FDIC Quarterly

Quarterly Banking Profile: Third Quarter 2020

The Importance of Community Banks in Paycheck Protection Program Lending

2020
Volume 14, Number 4

Federal Deposit Insurance Corporation

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.

2020 FDIC**QUARTERLY**

Volume 14 • Number 4

Quarterly Banking Profile: Third Quarter 2020

FDIC-insured institutions reported aggregate net income of $51.2 billion in third quarter 2020, up $32.4 billion from second quarter 2020 but down $6.2 billion from the year-ago quarter. The quarterly increase in net income was attributable to a $47.5 billion decline in provision expenses between second and third quarter 2020. Lower net interest income drove the annual decline in net income. Slightly more than half (51.3 percent) of all institutions reported lower net income compared to a year ago. The return on assets ratio was 0.97 percent for the quarter, down from 1.25 percent in third quarter 2019 but up from 0.36 percent in second quarter 2020. *See page 1.*

Community Bank Performance

Community banks—which represent 91 percent of insured institutions—reported annual growth in quarterly net income of $659.7 million despite a 116.6 percent increase in provision expense and continued net interest margin (NIM) compression. Nearly half of all community banks (48 percent) reported higher quarterly net income in third quarter 2020 compared with third quarter 2019. Higher revenue from loan sales drove the improvement in quarterly net income. *See page 15.*

Insurance Fund Indicators

The Deposit Insurance Fund (DIF) balance totaled $116.4 billion at the end of third quarter, an increase of $1.8 billion from the previous quarter. Assessment income, interest earned on investments, and negative provisions for insurance losses were the largest sources of the increase, offset partially by operating expenses and losses on available-for-sale securities. The DIF reserve ratio was 1.30 percent on September 30, 2020, unchanged from June 30, 2020, and 11 basis points lower than September 30, 2019. *See page 23.*

Featured Article:

The Importance of Community Banks in Paycheck Protection Program Lending

During the current public health emergency, community banks are playing a vital role in supporting small businesses through the Small Business Administration's Paycheck Protection Program (PPP). Community banks throughout the country participated in the program, with community bank PPP loan portfolios representing over 30 percent of total bank PPP loans. *See page 31.*

INSURED INSTITUTION PERFORMANCE

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

Net Interest Margin Falls to Historic Low

Deposit Growth Stabilizes

Asset Quality Metrics Show Modest Deterioration

Industry Reports Strong Capital and Liquidity in Third Quarter 2020

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

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

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

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

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

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

Chart 1

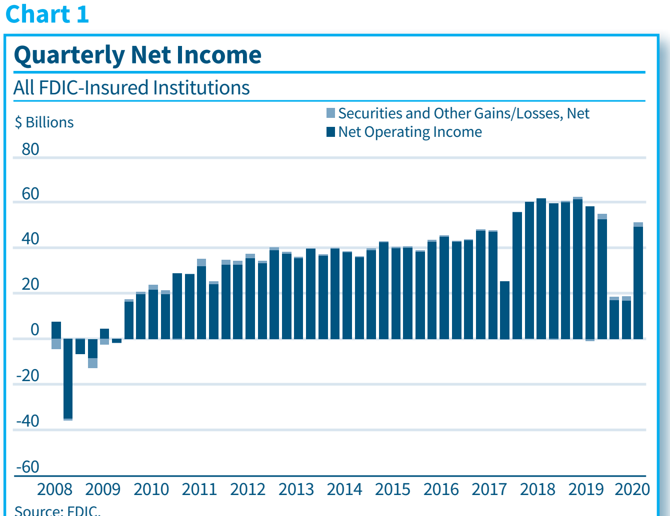
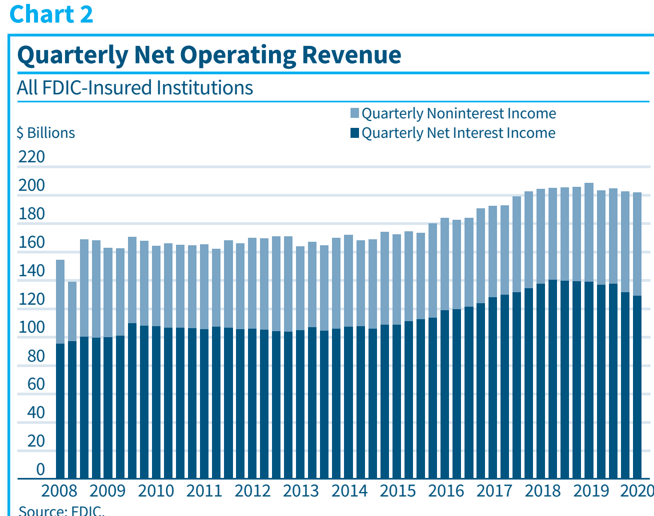


Chart 2



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

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

Noninterest Expense Climbs 3 Percent From a Year Ago

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

Quarterly Provisions for Credit Losses Decline From One Quarter Ago

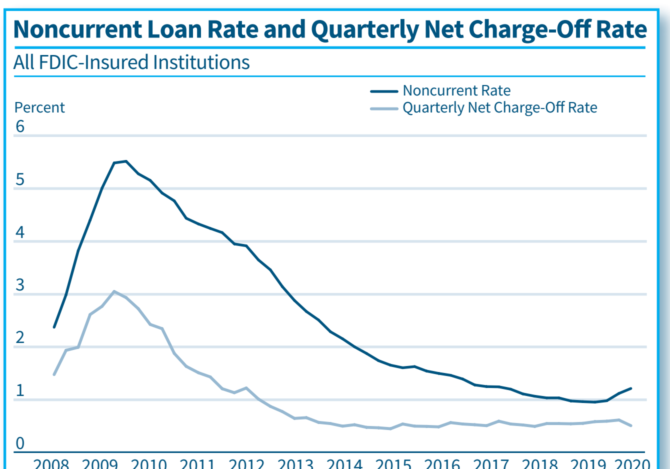
Quarterly provisions for credit losses totaled $14.4 billion, down $47.5 billion (76.8 percent) from second quarter 2020 but up $492 million (3.5 percent) from third quarter 2019.[2] During the third quarter, 254 banks used the current expected credit loss (CECL) accounting standard. CECL adopters reported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

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

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

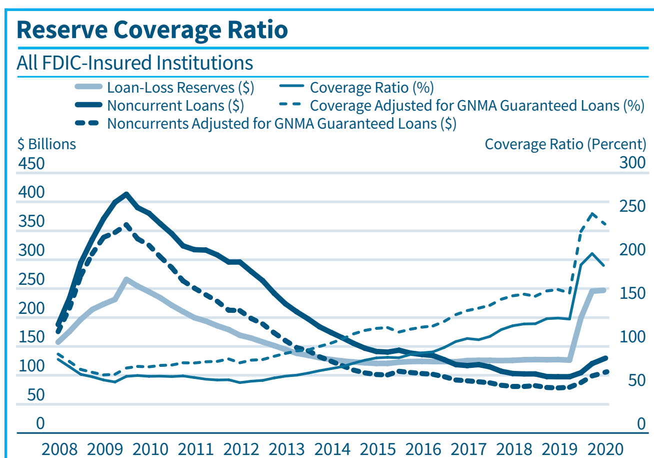
[2] For institutions that have not adopted the CECL accounting methodology, provisions for credit losses include only provisions for loan and lease losses. The comparison of CECL and non-CECL adopters holds constant the adopters from the most recent quarter.

Chart 3



Source: FDIC.

Chart 4



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

Noncurrent Loan Rate Increases to 1.17 Percent

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

Total Assets Increase Slightly From the Previous Quarter

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

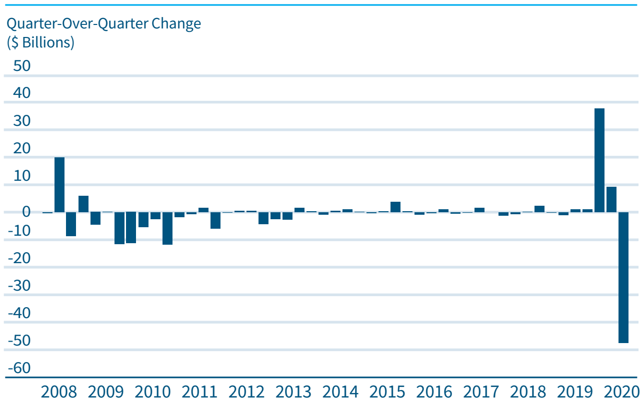
Loan Balances Fall Slightly From the Previous Quarter

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

Chart 5

Change in Quarterly Loan-Loss Provisions

All FDIC-Insured Institutions

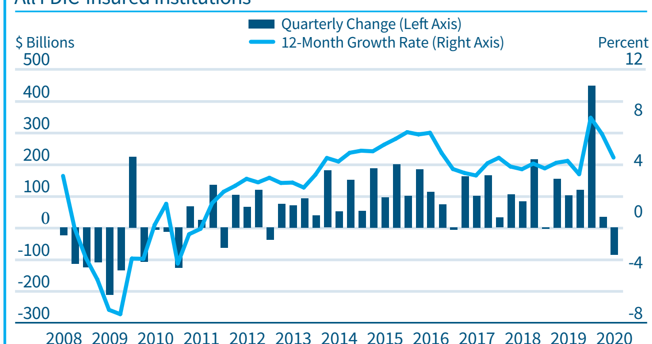


Source: FDIC.

Chart 6

Quarterly Change in Loan Balances

All FDIC-Insured Institutions



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

Deposit Growth Stabilizes

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

Equity Capital Rises From the Previous Quarter

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

One New Bank Opens in Third Quarter 2020

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

Authors:
Angela Hinton
Senior Financial Analyst
Division of Insurance and Research

James K. Presley-Nelson
Senior Financial Analyst
Division of Insurance and Research

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

Chart 7

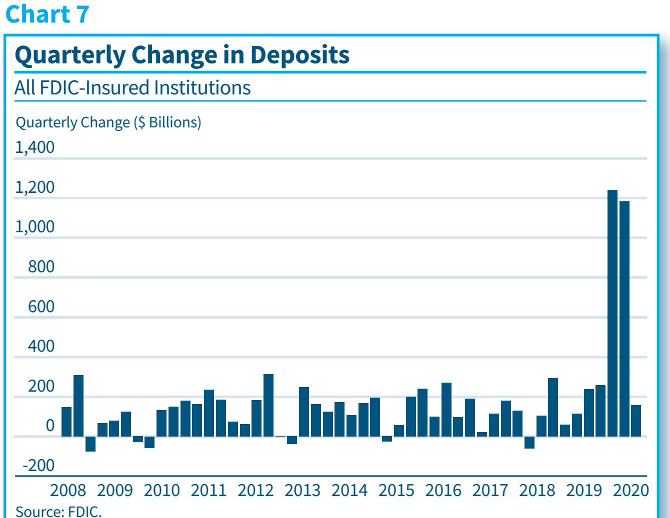


Chart 8

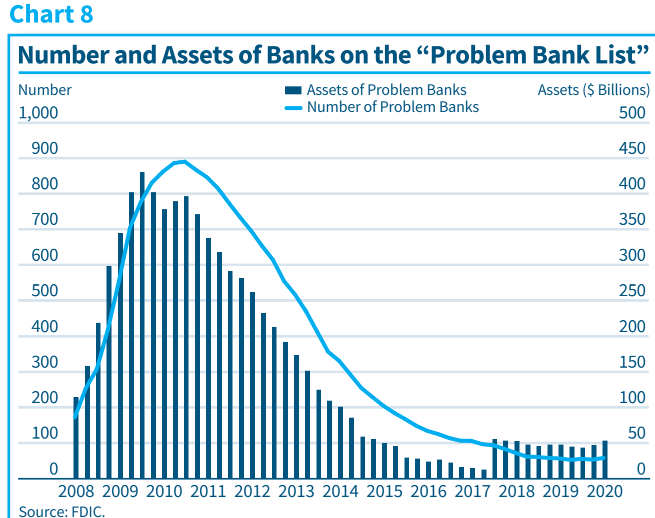


TABLE I-A. Selected Indicators, All FDIC-Insured Institutions*

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

* Excludes insured branches of foreign banks (IBAs).
** Through September 30, ratios annualized where appropriate. Asset growth rates are for 12 months ending September 30.

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

(dollar figures in millions)	3rd Quarter 2020	2nd Quarter 2020	3rd Quarter 2019	%Change 19Q3-20Q3
Number of institutions reporting	5,033	5,066	5,258	-4.3
Total employees (full-time equivalent)	2,071,910	2,077,846	2,065,840	0.3
CONDITION DATA				
Total assets	$21,219,742	$21,138,118	$18,481,915	14.8
Loans secured by real estate	5,144,479	5,110,724	5,002,907	2.8
1-4 Family residential mortgages	2,240,674	2,216,584	2,182,663	2.7
Nonfarm nonresidential	1,556,388	1,545,706	1,491,643	4.3
Construction and development	386,056	380,560	360,045	7.2
Home equity lines	312,896	324,469	349,858	-10.6
Commercial & industrial loans	2,538,844	2,689,163	2,216,885	14.5
Loans to individuals	1,709,844	1,704,152	1,779,248	-3.9
Credit cards	796,450	808,171	892,881	-10.8
Farm loans	76,779	78,088	80,291	-4.4
Other loans & leases	1,444,278	1,416,798	1,323,239	9.2
Less: Unearned income	3,621	3,804	2,275	59.1
Total loans & leases	10,910,604	10,995,121	10,400,294	4.9
Less: Reserve for losses*	244,266	242,787	125,171	95.2
Net loans and leases	10,666,338	10,752,334	10,275,123	3.8
Securities**	4,790,986	4,515,734	3,936,180	21.7
Other real estate owned	4,548	5,021	6,190	-26.5
Goodwill and other intangibles	385,497	386,552	394,036	-2.2
All other assets	5,372,373	5,478,478	3,870,387	38.8
Total liabilities and capital	21,219,742	21,138,118	18,481,915	14.8
Deposits	17,116,653	16,960,605	14,276,906	19.9
Domestic office deposits	15,670,039	15,518,214	12,981,056	20.7
Foreign office deposits	1,446,614	1,442,391	1,295,850	11.6
Other borrowed funds	1,207,194	1,301,411	1,460,195	-17.3
Subordinated debt	68,489	69,595	69,335	-1.2
All other liabilities	641,647	657,045	574,098	11.8
Total equity capital (includes minority interests)	2,185,759	2,149,462	2,101,382	4.0
Bank equity capital	2,183,201	2,146,898	2,098,263	4.1
Loans and leases 30-89 days past due	58,408	55,684	63,972	-8.7
Noncurrent loans and leases	127,550	118,258	95,544	33.5
Restructured loans and leases	49,658	48,299	51,016	-2.7
Mortgage-backed securities	2,798,767	2,651,813	2,369,462	18.1
Earning assets	19,319,934	19,230,964	16,686,809	15.8
FHLB Advances	304,506	378,489	498,766	-39.0
Unused loan commitments	8,411,393	8,366,938	8,133,442	3.4
Trust assets	17,787,796	17,007,737	20,762,219	-14.3
Assets securitized and sold	505,520	550,282	539,466	-6.3
Notional amount of derivatives	181,124,835	181,706,554	203,562,352	-11.0

INCOME DATA	First Three Quarters 2020	First Three Quarters 2019	%Change	3rd Quarter 2020	3rd Quarter 2019	%Change 19Q3-20Q3
Total interest income	$461,563	$539,450	-14.4	143,211	180,840	-20.8
Total interest expense	65,182	123,514	-47.2	14,468	42,080	-65.6
Net interest income	396,380	415,936	-4.7	128,743	138,760	-7.2
Provision for credit losses***	128,741	40,623	216.9	14,385	13,893	3.5
Total noninterest income	210,049	200,864	4.6	72,605	69,452	4.5
Total noninterest expense	373,850	349,534	7.0	123,649	120,088	3.0
Securities gains (losses)	6,731	1,046	543.3	2,480	-956	N/M
Applicable income taxes	21,934	47,396	-53.7	14,516	15,874	-8.6
Extraordinary gains, net****	-110	167	N/M	-5	-2	-150.0
Total net income (includes minority interests)	88,526	180,459	-50.9	51,274	57,399	-10.7
Bank net income	88,352	180,268	-51.0	51,187	57,337	-10.7
Net charge-offs	42,869	38,563	11.2	12,686	13,104	-3.2
Cash dividends	62,242	134,900	-53.9	15,818	47,765	-66.9
Retained earnings	26,110	45,368	-42.5	35,369	9,572	269.5
Net operating income	83,068	179,431	-53.7	49,341	58,156	-15.2

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

N/M - Not Meaningful

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

		Asset Concentration Groups*								
THIRD QUARTER (The way it is...)	**All Insured Institutions**	**Credit Card Banks**	**International Banks**	**Agricultural Banks**	**Commercial Lenders**	**Mortgage Lenders**	**Consumer Lenders**	**Other Specialized <$1 Billion**	**All Other <$1 Billion**	**All Other >$1 Billion**
Number of institutions reporting	5,033	11	5	1,182	2,768	303	36	230	430	68
Commercial banks	4,401	10	5	1,172	2,493	77	25	208	357	54
Savings institutions	632	1	0	10	275	226	11	22	73	14
Total assets (in billions)	$21,219.7	$508.6	$5,288.0	$281.0	$7,505.5	$635.9	$132.0	$40.1	$86.8	$6,742.0
Commercial banks	19,897.4	423.5	5,288.0	275.3	7,050.0	93.8	129.4	36.6	68.4	6,532.3
Savings institutions	1,322.4	85.1	0.0	5.7	455.5	542.1	2.6	3.4	18.3	209.7
Total deposits (in billions)	17,116.7	356.2	4,007.9	233.0	6,119.4	558.4	110.8	31.8	73.1	5,626.1
Commercial banks	16,033.4	289.7	4,007.9	230.2	5,771.0	80.1	108.6	29.6	58.3	5,457.9
Savings institutions	1,083.3	66.5	0.0	2.7	348.4	478.3	2.2	2.2	14.9	168.1
Bank net income (in millions)	51,187	3,806	12,656	918	19,661	1,645	482	262	250	11,507
Commercial banks	48,049	3,491	12,656	865	18,519	377	476	94	211	11,361
Savings institutions	3,137	315	0	53	1,142	1,268	6	167	39	146
Performance Ratios (annualized, %)										
Yield on earning assets	2.98	10.57	2.22	4.05	3.41	2.12	3.85	2.68	3.69	2.49
Cost of funding earning assets	0.30	1.30	0.17	0.61	0.37	0.24	0.75	0.34	0.47	0.24
Net interest margin	2.68	9.28	2.05	3.44	3.05	1.89	3.10	2.34	3.21	2.25
Noninterest income to assets	1.37	4.38	1.64	0.71	1.13	1.13	0.33	5.04	1.24	1.25
Noninterest expense to assets	2.34	6.20	2.20	2.33	2.36	1.60	1.17	4.12	2.84	2.21
Credit loss provision to assets**	0.27	2.85	0.10	0.17	0.30	0.04	0.24	0.06	0.12	0.21
Net operating income to assets	0.93	3.00	0.91	1.27	1.02	1.03	1.44	2.43	1.12	0.65
Pretax return on assets	1.24	4.16	1.23	1.49	1.29	1.36	1.98	3.29	1.34	0.93
Return on assets	0.97	3.00	0.96	1.31	1.05	1.06	1.48	2.64	1.16	0.68
Return on equity	9.47	26.13	10.62	11.43	9.42	12.18	15.65	15.69	9.53	6.81
Net charge-offs to loans and leases	0.46	3.63	0.67	0.12	0.23	0.01	0.85	0.12	0.08	0.39
Loan and lease loss provision to net charge-offs	112.73	105.87	44.07	201.75	188.91	1,925.64	38.13	177.13	252.01	111.89
Efficiency ratio	60.58	46.47	62.98	58.68	58.56	53.83	34.90	56.93	66.71	66.59
% of unprofitable institutions	4.73	0.00	0.00	3.98	3.79	9.90	8.33	13.04	4.42	5.88
% of institutions with earnings gains	48.72	54.55	20.00	40.44	54.95	45.21	52.78	33.04	41.40	52.94
Structural Changes										
New reporters	1	0	0	0	0	0	0	1	0	0
Institutions absorbed by mergers	33	1	0	7	24	0	0	0	0	1
Failed institutions	0	0	0	0	0	0	0	0	0	0
PRIOR THIRD QUARTERS (The way it was...)										
Return on assets (%) 2019	1.25	3.43	1.23	1.45	1.15	1.30	1.53	3.43	1.23	1.15
2017	1.12	2.21	1.01	1.34	1.13	0.96	1.23	3.06	0.98	1.07
2015	1.03	2.83	0.84	0.37	1.00	0.57	1.08	2.56	0.76	1.08
Net charge-offs to loans & leases (%) 2019	0.51	3.94	0.71	0.15	0.24	0.03	0.78	0.16	0.12	0.37
2017	0.46	3.75	0.54	0.10	0.20	0.03	0.56	0.25	0.15	0.40
2015	0.40	2.61	0.49	0.08	0.20	0.12	0.58	0.19	0.18	0.37

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

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

THIRD QUARTER (The way it is…)	All Insured Institutions	Asset Size Distribution: Less Than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	$10 Billion to $250 Billion	Greater Than $250 Billion	Geographic Regions*: New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Number of institutions reporting	5,033	981	3,135	766	138	13	598	572	1,079	1,300	1,112	372
Commercial banks	4,401	862	2,771	634	122	12	312	519	930	1,260	1,042	338
Savings institutions	632	119	364	132	16	1	286	53	149	40	70	34
Total assets (in billions)	$21,219.7	$59.0	$1,089.7	$2,019.0	$6,198.1	$11,854.0	$3,887.6	$4,349.6	$5,003.2	$4,093.2	$1,719.4	$2,166.6
Commercial banks	19,897.4	52.1	949.8	1,682.7	5,666.8	11,546.1	3,475.2	4,237.1	4,895.5	4,056.5	1,211.8	2,021.3
Savings institutions	1,322.4	6.9	139.9	336.4	531.3	308.0	412.4	112.5	107.7	36.7	507.6	145.4
Total deposits (in billions)	17,116.7	48.6	907.0	1,648.0	5,027.4	9,485.6	3,137.1	3,586.3	3,837.2	3,318.3	1,455.6	1,782.1
Commercial banks	16,033.4	43.4	795.1	1,383.5	4,610.0	9,201.3	2,818.3	3,495.5	3,758.0	3,289.3	1,007.9	1,664.5
Savings institutions	1,083.3	5.2	111.9	264.5	417.4	284.3	318.8	90.9	79.2	29.0	447.7	117.7
Bank net income (in millions)	51,187	131	3,410	5,989	17,847	23,810	8,652	9,405	14,309	6,639	4,895	7,286
Commercial banks	48,049	120	2,904	5,011	16,807	23,206	7,734	9,269	13,650	6,506	4,102	6,788
Savings institutions	3,137	10	506	978	1,039	604	918	136	659	132	794	498
Performance Ratios (annualized, %)												
Yield on earning assets	2.98	3.87	3.95	3.75	3.68	2.37	2.91	2.98	2.52	2.92	3.24	3.98
Cost of funding earning assets	0.30	0.56	0.56	0.48	0.44	0.17	0.37	0.26	0.20	0.27	0.31	0.53
Net interest margin	2.68	3.31	3.38	3.27	3.24	2.20	2.53	2.72	2.33	2.65	2.94	3.45
Noninterest income to assets	1.37	1.44	1.41	1.41	1.35	1.37	1.19	1.17	1.76	1.20	1.25	1.66
Noninterest expense to assets	2.34	3.42	2.94	2.64	2.42	2.18	2.09	2.29	2.32	2.45	2.38	2.67
Credit loss provision to assets**	0.27	0.11	0.21	0.35	0.47	0.16	0.31	0.25	0.13	0.30	0.25	0.53
Net operating income to assets	0.93	0.85	1.22	1.16	1.14	0.76	0.87	0.84	1.10	0.59	1.16	1.32
Pretax return on assets	1.24	1.01	1.48	1.50	1.48	1.05	1.13	1.11	1.45	0.91	1.39	1.73
Return on assets	0.97	0.89	1.26	1.19	1.16	0.80	0.89	0.86	1.15	0.65	1.16	1.35
Return on equity	9.47	6.56	11.19	10.96	10.66	8.33	8.38	8.03	11.85	6.69	11.26	12.87
Net charge-offs to loans and leases	0.46	0.09	0.11	0.18	0.61	0.49	0.43	0.49	0.39	0.51	0.22	0.68
Loan and lease loss provision to net charge-offs	112.73	201.87	287.37	277.95	123.69	78.78	136.03	99.15	66.41	120.56	220.91	120.79
Efficiency ratio	60.58	75.73	63.97	57.83	54.60	64.70	59.06	62.23	60.04	67.17	59.31	52.62
% of unprofitable institutions	4.73	12.03	3.32	1.70	2.17	0.00	5.69	7.17	4.45	3.38	4.41	5.91
% of institutions with earnings gains	48.72	35.07	51.39	55.61	47.83	38.46	50.67	45.80	54.31	48.62	43.44	50.00
Structural Changes												
New reporters	1	0	1	0	0	0	0	0	0	0	0	1
Institutions absorbed by mergers	33	9	19	4	1	0	9	3	6	6	9	0
Failed institutions	0	0	0	0	0	0	0	0	0	0	0	0
PRIOR THIRD QUARTERS (The way it was…)												
Return on assets (%) 2019	1.25	1.03	1.35	1.39	1.28	1.20	1.10	1.18	1.36	1.15	1.44	1.47
2017	1.12	1.02	1.16	1.15	1.21	1.05	0.96	1.11	1.13	1.04	1.20	1.49
2015	1.03	0.95	1.05	1.10	1.00	1.03	0.89	1.02	0.92	1.16	1.15	1.18
Net charge-offs to loans & leases (%) 2019	0.51	0.24	0.13	0.22	0.67	0.51	0.47	0.53	0.43	0.51	0.26	0.79
2017	0.46	0.16	0.13	0.22	0.64	0.46	0.53	0.58	0.25	0.49	0.26	0.59
2015	0.40	0.16	0.15	0.22	0.52	0.42	0.43	0.44	0.27	0.46	0.24	0.51

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

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

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

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

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

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

			Asset Size Distribution					Geographic Regions*					
FIRST THREE QUARTERS (The way it is...)		**All Insured Institutions**	**Less Than $100 Million**	**$100 Million to $1 Billion**	**$1 Billion to $10 Billion**	**$10 Billion to $250 Billion**	**Greater Than $250 Billion**	**New York**	**Atlanta**	**Chicago**	**Kansas City**	**Dallas**	**San Francisco**
Number of institutions reporting		5,033	981	3,135	766	138	13	598	572	1,079	1,300	1,112	372
Commercial banks		4,401	862	2,771	634	122	12	312	519	930	1,260	1,042	338
Savings institutions		632	119	364	132	16	1	286	53	149	40	70	34
Total assets (in billions)		$21,219.7	$59.0	$1,089.7	$2,019.0	$6,198.1	$11,854.0	$3,887.6	$4,349.6	$5,003.2	$4,093.2	$1,719.4	$2,166.6
Commercial banks		19,897.4	52.1	949.8	1,682.7	5,666.8	11,546.1	3,475.2	4,237.1	4,895.5	4,056.5	1,211.8	2,021.3
Savings institutions		1,322.4	6.9	139.9	336.4	531.3	308.0	412.4	112.5	107.7	36.7	507.6	145.4
Total deposits (in billions)		17,116.7	48.6	907.0	1,648.0	5,027.4	9,485.6	3,137.1	3,586.3	3,837.2	3,318.3	1,455.6	1,782.1
Commercial banks		16,033.4	43.4	795.1	1,383.5	4,610.0	9,201.3	2,818.3	3,495.5	3,758.0	3,289.3	1,007.9	1,664.5
Savings institutions		1,083.3	5.2	111.9	264.5	417.4	284.3	318.8	90.9	79.2	29.0	447.7	117.7
Bank net income (in millions)		88,352	386	9,296	14,706	21,464	42,499	14,796	13,120	25,953	10,845	11,216	12,421
Commercial banks		80,943	360	8,060	12,664	19,293	40,566	12,856	13,150	24,521	10,537	8,699	11,179
Savings institutions		7,409	26	1,236	2,043	2,171	1,933	1,940	-30	1,432	308	2,517	1,242
Performance Ratios (annualized, %)													
Yield on earning assets		3.35	4.15	4.26	4.06	4.04	2.78	3.25	3.39	2.90	3.33	3.53	4.37
Cost of funding earning assets		0.47	0.65	0.68	0.63	0.62	0.35	0.57	0.42	0.35	0.48	0.42	0.71
Net interest margin		2.88	3.50	3.57	3.42	3.42	2.43	2.68	2.97	2.55	2.85	3.11	3.65
Noninterest income to assets		1.38	1.41	1.30	1.27	1.32	1.44	1.22	1.23	1.79	1.18	1.13	1.63
Noninterest expense to assets		2.46	3.52	3.03	2.71	2.71	2.24	2.26	2.49	2.43	2.44	2.42	2.92
Credit loss provision to assets**		0.85	0.13	0.25	0.49	1.12	0.83	0.75	0.91	0.76	0.98	0.52	1.07
Net operating income to assets		0.55	0.88	1.18	1.01	0.45	0.46	0.52	0.39	0.70	0.31	0.91	0.76
Pretax return on assets		0.73	1.04	1.41	1.29	0.67	0.60	0.66	0.54	0.91	0.40	1.13	1.11
Return on assets		0.58	0.91	1.22	1.04	0.49	0.50	0.53	0.42	0.73	0.36	0.95	0.80
Return on equity		5.53	6.60	10.46	9.20	4.32	5.02	4.84	3.75	7.32	3.68	8.94	7.41
Net charge-offs to loans and leases		0.53	0.13	0.11	0.20	0.70	0.54	0.49	0.58	0.43	0.57	0.32	0.74
Loan and lease loss provision to net charge-offs		298.91	165.47	326.86	336.88	246.04	346.46	282.02	288.20	370.22	337.73	301.66	216.37
Efficiency ratio		59.24	75.61	64.89	59.80	54.49	61.40	58.70	59.71	59.34	63.77	59.64	52.26
% of unprofitable institutions		4.79	10.09	3.44	2.35	11.59	0.00	8.36	8.57	4.45	1.92	3.87	6.99
% of institutions with earnings gains		49.27	40.47	54.67	44.52	18.84	15.38	35.28	42.31	56.07	57.69	46.40	41.94
Condition Ratios (%)													
Earning assets to total assets		91.05	92.42	93.78	93.07	92.20	89.84	90.87	90.50	89.99	90.63	93.37	93.85
Loss allowance to:													
Loans and leases		2.24	1.38	1.29	1.36	2.42	2.50	2.01	2.32	2.30	2.44	1.45	2.56
Noncurrent loans and leases		191.51	111.54	157.81	154.77	193.13	201.57	189.38	243.58	201.17	161.63	77.26	334.43
Noncurrent assets plus other real estate owned to assets		0.63	0.85	0.65	0.67	0.81	0.52	0.58	0.52	0.56	0.77	1.04	0.51
Equity capital ratio		10.29	13.59	11.32	10.97	10.91	9.74	10.71	10.87	9.78	9.76	10.32	10.52
Core capital (leverage) ratio		8.80	13.16	10.94	10.17	9.44	8.03	9.14	8.50	8.42	8.73	8.75	9.90
Common equity tier 1 capital ratio***		13.75	22.07	15.81	14.12	13.46	13.71	13.76	13.25	13.97	13.63	13.76	14.47
Tier 1 risk-based capital ratio***		13.84	22.07	15.83	14.14	13.65	13.75	13.81	13.35	14.03	13.71	13.87	14.64
Total risk-based capital ratio***		15.36	23.13	16.95	15.28	15.15	15.37	15.34	14.85	15.47	15.54	15.07	16.00
Net loans and leases to deposits		62.32	67.83	79.06	84.27	75.23	50.03	63.87	61.31	58.37	59.42	61.11	76.46
Net loans to total assets		50.27	55.95	65.81	68.79	61.02	40.03	51.54	50.55	44.77	48.17	51.74	62.89
Domestic deposits to total assets		73.85	82.49	83.23	81.52	79.24	68.81	75.15	80.21	67.60	65.19	84.62	80.95
Structural Changes													
New reporters		3	2	1	0	0	0	0	2	0	0	0	1
Institutions absorbed by mergers		137	32	89	14	2	0	30	12	29	25	34	7
Failed institutions		2	0	2	0	0	0	0	1	0	1	0	0
PRIOR FIRST THREE QUARTERS (The way it was...)													
Number of institutions	2019	5,258	1,207	3,247	661	134	9	636	603	1,133	1,343	1,157	386
	2017	5,738	1,444	3,538	631	116	9	705	683	1,221	1,449	1,246	434
	2015	6,270	1,752	3,812	596	102	8	780	778	1,351	1,559	1,319	483
Total assets (in billions)	2019	$18,481.9	$71.7	$1,083.1	$1,723.5	$6,435.6	$9,168.1	$3,358.9	$3,784.3	$4,240.1	$3,797.9	$1,193.3	$2,107.4
	2017	17,242.5	85.7	1,154.8	1,729.8	5,574.9	8,697.3	3,186.2	3,584.3	3,902.6	3,687.5	1,067.3	1,814.6
	2015	15,800.1	102.7	1,194.8	1,642.8	5,053.2	7,806.6	3,018.8	3,324.0	3,531.9	3,436.7	940.8	1,548.0
Return on assets (%)	2019	1.33	1.00	1.31	1.31	1.37	1.30	1.12	1.34	1.35	1.26	1.39	1.65
	2017	1.10	0.97	1.11	1.16	1.13	1.06	0.94	1.10	1.05	1.06	1.21	1.45
	2015	1.05	0.89	1.01	1.15	1.01	1.06	0.90	1.03	0.94	1.18	1.11	1.28
Net charge-offs to loans & leases (%)	2019	0.50	0.18	0.11	0.20	0.66	0.51	0.46	0.55	0.41	0.52	0.23	0.78
	2017	0.48	0.17	0.12	0.21	0.68	0.46	0.55	0.58	0.28	0.49	0.26	0.64
	2015	0.42	0.15	0.13	0.21	0.53	0.46	0.46	0.48	0.26	0.50	0.20	0.49
Noncurrent assets plus OREO to assets (%)	2019	0.56	0.98	0.73	0.61	0.60	0.49	0.54	0.57	0.52	0.61	0.76	0.42
	2017	0.73	1.09	0.88	0.71	0.70	0.72	0.64	0.86	0.64	0.85	0.83	0.48
	2015	0.99	1.30	1.20	0.99	0.74	1.12	0.76	1.19	0.96	1.22	1.07	0.53
Equity capital ratio (%)	2019	11.35	14.46	12.03	12.12	12.04	10.63	12.01	12.21	10.88	10.22	12.11	11.34
	2017	11.31	13.31	11.42	11.89	12.23	10.57	12.48	12.15	10.45	10.08	11.47	11.86
	2015	11.33	12.83	11.35	11.92	12.19	10.63	11.99	12.44	10.35	10.28	11.26	12.28

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

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

September 30, 2020	All Insured Institutions	Asset Concentration Groups*								
		Credit Card Banks	International Banks	Agricultural Banks	Commercial Lenders	Mortgage Lenders	Consumer Lenders	Other Specialized <$1 Billion	All Other <$1 Billion	All Other >$1 Billion
Percent of Loans 30-89 Days Past Due										
All loans secured by real estate	0.57	0.37	0.39	0.49	0.39	0.38	0.44	1.00	0.74	1.08
Construction and development	0.37	0.00	0.19	0.60	0.31	1.37	0.56	0.80	0.98	0.59
Nonfarm nonresidential	0.31	3.19	0.40	0.45	0.28	0.27	0.45	0.95	0.52	0.41
Multifamily residential real estate	0.16	0.00	0.26	0.18	0.14	0.12	0.12	0.47	0.35	0.16
Home equity loans	0.50	0.00	0.60	0.45	0.45	0.45	0.29	0.92	0.65	0.56
Other 1-4 family residential	0.90	0.37	0.45	0.77	0.64	0.35	0.45	1.10	0.83	1.48
Commercial and industrial loans	0.27	0.51	0.30	0.51	0.27	0.18	0.06	0.59	0.49	0.25
Loans to individuals	1.09	1.15	0.83	0.84	0.95	0.31	0.97	1.71	1.10	1.32
Credit card loans	1.03	1.16	0.90	0.76	1.15	0.75	0.95	3.36	0.95	0.98
Other loans to individuals	1.14	0.98	0.64	0.85	0.93	0.29	0.97	1.63	1.10	1.49
All other loans and leases (including farm)	0.24	0.37	0.33	0.47	0.23	0.11	0.00	0.31	0.43	0.16
Total loans and leases	0.54	1.09	0.45	0.50	0.38	0.36	0.75	0.98	0.72	0.76
Percent of Loans Noncurrent**										
All real estate loans	1.60	0.65	1.92	1.18	1.19	0.96	0.37	1.44	1.04	2.56
Construction and development	0.62	2.36	2.25	0.54	0.48	1.10	4.17	1.82	0.73	0.83
Nonfarm nonresidential	0.87	0.00	1.25	0.92	0.80	0.76	1.16	1.33	1.24	1.08
Multifamily residential real estate	0.22	0.00	0.12	0.47	0.22	0.40	0.04	0.57	0.53	0.40
Home equity loans	1.98	0.00	4.85	0.26	1.23	1.33	0.26	0.48	0.60	2.46
Other 1-4 family residential	2.53	0.61	2.46	0.81	2.19	0.95	0.33	1.51	1.01	3.35
Commercial and industrial loans	1.03	0.61	1.43	0.97	0.90	0.47	1.71	0.44	0.75	1.12
Loans to individuals	0.74	1.20	0.70	0.45	0.62	0.11	0.33	0.56	0.53	0.64
Credit card loans	1.03	1.25	0.85	0.26	1.05	0.43	0.43	1.43	0.23	0.90
Other loans to individuals	0.49	0.40	0.28	0.47	0.58	0.10	0.33	0.52	0.53	0.52
All other loans and leases (including farm)	0.41	0.00	0.40	1.23	0.49	0.21	0.06	0.71	0.66	0.31
Total loans and leases	1.17	1.14	1.17	1.13	1.01	0.88	0.43	1.12	0.94	1.46
Percent of Loans Charged-Off (net, YTD)										
All real estate loans	0.03	0.07	-0.02	0.06	0.04	-0.01	0.02	0.15	0.03	0.04
Construction and development	0.02	-0.09	-0.01	0.09	0.02	-0.01	-0.06	0.23	0.08	-0.04
Nonfarm nonresidential	0.10	0.00	0.14	0.09	0.09	0.06	0.02	0.31	0.02	0.16
Multifamily residential real estate	0.00	0.00	0.00	0.00	0.00	-0.04	-0.01	0.00	0.00	0.01
Home equity loans	-0.03	0.00	-0.01	0.00	0.01	-0.17	0.29	-0.04	0.02	-0.08
Other 1-4 family residential	0.00	0.07	-0.05	0.04	0.01	-0.01	0.02	0.07	0.02	-0.01
Commercial and industrial loans	0.54	2.54	0.61	0.24	0.52	0.14	0.30	0.10	0.14	0.47
Loans to individuals	2.25	4.24	2.81	0.35	1.08	0.46	0.79	0.83	0.39	1.60
Credit card loans	3.80	4.38	3.53	1.13	4.29	2.81	2.06	2.00	0.85	3.18
Other loans to individuals	0.78	2.14	0.54	0.27	0.77	0.34	0.79	0.76	0.38	0.78
All other loans and leases (including farm)	0.16	0.00	0.07	0.24	0.21	0.11	0.02	0.42	0.05	0.19
Total loans and leases	0.53	4.06	0.74	0.13	0.25	0.02	0.56	0.24	0.07	0.46
Loans Outstanding (in billions)										
All real estate loans	$5,144.5	$1.8	$560.1	$108.6	$2,976.4	$149.6	$21.3	$7.0	$37.0	$1,282.7
Construction and development	386.1	0.0	17.5	6.9	298.1	4.5	0.1	0.6	2.1	56.4
Nonfarm nonresidential	1,556.4	0.0	58.1	28.4	1,184.0	11.6	0.8	2.2	7.8	263.5
Multifamily residential real estate	478.4	0.0	85.3	3.8	330.8	3.2	0.3	0.2	1.0	53.8
Home equity loans	312.9	0.0	33.1	1.8	174.0	7.2	0.1	0.1	1.3	95.3
Other 1-4 family residential	2,240.7	1.7	313.6	25.2	937.1	122.3	20.0	3.4	22.0	795.4
Commercial and industrial loans	2,538.8	34.3	361.8	29.5	1,358.4	7.9	7.2	1.9	5.5	732.4
Loans to individuals	1,709.8	338.7	354.7	6.0	341.8	8.7	66.1	1.3	4.0	588.6
Credit card loans	796.5	316.9	261.8	0.6	28.0	0.3	0.3	0.1	0.0	188.3
Other loans to individuals	913.4	21.8	92.9	5.4	313.7	8.4	65.8	1.2	4.0	400.2
All other loans and leases (including farm)	1,521.1	0.3	444.5	40.4	431.8	3.8	4.1	0.5	2.6	593.1
Total loans and leases (plus unearned income)	10,914.2	375.0	1,721.1	184.5	5,108.3	170.0	98.8	10.7	49.1	3,196.8
Memo: Other Real Estate Owned (in millions)										
All other real estate owned	4,547.9	0.7	326.9	235.2	3,121.9	62.3	5.6	45.5	76.3	673.5
Construction and development	1,086.7	0.6	1.0	31.4	947.8	13.2	1.3	28.7	14.6	48.3
Nonfarm nonresidential	1,805.6	0.0	85.0	80.8	1,387.2	12.5	2.3	10.8	29.4	197.6
Multifamily residential real estate	68.8	0.0	0.0	4.6	63.0	0.9	0.0	0.0	0.3	0.0
1-4 family residential	1,373.7	0.1	202.9	37.4	634.4	35.6	2.0	5.7	27.9	427.7
Farmland	175.2	0.0	0.0	81.2	89.5	0.0	0.0	0.3	4.1	0.0

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

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

		Asset Size Distribution					Geographic Regions*					
September 30, 2020	All Insured Institutions	Less Than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	$10 Billion to $250 Billion	Greater Than $250 Billion	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Percent of Loans 30-89 Days Past Due												
All loans secured by real estate	0.57	0.86	0.45	0.29	0.46	0.85	0.38	0.57	0.47	1.09	0.56	0.30
Construction and development	0.37	0.94	0.45	0.36	0.32	0.41	0.30	0.24	0.29	0.63	0.36	0.45
Nonfarm nonresidential	0.31	0.55	0.35	0.23	0.32	0.36	0.35	0.29	0.24	0.44	0.28	0.25
Multifamily residential real estate	0.16	0.90	0.23	0.12	0.14	0.22	0.17	0.14	0.05	0.63	0.19	0.08
Home equity loans	0.50	0.39	0.43	0.33	0.50	0.55	0.43	0.50	0.44	0.82	0.41	0.26
Other 1-4 family residential	0.90	1.13	0.60	0.41	0.70	1.21	0.50	0.88	0.70	1.68	1.08	0.38
Commercial and industrial loans	0.27	0.68	0.33	0.28	0.28	0.26	0.32	0.22	0.25	0.27	0.36	0.32
Loans to individuals	1.09	1.30	1.31	1.18	1.01	1.14	0.99	1.49	0.73	0.99	0.79	1.22
Credit card loans	1.03	1.07	1.57	2.40	1.09	0.94	1.16	1.15	0.88	0.95	0.47	1.10
Other loans to individuals	1.14	1.30	1.29	0.94	0.93	1.34	0.87	1.79	0.60	1.05	0.89	1.31
All other loans and leases (including farm)	0.24	0.52	0.44	0.29	0.21	0.24	0.11	0.15	0.32	0.32	0.25	0.17
Total loans and leases	0.54	0.81	0.46	0.33	0.49	0.64	0.43	0.59	0.43	0.75	0.50	0.50
Percent of Loans Noncurrent**												
All real estate loans	1.60	1.28	0.86	0.88	1.70	2.08	1.32	1.30	1.68	2.25	2.60	0.62
Construction and development	0.62	0.68	0.69	0.69	0.35	1.03	1.07	0.45	1.03	0.31	0.32	0.48
Nonfarm nonresidential	0.87	1.29	0.82	0.88	0.82	0.98	0.92	0.72	1.03	1.04	0.68	0.87
Multifamily residential real estate	0.22	0.63	0.35	0.23	0.17	0.28	0.27	0.39	0.15	0.31	0.22	0.10
Home equity loans	1.98	0.64	0.60	0.62	1.27	3.02	1.99	1.42	2.37	3.17	1.02	0.76
Other 1-4 family residential	2.53	1.14	0.87	1.09	3.29	2.70	2.03	1.89	2.29	3.33	6.74	0.53
Commercial and industrial loans	1.03	1.18	0.59	1.00	1.02	1.11	0.93	0.92	1.04	1.32	0.97	1.04
Loans to individuals	0.74	0.71	0.64	0.69	0.85	0.66	0.86	0.76	0.45	0.77	0.58	0.93
Credit card loans	1.03	0.71	1.42	2.31	1.20	0.85	1.29	1.06	0.74	0.98	0.95	1.15
Other loans to individuals	0.49	0.71	0.59	0.36	0.53	0.48	0.57	0.50	0.21	0.44	0.45	0.75
All other loans and leases (including farm)	0.41	1.33	1.12	0.54	0.48	0.34	0.39	0.17	0.50	0.51	0.37	0.48
Total loans and leases	1.17	1.24	0.82	0.88	1.25	1.24	1.06	0.95	1.14	1.51	1.88	0.76
Percent of Loans Charged-Off (net, YTD)												
All real estate loans	0.03	0.04	0.04	0.04	0.04	0.03	0.04	0.05	0.02	0.03	0.03	0.02
Construction and development	0.02	-0.01	0.04	0.04	0.01	-0.01	0.01	0.03	0.03	-0.04	0.02	0.05
Nonfarm nonresidential	0.10	0.05	0.06	0.07	0.10	0.18	0.09	0.13	0.16	0.12	0.06	0.06
Multifamily residential real estate	0.00	-0.07	0.00	0.01	0.00	0.00	0.01	0.03	0.00	0.01	0.00	-0.01
Home equity loans	-0.03	0.07	0.03	0.01	0.00	-0.06	0.01	-0.07	0.03	-0.08	-0.05	-0.03
Other 1-4 family residential	0.00	0.02	0.02	0.02	0.00	-0.02	0.01	0.00	-0.04	0.00	0.01	-0.01
Commercial and industrial loans	0.54	0.41	0.22	0.34	0.71	0.50	0.38	0.50	0.54	0.53	0.90	0.70
Loans to individuals	2.25	0.40	0.94	1.88	2.56	2.07	2.40	2.15	1.77	2.71	1.26	2.53
Credit card loans	3.80	3.66	4.96	7.44	4.22	3.37	4.14	3.70	3.24	3.83	2.77	4.37
Other loans to individuals	0.78	0.37	0.67	0.69	0.90	0.69	1.07	0.68	0.37	0.85	0.71	0.98
All other loans and leases (including farm)	0.16	0.21	0.21	0.27	0.14	0.16	0.25	0.23	0.11	0.14	0.10	0.09
Total loans and leases	0.53	0.13	0.11	0.20	0.70	0.54	0.49	0.58	0.43	0.57	0.32	0.74
Loans Outstanding (in billions)												
All real estate loans	$5,144.5	$21.7	$515.8	$944.8	$1,818.5	$1,843.6	$1,064.5	$956.2	$1,009.3	$915.9	$549.2	$649.4
Construction and development	386.1	1.3	47.3	94.8	159.2	83.6	75.4	64.0	64.5	54.7	83.0	44.4
Nonfarm nonresidential	1,556.4	4.5	192.6	397.6	620.4	341.3	356.9	306.1	229.8	206.7	225.6	231.4
Multifamily residential real estate	478.4	0.5	28.8	102.1	208.1	139.0	165.6	47.7	119.0	42.8	25.6	77.7
Home equity loans	312.9	0.5	16.5	36.3	112.3	147.3	66.4	75.3	76.1	51.1	19.5	24.6
Other 1-4 family residential	2,240.7	10.5	181.1	284.2	702.5	1,062.4	395.2	449.5	495.6	462.9	176.6	260.9
Commercial and industrial loans	2,538.8	5.1	139.7	315.9	909.9	1,168.3	445.9	591.8	564.9	436.4	210.3	289.7
Loans to individuals	1,709.8	2.0	26.8	70.7	731.1	879.2	298.9	402.1	330.2	295.3	67.9	315.4
Credit card loans	796.5	0.0	1.6	11.8	350.5	432.5	123.5	185.0	152.6	179.7	17.1	138.6
Other loans to individuals	913.4	2.0	25.2	58.9	380.6	446.7	175.4	217.1	177.6	115.7	50.8	176.8
All other loans and leases (including farm)	1,521.1	4.5	44.7	77.5	417.7	976.5	236.4	301.3	388.6	374.6	75.7	144.3
Total loans and leases (plus unearned income)	10,914.2	33.5	727.0	1,408.9	3,877.2	4,867.7	2,045.7	2,251.5	2,293.0	2,022.1	903.2	1,398.8
Memo: Other Real Estate Owned (in millions)												
All other real estate owned	4,547.9	88.6	1,179.6	1,103.2	1,286.3	890.3	740.6	939.5	976.0	710.7	917.4	263.7
Construction and development	1,086.7	15.2	471.7	322.5	231.5	45.8	126.4	308.8	131.5	174.0	277.7	68.3
Nonfarm nonresidential	1,805.6	30.3	396.5	532.4	580.1	266.3	242.3	324.1	453.1	258.6	411.3	116.2
Multifamily residential real estate	68.8	5.0	35.4	18.2	9.2	1.0	9.7	22.4	5.9	9.3	13.9	7.6
1-4 family residential	1,373.7	28.4	194.1	163.9	448.2	539.1	359.4	273.9	339.8	187.1	156.2	57.4
Farmland	175.2	9.7	81.9	66.2	17.4	0.0	2.8	10.3	20.7	68.8	58.3	14.2

* **Regions:**
New York - Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, U.S. Virgin Islands
Atlanta - Alabama, Florida, Georgia, North Carolina, South Carolina, Virginia, West Virginia
Chicago - Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin
Kansas City - Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota
Dallas - Arkansas, Colorado, Louisiana, Mississippi, New Mexico, Oklahoma, Tennessee, Texas
San Francisco - Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, Pacific Islands, Utah, Washington, Wyoming
** Noncurrent loan rates represent the percentage of loans in each category that are past due 90 days or more or that are in nonaccrual status.

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

(dollar figures in millions; notional amounts unless otherwise indicated)	3rd Quarter 2020	2nd Quarter 2020	1st Quarter 2020	4th Quarter 2019	3rd Quarter 2019	% Change 19Q3-20Q3	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	1,373	1,381	1,361	1,328	1,340	2.5	33	688	513	126	13
Total assets of institutions reporting derivatives	$19,490,492	$19,422,604	$18,647,356	$17,062,953	$16,899,831	15.3	$2,356	$314,813	$1,501,755	$5,817,542	$11,854,025
Total deposits of institutions reporting derivatives	15,707,310	15,567,209	14,473,395	13,260,629	13,006,277	20.8	1,890	259,946	1,223,231	4,736,618	9,485,624
Total derivatives	181,124,835	181,706,554	199,743,579	173,052,331	203,562,352	-11.0	633	55,747	247,427	5,484,487	175,336,541
Derivative Contracts by Underlying Risk Exposure											
Interest rate	129,835,624	132,102,567	146,069,414	125,078,757	147,186,848	-11.8	630	55,281	239,189	3,490,338	126,050,185
Foreign exchange*	42,148,550	41,266,832	44,381,157	38,736,894	46,694,639	-9.7	0	0	4,341	1,691,986	40,452,223
Equity	4,022,629	3,574,339	3,661,579	3,796,106	3,835,456	4.9	0	18	137	94,615	3,927,859
Commodity & other (excluding credit derivatives)	1,536,154	1,506,889	1,643,731	1,495,227	1,662,059	-7.6	0	0	116	81,124	1,454,914
Credit	3,580,623	3,254,590	3,986,479	3,944,681	4,182,691	-14.4	0	31	2,808	126,424	3,451,360
Total	181,123,580	181,705,217	199,742,360	173,051,665	203,561,693	-11.0	630	55,330	246,591	5,484,487	175,336,541
Derivative Contracts by Transaction Type											
Swaps	99,580,271	101,734,113	110,598,852	96,614,183	108,935,550	-8.6	4	2,091	126,548	3,269,989	96,181,640
Futures & forwards	39,822,440	41,018,437	46,803,966	34,786,564	47,061,050	-15.4	0	5,990	37,999	1,541,060	38,237,391
Purchased options	17,889,179	16,881,937	18,151,997	18,118,533	20,733,104	-13.7	1	317	14,171	240,941	17,633,750
Written options	17,706,959	16,682,545	17,959,266	17,998,526	20,343,921	-13.0	5	4,874	30,053	237,915	17,434,112
Total	174,998,849	176,317,032	193,514,081	167,517,806	197,073,626	-11.2	10	13,271	208,770	5,289,905	169,486,893
Fair Value of Derivative Contracts											
Interest rate contracts	73,199	60,217	48,270	49,831	53,929	35.7	0	138	-337	19,267	54,130
Foreign exchange contracts	-7,256	-19,636	-16,009	-7,869	2,817	N/M	0	0	7	1,515	-8,778
Equity contracts	-700	-1,171	9,837	-1,203	1,597	N/M	0	0	9	-52	-656
Commodity & other (excluding credit derivatives)	-1,087	-3,800	9,802	-1,310	-4,100	73.5	0	0	0	171	-1,258
Credit derivatives as guarantor**	3,830	-3,347	-24,127	25,920	20,454	-81.3	0	0	23	-421	4,228
Credit derivatives as beneficiary**	-7,167	553	26,454	-26,965	-22,966	68.8	0	0	-25	105	-7,246
Derivative Contracts by Maturity* **											
Interest rate contracts < 1 year	76,385,615	80,158,815	92,838,175	79,135,461	88,724,450	-13.9	0	4,401	29,937	1,348,364	75,002,914
1-5 years	39,964,097	41,098,879	43,088,736	35,856,425	37,506,842	6.6	2	596	42,735	1,172,261	38,748,503
> 5 years	20,500,352	19,986,413	20,987,249	24,264,486	24,491,078	-16.3	3	1,173	81,692	674,211	19,743,273
Foreign exchange and gold contracts < 1 year	29,396,423	29,049,559	31,570,063	28,241,089	33,602,158	-12.5	0	0	3,438	1,484,474	27,908,511
1-5 years	4,299,182	4,238,687	4,127,647	4,052,351	4,279,836	0.5	0	0	452	135,380	4,163,351
> 5 years	2,299,468	2,179,498	2,152,437	2,146,242	2,148,934	7.0	0	0	35	37,744	2,261,689
Equity contracts < 1 year	3,210,066	2,850,740	2,959,453	3,083,994	2,687,265	19.5	0	6	106	49,708	3,160,247
1-5 years	882,054	825,667	779,791	844,052	994,632	-11.3	0	13	4	34,499	847,538
> 5 years	133,921	128,679	124,492	136,149	147,521	-9.2	0	0	5	8,959	124,957
Commodity & other contracts (including credit derivatives, excluding gold contracts) < 1 year	1,926,264	1,860,285	2,040,847	2,094,288	1,960,750	-1.8	0	0	36	36,732	1,889,497
1-5 years	2,249,588	2,163,848	2,612,164	2,785,983	2,819,249	-20.2	0	1	711	64,975	2,183,900
> 5 years	433,136	227,777	449,878	260,844	430,569	0.6	0	28	1,155	8,664	423,289
Risk-Based Capital: Credit Equivalent Amount											
Total current exposure to tier 1 capital (%)	29.9	31.9	37.9	23.7	27.4		0.1	0.2	3.1	7.7	47.5
Total potential future exposure to tier 1 capital (%)	32.3	29.6	29.6	34.5	35.0		0.0	0.1	1.1	5.9	53
Total exposure (credit equivalent amount) to tier 1 capital (%)	62.2	61.5	67.6	58.2	62.4		0.1	0.3	4.2	13.6	100.5
Credit losses on derivatives******	131.0	125.0	83.0	20.0	22.0	495.5	0.0	0.0	1.0	17.0	113
HELD FOR TRADING											
Number of institutions reporting derivatives	186	186	182	174	175	6.3	0	19	89	67	11
Total assets of institutions reporting derivatives	15,384,583	15,394,405	14,841,535	13,426,816	13,313,319	15.6	0	8,271	338,646	3,879,923	11,157,743
Total deposits of institutions reporting derivatives	12,340,493	12,274,431	11,424,297	10,356,388	10,147,948	21.6	0	6,925	275,387	3,195,832	8,862,348
Derivative Contracts by Underlying Risk Exposure											
Interest rate	126,595,124	129,035,575	143,093,184	122,492,314	144,532,347	-12.4	0	304	48,059	2,773,556	123,773,205
Foreign exchange	39,147,645	38,663,882	41,651,419	36,707,246	43,930,653	-10.9	0	0	4,091	1,593,741	37,549,813
Equity	3,997,150	3,549,571	3,639,261	3,777,097	3,817,653	4.7	0	0	104	84,343	3,912,704
Commodity & other	1,501,890	1,473,915	1,611,455	1,464,169	1,631,150	-7.9	0	0	82	79,088	1,422,720
Total	171,241,810	172,722,943	189,995,319	164,440,827	193,911,802	-11.7	0	304	52,335	4,530,728	166,658,442
Trading Revenues: Cash & Derivative Instruments											
Interest rate**	2,810	4,647	4,947	4,371	1,581	77.7	0	0	9	445	2,356
Foreign exchange**	1,942	3,841	2,167	662	2,718	-28.6	0	0	3	-172	2,111
Equity**	2,826	4,148	-1,040	1,427	1,805	56.6	0	0	7	-9	2,828
Commodity & other (including credit derivatives)**	1,380	2,036	612	634	1,152	19.8	0	0	0	141	1,239
Total trading revenues**	8,959	14,671	6,686	7,094	7,256	23.5	0	0	20	405	8,533
Share of Revenue											
Trading revenues to gross revenues (%)**	6.3	9.9	4.2	4.5	4.3		0.0	0.0	0.5	1.1	8.5
Trading revenues to net operating revenues (%)**	28.6	305.8	60.1	20.9	18.7		0.0	0.0	2.5	4.4	40
HELD FOR PURPOSES OTHER THAN TRADING											
Number of institutions reporting derivatives	620	625	616	641	662	-6.3	3	160	326	118	13
Total assets of institutions reporting derivatives	18,644,568	18,555,550	17,928,518	16,491,529	16,313,116	14.3	202	80,670	1,142,622	5,567,049	11,854,025
Total deposits of institutions reporting derivatives	15,009,146	14,853,065	13,891,758	12,797,489	12,531,710	19.8	166	66,171	930,133	4,527,051	9,485,624
Derivative Contracts by Underlying Risk Exposure											
Interest rate	3,162,895	3,009,014	2,934,180	2,564,078	2,633,532	20.1	10	12,948	156,174	716,782	2,276,980
Foreign exchange	534,403	527,333	529,987	462,834	479,579	11.4	0	0	194	30,088	504,121
Equity	25,479	24,768	22,318	19,009	17,803	43.1	0	18	33	10,272	15,155
Commodity & other	34,264	32,974	32,277	31,059	30,910	10.9	0	0	34	2,036	32,193
Total notional amount	3,757,040	3,594,089	3,518,762	3,076,980	3,161,823	18.8	10	12,967	156,435	759,178	2,828,450

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

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

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

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

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

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

(dollar figures in millions)	3rd Quarter 2020	2nd Quarter 2020	1st Quarter 2020	4th Quarter 2019	3rd Quarter 2019	% Change 19Q3-20Q3	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 Securitized and Sold with Servicing Retained or with Recourse or Other Seller-Provided Credit Enhancements											
Number of institutions reporting securitization activities	58	61	63	63	67	-13.4	0	6	11	33	8
Outstanding Principal Balance by Asset Type											
1-4 family residential loans	$406,116	$449,854	$452,586	$474,309	$452,433	-10.2	$0	$4,051	$10,271	$105,592	$286,202
Home equity loans	8	9	9	11	11	-27.3	0	0	0	8	0
Credit card receivables	0	0	0	0	0	0.0	0	0	0	0	0
Auto loans	579	980	1,196	1,448	1,793	-67.7	0	0	0	579	0
Other consumer loans	1,669	1,512	1,587	1,661	1,738	-4.0	0	0	0	926	743
Commercial and industrial loans	0	0	0	0	537	-100.0	0	0	0	0	0
All other loans, leases, and other assets	88,993	90,064	88,439	83,875	76,770	15.9	0	0	8,321	3,532	77,140
Total securitized and sold	497,365	542,419	543,817	561,304	533,282	-6.7	0	4,051	18,592	110,637	364,085
Maximum Credit Exposure by Asset Type											
1-4 family residential loans	1,403	1,522	1,726	1,326	1,371	2.3	0	0	51	633	719
Home equity loans	0	0	0	0	0	0.0	0	0	0	0	0
Credit card receivables	0	0	0	0	0	0.0	0	0	0	0	0
Auto loans	38	48	53	59	66	-42.4	0	0	0	38	0
Other consumer loans	0	0	0	0	0	0.0	0	0	0	0	0
Commercial and industrial loans	0	0	0	0	0	0.0	0	0	0	0	0
All other loans, leases, and other assets	2,010	2,205	1,645	1,366	1,324	51.8	0	0	91	93	1,826
Total credit exposure	3,451	3,775	3,424	2,751	2,761	0.0	0	0	142	764	2,545
Total unused liquidity commitments provided to institution's own securitizations	71	32	29	24	203	-65.0	0	0	0	0	71
Securitized Loans, Leases, and Other Assets 30-89 Days Past Due (%)											
1-4 family residential loans	3.0	5.9	3.7	3.5	3.6		0.0	2.5	0.6	1.7	3.6
Home equity loans	7.2	8.3	19.7	9.8	7.8		0.0	0.0	0.0	7.2	0.0
Credit card receivables	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
Auto loans	3.1	2.6	4.5	3.2	2.7		0.0	0.0	0.0	3.1	0.0
Other consumer loans	2.3	3.0	3.7	3.6	3.3		0.0	0.0	0.0	1.2	3.5
Commercial and industrial loans	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
All other loans, leases, and other assets	1.5	4.7	0.1	0.1	0.3		0.0	0.0	0.1	1.6	1.7
Total loans, leases, and other assets	3.1	6.5	3.4	3.2	3.2		0.0	0.0	0.0	2.2	3.2
Securitized Loans, Leases, and Other Assets 90 Days or More Past Due (%)											
1-4 family residential loans	2.9	4.6	1.0	1.0	1.1		0.0	1.8	2.7	3.5	2.6
Home equity loans	27.8	28.9	29.3	33.6	33.5		0.0	0.0	0.0	27.8	0.0
Credit card receivables	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
Auto loans	0.8	0.9	0.8	0.6	0.5		0.0	0.0	0.0	0.8	0.0
Other consumer loans	2.2	3.2	3.6	3.7	3.4		0.0	0.0	0.0	0.5	4.4
Commercial and industrial loans	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
All other loans, leases, and other assets	2.9	0.4	0.3	0.3	0.3		0.0	0.0	0.3	0.4	3.3
Total loans, leases, and other assets	2.8	4.3	0.8	0.8	0.9		0.0	0.0	0.0	2.2	2.8
Securitized Loans, Leases, and Other Assets Charged-off (net, YTD, annualized, %)											
1-4 family residential loans	0.1	0.1	0.0	0.2	0.2		0.0	0.0	0.0	0.0	0.1
Home equity loans	10.2	8.4	6.9	8.6	6.9		0.0	0.0	0.0	10.2	0.0
Credit card receivables	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
Auto loans	2.0	1.1	0.5	1.9	1.2		0.0	0.0	0.0	2.0	0.0
Other consumer loans	0.8	0.4	0.1	0.7	0.5		0.0	0.0	0.0	0.2	1.4
Commercial and industrial loans	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
All other loans, leases, and other assets	0.2	0.1	0.1	0.3	0.2		0.0	0.0	0.0	0.5	0.2
Total loans, leases, and other assets	0.1	0.1	0.0	0.2	0.2		0.0	0.0	0.0	0.1	0.1
Seller's Interests in Institution's Own Securitizations – Carried as Loans											
Home equity loans	0	0	0	0	0	0.0	0	0	0	0	0
Credit card receivables	0	0	0	0	0	0.0	0	0	0	0	0
Commercial and industrial loans	0	0	0	0	629	-100.0	0	0	0	0	0
Seller's Interests in Institution's Own Securitizations – Carried as Securities											
Home equity loans	0	0	0	0	0	0.0	0	0	0	0	0
Credit card receivables	0	0	0	0	0	0.0	0	0	0	0	0
Commercial and industrial loans	0	0	0	0	0	0.0	0	0	0	0	0
Assets Sold with Recourse and Not Securitized											
Number of institutions reporting asset sales	347	345	339	371	388	-10.6	6	117	152	63	9
Outstanding Principal Balance by Asset Type											
1-4 family residential loans	31,869	28,990	27,752	30,320	29,841	6.8	62	5,147	12,841	12,158	1,661
All other loans, leases, and other assets	128,103	126,493	123,427	124,159	122,896	4.2	0	11	68	35,470	92,553
Total sold and not securitized	159,972	155,483	151,179	154,479	152,737	4.7	62	5,158	12,910	47,628	94,214
Maximum Credit Exposure by Asset Type											
1-4 family residential loans	12,870	10,753	9,675	10,161	10,181	26.4	2	923	5,299	5,806	839
All other loans, leases, and other assets	36,997	36,423	35,313	34,793	34,483	7.3	0	11	18	11,233	25,735
Total credit exposure	49,867	47,176	44,989	44,953	44,665	11.6	2	934	5,318	17,039	26,574
Support for Securitization Facilities Sponsored by Other Institutions											
Number of institutions reporting securitization facilities sponsored by others	36	35	36	36	37	-2.7	1	8	14	8	5
Total credit exposure	24,893	26,480	22,894	23,214	23,169	7.4	0	0	0	1,591	23,302
Total unused liquidity commitments	412	413	208	413	411	0.2	0	0	0	295	117
Other											
Assets serviced for others**	5,921,643	5,912,001	6,185,782	6,187,243	6,101,596	-2.9	3,173	142,296	474,894	1,265,092	4,036,187
Asset-backed commercial paper conduits											
Credit exposure to conduits sponsored by institutions and others	17,209	17,348	18,170	17,948	16,186	6.3	0	0	0	0	17,209
Unused liquidity commitments to conduits sponsored by institutions and others	59,373	30,319	30,889	31,652	30,536	94.4	0	0	0	1,543	57,830
Net servicing income (for the quarter)	1,366	-246	-1,757	2,204	300	355.3	7	213	206	318	622
Net securitization income (for the quarter)	92	39	37	138	65	41.5	0	17	6	13	55
Total credit exposure to Tier 1 capital (%)***	3.7	3.8	3.6	3.6	3.6		0.0	0.0	0.0	0.7	2.9

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

** The amount of financial assets serviced for others, other than closed-end 1-4 family residential mortgages, is reported when these assets are greater than $10 million.

*** Total credit exposure includes the sum of the three line items titled "Total credit exposure" reported above.

COMMUNITY BANK PERFORMANCE

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

Net Income for Community Banks Increases 10 Percent Year Over Year

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

Loan Balances Grow 13.4 Percent Year Over Year

Asset Quality Weakens Slightly

Net Income Increases 10 Percent Year Over Year

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

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

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

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

Chart 1

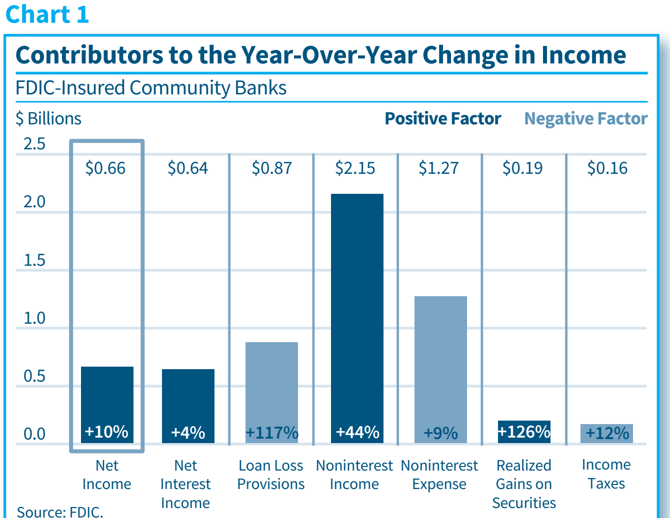
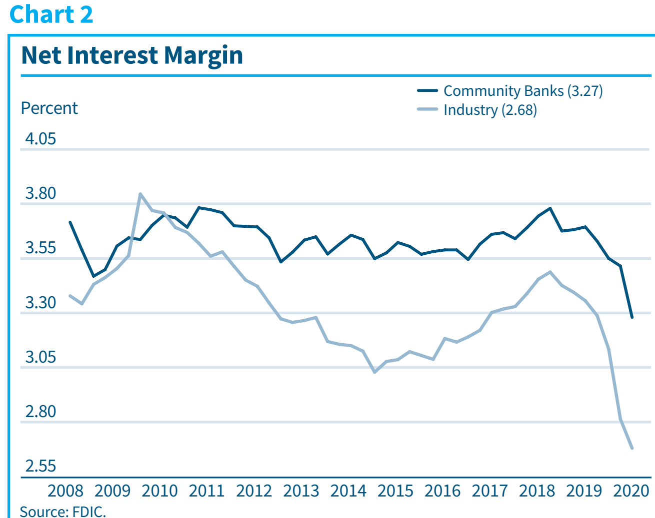


Chart 2



Revenue From Loan Sales Continues to Bolster Net Operating Revenue

Increases in net interest income and noninterest income lifted net operating revenue by $2.8 billion (12.1 percent) to $25.8 billion from the year-ago quarter. Higher revenue from loan sales drove the increase in noninterest income (up $2.1 billion, or 44 percent) year over year. This increase pushed noninterest income as a percentage of net operating revenue up more than 6 percentage points from the year-ago quarter to 27.2 percent—a 30-year high. Higher interest income from commercial and industrial (C&I) loans (up 14.8 percent) and a decline in interest expense (down 36.8 percent) drove the increase in net interest income from third quarter 2019.

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

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

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

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

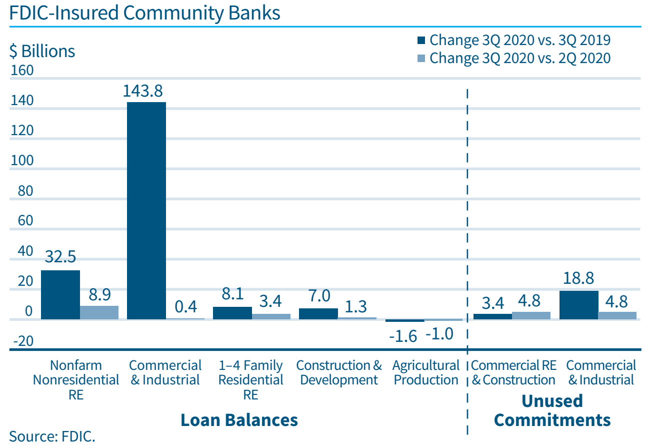
Quarterly Loan Growth Rises Moderately

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

Chart 3

Change in Loan Balances and Unused Commitments

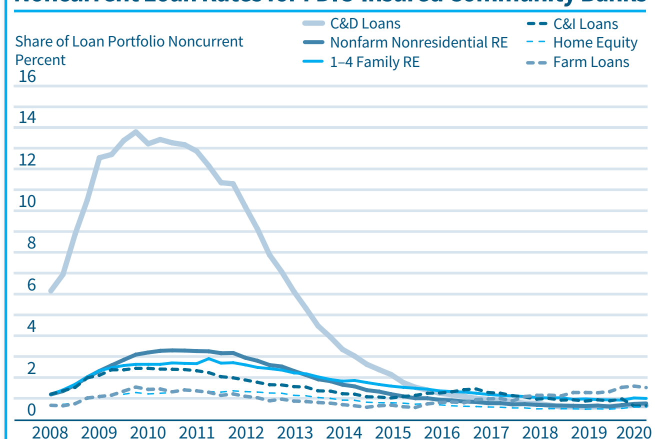
FDIC-Insured Community Banks



Source: FDIC.

Chart 4

Noncurrent Loan Rates for FDIC-Insured Community Banks



Source: FDIC.

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

Noncurrent Loan Rates Increase Moderately

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

Net Charge-Off Rates Remain Low

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

Noninterest-Bearing Deposit Growth Supports Lower Cost Deposit Mix

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

Community Bank Leverage Ratio Remains Strong

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

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

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

Authors:
Alex M. Kokkinakis
Senior Financial Analyst
Division of Insurance and Research

Erica Jill Tholmer
Senior Financial Analyst
Division of Insurance and Research

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

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

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

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

(dollar figures in millions)	3rd Quarter 2020	2nd Quarter 2020	3rd Quarter 2019	%Change 19Q3-20Q3
Number of institutions reporting	4,590	4,624	4,827	-4.9
Total employees (full-time equivalent)	390,661	391,446	402,917	-3.0
CONDITION DATA				
Total assets	$2,478,392	$2,457,876	$2,233,435	11.0
Loans secured by real estate	1,211,065	1,202,384	1,212,229	-0.1
1-4 Family residential mortgages	391,904	389,832	397,964	-1.5
Nonfarm nonresidential	481,865	476,768	472,439	2.0
Construction and development	114,262	114,480	113,186	1.0
Home equity lines	42,943	43,614	47,072	-8.8
Commercial & industrial loans	346,080	348,818	212,054	63.2
Loans to individuals	64,237	62,788	65,697	-2.2
Credit cards	2,021	1,847	2,103	-3.9
Farm loans	51,075	52,426	53,556	-4.6
Other loans & leases	44,900	38,622	43,776	2.6
Less: Unearned income	1,281	1,381	542	136.2
Total loans & leases	1,716,077	1,703,658	1,586,769	8.1
Less: Reserve for losses*	21,835	20,789	18,017	21.2
Net loans and leases	1,694,243	1,682,869	1,568,752	8.0
Securities**	409,632	396,591	376,168	8.9
Other real estate owned	2,081	2,236	2,717	-23.4
Goodwill and other intangibles	17,912	18,059	17,338	3.3
All other assets	354,524	358,121	268,460	32.1
Total liabilities and capital	2,478,392	2,457,876	2,233,435	11.0
Deposits	2,049,529	2,024,462	1,832,214	11.9
Domestic office deposits	2,047,170	2,022,074	1,829,902	11.9
Foreign office deposits	2,359	2,387	2,311	2.1
Brokered deposits	60,915	64,586	69,728	-12.6
Estimated insured deposits	1,445,317	1,445,645	1,338,330	8.0
Other borrowed funds	131,838	139,781	116,388	13.3
Subordinated debt	241	237	370	-34.7
All other liabilities	25,099	25,237	20,325	23.5
Total equity capital (includes minority interests)	271,684	268,159	264,139	2.9
Bank equity capital	271,583	268,055	264,051	2.9
Loans and leases 30-89 days past due	6,672	6,937	7,827	-14.8
Noncurrent loans and leases	13,660	13,668	12,256	11.5
Restructured loans and leases	5,556	5,487	5,698	-2.5
Mortgage-backed securities	189,380	186,381	173,915	8.9
Earning assets	2,318,133	2,297,891	2,077,215	11.6
FHLB Advances	83,496	89,502	94,716	-11.8
Unused loan commitments	337,843	326,187	314,900	7.3
Trust assets	262,884	280,254	259,743	1.2
Assets securitized and sold	21,601	20,355	17,240	25.3
Notional amount of derivatives	203,286	171,765	105,446	92.8

INCOME DATA	First Three Quarters 2020	First Three Quarters 2019	%Change	3rd Quarter 2020	3rd Quarter 2019	%Change 19Q3-20Q3
Total interest income	$66,298	$70,498	-6.0	$21,832	$24,055	-9.2
Total interest expense	10,690	14,438	-26.0	3,017	5,044	-40.2
Net interest income	55,608	56,060	-0.8	18,815	19,011	-1.0
Provision for credit losses***	5,762	2,065	179.0	1,617	775	108.6
Total noninterest income	17,551	13,914	26.1	7,029	5,086	38.2
Total noninterest expense	45,868	44,723	2.6	15,794	15,150	4.3
Securities gains (losses)	673	582	15.7	343	165	108.2
Applicable income taxes	3,621	4,027	-10.1	1,503	1,409	6.7
Extraordinary gains, net****	1	117	N/M	0	2	N/M
Total net income (includes minority interests)	18,582	19,858	-6.4	7,272	6,929	5.0
Bank net income	18,546	19,849	-6.6	7,252	6,924	4.7
Net charge-offs	1,328	1,339	-0.8	417	576	-27.5
Cash dividends	8,063	9,562	-15.7	2,532	3,008	-15.8
Retained earnings	10,484	10,287	1.9	4,720	3,916	20.5
Net operating income	18,003	19,247	-6.5	6,992	6,785	3.0

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

N/M - Not Meaningful

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

(dollar figures in millions)	3rd Quarter 2020	2nd Quarter 2020	3rd Quarter 2019	%Change 19Q3-20Q3
Number of institutions reporting	4,590	4,589	4,583	0.2
Total employees (full-time equivalent)	390,661	389,273	388,456	0.6
CONDITION DATA				
Total assets	$2,478,392	$2,445,850	$2,137,603	15.9
Loans secured by real estate	1,211,065	1,196,236	1,157,062	4.7
1-4 Family residential mortgages	391,904	388,549	383,763	2.1
Nonfarm nonresidential	481,865	473,015	449,327	7.2
Construction and development	114,262	112,940	107,228	6.6
Home equity lines	42,943	43,614	45,110	-4.8
Commercial & industrial loans	346,080	345,641	202,328	71.0
Loans to individuals	64,237	62,648	63,065	1.9
Credit cards	2,021	1,926	2,187	-7.6
Farm loans	51,075	52,086	52,705	-3.1
Other loans & leases	44,900	43,832	38,241	17.4
Less: Unearned income	1,281	1,371	523	144.9
Total loans & leases	1,716,077	1,699,072	1,512,877	13.4
Less: Reserve for losses*	21,835	20,752	17,356	25.8
Net loans and leases	1,694,243	1,678,320	1,495,521	13.3
Securities**	409,632	393,335	365,685	12.0
Other real estate owned	2,081	2,227	2,669	-22.0
Goodwill and other intangibles	17,912	17,643	16,415	9.1
All other assets	354,524	354,325	257,313	37.8
Total liabilities and capital	2,478,392	2,445,850	2,137,603	15.9
Deposits	2,049,529	2,013,148	1,755,739	16.7
Domestic office deposits	2,047,170	2,010,761	1,753,428	16.8
Foreign office deposits	2,359	2,387	2,311	2.1
Brokered deposits	60,915	61,817	61,984	-1.7
Estimated insured deposits	1,445,317	1,435,380	1,285,824	12.4
Other borrowed funds	131,838	140,566	108,455	21.6
Subordinated debt	241	237	261	-7.4
All other liabilities	25,099	25,113	19,485	28.8
Total equity capital (includes minority interests)	271,684	266,784	253,664	7.1
Bank equity capital	271,583	266,683	253,579	7.1
Loans and leases 30-89 days past due	6,672	6,910	7,628	-12.5
Noncurrent loans and leases	13,660	13,567	12,033	13.5
Restructured loans and leases	5,556	5,632	5,723	-2.9
Mortgage-backed securities	189,380	184,775	168,472	12.4
Earning assets	2,318,133	2,287,425	1,988,253	16.6
FHLB Advances	83,496	89,819	87,892	-5.0
Unused loan commitments	337,843	325,233	299,733	12.7
Trust assets	262,884	276,934	247,647	6.2
Assets securitized and sold	21,601	20,587	17,412	24.1
Notional amount of derivatives	203,286	171,333	99,908	103.5

INCOME DATA	First Three Quarters 2020	First Three Quarters 2019	%Change	3rd Quarter 2020	3rd Quarter 2019	%Change 19Q3-20Q3
Total interest income	$66,298	$67,061	-1.1	$21,832	$22,953	-4.9
Total interest expense	10,690	13,618	-21.5	3,017	4,775	-36.8
Net interest income	55,608	53,443	4.1	18,815	18,178	3.5
Provision for credit losses***	5,762	1,958	194.3	1,617	747	116.6
Total noninterest income	17,551	13,303	31.9	7,029	4,881	44.0
Total noninterest expense	45,868	42,745	7.3	15,794	14,529	8.7
Securities gains (losses)	673	560	N/M	343	152	N/M
Applicable income taxes	3,621	3,824	-5.3	1,503	1,340	12.2
Extraordinary gains, net****	1	141	N/M	0	3	N/M
Total net income (includes minority interests)	18,582	18,920	-1.8	7,272	6,599	10.2
Bank net income	18,546	18,907	-1.9	7,252	6,592	10.0
Net charge-offs	1,328	1,261	5.3	417	536	-22.1
Cash dividends	8,063	9,186	-12.2	2,532	2,887	-12.3
Retained earnings	10,484	9,721	7.8	4,720	3,705	27.4
Net operating income	18,003	18,303	-1.6	6,992	6,465	8.2

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

N/M - Not Meaningful

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

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

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

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

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

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

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

* See Table V-A for explanation.

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

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

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

INSURANCE FUND INDICATORS

Deposit Insurance Fund Increases by $1.8 Billion

DIF Reserve Ratio Is Unchanged at 1.30 Percent

No Insured Institutions Failed in the Third Quarter

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

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

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

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

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

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

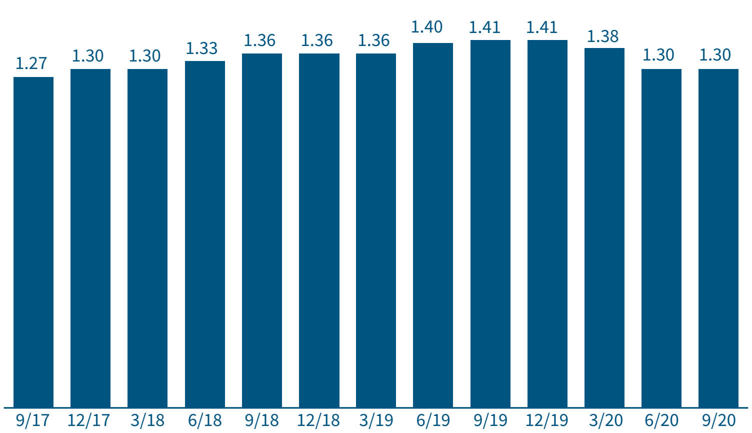
[2] Figures for estimated insured deposits and the assessment base include insured branches of foreign banks, in addition to insured commercial banks and savings institutions.

Table I-C. Insurance Fund Balances and Selected Indicators

(dollar figures in millions)	Deposit Insurance Fund* 3rd Quarter 2020	2nd Quarter 2020	1st Quarter 2020	4th Quarter 2019	3rd Quarter 2019	2nd Quarter 2019	1st Quarter 2019	4th Quarter 2018	3rd Quarter 2018	2nd Quarter 2018	1st Quarter 2018	4th Quarter 2017	3rd Quarter 2017
Beginning Fund Balance	$114,651	$113,206	$110,347	$108,940	$107,446	$104,870	$102,609	$100,204	$97,588	$95,072	$92,747	$90,506	$87,588
Changes in Fund Balance:													
Assessments earned	2,047	1,790	1,372	1,272	1,111	1,187	1,369	1,351	2,728	2,598	2,850	2,656	2,568
Interest earned on investment securities	392	454	507	531	544	535	507	481	433	381	338	305	274
Realized gain on sale of investments	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating expenses	451	465	460	460	443	459	434	453	434	445	433	443	404
Provision for insurance losses	-74	-47	12	-88	-192	-610	-396	-236	-121	-141	-65	-203	-512
All other income, net of expenses	5	2	2	21	4	9	2	2	2	3	1	3	1
Unrealized gain/(loss) on available-for-sale securities**	-284	-383	1,450	-45	86	694	421	788	-234	-162	-496	-481	-33
Total fund balance change	1,783	1,445	2,859	1,407	1,494	2,576	2,261	2,405	2,616	2,516	2,325	2,242	2,918
Ending Fund Balance	116,434	114,651	113,206	110,347	108,940	107,446	104,870	102,609	100,204	97,588	95,072	92,747	90,506
Percent change from four quarters earlier	8.37	6.71	7.95	7.54	8.72	10.10	10.31	10.63	10.72	11.42	11.95	11.53	12.14
Reserve Ratio (%)	1.30	1.30	1.38	1.41	1.41	1.40	1.36	1.36	1.36	1.33	1.30	1.30	1.27
Estimated Insured Deposits	8,926,625	8,836,026	8,178,645	7,825,347	7,741,394	7,692,252	7,696,440	7,522,441	7,375,867	7,353,996	7,333,159	7,154,379	7,099,292
Percent change from four quarters earlier	15.31	14.87	6.27	4.03	4.96	4.60	4.95	5.14	3.90	4.35	3.59	3.45	4.16
Domestic Deposits	15,714,977	15,562,008	14,350,253	13,262,206	13,020,253	12,788,773	12,725,363	12,659,406	12,367,954	12,280,904	12,305,817	12,129,503	11,966,478
Percent change from four quarters earlier	20.70	21.68	12.77	4.76	5.27	4.14	3.41	4.37	3.36	3.83	3.79	3.73	3.99
Assessment Base* **	18,463,453	18,153,297	16,483,948	16,156,678	15,904,511	15,684,025	15,561,869	15,452,229	15,229,530	15,113,666	15,068,512	15,001,411	14,834,140
Percent change from four quarters earlier	16.09	15.74	5.93	4.56	4.43	3.77	3.27	3.01	2.67	2.79	3.06	3.01	3.14
Number of Institutions Reporting	5,042	5,075	5,125	5,186	5,267	5,312	5,371	5,415	5,486	5,551	5,615	5,679	5,747

DIF Reserve Ratios

Percent of Insured Deposits



Deposit Insurance Fund Balance and Insured Deposits ($ Millions)

	DIF Balance	DIF-Insured Deposits
9/17	$90,506	$7,099,292
12/17	92,747	7,154,379
3/18	95,072	7,333,159
6/18	97,588	7,353,996
9/18	100,204	7,375,867
12/18	102,609	7,522,441
3/19	104,870	7,696,440
6/19	107,446	7,692,252
9/19	108,940	7,741,394
12/19	110,347	7,825,347
3/20	113,206	8,178,645
6/20	114,651	8,836,026
9/20	116,434	8,926,625

Table II-C. Problem Institutions and Failed Institutions

(dollar figures in millions)	2020****	2019****	2019	2018	2017	2016	2015	2014
Problem Institutions								
Number of institutions	56	55	51	60	95	123	183	291
Total assets	$53,884	$48,779	$46,190	$48,489	$13,939	$27,624	$46,780	$86,712
Failed Institutions								
Number of institutions	2	1	4	0	8	5	8	18
Total assets*****	$253	$37	$209	$0	$5,082	$277	$6,706	$2,914

* Quarterly financial statement results are unaudited.
** Includes unrealized postretirement benefit gain (loss).
*** Average consolidated total assets minus tangible equity, with adjustments for banker's banks and custodial banks.
**** Through September 30.
***** Total assets are based on final Call Reports submitted by failed institutions.

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

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

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

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

Quarter Ending June 30, 2020 *(dollar figures in billions)*

Annual Rate in Basis Points*	Number of Institutions	Percent of Total Institutions	Amount of Assessment Base	Percent of Total Assessment Base
1.50 - 3.00	2,929	57.71	$3,243.4	17.87
3.01 - 6.00	1,425	28.08	12,331.3	67.93
6.01 - 10.00	579	11.41	2,371.0	13.06
10.01 - 15.00	72	1.42	177.0	0.97
15.01 - 20.00	66	1.30	30.4	0.17
20.01 - 25.00	1	0.02	0.0	0.00
> 25.00	3	0.06	0.3	0.00

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

Notes to Users

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

Tables I-A through VIII-A.

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

Tables I-B through VI-B.

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

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

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

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

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

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

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

Summary of FDIC Research Definition of Community Banking Organizations

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

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

Exclude: Any organization with:

— No loans or no core deposits

— Foreign Assets ≥ 10% of total assets

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

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

Include: All remaining banking organizations with:

— Total assets < indexed size threshold[2]

— Total assets ≥ indexed size threshold, where:

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

Tables I-C through IV-C.

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

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

[2] Asset size threshold indexed to equal $250 million in 1985 and $1.39 billion in 2016.

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

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

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

DATA SOURCES

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

COMPUTATION METHODOLOGY

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

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

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

ACCOUNTING CHANGES

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

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

https://www.fdic.gov/news/financial-institution-letters//2020/fil20097.html

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

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

DEFINITIONS (in alphabetical order)

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

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

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

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

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

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

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

Total Base Assessment Rates*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Derivatives transaction types:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

THE IMPORTANCE OF COMMUNITY BANKS IN PAYCHECK PROTECTION PROGRAM LENDING

Community banks play an important role providing financial services to local customers and small businesses.[1] Despite their relatively small size and share of banking industry assets, community banks have consistently demonstrated an ability to serve their customers. Even before the COVID-19 pandemic, community banks held an outsized share of small business loans.[2] At year-end 2019, community banks held about 25 percent of small business loans, well above their share of 15 percent of total banking industry loans. Community bank participation in the U.S. Small Business Administration's Paycheck Protection Program (PPP) was also proportionately larger than their size in the banking industry. Other published analyses have discussed PPP activity in aggregate and by institution size. This article focuses on contributions of community banks to the PPP and explores how factors such as community bank location, specialty, and size affected participation.

What Is the Paycheck Protection Program?

The Paycheck Protection Program (PPP) was created through Section 1102 of the Coronavirus Aid, Relief, and Emergency Services Act (CARES Act). This program—which is administered by the U.S. Small Business Administration (SBA) with support from the U.S. Department of the Treasury—made $659 billion available to small businesses in potentially forgivable loans to pay up to 24 weeks of eligible employee salaries, payroll costs, and benefits as well as other qualified expenses, such as mortgage interest, rent, and utilities. The bank forgives 100 percent of the loan if 60 percent of the funds were used for those purposes. The SBA guarantees the loans and pays banks for the forgiven loans and accrued interest as prescribed in Section 1106 of the CARES Act. Applications for PPP loans were accepted from April 3, 2020, through August 8, 2020, and more than $525 billion in loans were originated. The loans had a $10 million limit, a 1 percent interest rate, and a term of two years, or a term of up to five years for loans made on June 5, 2020, and after. Lenders received an origination fee of 1 to 5 percent, depending upon the size of the loan. The SBA began accepting applications for loan forgiveness on August 10, 2020.

Community Banks Were Active Participants in the PPP

Banks hold the vast majority of the $525 billion in PPP loans made by banks and nonbanks. Community banks' participation in the PPP outpaced noncommunity banks. As of June 30, 2020, banks held $482 billion, or 92 percent of total PPP loans. Community banks held $148 billion—28 percent of total PPP loans and 31 percent of PPP loans held by banks.[3] This share is significant, as community banks held 12 percent of total industry assets and 15 percent of total industry loans as of June 30, 2020 (Chart 1).

PPP loan origination contributed to total quarterly loan growth at community banks, which outpaced quarterly loan growth in the banking industry in second quarter 2020. Industry loan growth between first and second quarter 2020 was $34 billion, or 0.3 percent (Chart 2). The banking industry's commercial and industrial (C&I) loans, where most PPP loans were categorized, grew 6 percent quarter over quarter.[4] Community banks, however, reported a quarterly loan growth rate of 10 percent in second quarter 2020 and a quarterly C&I loan growth rate of 63 percent in second quarter 2020.

[1] In this article, the term community banks refers to those institutions that meet the definition created in the FDIC 2012 Community Bank Study (https://www.fdic.gov/regulations/resources/cbi/study.html).

[2] In this article, small business loans are commercial and industrial (C&I) loans with original amounts of $1 million or less.

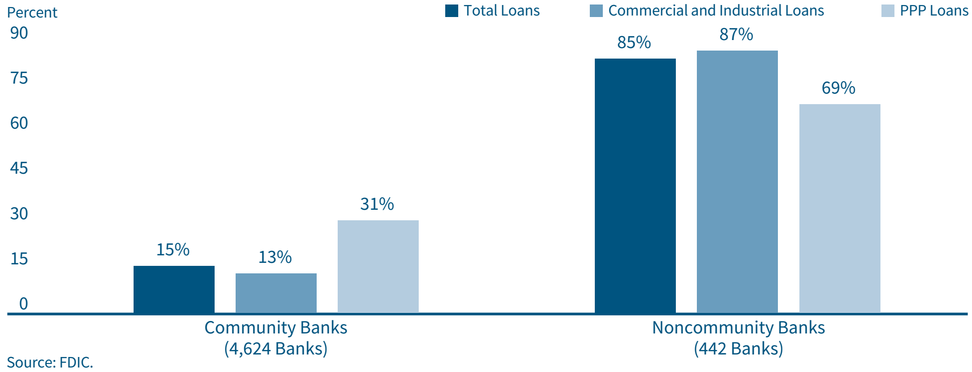
[3] Banks began reporting participation in the PPP starting with second quarter 2020 Consolidated Reports of Condition and Income (Call Reports). The instructions for the line item for the outstanding balance of PPP loans state "held for investment and held for sale" rather than "originated." This line item does not report the amount of loans originated, but PPP loans reported by banks are assumed to have originated or been purchased by those banks.

[4] PPP loans are presumed to be predominantly C&I loans because of the lack of collateral and the loan purposes prescribed by the program.

Chart 1

Community Banks Hold a Disproportionately High Share of PPP Loans

Share of Industry Loan Balances

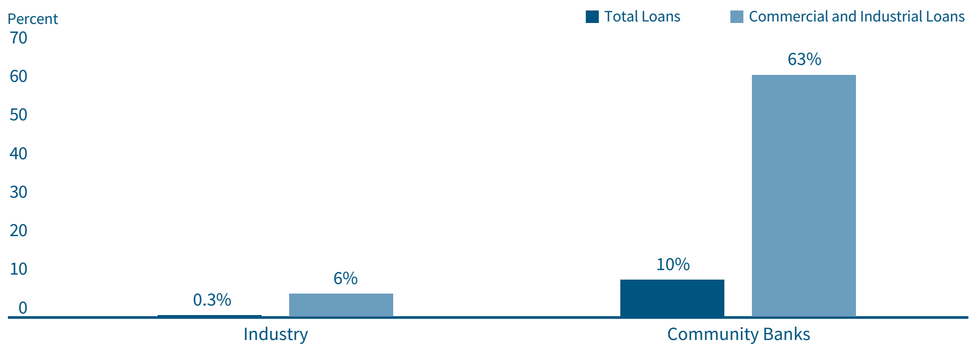


Source: FDIC.
Note: Not all banks in the count displayed hold Paycheck Protection Program (PPP) loans: 83 percent of the 4,624 community banks and 73 percent of the 442 noncommunity banks hold PPP loans. Data as of June 30, 2020.

Chart 2

Community Banks Reported Much Larger Total Loan Growth and C&I Loan Growth Than the Industry Overall in Second Quarter 2020

Quarterly Growth Rate



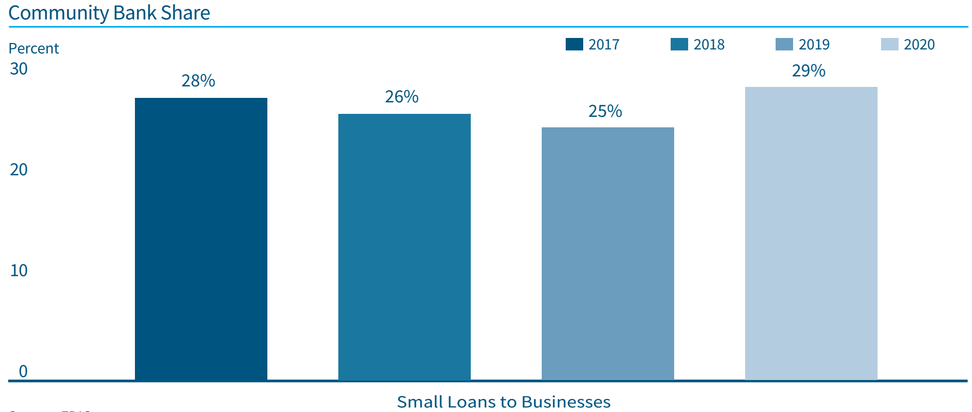
Source: FDIC.
Note: Data as of June 30, 2020.

The average PPP loan for noncommunity banks was $112,000, while at community banks the average PPP loan was $103,000. Based on these sizes, the average PPP loan would be reported as a small business loan in the Call Report. In aggregate, as of second quarter 2020, community bank small business loans increased $90 billion (101 percent) year over year to $179 billion, while noncommunity bank small business loans rose $168 billion (60 percent) to $447 billion.[5] In second quarter 2019, one year before the PPP began, community banks held 25 percent of small business loans. As of second quarter 2020, community banks held 29 percent. Therefore, PPP loans boosted community banks' share of loans to small businesses (Chart 3).

[5] The growth rate for small C&I loans is annual, as the data were collected from June 30 and December 31 Call Reports.

Chart 3

PPP Loans Boosted Community Banks' Share of Loans to Small Businesses

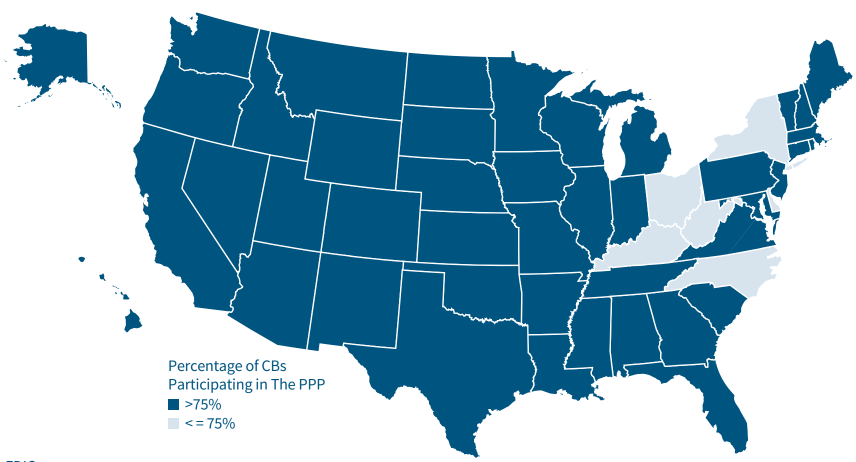


Source: FDIC.
Note: PPP stands for Paycheck Protection Program. Data as of June 30 each year.

Community Banks Throughout the United States Participated in PPP

PPP loans provide small businesses with funds to pay employees during the slowdown in business or temporary closures related to stay-at-home orders during the pandemic. Regardless of the degree of business closure, community banks in all 50 states provided PPP loans to small businesses. Nearly all 50 states and five territories reported 75 percent or more of their community banks participated in the program, based on outstanding loans as of June 30, 2020 (see map).

Nearly All States Reported 75 Percent or More of Their Community Banks Participated in the PPP



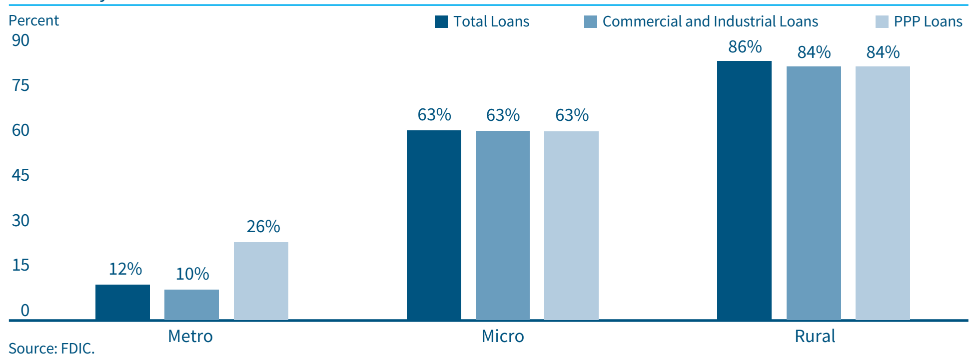
Source: FDIC.
Note: PPP stands for Paycheck Protection Program. Based on the state in which the community bank (CB) is headquartered. Data as of June 30, 2020.

Community banks in metropolitan, micropolitan, and rural areas hold PPP loans.[6] The share of PPP loans held by community banks in micropolitan areas (63 percent) and rural areas (84 percent) closely matches their share of total loans and C&I loans in those areas. Community banks in metropolitan areas, however, hold a higher share of PPP loans than other loans. Community banks hold 26 percent of total PPP loans in metropolitan areas, well above their 10 percent share of total C&I loans in metropolitan areas (Chart 4). Community banks in metropolitan areas held the vast majority ($110 billion or 74 percent) of PPP loans in community banks nationally, and 85 percent of community banks in metropolitan areas participated in the PPP loan program.

Chart 4

Metropolitan Community Banks Hold a Greater Share of PPP Loans Than Their Share of Other Loans

Community Bank Share



Source: FDIC.
Note: PPP stands for Paycheck Protection Program. Numerator is community bank loan balances in area; denominator is all bank loan balances in area. Figures are based on where the bank is headquartered. Data as of June 30, 2020.

Commercial Lending Specialists Hold the Most PPP Loans

Among all bank lending specialty categories, commercial lenders dominated community bank PPP lending.[7] Commercial specialty community banks and agriculture specialty community banks hold a total of $143 billion in PPP loans, or 96 percent of all community bank PPP loans. Most banks (61 percent) that held PPP loans as of second quarter 2020 are commercial specialty banks.[8] Commercial specialty noncommunity banks hold 52 percent ($1.4 trillion) of industry C&I loans and 77 percent ($373 billion) of industry PPP loans. Commercial specialty community banks hold 22 percent ($306 billion) of the specialty's C&I loans, yet hold 36 percent ($133 billion) of the specialty's PPP loans (Chart 5). The next-largest specialty group holding PPP loans—by the number of banks—is the agriculture specialty group, with 24 percent of banks. Agriculture specialty banks hold 2 percent ($11 billion) of industry PPP loans and hold 1 percent of industry C&I loans.[9] Almost all agriculture specialty banks (99 percent) are community banks. Agriculture

[6] As defined by the U.S. Census Bureau, metropolitan areas consist of metropolitan statistical areas or counties with more than 50,000 persons; micropolitan areas consist of micropolitan statistical areas or counties with less than 50,000 but more than 10,000 persons. Rural areas are all counties that do not meet either definition.

[7] Bank specialties include international, agriculture, credit card, commercial, mortgage, consumer, other less than $1 billion, all other less than $1 billion, and all other greater than $1 billion. Specialties are hierarchical, mutually exclusive, and based on percentage of assets. The percentage varies among specialty definitions. For example, credit card banks have 50 percent of assets in credit card loans, while agriculture banks have agriculture loans equal to or greater than 25 percent of loans. Specialty groups are detailed in the *FDIC Quarterly Banking Profile*.

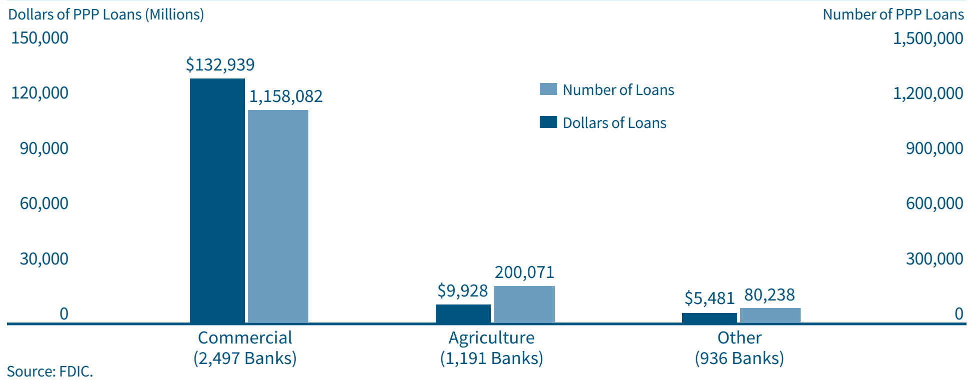
[8] Commercial specialists are banks that are not international, agriculture, or credit card specialists, and whose commercial and industrial loans, real estate construction and development loans, and loans secured by commercial real estate exceed 25 percent of total assets.

[9] Since many farms are small businesses, some PPP loans were made for agricultural production purposes, although the exact dollar amount is not shown in Call Reports.

specialty community banks hold 94 percent ($28 billion) of the specialty's C&I loans and 93 percent ($10 billion) of the specialty's PPP loans. While community banks in other specialty groups also hold PPP loans and made a disproportionate share of PPP loans given their specialty's share of industry loan balances, their aggregate total was just $5.5 billion, or 4 percent of the $148 billion total for all community banks.

Chart 5

Community Banks Specializing in Commercial Lending Made the Majority of Community Bank PPP Loans



Source: FDIC.
Note: Community banks only. Not all banks in the count of banks hold Paycheck Protection Program (PPP) loans. Other includes mortgage, consumer, and other specialty banks. Data as of June 30, 2020.

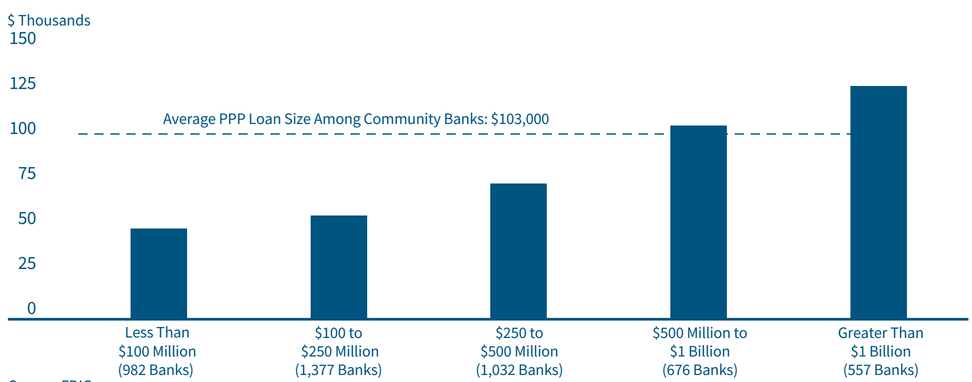
Community Banks of All Sizes Participated in the PPP

Community banks, regardless of asset size, participated in the PPP. Not surprisingly, smaller community banks made smaller loans, while larger community banks made larger loans. Average PPP loan sizes ranged from $50,000 to $129,000 (Chart 6). Each size group participated in the PPP at approximately the same rate as their share of total community bank C&I loans. For example, community banks with less than $100 million in assets made 1.1 percent of the dollar volume of the community bank PPP loans. These banks hold approximately 1.5 percent of the total dollar volume of community bank C&I loans. At the other end of the spectrum, community banks with total assets greater than $1 billion hold 59 percent of the total dollar volume of community bank C&I loans and hold 57 percent of the dollar volume of community bank PPP loans.

Chart 6

On Average, the Smallest Community Banks Hold the Smallest PPP Loans

Average PPP Loan Size by Community Bank Asset Size



Source: FDIC.
Note: Community banks only. Not all banks in the count of banks hold Paycheck Protection Program (PPP) loans. Data as of June 30, 2020.

Summary

While community banks hold a smaller share of industry-wide loans by dollar volume and number than noncommunity banks, their participation in the PPP has been larger than their share of both total loans and C&I loans. Community banks in all states participated in the PPP program, and most states had at least three quarters of community banks holding PPP loans as of June 30, 2020. Community banks headquartered in metropolitan areas drove the participation rates, reporting greater shares of PPP loans than their share of total loans or C&I loans. Commercial and agriculture specialty lenders were the most common participants in the PPP lending program, consistent with the most common borrowers in the program and the number of banks identified in these specialty bank groups. Community banks of all sizes participated in the PPP and each size group participated at approximately the same rate as their share of total community bank C&I loans. The PPP program filled a need for credit at a critical time in our nation's financial history, and community banks' participation in this lending was instrumental.

Authors:
Margaret Hanrahan
Chief, Financial Analysis Section
Division of Insurance and Research

Angela Hinton
Senior Financial Analyst
Division of Insurance and Research