2 may increase (not to exceed 10 basis points) if their brokered deposits exceed 10 percent of domestic deposits.

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

**Total Base Assessment Rates***

| | Established Small Banks | | | Large and Highly Complex Institutions |
|---|---|---|---|---|
| | CAMELS Composite | | | |
| | 1 or 2 | 3 | 4 or 5 | |
| Initial Base Assessment Rate | 5 to 18 | 8 to 32 | 18 to 32 | 5 to 32 |
| Unsecured Debt Adjustment | -5 to 0 | -5 to 0 | -5 to 0 | -5 to 0 |
| Brokered Deposit Adjustment | N/A | N/A | N/A | 0 to 10 |
| Total Base Assessment Rate | 2.5 to 18 | 4 to 32 | 13 to 32 | 2.5 to 42 |

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

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

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

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

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

include institutions that have a Community Bank Leverage Ratio election in effect at the report date.

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

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

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

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

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

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

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

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

**Derivatives transaction types:**

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

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

The seller is obligated to purchase or sell the variable or index at the discretion of the buyer of the contract.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# U.S. INDUSTRIAL TRANSITION AND ITS EFFECT ON METRO AREAS AND COMMUNITY BANKS

## OVERVIEW

Ongoing changes in technology, production patterns, and demand present challenges for many industries and their local economies. This study examines U.S. industrial transitions, such as significant disruptions to primary metal and textile manufacturing, over five decades. We create a novel metric to measure industrial transition, use this metric to determine which areas were most affected by industrial transition, and compare the economic and banking performance of affected areas to areas with lower levels of transition. The study may provide insight into the future economic and demographic challenges of areas that could be affected by shifts in industrial practices. For example, as alternative forms of energy and lower carbon technologies emerge to address changing consumer and business preferences and new emissions restrictions are put in place in some jurisdictions, the findings in this analysis may be relevant to areas with concentrations in industries more exposed to these changes and to community banks that serve those areas.

## BACKGROUND

The five-decade span from 1970 to 2019 brought a variety of changes that led to notable transitions in the economies of Metropolitan Statistical Areas (metros) across the country.[1] The national economy shifted away from the manufacturing sector, in which employment declined nearly 30 percent over this period. U.S. industries such as steel and textiles were hollowed out by the forces of automation and globalization, leading to even more dramatic employment declines. The nation moved to a more services-based economy, with the technology sector rising in importance. These shifts hamstrung metro areas dependent on manufacturing while benefiting areas with skilled workforces and diverse job opportunities.

[1] The terms "metro areas" and "metros" are used interchangeably in this study and refer to the 383 Metropolitan Statistical Areas (MSAs) as delineated in the 2018 Office of Management and Budget (OMB) Bulletin 18-3 using 2010 OMB standards for delineation of Census Bureau data.

Demographic trends over the past 50 years also led to significant changes among metro areas. National population growth slowed from post-World War II highs and consistently decelerated beginning in the early 1990s. Slowing population growth and longer lifespans contributed to an aging population and shifting demand for products and services. Population also shifted between different regions of the country during the period from 1970 to 2019, as people moved from the North and Midwest to the South and West. This movement led to rapid economic development in regions with large population inflows but slowed economic growth in areas of the country with population outflows.

## METHODOLOGY

The goal of this study is to determine which U.S. metros incurred the most substantial transition between industries over about five decades and how such transitions affected community banks.[2] This study examines 383 U.S. metro areas using available economic data from 1970 through 2019 and banking data from 1984 through 2019.[3] The term "industrial transition" is defined in this study as a metro area's movement between industries—often from an area's dominant industry to other industries (or, in some cases, to a reduced workforce size).

The following methodology was used to measure each metro area's industrial transition:

1. Private industries that lost jobs nationally between 1970 and 2019 were identified using the North American Industry Classification System at the three-digit level.[4]

2. The ratio of each industry's average wage to the national average wage was determined to give greater weight to higher-wage industries, based on the earliest industry wage data available (1975). This ratio is defined as the "industry wage ratio." Higher wages, indicated by a higher industry wage ratio, have spillover effects on a metro's economy: a greater share of workers employed in higher-wage industries may contribute more money to local businesses, bolstering the local economy.

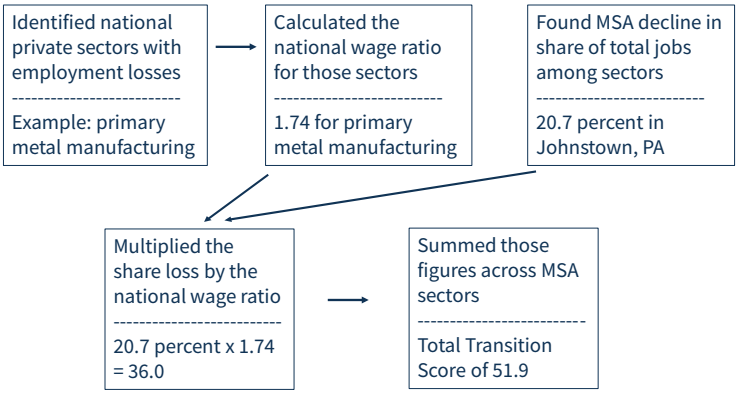
[2] "Community bank" is defined in Chapter 1 of the 2012 FDIC Community Banking Study, https://www.fdic.gov/resources/community-banking/report/2012/2012-cbi-study-1.pdf.
[3] This long-term analysis of industrial employment trends concludes with 2019 data because the pandemic that began in 2020 rendered economic data unsuitable for measuring long-term transition effects. The banking data series begins in 1984, the earliest year that data from bank Consolidated Reports of Condition and Income (Call Reports) are broadly available.
[4] The study also evaluates discrete five-year blocks from 1970 to 2019, and the results were generally consistent with the overall five-decade analysis. However, the results and usefulness of this additional analysis were muted due to the shorter periods.

3. The performance of the identified private sector industries across 383 metro areas nationally was analyzed. Within each metro, the change in the share of each industry's employment to the metro's total employment from 1970 to 2019 was determined. The change in each industry's share of metro area jobs was then multiplied by the respective industry wage ratio to give greater weight to industries that paid higher wages. Industries that increased employment share in each metro area were excluded from the calculation because the focus of this study is on how communities responded to declining industry sectors.[5]

4. To further this analysis, the study created a single metric, called the Transition Score, to measure the impact of industrial transition on each metro area. To determine each metro area's Transition Score, the previously calculated weighted change in industry share was aggregated across the industries in the area. For example, as shown in Chart 1, the Transition Score for Johnstown, Pennsylvania, heavily reflected losses in the metro's primary metal manufacturing sector. The Transition Score also factored in the metro's shift away from other industrial sectors. In Johnstown's case, the employment share of primary metal manufacturing, which has an industry wage ratio of 1.74, declined by 20.7 percent between 1970 and 2019, contributing 36.0 points to its Transition Score.[6] Other industry employment shifts contributed an additional 15.9 points to its score, resulting in an overall Transition Score of 51.9. For a more detailed example of this calculation, refer to the Appendix.

**Chart 1**

**Transition Score Methodology Incorporates Metro Data on Employment Share and Wages**




Sources: Bureau of Labor Statistics, Moody's Analytics, and FDIC.
Note: Figures are rounded to one decimal point. Multiplication products are derived from unrounded figures. MSA is Metropolitan Statistical Area.

[5] Although this study focuses on declining industry sectors, the analysis also investigates the successes of Charlotte, North Carolina, and San Jose, California, in transitioning from manufacturing to service-based industries.

[6] While figures are rounded to 1 decimal point, the multiplication products are derived from unrounded figures.

**The Transition Score is an insightful way to summarize each metro area's experience with nationally declining industries, adjusted for wages, over the study period.** The higher a metro area's Transition Score, the more that metro area was affected by industrial transition from dominant industries. In fact, higher Transition Scores typically reflect a decline in higher-wage industries over the study period. In this study, Transition Scores range from a low of 1.3 (Idaho Falls, Idaho) to a high of 52.1 (Youngstown, Ohio).

**To better understand the local effects of national industrial transition, the study analyzed metros with high Transition Scores.** The study identified 64 metros with Transition Scores above 25.[7] Of these, 54 metro areas underperformed the nation's 112.5 percent overall employment growth between 1970 and 2019. These 54 metros—referred to as the "study group" or "high-transition metros" throughout the rest of this study—were also aggregated and analyzed against the remaining 329 metros for factors such as output, population, and incomes. The metro areas with the four highest Transition Scores were further assessed for factors that may have contributed to difficulty transitioning. Two large metros with high Transition Scores and employment growth that outpaced national employment growth were also evaluated for dynamics that contributed to their effective transitions.

## KEY ECONOMIC FINDINGS

**Contracting industries were primarily concentrated in manufacturing, which often paid high wages.** Many of the industries that lost jobs over the study period were manufacturing industries with wages well above the national average (Table 1). For example, the average wage for primary metal manufacturing was 1.7 times the national average, and this sector lost 57 percent of its jobs nationally between 1970 and 2019. Some other manufacturing subsectors, such as machinery manufacturing and transportation equipment manufacturing, were common drivers in many metros with high Transition Scores and had wages well above the national average. Metros transitioning from these manufacturing sectors were concentrated in the Northeast and Upper Midwest.

[7] The "high" Transition Score threshold of 25 provided a suitable group of metros that constituted 17 percent of the overall number of metros studied, roughly the top one-sixth of Transition Scores.

Although most of the industries that contracted during the study period had a high industry wage relative to the national average, the study identified a number of industries that lost a considerable share of jobs and had relatively low wages. For example, over the study period, apparel manufacturing jobs in the United States declined more than 90 percent and textile mill jobs declined more than 80 percent. These percentage declines in employment were larger than in any other sector. However, these declines received smaller weights in the calculation of Transition Scores because of the lower wages paid by these sectors. Metros transitioning from lower-wage sectors such as textile mills were concentrated in the Southeast.

**Table 1**

**Many Industries Lost Jobs Nationally Between 1970 and 2019**

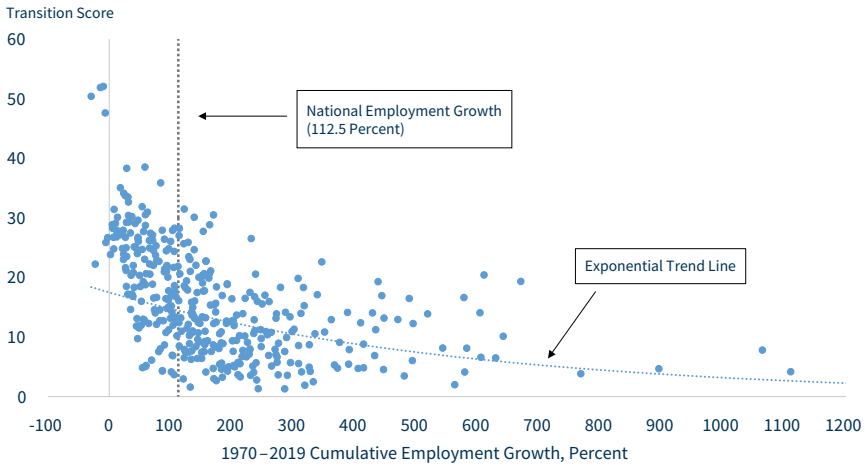
| National Sectors With Higher Wages | Percent Change in Employment 1970–2019 | Wages 1975, US$ | Wages Relative to Total National Average |
|---|---|---|---|
| Rail transportation | -71.8 | 13,545 | 1.3 |
| Primary metal manufacturing | -57.0 | 18,266 | 1.7 |
| Paper manufacturing | -44.5 | 11,665 | 1.1 |
| Mining (except oil and gas) | -39.5 | 13,674 | 1.3 |
| Computer and electronic product manufacturing | -38.4 | 12,609 | 1.2 |
| Petroleum and coal products manufacturing | -37.9 | 15,289 | 1.5 |
| Printing and related support activities | -31.6 | 10,848 | 1.0 |
| Nonmetallic mineral product manufacturing | -27.4 | 11,044 | 1.1 |
| Chemical manufacturing | -18.2 | 13,132 | 1.2 |
| Machinery manufacturing | -17.5 | 12,661 | 1.2 |
| Water transportation | -13.3 | 15,217 | 1.4 |
| Fabricated metal product manufacturing | -10.8 | 11,224 | 1.1 |
| Transportation equipment manufacturing | -9.3 | 12,796 | 1.2 |
| Telecommunications | -7.7 | 15,357 | 1.5 |
| Oil and gas extraction | -6.6 | 18,593 | 1.8 |
| **National Sectors With Lower Wages** | **Percent Change in Employment 1970–2019** | **Wages 1975, US$** | **Wages Relative to Total National Average** |
| Apparel manufacturing | -91.3 | 6,012 | 0.6 |
| Leather and allied product manufacturing | -90.1 | 6,918 | 0.7 |
| Textile mills | -83.2 | 8,642 | 0.8 |
| Textile product mills | -64.1 | 7,568 | 0.7 |
| Electrical equipment, appliance, and component manufacturing | -37.6 | 9,283 | 0.9 |
| Furniture and related product manufacturing | -24.7 | 8,843 | 0.8 |
| Miscellaneous manufacturing | -4.5 | 9,354 | 0.9 |

Sources: Bureau of Labor Statistics and Moody's Analytics.
Note: Data are annual figures through 2019 for private industries. Industries are sorted by percent change in employment over the study period 1970 to 2019. Sector wage data are not available before 1975.

**The rate of employment growth reflected transition from primary industrial sectors, particularly in high-transition metros.** Metros with high Transition Scores typically lagged the nation in employment growth from 1970 to 2019 (Chart 2). This relationship was particularly pronounced among metros with the highest Transition Scores, as none of the 12 metros with a Transition Score greater than 32 outperformed national employment growth. Cumulative employment declined between 1970 and 2019 in the metros with the top four Transition Scores (all greater than 47). Only three other metro areas had declining employment over the study period, and two of them were also in the 54-metro area study group (Elmira, New York, and Binghamton, New York).[8] Metros with extremely low Transition Scores (under 5) significantly outperformed national employment growth with average employment growth of 341.8 percent, more than three times the 112.5 percent national growth rate, between 1970 and 2019.

**Chart 2**

**Metros With Higher Transition Scores Typically Had Slower Employment Growth During the Study Period**




Sources: Moody's Analytics and FDIC.
Note: The Transition Score summarizes a metro's local employment share losses in nationally declining industries, adjusted for wages, between 1970 and 2019. St. George, Utah (Transition Score of 3.8, employment growth of 1832 percent) is not shown.

[8] The other metro with declining employment, Danville, Illinois, narrowly missed the cut-off threshold of 25 for the study group with its Transition Score of 22.2.

**Metros with high Transition Scores were mostly small to medium in population size and located in the Northeast and Upper Midwest.** Overall, 64 metro areas had Transition Scores above 25, reflecting large changes in their primary industrial sectors over the study period. Of these 64 metros, 54, or 84 percent, experienced lower employment growth than the nation over the study period; these 54 metros were used as a study group because of their combination of high industrial transition and overall lagging employment momentum. The remaining ten metros that exceeded national employment growth are highlighted in Table 2. Additionally, 57 of these 64 metros, or 89 percent, had fewer than 1 million people at the beginning of the study period in 1970.

**Table 2**

**Metros With High Transition Scores Generally Underperformed National Employment Growth**

| MSA | Transition Score | Total Employment Rank, 1970 | Total Employment Rank, 2019 | Percent Change Total Empl 1970–2019 | Sector Losing Most Weighted Share of Jobs in MSA |
|---|---|---|---|---|---|
| Youngstown, OH | 52.1 | 55 | 112 | -9.5 | Primary Metal Manufacturing |
| Johnstown, PA | 51.9 | 144 | 305 | -14.4 | Primary Metal Manufacturing |
| Weirton, WV | 50.4 | 155 | 356 | -29.5 | Primary Metal Manufacturing |
| Flint, MI | 47.6 | 70 | 160 | -6.6 | Transport Equip Manufacturing |
| Allentown, PA | 38.5 | 54 | 68 | 58.2 | Primary Metal Manufacturing |
| Muskegon, MI | 38.3 | 174 | 269 | 28.4 | Primary Metal Manufacturing |
| Burlington, NC | 35.9 | 237 | 270 | 83.7 | Textile Mills |
| Saginaw, MI | 35.1 | 130 | 218 | 18.1 | Primary Metal Manufacturing |
| Canton, OH | 34.1 | 78 | 135 | 23.5 | Primary Metal Manufacturing |
| Williamsport, PA | 33.7 | 203 | 307 | 26.2 | Primary Metal Manufacturing |
| Erie, PA | 33.5 | 104 | 169 | 30.4 | Transport Equip Manufacturing |
| Parkersburg, WV | 32.7 | 267 | 363 | 31.2 | Chemical Manufacturing |
| Bloomsburg, PA | 31.9 | 275 | 345 | 53.5 | Transport Equip Manufacturing |
| Spartanburg, SC | 31.5 | 129 | 138 | 122.2 | Textile Mills |
| Muncie, IN | 31.4 | 184 | 319 | 8.0 | Transport Equip Manufacturing |
| Janesville, WI | 30.9 | 198 | 251 | 62.2 | Machinery Manufacturing |
| Hickory, NC | 30.5 | 105 | 148 | 59.0 | Furniture and Related Product Manufacturing |
| San Jose, CA | 30.5 | 27 | 26 | 169.9 | Computer and Electronic Product Manufacturing |
| New Haven, CT | 30.4 | 43 | 67 | 31.1 | Fabricated Metal Product Manufacturing |
| Rockford, IL | 30.2 | 95 | 151 | 36.7 | Transport Equip Manufacturing |
| Pittsfield, MA | 30.1 | 158 | 276 | 13.5 | Elec Equip Appliance Component Manufacturing |
| Morristown, TN | 30.1 | 324 | 331 | 138.2 | Furniture and Related Product Manufacturing |
| Lebanon, PA | 29.6 | 229 | 306 | 46.7 | Primary Metal Manufacturing |
| Rochester, NY | 29.3 | 29 | 52 | 32.3 | Machinery Manufacturing |
| Battle Creek, MI | 29.2 | 193 | 294 | 28.0 | Machinery Manufacturing |
| Racine, WI | 29.1 | 161 | 236 | 42.2 | Machinery Manufacturing |
| Wheeling, WV | 29.0 | 152 | 265 | 10.1 | Mining (Except Oil and Gas) |
| Mansfield, OH | 28.8 | 175 | 314 | 4.8 | Elec Equip Appliance Component Manufacturing |

| MSA | Transition Score | Total Employment Rank, 1970 | Total Employment Rank, 2019 | Percent Change Total Empl 1970–2019 | Sector Losing Most Weighted Share of Jobs in MSA |
|---|---|---|---|---|---|
| Cleveland, TN | 28.8 | 335 | 326 | 163.4 | Chemical Manufacturing |
| Worcester, MA | 28.7 | 50 | 61 | 58.9 | Fabricated Metal Product Manufacturing |
| Chattanooga, TN | 28.3 | 83 | 96 | 106.4 | Non-Metallic Mineral Product Manufacturing |
| Niles, MI | 28.3 | 149 | 275 | 5.4 | Primary Metal Manufacturing |
| Joplin, MO | 28.2 | 219 | 228 | 114.3 | Machinery Manufacturing |
| Cleveland, OH | 27.9 | 12 | 32 | 22.6 | Primary Metal Manufacturing |
| Columbus, IN | 27.9 | 271 | 309 | 86.2 | Machinery Manufacturing |
| Florence, SC | 27.9 | 189 | 214 | 103.0 | Textile Mills |
| Buffalo, NY | 27.8 | 23 | 50 | 13.7 | Primary Metal Manufacturing |
| Greenville, SC | 27.7 | 67 | 58 | 153.2 | Textile Mills |
| Beaumont, TX | 27.7 | 98 | 139 | 55.9 | Chemical Manufacturing |
| Scranton, PA | 27.5 | 62 | 98 | 34.7 | Computer and Electronic Product Manufacturing |
| Rome, GA | 27.4 | 292 | 348 | 66.9 | Textile Mills |
| Michigan City, IN | 27.3 | 226 | 350 | 12.4 | Machinery Manufacturing |
| Lima, OH | 27.3 | 197 | 311 | 21.4 | Transport Equip Manufacturing |
| Peoria, IL | 27.2 | 75 | 137 | 17.4 | Machinery Manufacturing |
| Kingsport, TN | 27.1 | 135 | 180 | 70.7 | Chemical Manufacturing |
| Lancaster, PA | 27.0 | 89 | 99 | 113.8 | Primary Metal Manufacturing |
| Utica, NY | 26.8 | 92 | 168 | 12.0 | Machinery Manufacturing |
| Bridgeport, CT | 26.7 | 41 | 57 | 46.7 | Computer and Electronic Product Manufacturing |
| Pittsburgh, PA | 26.7 | 9 | 25 | 26.5 | Primary Metal Manufacturing |
| Kokomo, IN | 26.7 | 224 | 358 | 6.9 | Transport Equip Manufacturing |
| Binghamton, NY | 26.7 | 97 | 200 | -2.5 | Computer and Electronic Product Manufacturing |
| Charlotte, NC | 26.5 | 32 | 23 | 231.2 | Textile Mills |
| Providence, RI | 26.5 | 22 | 40 | 46.7 | Miscellaneous Manufacturing |
| Lynchburg, VA | 26.4 | 157 | 197 | 89.8 | Furniture and Related Product Manufacturing |
| York, PA | 26.2 | 93 | 122 | 65.2 | Machinery Manufacturing |
| Kalamazoo, MI | 26.2 | 117 | 149 | 71.0 | Paper Manufacturing |
| Monroe, MI | 26.0 | 319 | 352 | 100.1 | Transport Equip Manufacturing |
| Reading, PA | 26.0 | 87 | 127 | 47.5 | Primary Metal Manufacturing |
| Indianapolis, IN | 25.9 | 25 | 31 | 128.5 | Transport Equip Manufacturing |
| Elmira, NY | 25.9 | 213 | 368 | -5.7 | Computer and Electronic Product Manufacturing |
| Johnson City, TN | 25.7 | 227 | 226 | 121.2 | Chemical Manufacturing |
| Florence, AL | 25.3 | 247 | 295 | 76.2 | Primary Metal Manufacturing |
| Hartford, CT | 25.1 | 26 | 46 | 40.6 | Transport Equip Manufacturing |
| Huntington, WV | 25.0 | 108 | 163 | 43.2 | Primary Metal Manufacturing |

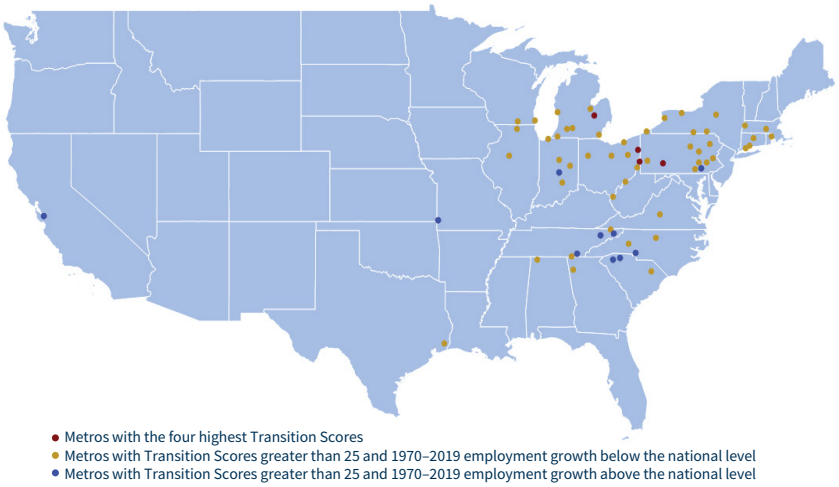
Sources: Bureau of Labor Statistics, Moody's Analytics, and FDIC.
Note: National employment grew 112.5 percent between 1970 and 2019. Highlighted metros outperformed the nation between 1970 and 2019. MSA is Metropolitan Statistical Area. The Transition Score summarizes a metro's local employment share losses in nationally declining industries, adjusted for wages, between 1970 and 2019.

Metros in the Northeast and Upper Midwest comprised the majority of the 54 high-transition metros that had employment growth slower than the national pace (Map 1). More than three-fourths of those metros (41 of the 54) were in the Northeast and Midwest states of Pennsylvania, Michigan, New York, Ohio, Indiana, Connecticut, Illinois, Massachusetts, Wisconsin, and Rhode Island. Pennsylvania led this group with ten metros. The remaining 13 metros were in the South.

The ten metros with high Transition Scores that exceeded national employment growth were less geographically concentrated in the Northeast and Midwest, with only one metro each in Indiana, Missouri, and Pennsylvania. Six of these metros were in the South, and just one was in the West (San Jose, California).

**Map 1**

**Metros With High Transition Scores Were Most Concentrated in the Northeast**




Sources: Moody's Analytics and FDIC.
Note: The Transition Score summarizes a metro's local employment share losses in nationally declining industries, adjusted for wages, between 1970 and 2019. Although not shown, Alaska and Hawaii did not have metros with Transition Scores greater than 25.

**Among metros with high Transition Scores, larger metros were generally more industrially diversified than smaller metros.** Of the 30 largest metro areas by 1970 employment, eight, or about a quarter, had Transition Scores above the 25 Transition Score threshold (Table 3). Less than one-sixth of the remaining 353 metros had such scores. However, the group of larger metros with high Transition Scores had a far higher median industrial diversity index value at the beginning of the study than the group of smaller metros with high Transition Scores.[9] This higher level of diversification allowed job losses in key industries to cause less disruption among larger metros, resulting in relatively lower Transition Scores.

The industrial diversity index values of most of the 30 largest metros in 1970 indicated greater diversification than smaller metro areas.[10] Greater industrial diversity in larger metros diluted job losses in nationally declining industries, helping to insulate many large metros from the effects of contraction in the industries that lost the most jobs during the study period. Moreover, a larger proportion of the eight large metros with high Transition Scores outperformed the nation in job growth over the study period, compared with the remaining smaller metros with high Transition Scores.

For example, among the group of large metros, San Jose had the highest Transition Score, 30.5, and yet its total employment growth from 1970 to 2019 was higher than the national average. San Jose also roughly held its overall employment rank among metros over the study period. Computer and electronic manufacturing was the biggest industry in San Jose at the beginning of the study period, making up almost a quarter of local jobs; by 2019 that industry had been eclipsed by other high-paying industries such as professional, scientific, and technical services.[11]

[9] The Moody's Analytics industrial diversity index ranges from zero to 1.00, with the national level of industrial diversity set to 1.00 and lower values representing increasingly lower relative levels of industrial diversity. The index is derived by comparing the national share of employment at the four-digit NAICS level to the metro's share of employment. The median industrial diversity index value of the eight large metros out of the 64 was 0.47 in 1971, the first year of data available. The median industrial diversity index value of the 56 smaller metros out of the 64 was 0.18 in 1971.

[10] A handful of large metros, such as Rochester, New York, and San Jose, California, had lower levels of industrial diversity than other large metros.

[11] Pittsburgh and Detroit were two other large metros that had industrial transition during the study period. Pittsburgh shed a large number of metal manufacturing jobs in the 1970s and 1980s; as a result, the metro grew its job base at less than a quarter of the national rate and fell 16 spots in the employment rankings in the study period. Pittsburgh's employment ranking dropped more than Detroit's because it lost a greater share of jobs in its dominant sector, primary metal manufacturing, which also paid higher wages than Detroit's dominant sector, transportation equipment manufacturing. Nevertheless, Detroit grew its job base much less than the national rate and dropped eight spots in the total employment rank between 1970 and 2019.

**Table 3**

**San Jose and Rochester Had the Highest Transition Scores Among Large Metros**

| MSA | Transition Score | Total Employment Rank, 1970 | Total Employment Rank, 2019 | Percent Change Total Empl 1970–2019 | Sector Losing Most Weighted Share of Jobs in MSA |
|---|---|---|---|---|---|
| San Jose, CA | 30.5 | 27 | 26 | 169.9 | Computer and Electronic Product Manufacturing |
| Rochester, NY | 29.3 | 29 | 52 | 32.3 | Machinery Manufacturing |
| Cleveland, OH | 27.9 | 12 | 32 | 22.6 | Primary Metal Manufacturing |
| Buffalo, NY | 27.8 | 23 | 50 | 13.7 | Primary Metal Manufacturing |
| Pittsburgh, PA | 26.7 | 9 | 25 | 26.5 | Primary Metal Manufacturing |
| Providence, RI | 26.5 | 22 | 40 | 46.7 | Miscellaneous Manufacturing |
| Indianapolis, IN | 25.9 | 25 | 31 | 128.5 | Transport Equip Manufacturing |
| Hartford, CT | 25.1 | 26 | 46 | 40.6 | Transport Equip Manufacturing |
| Milwaukee, WI | 24.7 | 20 | 37 | 53.9 | Machinery Manufacturing |
| Chicago, IL | 24.0 | 3 | 3 | 45.6 | Primary Metal Manufacturing |
| Philadelphia, PA | 23.0 | 4 | 7 | 57.5 | Chemical Manufacturing |
| Baltimore, MD | 22.9 | 15 | 19 | 77.4 | Primary Metal Manufacturing |
| Cincinnati, OH | 21.4 | 19 | 27 | 90.2 | Machinery Manufacturing |
| Los Angeles, CA | 20.9 | 2 | 2 | 89.6 | Transport Equip Manufacturing |
| St. Louis, MO | 20.6 | 13 | 20 | 66.3 | Transport Equip Manufacturing |
| New York, NY | 19.3 | 1 | 1 | 55.2 | Telecommunications |
| Detroit, MI | 18.3 | 6 | 14 | 40.7 | Transport Equip Manufacturing |
| Dallas, TX | 18.3 | 10 | 4 | 316.4 | Transport Equip Manufacturing |
| Columbus, OH | 17.9 | 24 | 29 | 127.7 | Textile Mills |
| Seattle, WA | 17.0 | 18 | 13 | 253.6 | Transport Equip Manufacturing |
| Boston, MA | 16.6 | 5 | 9 | 77.2 | Computer and Electronic Product Manufacturing |
| Houston, TX | 15.5 | 11 | 6 | 249.1 | Chemical Manufacturing |
| Kansas City, MO | 14.2 | 21 | 30 | 102.0 | Telecommunications |
| San Diego, CA | 14.2 | 30 | 18 | 287.1 | Transport Equip Manufacturing |
| Atlanta, GA | 13.2 | 16 | 8 | 271.5 | Transport Equip Manufacturing |
| Minneapolis, MN | 12.3 | 14 | 15 | 147.7 | Computer and Electronic Product Manufacturing |
| Miami, FL | 11.3 | 17 | 10 | 301.1 | Transport Equip Manufacturing |
| Denver, CO | 10.8 | 28 | 17 | 263.8 | Fabricated Metal Product Manufacturing |
| San Francisco, CA | 10.2 | 8 | 11 | 110.2 | Telecommunications |
| Washington, DC | 2.7 | 7 | 5 | 174.5 | Telecommunications |

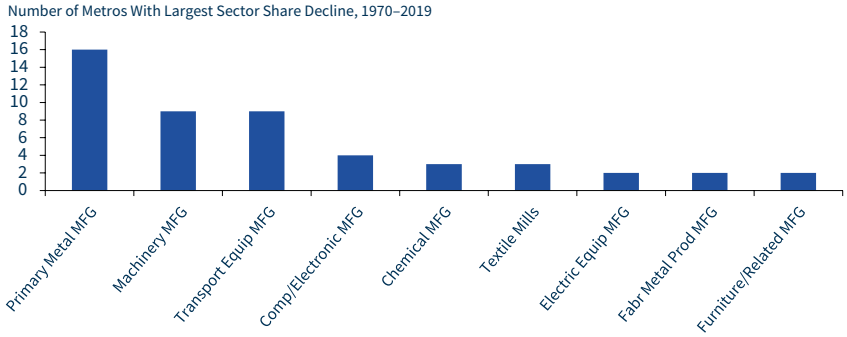
Sources: Bureau of Labor Statistics, Moody's Analytics, and FDIC.
Note: National employment grew 112.5 percent between 1970 and 2019. Highlighted metros outperformed the nation between 1970 and 2019. MSA is Metropolitan Statistical Area. The Transition Score summarizes a metro's local employment share losses in nationally declining industries, adjusted for wages, between 1970 and 2019.

**Most metros with high Transition Scores shifted away from manufacturing industries, particularly primary metal manufacturing.** While employment in the primary metal manufacturing sector declined the second-most among high-paying sectors (trailing only the rail transportation sector), the primary metal manufacturing sector's larger size and higher wages made it the leading sector contributing to high Transition Scores among the 54-metro study group (Chart 3). Table 2 shows that among the ten metros with the highest Transition Scores, eight metros lost the largest weighted share of jobs in primary metal manufacturing.

The machinery and transportation equipment manufacturing sectors were also notable contributors to a number of metro areas' high Transition Scores. Both sectors paid above-average wages in 1975, and the large workforces required by factories in these sectors made metros vulnerable to factory cutbacks or closures. Notably, while a number of sectors outside of manufacturing contracted during the study period, all of the sectors that contributed most to high Transition Scores were in manufacturing, except for the mining sector in Wheeling, West Virginia.

**Chart 3**

**Primary Metal Manufacturing Declines Dominated Among Metros in Transition**

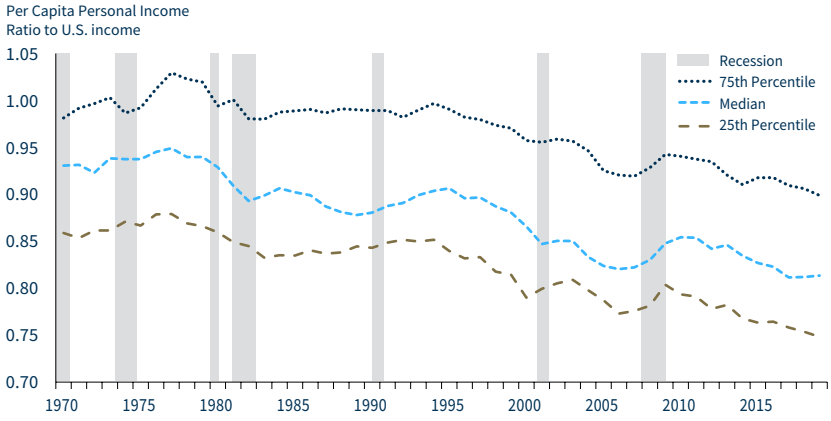



Source: Moody's Analytics.
Note: Metro counts from the 54 metros with Transition Scores above 25 and below national employment growth from 1970 to 2019. Sectors with dominant decline in only one of the 54 metros are not shown. MFG is manufacturing. The Transition Score summarizes a metro's local employment share losses in nationally declining industries, adjusted for wages, between 1970 and 2019.

**High-transition metros had notably slower income growth than the nation.** Per capita personal incomes in high-transition metros declined relative to the nation during the study period across the 25th, 50th, and 75th percentile distributions, suggesting that even areas with relatively high incomes or lower Transition Scores were negatively affected by industrial transition (Chart 4). In relation to national wages, incomes in high-transition metros peaked in the late 1970s before falling to a trough in 2007, followed by a short-lived recovery and then further decline. All three distributions declined notably from 1970 to 2019, but the decline at the 75th percentile was slightly smaller than in the other two distributions. Large metros in the study group were clustered around and above the 75th percentile in 1970 and maintained this distribution in 2019, reflecting higher incomes in the largest metros that lifted the national average.[12]

**Chart 4**

**Incomes Slipped Relative to the Nation Across All Distributions of the Study Group**



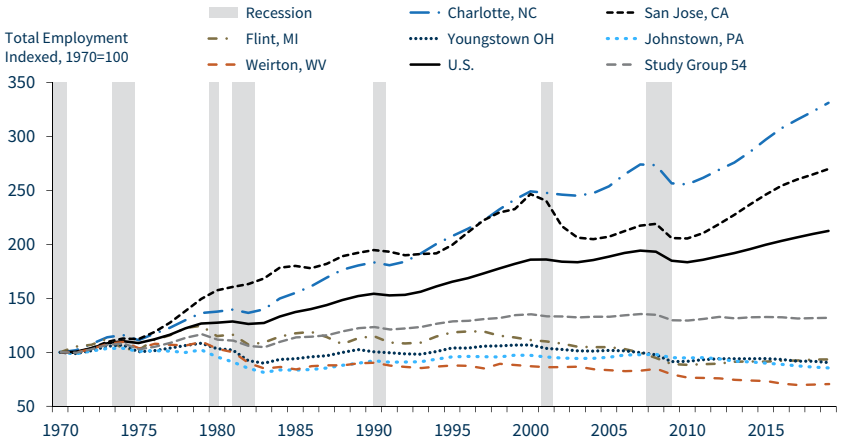

Source: Bureau of Economic Analysis (Haver Analytics).
Note: Personal income data for study group are annual figures through 2019. Recession shading is monthly. The Transition Score summarizes a metro's local employment share losses in nationally declining industries, adjusted for wages, between 1970 and 2019. The study group is composed of the 54 metros that have Transition Scores above 25 and slower employment growth than the nation between 1970 and 2019.

[12] Of the 48 small metros in the study group, nearly 90 percent had lower per capita personal incomes than the nation in 1970, and this share increased slightly by 2019.

**Several metros were negative outliers because of high Transition Scores and outright employment losses, while a few stood out for resilience.** Four metros—Youngstown, Ohio; Johnstown, Pennsylvania; Weirton, West Virginia; and Flint, Michigan—had the highest Transition Scores, outpacing other metro areas by a wide margin. These four metros lost employment over the study period, while most other metros in the study group had slow employment growth (Chart 5).[13] The primary metal manufacturing sector contributed the most to the Transition Score of three of the four metros, with the transportation equipment sector contributing the most in Flint, Michigan. Two large metros—San Jose, California, and Charlotte, North Carolina—had Transition Scores above 25 yet had employment growth well above the nation over the study period. Industrial transition in these metros was not driven by the same sectors as in the other four, as San Jose's primary contributor was the computer and electronic product manufacturing sector, while Charlotte's was the textile mill sector. San Jose successfully transitioned its economy to other technology-related sectors, while Charlotte successfully transitioned to a service-based economy.

**Chart 5**

**Some High-Transition Metros Had Wide Variation in Employment Growth During the Past Several Decades**



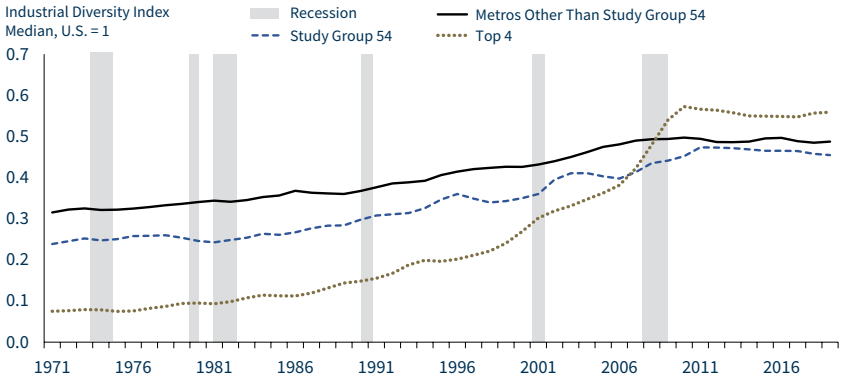

Sources: Bureau of Labor Statistics, Moody's Analytics, and National Bureau of Economic Research.
Note: Employment data are annual figures through 2019. Recession shading is monthly. The study group reflects the median for the group.

[13] These four metro areas also had larger employment losses than the other two metros in the study group that lost employment during this period (Elmira and Binghamton, New York).

High-transition metros overall, and especially the four metros with the highest Transition Scores, were also much more industrially concentrated than the nation at the beginning of the study period (Chart 6). However, due to severe losses in dominant industries, the four metros with the highest Transition Scores ended the study period with smaller concentrations and more relative industrial diversification than the rest of the study group. The study group remained more industrially concentrated than metros outside the study group, but the difference between the study group and the remaining metros shrank over the study period, particularly during and immediately after the Great Recession.

**Chart 6**

**High-Transition Metros Have Become More Industrially Diverse as Highly Concentrated Industries Contracted**




Source: Moody's Analytics.
Note: Industrial diversity data are annual figures through 2019. Recession shading is monthly. The metros with the top four Transition Scores are Youngstown, Ohio; Johnstown, Pennsylvania; Weirton, West Virginia; and Flint, Michigan. The Transition Score summarizes a metro's local employment share losses in nationally declining industries, adjusted for wages, between 1970 and 2019. High-transition metros are metros that have Transition Scores above 25.

**Among the six outlier metros, the four with the highest Transition Scores struggled with transition, while San Jose and Charlotte performed well in spite of high Transition Scores.** In the four metro areas hardest hit by transition—Youngstown, Ohio; Johnstown, Pennsylvania; Flint, Michigan; and Weirton, West Virginia—dominant industries (primarily manufacturing) eroded, total employment declined, populations declined and aged, and per capita income and GDP struggled. These metros were also hampered in their industrial transitions by factors such as weak demographic trends, natural disasters such as flooding, stressed municipal finances, and a lack of amenities such as major universities and favorable weather (see inset box for metro details).

## YOUNGSTOWN, OHIO

| Industry, Most Negative Transition in MSA | Primary Metal Manufacturing |
|---|---|
| 1970 MSA Employment Share | 23.3 percent |
| 2019 MSA Employment Share | 3.3 percent |
| 1970–2019 Total MSA Employment Change | –9.5 percent |
| 1970–2019 Total MSA Population Change | –19.3 percent |

Note: Between 1970 and 2019, U.S. employment grew 112.5 percent and population grew 61.2 percent.

Primary metal manufacturing employment peaked in 1974 but declined in the following decades, bottoming out in 2009. The metro's share of primary metal manufacturing employment declined from more than 23 percent in 1970 to about 3 percent by 2019. The machinery manufacturing industry also declined sharply. A lack of local amenities may have hampered Youngstown's ability to attract new industries. Low educational attainment levels and an aging population also may have held back new industries and led to slower per capita personal income growth.

## JOHNSTOWN, PENNSYLVANIA

| Industry, Most Negative Transition in MSA | Primary Metal Manufacturing |
|---|---|
| 1970 MSA Employment Share | 21.5 percent |
| 2019 MSA Employment Share | 0.8 percent |
| 1970–2019 Total MSA Employment Change | –14.4 percent |
| 1970–2019 Total MSA Population Change | –30.3 percent |

Note: Between 1970 and 2019, U.S. employment grew 112.5 percent and population grew 61.2 percent.

By the early 1980s, the majority of the primary metal manufacturing jobs had left Johnstown, and no dominant replacement industries emerged in the metro. The share of primary metal manufacturing employment in the metro declined from more than 20 percent in 1970 to less than 1 percent by 2019. The metro suffered from a history of flooding, and a 1977 flood from a dam failure contributed to the deterioration of the area's economic prospects when metal manufacturing was already in decline. A lack of local amenities and reputational damage from repeated flooding may have hampered Johnstown's ability to attract new industries.

## WEIRTON, WEST VIRGINIA

| Industry, Most Negative Transition in MSA | Primary Metal Manufacturing |
|---|---|
| 1970 MSA Employment Share | 28.8 percent |
| 2019 MSA Employment Share | 4.6 percent |
| 1970–2019 Total MSA Employment Change | –29.5 percent |
| 1970–2019 Total MSA Population Change | –30.3 percent |

Note: Between 1970 and 2019, U.S. employment grew 112.5 percent and population grew 61.2 percent.

By the early 1980s, primary metal manufacturing employment in Weirton began sharply dropping as the U.S. steel industry declined. The share of primary metal manufacturing employment in the metro declined from nearly 29 percent in 1970 to less than 5 percent by 2019. Efforts to create employee ownership of the local operations of National Steel contributed to the area retaining some employment, but the employee-owned operation filed for bankruptcy in 2002. A lack of local amenities may have hindered Weirton's ability to attract industries to replace lost steel jobs.

## FLINT, MICHIGAN

| Industry, Most Negative Transition in MSA | Transportation Equipment Manufacturing |
|---|---|
| 1970 MSA Employment Share | 39.4 percent |
| 2019 MSA Employment Share | 4.2 percent |
| 1970–2019 Total MSA Employment Change | –6.6 percent |
| 1970–2019 Total MSA Population Change | –8.7 percent |

Note: Between 1970 and 2019, U.S. employment grew 112.5 percent and population grew 61.2 percent.

Transportation equipment manufacturing jobs peaked in 1978 and declined in subsequent decades, bottoming out in 2009. The share of transportation equipment manufacturing employment in the metro declined from nearly 40 percent in 1970 to about 4 percent by 2019. A lack of amenities may have hampered Flint's ability to attract new industries, contributing to economic contraction and slower per capita personal income growth. The metro also suffered reputational damage from strained municipal finances and contaminated water between 2014 and 2016.

## SAN JOSE, CALIFORNIA

| Industry, Most Negative Transition in MSA | Computer and Electronic Manufacturing |
|---|---|
| 1970 MSA Employment Share | 23.8 percent |
| 2019 MSA Employment Share | 10.4 percent |
| 1970–2019 Total MSA Employment Change | 169.9 percent |
| 1970–2019 Total MSA Population Change | 83.3 percent |

Note: Between 1970 and 2019, U.S. employment grew 112.5 percent and population grew 61.2 percent.

Computer and electronic manufacturing employment trended down from a mid-1980s peak and plunged after the "dot com" crash. The share of employment in this industry in the metro declined from more than 23 percent in 1970 to about 10 percent in 2019. However, professional, scientific, and technical services grew steadily during much of the past five decades, far surpassing computer and electronic manufacturing and now forming the metro's leading industry, aiding strong per capita income growth. Proximity to major universities may have helped supply research and employees for growth; other amenities such as favorable weather and coastal access also may have contributed to expansion.

## CHARLOTTE, NORTH CAROLINA

| Industry, Most Negative Transition in MSA | Textile Mills |
|---|---|
| 1970 MSA Employment Share | 19.9 percent |
| 2019 MSA Employment Share | 0.5 percent |
| 1970–2019 Total MSA Employment Change | 231.2 percent |
| 1970–2019 Total MSA Population Change | 256.2 percent |

Note: Between 1970 and 2019, U.S. employment grew 112.5 percent and population grew 61.2 percent.

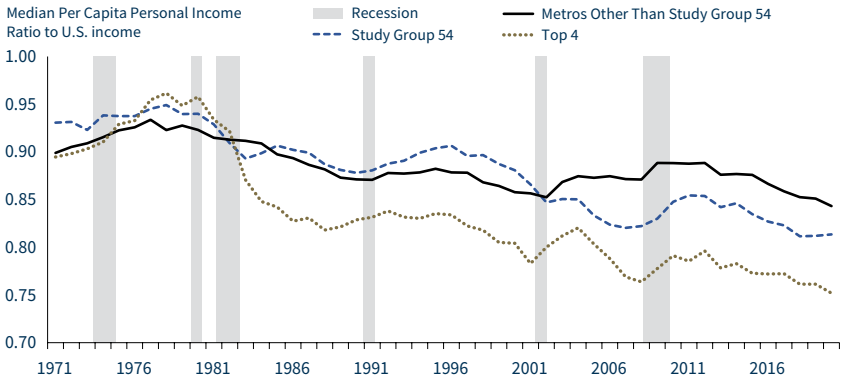
The share of textile mill employment in the metro declined from nearly 20 percent in 1970 to less than 1 percent by 2019. Charlotte transitioned to a service-based economy as new industries expanded to fill the void, aided in part by favorable business regulations that encouraged corporate relocations. Amenities include historical housing affordability, strong universities within the state, and favorable weather. Stronger economic growth led to faster per capita personal income growth than in the nation.

Compared to the four metro areas with the highest Transition Scores and negative employment growth, San Jose and Charlotte had strong employment, population, and income trends despite sizable transitions from formerly dominant industries (computer manufacturing in San Jose and textile manufacturing in Charlotte). Factors such as growth in professional, scientific, and technical services employment, proximity to major universities, and strong in-migration benefited these metros. In Charlotte, comparative housing affordability relative to the national average for much of the study period also may have contributed to business expansion.

**Growth in per capita personal income among high-transition metros lagged national growth.** The study group of 54 metros began the period with a median per capita personal income above the median of remaining metros, likely due to the study group's concentration of high-paying manufacturing jobs (Chart 7). Both the study group and the four metros with the highest Transition Scores held this advantage at the end of the 1970s. However, as the manufacturing sector began to contract in the 1980s, both groups lost their advantage over other metros, with the four highest-transition metros weakening the most. The study group regained an income advantage in the 1990s before falling below other metros after the early 2000s recession that particularly harmed the manufacturing sector. Per capita personal income of both groups remained below other metros through 2019.

**Chart 7**

**High-Transition Metros Experienced Slower Per Capita Personal Income Growth**

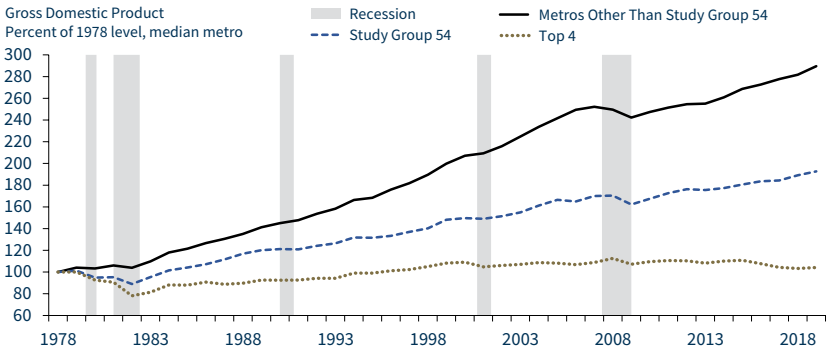



Source: Bureau of Economic Analysis (Haver Analytics).
Note: Personal income data are annual figures through 2019. Recession shading is monthly. The metros with the top four Transition Scores are Youngstown, Ohio; Johnstown, Pennsylvania; Weirton, West Virginia; and Flint, Michigan. The Transition Score summarizes a metro's local employment share losses in nationally declining industries, adjusted for wages, between 1970 and 2019. The study group is composed of the 54 metros that have Transition Scores above 25 and slower employment growth than the nation between 1970 and 2019. High-transition metros are metros that have Transition Scores above 25.

**Output grew at a slower pace in high-transition metros.** From 1978 to 2019, the median GDP of the 54-metro-area study group was consistently lower and grew less quickly than the median GDP of the remaining metros (Chart 8). The four metros with the highest Transition Scores saw especially muted GDP growth. These results are in line with employment growth trends discussed earlier.

**Chart 8**

**Output Growth Trends of the Study Group Notably Underperformed Trends of Other Metros**



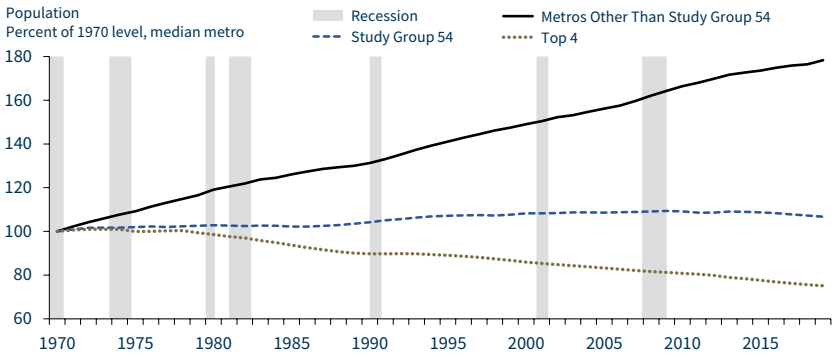

Sources: Census Bureau, Moody's Analytics, and National Bureau of Economic Research.
Note: Gross Domestic Product data are annual figures through 2019 and chained to 2012 U.S. dollars. Recession shading is monthly. The metros with the top four Transition Scores are Youngstown, Ohio; Johnstown, Pennsylvania; Weirton, West Virginia; and Flint, Michigan. The Transition Score summarizes a metro's local employment share losses in nationally declining industries, adjusted for wages, between 1970 and 2019. The study group is composed of the 54 metros that have Transition Scores above 25 and slower employment growth than the nation between 1970 and 2019.

**Population trends in high-transition metros also sharply lagged performance in other metros.** From 1970 to 2019, the overall population of the metros in the study group increased only marginally, growing just 4.9 percent in aggregate (Chart 9).[14] By contrast, the population of the remaining metros grew 78 percent in aggregate over the study period, more than 15 times the growth of the study group. Population in the four metros with the highest Transition Scores sharply declined over the study period. Areas with stronger employment prospects appeared to attract residents and increase population levels at the expense of study group metros.

[14] The median population growth of the study group metros was 6.7 percent from 1970 to 2019.

**Chart 9**

**Study Group Population Growth Trends Notably Underperformed Trends of Other Metros**

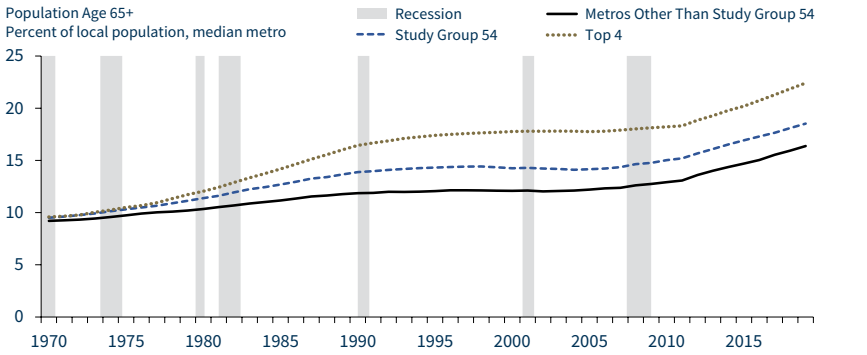



Sources: Census Bureau, Moody's Analytics, and National Bureau of Economic Research.
Note: Population data are annual figures through 2019. Recession shading is monthly. The metros with the top four Transition Scores are Youngstown, Ohio; Johnstown, Pennsylvania; Weirton, West Virginia; and Flint, Michigan. The Transition Score summarizes a metro's local employment share losses in nationally declining industries, adjusted for wages, between 1970 and 2019. The study group is composed of the 54 metros that have Transition Scores above 25 and slower employment growth than the nation between 1970 and 2019.

**The population of high-transition metros also had more extreme aging trends than other metros.** From 1970 to 2019, the study group's share of population over age 65 increased more than in the remaining metros (Chart 10). The share of the U.S. population 65 and older increased because of longer life expectancies and lower birth rates. But the share of the population aged 65 and over increased more in the 54-metro-area study group than in the remaining metros during the 1970s and 1980s, a trend that continued in later decades. Among the four metros with the highest Transition Scores, the share of population age 65 and older grew even more quickly. One possible cause is that those with dependent children may have been more inclined to move to areas with better employment options, accelerating the population aging trends in the study group. Across metro areas, national trends are also visible, notably the large segment of the U.S. population that began aging into the 65 and over category in the latter years of the study.

**Chart 10**

**Population Aging Trends of the Study Group Notably Outpaced Trends of Other Metros**




Sources: Census Bureau, Moody's Analytics, and National Bureau of Economic Research.
Note: Population data are annual figures through 2019. Recession shading is monthly. The metros with the top four Transition Scores are Youngstown, Ohio; Johnstown, Pennsylvania; Weirton, West Virginia; and Flint, Michigan. The Transition Score summarizes a metro's local employment share losses in nationally declining industries, adjusted for wages, between 1970 and 2019. The study group is composed of the 54 metros that have Transition Scores above 25 and slower employment growth than the nation between 1970 and 2019.

## KEY BANKING FINDINGS

High-transition metros suffered through several painful decades of economic and demographic transition. These challenges were reflected in the financial performance and growth of community banks headquartered in those areas. But those banks also were resilient over the study period. Among the key themes that emerged from the banking analysis are that (1) community banks headquartered in high-transition metros seem to have been adversely affected by employment and demographic challenges in their communities, but (2) overall the differences between their performance and that of community banks in other areas were not as striking as the economic analysis would have suggested. In addition, community banks in high-transition metros performed better than other community banks during periods of significant economic stress.

This portion of the study compares two groups of banks: community banks headquartered in the previously defined group of 54 metro areas with high Transition Scores (referred to in this study as "high-transition banks") and community banks headquartered in the remaining 329 metro areas (referred to as "other metro banks"). The study analyzes community banks rather than the entire set of banks because community banks tend to be more economically tied to their headquarters area than noncommunity banks.[15] The period of study for the banking analysis spans 35 years, from first quarter 1984, the earliest

[15] This analysis excludes community banks headquartered outside metro areas and all noncommunity banks.

date that Call Report data are broadly available, through fourth quarter 2019, to match the endpoint of the study's economic analysis. Specific comparisons between high-transition banks and other metro banks are categorized into two broad areas: structural changes and bank financial performance.

## STRUCTURAL CHANGES

**Consolidation was common across the banking industry over the study period but slightly more prevalent in high-transition metros.** The overall consolidation of the banking industry since 1984 is well chronicled. Systemic changes, such as relaxation of interstate banking rules and technological advances like electronic banking, affected banking organizations across the country. During the 35-year banking study period, the aggregate count of community banks in high-transition metros declined 75 percent, from 862 in first quarter 1984 to 218 at the end of 2019. The number of community banks in other metros declined 73 percent, from 7,921 to 2,162. As a result of these consolidation patterns, 31.5 percent of high-transition metros were left with one or no community banks in 2019; this was also the case in 27.5 percent of other metros.

**High-transition metros had a lower rate of new bank activity than other metros.** For example, during the banking study period, high-transition metros added new charters at an average of 1.5 percent of existing banks per year, compared to 2.6 percent for other metros. In addition, banks relocated to high-transition metros at half the rate of other metros. Together, these factors point to substantially less new bank activity in high-transition metros.

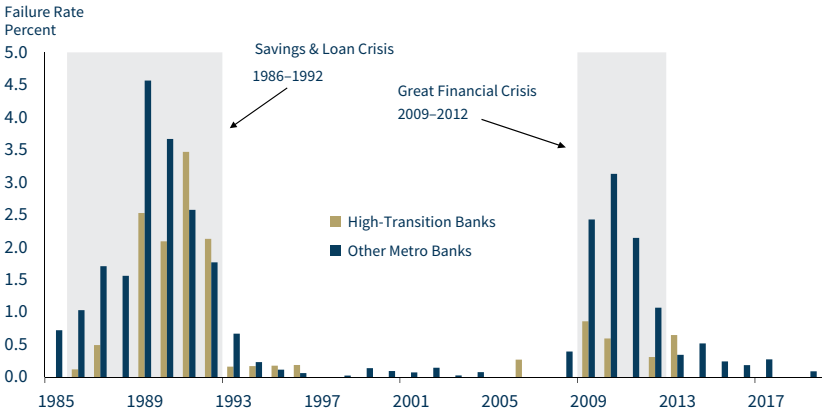
**Bank failure rates were lower in high-transition metros than other metros, particularly during two periods of elevated economic stress.** During the banking study period, banks in high-transition metros failed on average at half the rate of banks in other metros. A closer look at failure rates reveals two periods in which annual failure rates exceeded 1 percent for either group: 1986 to 1992, during the savings and loan crisis (S&L crisis), and 2009 to 2012, during and in the immediate aftermath of the Great Financial Crisis (GFC).[16] During these two periods of banking stress, failure rates of banks in high-transition metros were lower than failure rates in other metros in all but two years (Chart 11). During the S&L crisis from 1986 to 1992, 15.0 percent of other metro banks failed, compared to just 9.1 percent of high-transition

[16] FDIC, *History of the Eighties*, https://www.fdic.gov/bank/historical/history/3_85.pdf; and FDIC, *Crisis and Response: An FDIC History, 2008–2013*, https://www.fdic.gov/bank/historical/crisis/overview.pdf. Annual failure rates were less than 1 percent between 1984 and 2019, with the exception of the periods of significant economic stress.

banks. This disparity was even greater during the GFC period from 2009 to 2012, when 8.4 percent of other metro banks failed, compared to just 1.7 percent of high-transition banks. This topic is explored further in the Bank Financial Performance section.

**Chart 11**

**High-Transition Banks Had Substantially Lower Failure Rates During Times of Economic Stress**




Source: FDIC.
Note: Data are quarterly from first quarter 1984 through fourth quarter 2019. High-transition banks are those community banks headquartered in any of the 54 high-transition metros.

**Banks in high-transition metros had weaker branch and deposit activity than banks in other metro areas.** High-transition banks lost 15 percent of their branches between 1987 and 2019, contrasting sharply with a 6 percent increase in branches in other metros (Table 4).[17] High-transition banks had aggregate deposit growth over this period at less than half the rate of other metro banks, 155 percent compared with 375 percent. This disparity contributed to a difference in the percentage increase in the ratio of deposits per branch between the two metro groups, as deposits per branch rose 201 percent at high-transition banks and increased 349 percent at other metro banks.

**Table 4**

**Community Banks in High-Transition Metros Had Weaker Branch and Deposit Growth**

| | 1987 | | | 2019 | | | Percent Change | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number of Branches | Total Deposits (Mil) | Deposits/ Branch | Number of Branches | Total Deposits (Mil) | Deposits/ Branch | Number of Branches | Total Deposits | Deposits/ Branch |
| High-Transition Banks | 7,777 | $266,315 | $34,244 | 6,603 | $679,887 | $102,966 | -15% | 155% | 201% |
| Other Metro Banks | 57,576 | $2,343,782 | $40,708 | 60,988 | $11,137,172 | $182,613 | 6% | 375% | 349% |

Source: FDIC Summary of Deposits.
Note: High-transition banks are those community banks headquartered in any of the 54 high-transition metros.

[17] Summary of Deposits data begin in 1987 and measure deposit data at the branch level, rather than the bank charter level.

## BANK FINANCIAL PERFORMANCE

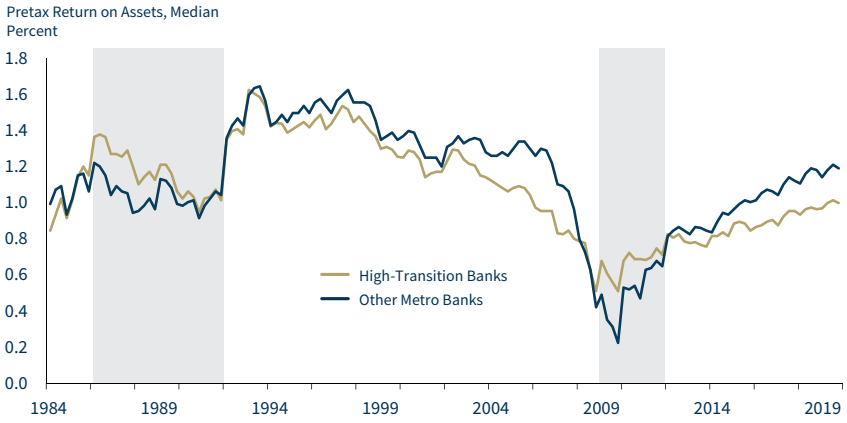
**Except for during the S&L crisis and GFC, high-transition banks had overall weaker financial performance than other metro banks during the banking study period.**[18] Differences in the financial performance between the two groups were analyzed based on profitability, asset quality, and loan growth. Although financial performance trends followed similar paths, high-transition banks were generally less profitable, had higher past-due loan ratios, and had weaker loan growth than other community banks throughout most of the banking study period. However, in the periods surrounding the S&L crisis and the GFC, high-transition banks tended to outperform other metro banks; weaker financial performance trends resumed following the crises.

The disparity in profitability between bank types is partly because high-transition banks had lower median net interest margins than other banks throughout the entire study period. This disparity ranged from a high of 71 basis points to a low of just 5 basis points during the GFC, before widening again in the latter years of the study. Throughout the study period, high-transition banks were less profitable despite reporting lower noninterest and provision expenses and maintaining lower loan loss reserves in relation to gross loans. During the S&L crisis and the GFC, other metro banks increased provision expenses substantially. As a result, the divergence between median provision expense ratios of the two groups more than quadrupled, indicating considerably greater financial stress for other metro banks. Lower provision expenses among high-transition banks helped offset the stronger net interest margins of the other metro banks during these stress periods. Overall, lower net interest margins largely explain why the high-transition group generated lower pretax return on assets (ROA) outside periods of financial stress, while lower provision expenses help explain why they had stronger earnings during periods of financial stress (Chart 12).

[18] Financial performance comparisons are based on median ratios and do not take into account significant transformations in the financial services industry related to regulatory change, technological innovations, migration patterns, and survivor bias.

**Chart 12**

**High-Transition Banks Had Higher Profitability During Times of Severe Economic Stress**

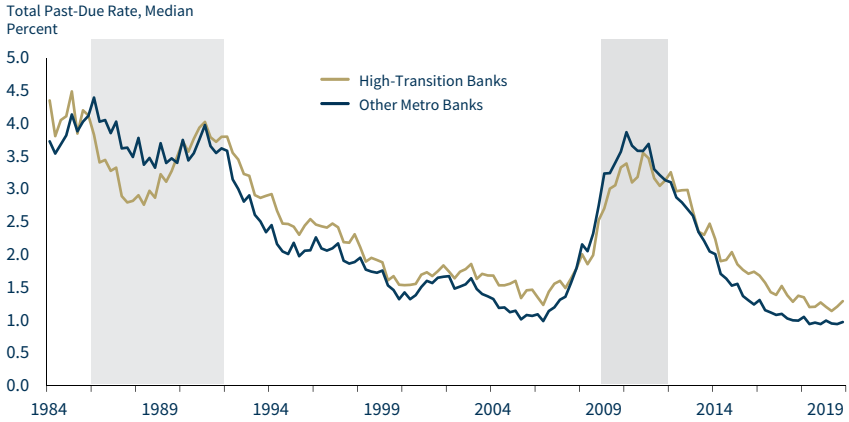



Source: FDIC.
Note: Data are quarterly from first quarter 1984 through fourth quarter 2019. High-transition banks are those community banks headquartered in any of the 54 high-transition metros. The left shaded area represents the savings and loan crisis, and the right shaded area represents the Great Financial Crisis.

**Except for in periods of banking stress, asset quality and loan growth were somewhat weaker among high-transition banks.** For the vast majority of the 35-year banking study period, high-transition banks had higher delinquency rates (both 30–89 days past due and noncurrent loan rates), higher loan loss rates, and lower allowance coverage of noncurrent loans. High-transition banks outperformed other metro banks in these asset quality metrics primarily during or immediately after the two periods of economic stress (Chart 13).

**Chart 13**

**High-Transition Banks Reported Lower Delinquency Rates During Times of Severe Economic Stress**

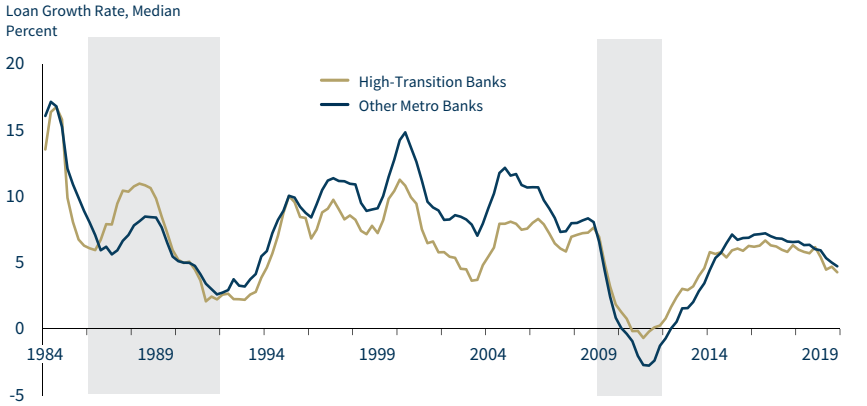



Source: FDIC.
Note: Data are quarterly from first quarter 1984 through fourth quarter 2019. High-transition banks are those community banks headquartered in any of the 54 high-transition metros. The left shaded area represents the savings and loan crisis, and the right shaded area represents the Great Financial Crisis.

This pattern was similar for loan growth. High-transition banks reported a loan growth rate 167 basis points lower than that of other banks in non-stress periods, but a growth rate 99 basis points higher than that of other metro banks during the two periods of stress (Chart 14). This pattern occurred across most loan segments, especially in the immediate aftermath of the GFC.

**Chart 14**

**Loan Growth for High-Transition Banks Was Weaker, Except During Periods of Economic Stress**



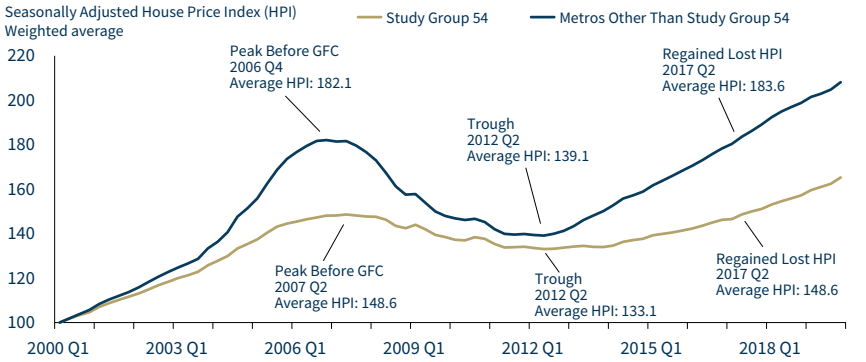

Source: FDIC.
Note: Data are quarterly from first quarter 1984 through fourth quarter 2019. High-transition banks are those community banks headquartered in any of the 54 high-transition metros. The left shaded area represents the savings and loan crisis, and the right shaded area represents the Great Financial Crisis.

**Banks in high-transition metros had lower exposure to loans typically associated with business activity and higher exposure to single-family residential (SFR) loans.** Throughout the study period, SFR loans ranged between 40 and 56 percent of the median loan portfolio for high-transition banks, compared with 24 to 34 percent of the median loan portfolio for other metro banks. SFR was the only major loan category in which high-transition banks consistently reported a higher share of total loans than other metro banks. High-transition banks had generally lower exposure to nonfarm nonresidential real estate, commercial and industrial (C&I), and construction and development loans throughout the study period.

Because high-transition metros had slower economic growth and demographic challenges, house price appreciation did not occur at nearly the pace of other metros (Chart 15). This partially manifested itself in more shallow housing bubbles. For example, during the GFC, the average Federal Housing Finance Agency House Price Index for high-transition metros declined by about 10 percent, while the index for other metros declined by 24 percent. This likely helped high-transition banks weather the SFR loan losses that many other banks experienced. Still, after hitting a trough in house prices, the recovery in prices in high-transition metros was much less robust than in other metro areas. Despite their different paths, home prices in both high-transition metros and other metros both recovered from the GFC in second quarter 2017. But since then, home prices in high-transition metros have continued to rise at a slower trajectory, underscoring the challenges in their economies relative to that of other metros.

**Chart 15**

**High-Transition Metro Home Values Underperformed Those in Other Metros**




Sources: FHFA House Price Index (HPI) and Moody's Analytics.
Note: Quarterly HPI data are seasonally adjusted by Moody's, scaled to first quarter 2000, and weight-averaged by population. The Villages metro is excluded from the other metros group because its full-time series of data is not available. The Transition Score summarizes a metro's local employment share losses in nationally declining industries, adjusted for wages, between 1970 and 2019. The study group is composed of the 54 metros that have Transition Scores above 25 and slower employment growth than the nation between 1970 and 2019. High-transition metros are metros that have Transition Scores above 25. GFC is Great Financial Crisis.

**While high-transition community banks as a group did not perform as well as their counterparts in other metros, some of these banks achieved better financial and structural performance.** Of all high-transition banks, 32 banks (referred to here as "high-performing banks") ranked within the best-performing half of all 218 high-transition banks in terms of pretax ROA, total loan growth, and past-due rates.[19] These 32 banks were located throughout the footprint of high-transition metros, with no noticeable geographic clustering, and had no correlation with the metros with the highest economic Transition Scores.

A closer look at the performance of these 32 high-performing banks reveals better pretax earnings, stronger loan growth, and lower delinquency rates than the other 186 banks in high-transition metros. This subset of high-transition banks also had more favorable performance by these measures than the typical community bank located outside of a high-transition metro area for much of the banking study period. For example, high-performing banks had a higher median pretax ROA than that of other metro banks in 81 percent of the 144 quarters measured. Compared with community banks in other metros, these 32 high-performing banks also had a higher median loan growth rate nearly 78 percent of the time and a lower past-due rate more than 81 percent of the time. Finally, these 32 banks outperformed other metro banks in all three performance measures more than half the time.

High-performing banks in high-transition metros differed from underperforming banks in high-transition metros and other metro banks in several important ways in terms of balance sheet structure, asset size, and market strategy:

- **Loan Composition**: While high-transition banks had higher concentrations of SFR loans and a lower share of business-related loans, the 32 high-performing banks had a higher share of C&I and nonfarm nonresidential loans than both underperforming banks *and* other metro banks for most of the study period. These high-performing banks also had higher levels of construction lending than underperforming banks but not quite as much as other metro banks. Their emphasis on commercial lending increased over time as well.

[19] Additional criteria for high-performing banks in high-transition metros were that they were headquartered in these metros for more than half of the review period, or at least 18 years, and were operating at the conclusion of the analysis period in fourth quarter 2019.

- **Funding Growth and Type**: Stronger loan growth at high-performing banks was supported by more robust deposit growth and greater use of noncore funding. These 32 banks had higher median deposit growth than both underperforming banks and other metro banks in more than 80 percent of the banking study period, and they made greater use of noncore funding than underperforming banks, but especially in the last decade of the analysis between 2010 and 2019. High-performing banks made greater use of noncore funding than both underperforming and other metro banks most of the time.
- **Bank Size**: High-performing banks were generally much larger than underperforming and other metro banks, with median assets of more than $1 billion as of fourth quarter 2019, compared with median assets of $350 million among the 186 other high-transition banks and $291 million among the 2,162 other metro banks. Asset size may have played a role in supporting the business strategy of high-performing banks, as it allowed them to extend operations outside of high-transition metros.
- **Market Area**: High-performing banks had nearly a third of their branches outside their primary metro area and gathered a fifth of their deposits from these branch locations, a larger share than both underperforming banks in high-transition metros and other metro banks. Importantly, this relationship held when comparing only banks with assets between $1 billion and $10 billion for these three groups, suggesting that greater external exposure may have resulted from a strategy used by high-performing, high-transition banks rather than being just the result of bank size differences between the groups. While the FDIC does not have branch-level loan data, branches of high-performing banks outside high-transition metros may have contributed to the ability of high-performing banks to emphasize commercial lending more than their counterparts.

Although this small group of high-transition banks had effective strategies to combat their economic challenges, they are outliers in the study rather than the norm. While this analysis does not evaluate the risk-reward structure of these high-performing banks' strategies, their success despite their headquarter areas' demographic and economic challenges is notable. In contrast, the remaining high-transition banks (186 banks as of 2019) underperformed other metro banks throughout most of the study period. This group of high-transition banks had lower median pre-tax ROA in more than 80 percent of the study period and in every quarter outside the two periods of severe financial stress. This group similarly underperformed other metro banks in terms of median delinquency rates and loan growth.

## CONCLUSION

The United States underwent significant economic transition between 1970 and 2019 when the manufacturing sector declined. While the national economy continued to grow, many metro areas that were particularly concentrated in contracting industries experienced substantial industrial transition that adversely affected economic and demographic conditions. These metros are primarily in the Northeast and Midwest, although some are in the South. The experience of this group of 54 metros may provide insight into future challenges for metros that rely on one or two key industries with potential for transition, particularly metro areas with concentrations in industries exposed to changing demand from alternative forms of energy and emerging lower carbon technologies. As shown in the analysis and review of outlier metros, higher industrial diversity, proximity to research universities, and strong in-migration may mitigate negative effects from industrial transition.

Community banks headquartered in high-transition metro areas were resilient, while the communities they serve experienced heightened industrial transition and performed reasonably well in relation to community banks in other areas. During the study period, community banks in affected areas failed at lower rates overall than community banks in other metro areas, especially during periods of great economic and banking stress, such as during the S&L crisis of the late 1980s and early 1990s and during the Great Financial Crisis of 2009 to 2012. Perhaps their financial performance, albeit generally weaker than other metro banks over the study period, was not as different as their areas' economic and demographic challenges would have implied.

While the significant industrial transition the U.S. has undergone since 1970 may provide insights into the economic and banking effects of a future industrial transition, this analysis is not intended to be dispositive or to predict how climate-related financial risks from transition would transpire. Rather, this analysis can be considered a starting point for further discussion and analysis of potential climate-related transition risks.

## AUTHORS

**John M. Anderlik**
Senior Advisor
Division of Insurance and Research

**J. Will Greene**
Regional Economist
Division of Insurance and Research

**Kathy Kalser**
Assistant Director
Division of Insurance and Research

**Eric Robbins**
Regional Manager
Division of Insurance and Research

**Scott Schweser**
Regional Economist
Division of Insurance and Research

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

## APPENDIX: DETAILED CALCULATIONS OF TRANSITION SCORES FOR TWO SAMPLE METROS ARE SHOWN IN FIGURES A AND B.

**Figure A:**
**Transition Score Calculation Example: Youngstown, Ohio**

Accounts for multiplier effects

| MSA | Dec–1970 | PP Chg in Share of Total Empl 1970–2019 | X Wage Ratio | = PP Chg Wtd Wage | MSA Sum |
|---|---|---|---|---|---|
| **Youngstown, OH-PA Metropolitan Statistical Area** | | | | | **52.1** |
| Total nonfarm payroll | 239.82 | | | | |
| Apparel manufacturing | 0.12 | -0.04 | 0.57 | 0.02 | |
| Chemical manufacturing | 0.50 | -0.10 | 1.25 | 0.13 | |
| Computer and electronic product manufacturing | 5.12 | -1.87 | 1.20 | 2.25 | |
| Electrical equipment; appliance; and component manufacturing | 3.66 | -1.27 | 0.88 | 1.13 | |
| Fabricated metal product manufacturing | 10.32 | -1.93 | 1.07 | 2.06 | |
| Furniture and related product manufacturing | 2.25 | -0.78 | 0.84 | 0.66 | |
| Leather and allied product manufacturing | 0.27 | -0.10 | 0.66 | 0.07 | |
| Machinery manufacturing | 16.05 | -5.32 | 1.20 | 6.41 | |
| Mining (except oil and gas) | 0.51 | -0.17 | 1.30 | 0.22 | |
| Miscellaneous manufacturing | 1.05 | -0.18 | 0.89 | 0.16 | |
| Nonmetallic mineral product manufacturing | 2.42 | -0.70 | 1.05 | 0.74 | |
| Oil and gas extraction | 0.04 | 0.05 | 1.77 | 0.00 | |
| Paper manufacturing | 0.55 | -0.06 | 1.11 | 0.06 | |
| Petroleum and coal products manufacturing | 0.10 | 0.02 | 1.45 | 0.00 | |
| Primary metal manufacturing | 55.88 | -19.95 | 1.74 | 34.67 | |
| Printing and related support activities | 0.92 | -0.25 | 1.03 | 0.26 | |
| Rail transportation | 0.29 | -0.01 | 1.29 | 0.01 | |
| Telecommunications | 2.24 | -0.72 | 1.46 | 1.05 | |
| Textile mills | 0.02 | 0.00 | 0.82 | 0.00 | |
| Textile product mills | 1.05 | -0.28 | 0.72 | 0.20 | |
| Transportation equipment manufacturing | 6.08 | -1.61 | 1.22 | 1.96 | |
| Water transportation | 0.05 | 0.00 | 1.45 | 0.00 | |

Note: MSA is Metropolitan Statistical Area. PP Chg is percentage point change. Empl is employment. Wtd is weighted.

**Figure B:**
**Transition Score Calculation Example: Spartanburg, South Carolina**

| MSA | Dec–1970 | PP Chg in Share of Total Empl 1970–2019 | Wage Ratio | PP Chg Wtd Wage | MSA Sum |
|---|---|---|---|---|---|
| **Spartanburg, SC Metropolitan Statistical Area** | | | | | **31.5** |
| Total nonfarm payroll | 74.28 | | | | |
| Apparel manufacturing | 1.61 | -2.12 | 0.57 | 1.21 | |
| Chemical manufacturing | 2.66 | -1.95 | 1.25 | 2.43 | |
| Computer and electronic product manufacturing | 0.07 | 0.04 | 1.20 | 0.00 | |
| Electrical equipment; appliance; and component manufacturing | 0.33 | 0.38 | 0.88 | 0.00 | |
| Fabricated metal product manufacturing | 1.41 | -0.37 | 1.07 | 0.40 | |
| Furniture and related product manufacturing | 0.07 | -0.01 | 0.84 | 0.01 | |
| Leather and allied product manufacturing | 0.01 | 0.00 | 0.66 | 0.00 | |
| Machinery manufacturing | 1.06 | -0.42 | 1.20 | 0.51 | |
| Mining (except oil and gas) | 0.08 | -0.02 | 1.30 | 0.02 | |
| Miscellaneous manufacturing | 0.45 | -0.33 | 0.89 | 0.30 | |
| Nonmetallic mineral product manufacturing | 0.31 | -0.03 | 1.05 | 0.03 | |
| Oil and gas extraction | 0.00 | 0.00 | 1.77 | 0.00 | |
| Paper manufacturing | 0.81 | -0.38 | 1.11 | 0.42 | |
| Petroleum and coal products manufacturing | 0.02 | 0.01 | 1.45 | 0.00 | |
| Primary metal manufacturing | 0.17 | -0.10 | 1.74 | 0.18 | |
| Printing and related support activities | 0.56 | -0.25 | 1.03 | 0.25 | |
| Rail transportation | 0.12 | -0.10 | 1.29 | 0.13 | |
| Telecommunications | 0.31 | -0.21 | 1.46 | 0.30 | |
| Textile mills | 21.76 | -27.79 | 0.82 | 22.85 | |
| Textile product mills | 2.76 | -3.35 | 0.72 | 2.41 | |
| Transportation equipment manufacturing | 0.52 | 9.24 | 1.22 | 0.00 | |
| Water transportation | 0.03 | -0.01 | 1.45 | 0.01 | |

**Growing sector not included in transition sum.**

Note: MSA is Metropolitan Statistical Area. PP Chg is percentage point change. Empl is employment. Wtd is weighted.