# INSURED INSTITUTION PERFORMANCE

**Net Income Rises 1.4 Percent to $43.6 Billion**

**Strong Loan Growth Provides a Lift to Revenues**

**Lower Charges for Litigation, Goodwill Impairment Limit Noninterest Expense Growth**

**Noncurrent C&I Loans Increase Again, Total Noncurrent Balances Fall**

**Loan-Loss Provisions Rise as Industry Builds Reserves**

## Earnings Improvement Is Broad-Based

Expanding loan portfolios generated higher levels of net interest income, helping lift the total earnings of FDIC-insured commercial banks and savings institutions to $43.6 billion in second quarter 2016. Industry net income was $584 million (1.4 percent) higher than in second quarter 2015. The average return on assets (ROA) was 1.06 percent, down from 1.09 percent the year before, as asset growth outpaced the increase in quarterly net income. More than half of all banks—60.1 percent—reported higher quarterly earnings compared with the year-earlier quarter, while the percentage of banks reporting negative quarterly net income fell to 4.5 percent, from 5.8 percent in second quarter 2015.

## Net Interest Income Accounts for Most of the Growth in Revenue

Net operating revenue—the sum of net interest income and total noninterest income—totaled $179.3 billion in the second quarter, an increase of $5.8 billion (3.3 percent) from the year-earlier quarter. Net interest income was up $5.2 billion (4.8 percent), as average interest-bearing assets were 4.4 percent higher than second quarter 2015. The average net interest margin of 3.08 percent was almost unchanged from the 3.07 percent average in second quarter 2015. Noninterest income was $600 million (0.9 percent) higher than the year before. Trading income rose $1.4 billion (24.9 percent), while servicing income fell by $3.4 billion (74.4 percent).

## Noninterest Expenses Decline at Many Large Banks

Noninterest expenses totaled $104.8 billion, an increase of only $271 million (0.3 percent) from the year-earlier quarter, as nonrecurring charges at several large banks declined by more than $1.2 billion. In second quarter 2015, three large banks reported itemized litigation expenses totaling $508 million. In the most recent quarter, one bank reported a $473 million release of litigation reserves (a negative litigation expense), so the year-over-year reduction in litigation charges was $981 million. In addition, charges for goodwill impairment were $278 million lower than the year before. The declines in these noninterest expense items almost canceled out a $1.4 billion (2.8 percent) year-over-year increase in salary and employee benefit expenses. Eight of the ten largest banks reported year-over-year declines in their total noninterest expenses, but for the industry as a whole, only 30 percent reported lower noninterest expenses.

**Chart 1**

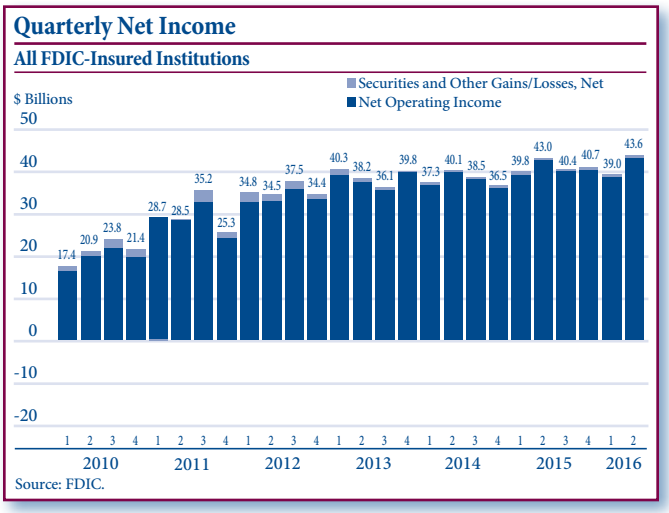
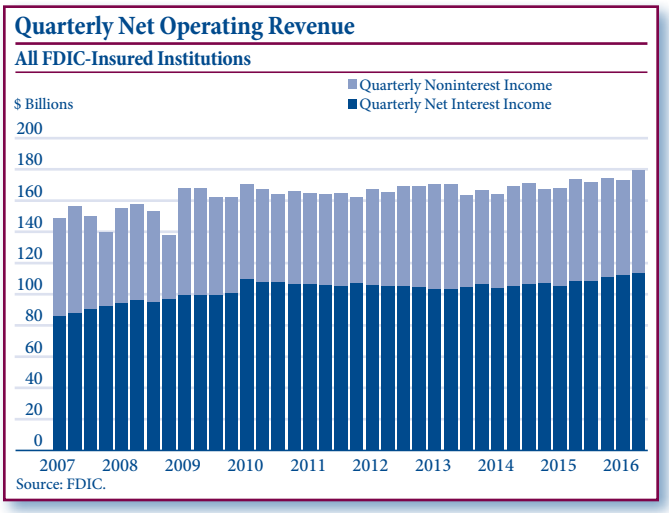



**Chart 2**



**Loan-Loss Provisions Rise for the Eighth Consecutive Quarter**

Banks set aside $11.8 billion in loan-loss provisions in the second quarter, an increase of $3.6 billion (44.2 percent) compared with second quarter 2015. More than a third of all banks—38.7 percent—reported higher loss provisions than in second quarter 2015. This is the eighth quarter in a row that quarterly loss provisions have posted a year-over-year increase.

**Charge-Offs of C&I Loans Post Further Increase**

Net loan and lease charge-offs were higher than the year before for the third consecutive quarter. Charge-offs totaled $10.1 billion, a $1.2 billion (13.1 percent) increase over second quarter 2015. Fewer than half of all banks—44.9 percent—reported year-over-year increases in their quarterly net charge-offs. Most of the increase occurred in loans to commercial and industrial (C&I) borrowers. C&I net charge-offs rose to $2.2 billion from $1.1 billion a year earlier, an increase of $1.1 billion (100.3 percent). This is the fifth consecutive quarter that C&I charge-offs have been higher than the year-earlier quarter. Banks reported smaller year-over-year increases in credit cards, auto loans, and agricultural production loans. The average net charge-off rate rose to 0.45 percent, from 0.42 percent in second quarter 2015.

**Total Noncurrent Loan Balances Decline, Although Noncurrent C&I Loans Rise**

The amount of loans and leases that were noncurrent—90 days or more past due or in nonaccrual status—declined by $4.8 billion (3.4 percent) during the second quarter. Noncurrent C&I loans increased for a sixth consecutive quarter, rising by $2.1 billion (8.9 percent), but all other major loan categories registered quarterly declines in noncurrent balances. The average noncurrent rate declined from 1.58 percent to 1.49 percent during the quarter. This is the lowest noncurrent rate for the industry since year-end 2007.

**Banks Continue to Build Their Reserves**

Insured institutions increased their reserves for loan losses by $1 billion (0.8 percent) during the quarter, as the $11.8 billion in loss provisions added to reserves exceeded the $10.1 billion in net charge-offs subtracted from reserves. Banks with assets greater than $1 billion, which also report their reserves for specific loan categories, increased their total reserves by $987 million (0.9 percent). The largest increase was in reserves for credit card losses, which increased by $1.3 billion (4.7 percent). They also increased their reserves for commercial loan losses by $787 million (2.2 percent), while reducing their reserves for residential real estate losses by $1.1 billion (5.1 percent). The increase in total reserves, combined with the reduction in total noncurrent loan balances, lifted the average coverage ratio of reserves to

**Chart 3**

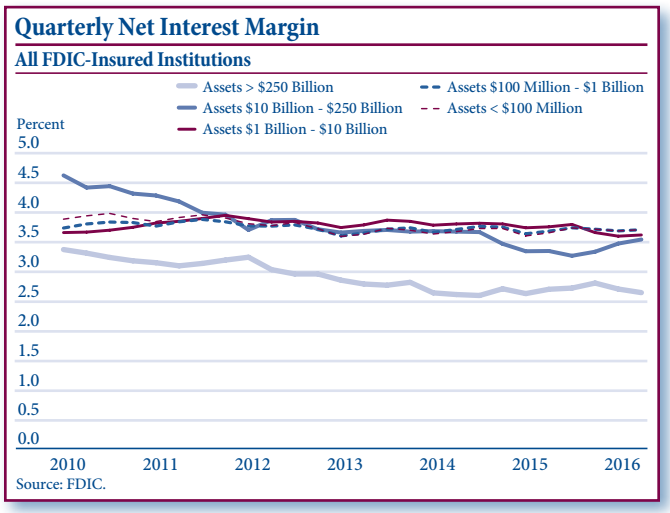
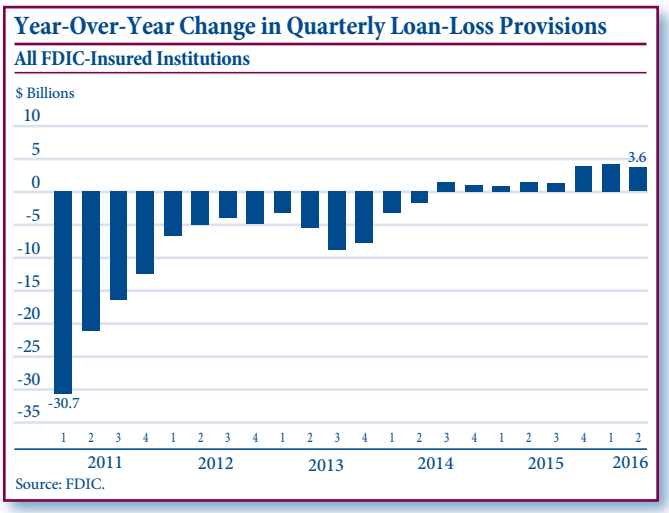



**Chart 4**



noncurrent loans from 85.5 percent to 89.2 percent during the quarter. The increase in reserves did not keep pace with the growth in total loan balances, however, as the average reserve ratio of reserves to total loans and leases fell from 1.35 percent to 1.33 percent. This is the 23rd time in the last 24 quarters that the industry's reserve ratio has declined, and it is now at its lowest level since year-end 2007.

## Internal Capital Generation Grows

Equity capital increased by $30.4 billion (1.7 percent) in the quarter, as retained earnings contributed $20.4 billion to capital growth and an increase in the market values of securities portfolios added to total equity. Retained earnings were $6.7 billion (49.2 percent) higher than the year before, as banks reduced their quarterly dividends by $6.1 billion (20.9 percent), compared with second quarter 2015 levels. Accumulated other comprehensive income, which includes changes in the values of banks' available-for-sale securities, increased by $9.7 billion during the quarter. At the end of the second quarter, more than 99 percent of all banks, representing 99.9 percent of total industry assets, met or exceeded the requirements for well-capitalized banks as defined for Prompt Corrective Action purposes.

## Loan Growth Remains Strong

Total assets increased by $240.6 billion (1.5 percent) during the quarter. Total loan and lease balances rose by $181.9 billion (2 percent). The largest increases occurred in residential mortgages (up $42.4 billion, 2.2 percent), real estate loans secured by nonfarm nonresidential properties (up $26.9 billion, 2.1 percent), credit card balances (up $22.3 billion, 3.1 percent), and loans to nondepository financial institutions (up $19.8 billion, 6.9 percent). All major loan categories saw increases in balances outstanding during the second quarter. For the 12 months ended June 30, total loans and leases increased 6.7 percent, down slightly from 6.9 percent for the 12 months ended March 31. In addition to the growth in loan balances, banks increased their unfunded loan commitments by $36.4 billion (0.5 percent). This is the smallest quarterly increase in unfunded commitments since fourth quarter 2013. For a second consecutive quarter, unfunded commitments to make C&I loans declined, falling by $24.1 billion (1.3 percent). Banks' investments in securities rose by $36.1 billion (1.1 percent), with $28.7 billion of the growth coming from increased holdings of mortgage-backed securities. Balances with Federal Reserve banks declined by $90.6 billion (7.2 percent).

**Chart 5**

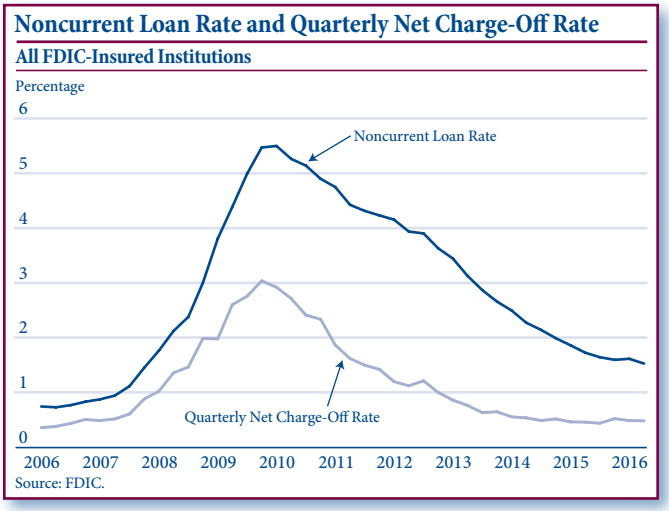
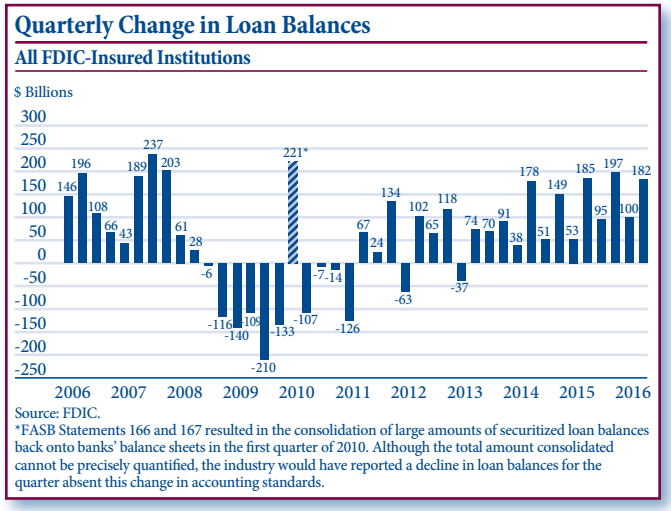



**Chart 6**



**Banks Increase Borrowings From Federal Home Loan Banks**

Nondeposit liabilities funded a larger share of asset growth than deposits in the second quarter. These borrowings rose by $111.7 billion (5.5 percent), as advances from Federal Home Loan Banks increased by $64.4 billion (13.4 percent). Total deposits increased by $98.6 billion (0.8 percent). Deposits in domestic offices rose by $94.8 billion (0.9 percent), while foreign office deposits increased $3.8 billion (0.3 percent). Interest-bearing domestic office deposits were up $52.2 billion (0.6 percent), while balances in noninterest-bearing accounts rose by $42.5 billion (1.4 percent). At banks that offer consumer deposit accounts (checking or savings accounts intended primarily for individuals for personal, household, or family use), balances in these accounts declined by $13 billion (0.3 percent) during the quarter. At banks with assets greater than $1 billion that offer consumer accounts, quarterly service charge income on these accounts increased by $35 million (0.8 percent) from the year before.

**'Problem List' Shrinks to 147 Institutions**

The number of FDIC-insured commercial banks and savings institutions reporting quarterly financial results declined to 6,058 from 6,122 in the second quarter. During the quarter, mergers absorbed 57 insured institutions, two banks failed, and no new charters were added. The number of banks on the FDIC's "Problem List" declined from 165 to 147, and total assets of problem banks fell from $30.9 billion to $29 billion. This is the smallest number of problem banks in eight years. Banks reported 2,045,221 full-time equivalent employees in the quarter, an increase of 5,302 compared with the first quarter, and 2,816 more than in second quarter 2015.

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**Chart 7**

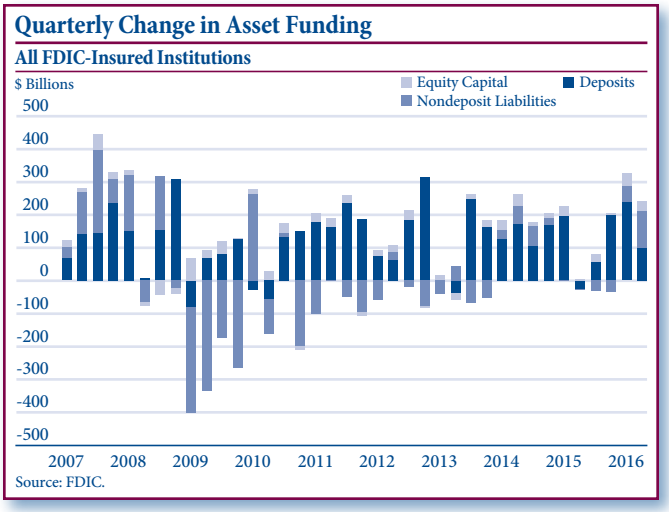
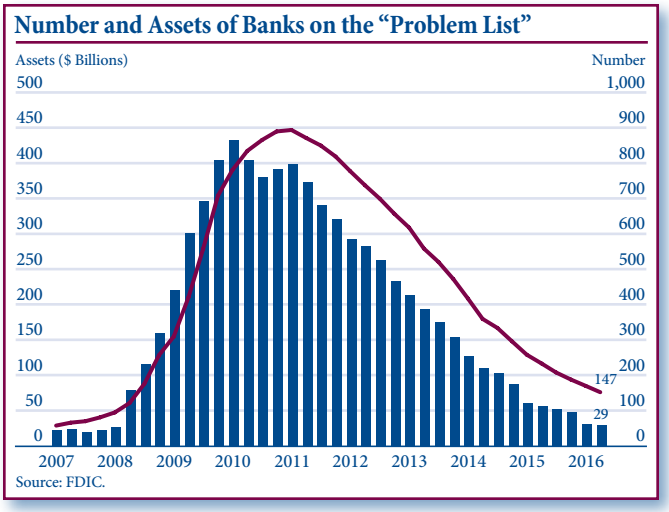



**Chart 8**



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

| | 2016** | 2015** | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|
| Return on assets (%) | 1.02 | 1.06 | 1.04 | 1.01 | 1.07 | 1.00 | 0.88 |
| Return on equity (%) | 9.05 | 9.45 | 9.30 | 9.01 | 9.54 | 8.90 | 7.79 |
| Core capital (leverage) ratio (%) | 9.57 | 9.53 | 9.59 | 9.44 | 9.40 | 9.15 | 9.07 |
| Noncurrent assets plus other real estate owned to assets (%) | 0.91 | 1.04 | 0.96 | 1.20 | 1.63 | 2.20 | 2.61 |
| Net charge-offs to loans (%) | 0.45 | 0.43 | 0.44 | 0.49 | 0.69 | 1.10 | 1.55 |
| Asset growth rate (%) | 4.95 | 3.83 | 2.66 | 5.59 | 1.94 | 4.02 | 4.30 |
| Net interest margin (%) | 3.10 | 3.05 | 3.07 | 3.14 | 3.26 | 3.42 | 3.60 |
| Net operating income growth (%) | -0.25 | 6.57 | 7.14 | -0.73 | 12.82 | 17.76 | 43.60 |
| Number of institutions reporting | 6,058 | 6,348 | 6,182 | 6,509 | 6,812 | 7,083 | 7,357 |
| Commercial banks | 5,238 | 5,474 | 5,338 | 5,607 | 5,847 | 6,072 | 6,275 |
| Savings institutions | 820 | 874 | 844 | 902 | 965 | 1,011 | 1,082 |
| Percentage of unprofitable institutions (%) | 4.29 | 5.12 | 4.74 | 6.27 | 8.16 | 11.00 | 16.23 |
| Number of problem institutions | 147 | 228 | 183 | 291 | 467 | 651 | 813 |
| Assets of problem institutions (in billions) | $29 | $57 | $47 | $87 | $153 | $233 | $319 |
| Number of failed institutions | 3 | 5 | 8 | 18 | 24 | 51 | 92 |
| Number of assisted institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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

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

| (dollar figures in millions) | 2nd Quarter 2016 | 1st Quarter 2016 | 2nd Quarter 2015 | %Change 15Q2-16Q2 |
|---|---|---|---|---|
| Number of institutions reporting | 6,058 | 6,122 | 6,348 | -4.6 |
| Total employees (full-time equivalent) | 2,045,221 | 2,039,919 | 2,042,405 | 0.1 |
| **CONDITION DATA** | | | | |
| Total assets | $16,533,991 | $16,293,429 | $15,753,656 | 5.0 |
| Loans secured by real estate | 4,505,917 | 4,419,248 | 4,260,902 | 5.8 |
| 1-4 Family residential mortgages | 1,960,972 | 1,918,540 | 1,880,062 | 4.3 |
| Nonfarm nonresidential | 1,278,405 | 1,251,520 | 1,175,800 | 8.7 |
| Construction and development | 294,140 | 284,319 | 255,755 | 15.0 |
| Home equity lines | 452,283 | 457,506 | 477,908 | -5.4 |
| Commercial & industrial loans | 1,931,539 | 1,913,281 | 1,798,583 | 7.4 |
| Loans to individuals | 1,515,160 | 1,474,249 | 1,422,679 | 6.5 |
| Credit cards | 745,935 | 723,659 | 701,190 | 6.4 |
| Farm loans | 79,101 | 77,616 | 76,350 | 3.6 |
| Other loans & leases | 1,091,400 | 1,056,859 | 990,360 | 10.2 |
| Less: Unearned income | 2,106 | 2,109 | 1,925 | 9.4 |
| Total loans & leases | 9,121,010 | 8,939,145 | 8,546,949 | 6.7 |
| Less: Reserve for losses | 121,682 | 120,659 | 119,646 | 1.7 |
| Net loans and leases | 8,999,328 | 8,818,486 | 8,427,303 | 6.8 |
| Securities | 3,420,720 | 3,384,656 | 3,278,017 | 4.4 |
| Other real estate owned | 13,153 | 14,047 | 17,513 | -24.9 |
| Goodwill and other intangibles | 359,615 | 359,132 | 359,999 | -0.1 |
| All other assets | 3,741,176 | 3,717,108 | 3,670,824 | 1.9 |
| Total liabilities and capital | 16,533,991 | 16,293,429 | 15,753,656 | 5.0 |
| Deposits | 12,528,037 | 12,429,486 | 11,932,441 | 5.0 |
| Domestic office deposits | 11,201,194 | 11,106,441 | 10,586,399 | 5.8 |
| Foreign office deposits | 1,326,842 | 1,323,045 | 1,346,042 | -1.4 |
| Other borrowed funds | 1,457,660 | 1,379,952 | 1,430,710 | 1.9 |
| Subordinated debt | 88,573 | 91,743 | 92,571 | -4.3 |
| All other liabilities | 589,153 | 551,982 | 522,237 | 12.8 |
| Total equity capital (includes minority interests) | 1,870,569 | 1,840,266 | 1,775,698 | 5.3 |
| Bank equity capital | 1,864,232 | 1,833,866 | 1,768,829 | 5.4 |
| Loans and leases 30-89 days past due | 58,022 | 58,602 | 59,144 | -1.9 |
| Noncurrent loans and leases | 136,383 | 141,192 | 144,688 | -5.7 |
| Restructured loans and leases | 69,626 | 71,106 | 76,930 | -9.5 |
| Mortgage-backed securities | 1,924,278 | 1,895,559 | 1,787,493 | 7.7 |
| Earning assets | 14,833,260 | 14,653,710 | 14,110,623 | 5.1 |
| FHLB Advances | 545,607 | 481,183 | 473,738 | 15.2 |
| Unused loan commitments | 7,072,101 | 7,035,660 | 6,734,282 | 5.0 |
| Trust assets | 17,381,472 | 16,870,847 | 17,774,375 | -2.2 |
| Assets securitized and sold | 785,857 | 803,719 | 869,198 | -9.6 |
| Notional amount of derivatives | 192,349,432 | 195,508,514 | 201,613,096 | -4.6 |

| INCOME DATA | First Half 2016 | First Half 2015 | %Change | 2nd Quarter 2016 | 2nd Quarter 2015 | %Change 15Q2-16Q2 |
|---|---|---|---|---|---|---|
| Total interest income | $251,856 | $237,110 | 6.2 | $126,869 | $120,064 | 5.7 |
| Total interest expense | 26,191 | 23,362 | 12.1 | 13,385 | 11,789 | 13.5 |
| Net interest income | 225,666 | 213,748 | 5.6 | 113,484 | 108,276 | 4.8 |
| Provision for loan and lease losses | 24,295 | 16,520 | 47.1 | 11,764 | 8,157 | 44.2 |
| Total noninterest income | 126,201 | 127,785 | -1.2 | 65,805 | 65,205 | 0.9 |
| Total noninterest expense | 209,401 | 207,856 | 0.7 | 104,843 | 104,572 | 0.3 |
| Securities gains (losses) | 2,300 | 2,060 | 11.6 | 1,363 | 754 | 80.7 |
| Applicable income taxes | 37,492 | 36,196 | 3.6 | 20,151 | 18,379 | 9.6 |
| Extraordinary gains, net | -206 | 76 | N/M | -197 | 33 | N/M |
| Total net income (includes minority interests) | 82,773 | 83,097 | -0.4 | 43,698 | 43,160 | 1.2 |
| Bank net income | 82,597 | 82,799 | -0.2 | 43,600 | 43,015 | 1.4 |
| Net charge-offs | 20,235 | 17,946 | 12.8 | 10,114 | 8,942 | 13.1 |
| Cash dividends | 43,742 | 51,639 | -15.3 | 23,219 | 29,353 | -20.9 |
| Retained earnings | 38,855 | 31,160 | 24.7 | 20,381 | 13,663 | 49.2 |
| Net operating income | 81,366 | 81,570 | -0.3 | 42,945 | 42,601 | 0.8 |

N/M - Not Meaningful

## TABLE III-A. Second Quarter 2016, All FDIC-Insured Institutions

| SECOND QUARTER (The way it is...) | All Insured Institutions | Asset Concentration Groups* | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Credit Card Banks | International Banks | Agricultural Banks | Commercial Lenders | Mortgage Lenders | Consumer Lenders | Other Specialized <$1 Billion | All Other <$1 Billion | All Other >$1 Billion |
| Number of institutions reporting | 6,058 | 13 | 4 | 1,466 | 3,031 | 493 | 63 | 322 | 603 | 63 |
| Commercial banks | 5,238 | 12 | 4 | 1,449 | 2,726 | 119 | 50 | 292 | 531 | 55 |
| Savings institutions | 820 | 1 | 0 | 17 | 305 | 374 | 13 | 30 | 72 | 8 |
| Total assets (in billions) | $16,534.0 | $501.9 | $3,966.6 | $270.7 | $5,986.7 | $396.6 | $200.8 | $56.1 | $103.7 | $5,050.8 |
| Commercial banks | 15,425.6 | 437.3 | 3,966.6 | 264.9 | 5,533.6 | 153.1 | 97.6 | 49.9 | 90.1 | 4,832.5 |
| Savings institutions | 1,108.3 | 64.6 | 0.0 | 5.8 | 453.1 | 243.5 | 103.2 | 6.2 | 13.6 | 218.3 |
| Total deposits (in billions) | 12,528.0 | 286.3 | 2,807.0 | 222.7 | 4,650.0 | 314.9 | 168.6 | 44.9 | 87.4 | 3,946.3 |
| Commercial banks | 11,660.2 | 236.8 | 2,807.0 | 219.5 | 4,316.7 | 126.6 | 81.6 | 40.6 | 76.2 | 3,755.1 |
| Savings institutions | 867.8 | 49.5 | 0.0 | 3.1 | 333.3 | 188.2 | 87.0 | 4.3 | 11.2 | 191.2 |
| Bank net income (in millions) | 43,600 | 2,809 | 9,485 | 829 | 15,768 | 934 | 483 | 354 | 244 | 12,694 |
| Commercial banks | 39,868 | 2,469 | 9,485 | 812 | 13,739 | 489 | 281 | 170 | 222 | 12,201 |
| Savings institutions | 3,731 | 340 | 0 | 18 | 2,029 | 445 | 201 | 184 | 22 | 493 |
| **Performance Ratios (annualized, %)** | | | | | | | | | | |
| Yield on earning assets | 3.45 | 11.24 | 2.73 | 4.16 | 3.69 | 3.24 | 4.07 | 3.05 | 3.93 | 2.85 |
| Cost of funding earning assets | 0.36 | 1.16 | 0.36 | 0.47 | 0.39 | 0.45 | 0.45 | 0.33 | 0.40 | 0.23 |
| Net interest margin | 3.08 | 10.08 | 2.37 | 3.69 | 3.30 | 2.79 | 3.62 | 2.72 | 3.52 | 2.62 |
| Noninterest income to assets | 1.61 | 2.76 | 1.82 | 0.67 | 1.47 | 0.98 | 1.52 | 6.09 | 0.89 | 1.55 |
| Noninterest expense to assets | 2.56 | 5.45 | 2.27 | 2.54 | 2.77 | 2.26 | 2.88 | 5.20 | 2.95 | 2.22 |
| Loan and lease loss provision to assets | 0.29 | 3.17 | 0.18 | 0.17 | 0.18 | -0.02 | 0.58 | 0.04 | 0.09 | 0.24 |
| Net operating income to assets | 1.05 | 2.27 | 0.96 | 1.20 | 1.06 | 0.92 | 0.96 | 2.44 | 0.90 | 0.97 |
| Pretax return on assets | 1.56 | 3.40 | 1.44 | 1.45 | 1.52 | 1.42 | 1.52 | 3.44 | 1.17 | 1.51 |
| Return on assets | 1.06 | 2.27 | 0.96 | 1.23 | 1.06 | 0.95 | 0.96 | 2.53 | 0.94 | 1.01 |
| Return on equity | 9.45 | 15.24 | 9.68 | 10.71 | 8.97 | 8.23 | 9.52 | 16.68 | 7.93 | 9.07 |
| Net charge-offs to loans and leases | 0.45 | 3.28 | 0.55 | 0.16 | 0.22 | 0.06 | 0.64 | 0.20 | 0.16 | 0.40 |
| Loan and lease loss provision to net charge-offs | 116.31 | 127.39 | 92.75 | 152.10 | 116.57 | -46.45 | 128.42 | 71.95 | 106.28 | 121.17 |
| Efficiency ratio | 57.74 | 44.55 | 57.97 | 61.31 | 61.42 | 62.21 | 57.23 | 60.45 | 70.76 | 55.73 |
| % of unprofitable institutions | 4.49 | 0.00 | 0.00 | 3.00 | 3.99 | 9.13 | 4.76 | 7.45 | 5.64 | 1.59 |
| % of institutions with earnings gains | 60.14 | 30.77 | 50.00 | 57.78 | 63.44 | 56.59 | 52.38 | 52.80 | 57.21 | 63.49 |
| **Structural Changes** | | | | | | | | | | |
| New reporters | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Institutions absorbed by mergers | 57 | 0 | 0 | 10 | 41 | 3 | 1 | 0 | 2 | 0 |
| Failed institutions | 2 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 0 |
| **PRIOR SECOND QUARTERS (The way it was...)** | | | | | | | | | | |
| Return on assets (%) 2015 | 1.09 | 2.89 | 0.94 | 1.21 | 0.96 | 0.92 | 1.21 | 0.33 | 1.02 | 1.17 |
| 2013 | 1.06 | 3.27 | 1.03 | 1.21 | 0.79 | 1.07 | 1.68 | 1.79 | 0.95 | 1.05 |
| 2011 | 0.85 | 3.96 | 0.46 | 1.12 | 0.71 | 0.55 | 1.67 | 1.94 | 0.80 | 0.80 |
| Net charge-offs to loans & leases (%) 2015 | 0.42 | 2.80 | 0.57 | 0.12 | 0.17 | 0.13 | 0.58 | 0.20 | 0.19 | 0.39 |
| 2013 | 0.73 | 3.38 | 1.05 | 0.14 | 0.46 | 0.41 | 1.07 | 0.45 | 0.38 | 0.48 |
| 2011 | 1.59 | 5.58 | 1.43 | 0.37 | 1.27 | 1.03 | 1.79 | 0.41 | 0.48 | 1.24 |

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

## TABLE III-A. Second Quarter 2016, All FDIC-Insured Institutions

| SECOND 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 | 6,058 | 1,637 | 3,690 | 619 | 102 | 10 | 739 | 743 | 1,305 | 1,519 | 1,292 | 460 |
| Commercial banks | 5,238 | 1,441 | 3,196 | 505 | 86 | 10 | 382 | 672 | 1,090 | 1,462 | 1,211 | 421 |
| Savings institutions | 820 | 196 | 494 | 114 | 16 | 0 | 357 | 71 | 215 | 57 | 81 | 39 |
| Total assets (in billions) | $16,534.0 | $96.7 | $1,173.6 | $1,724.0 | $4,897.6 | $8,642.0 | $3,127.8 | $3,467.9 | $3,692.0 | $3,604.0 | $976.1 | $1,666.2 |
| Commercial banks | 15,425.6 | 85.5 | 993.4 | 1,417.5 | 4,287.2 | 8,642.0 | 2,699.3 | 3,383.5 | 3,581.2 | 3,547.4 | 856.4 | 1,357.8 |
| Savings institutions | 1,108.3 | 11.2 | 180.2 | 306.6 | 610.4 | 0.0 | 428.5 | 84.4 | 110.8 | 56.6 | 119.7 | 308.4 |
| Total deposits (in billions) | 12,528.0 | 81.0 | 972.4 | 1,358.6 | 3,713.8 | 6,402.3 | 2,347.0 | 2,693.6 | 2,686.1 | 2,676.3 | 797.7 | 1,327.4 |
| Commercial banks | 11,660.2 | 72.3 | 829.9 | 1,127.8 | 3,227.9 | 6,402.3 | 2,027.0 | 2,625.8 | 2,606.2 | 2,632.0 | 699.2 | 1,070.0 |
| Savings institutions | 867.8 | 8.6 | 142.5 | 230.8 | 486.0 | 0.0 | 320.0 | 67.8 | 79.9 | 44.3 | 98.5 | 257.3 |
| Bank net income (in millions) | 43,600 | 224 | 3,199 | 4,541 | 13,624 | 22,013 | 6,968 | 8,239 | 9,232 | 10,124 | 2,676 | 6,360 |
| Commercial banks | 39,868 | 197 | 2,736 | 3,972 | 10,951 | 22,013 | 6,242 | 8,073 | 8,900 | 10,008 | 2,345 | 4,299 |
| Savings institutions | 3,731 | 27 | 463 | 569 | 2,672 | 0 | 726 | 166 | 332 | 116 | 331 | 2,061 |
| **Performance Ratios (annualized, %)** | | | | | | | | | | | | |
| Yield on earning assets | 3.45 | 4.12 | 4.14 | 4.02 | 3.97 | 2.92 | 3.50 | 3.47 | 2.80 | 3.60 | 3.96 | 4.05 |
| Cost of funding earning assets | 0.36 | 0.43 | 0.46 | 0.42 | 0.45 | 0.29 | 0.44 | 0.30 | 0.30 | 0.41 | 0.32 | 0.39 |
| Net interest margin | 3.08 | 3.69 | 3.68 | 3.60 | 3.52 | 2.63 | 3.05 | 3.17 | 2.50 | 3.19 | 3.64 | 3.66 |
| Noninterest income to assets | 1.61 | 1.17 | 1.20 | 1.22 | 1.61 | 1.74 | 1.38 | 1.48 | 1.93 | 1.39 | 1.44 | 2.14 |
| Noninterest expense to assets | 2.56 | 3.42 | 3.16 | 2.82 | 2.67 | 2.35 | 2.53 | 2.58 | 2.51 | 2.39 | 3.11 | 2.73 |
| Loan and lease loss provision to assets | 0.29 | 0.12 | 0.12 | 0.22 | 0.47 | 0.22 | 0.31 | 0.37 | 0.15 | 0.28 | 0.25 | 0.43 |
| Net operating income to assets | 1.05 | 0.88 | 1.06 | 1.05 | 1.12 | 1.00 | 0.90 | 0.93 | 1.01 | 1.09 | 1.08 | 1.56 |
| Pretax return on assets | 1.56 | 1.08 | 1.38 | 1.52 | 1.69 | 1.52 | 1.27 | 1.41 | 1.50 | 1.64 | 1.44 | 2.40 |
| Return on assets | 1.06 | 0.93 | 1.10 | 1.07 | 1.12 | 1.03 | 0.90 | 0.96 | 1.01 | 1.13 | 1.10 | 1.54 |
| Return on equity | 9.45 | 7.20 | 9.62 | 9.08 | 9.22 | 9.68 | 7.49 | 7.75 | 9.80 | 11.18 | 9.90 | 12.68 |
| Net charge-offs to loans and leases | 0.45 | 0.19 | 0.12 | 0.21 | 0.62 | 0.46 | 0.46 | 0.53 | 0.27 | 0.52 | 0.31 | 0.54 |
| Loan and lease loss provision to net charge-offs | 116.31 | 106.44 | 153.40 | 151.57 | 121.43 | 104.64 | 121.35 | 120.92 | 111.83 | 100.66 | 124.85 | 129.14 |
| Efficiency ratio | 57.74 | 74.70 | 68.08 | 61.58 | 54.78 | 57.05 | 60.79 | 58.89 | 60.12 | 55.17 | 64.61 | 48.51 |
| % of unprofitable institutions | 4.49 | 9.90 | 2.76 | 1.13 | 0.98 | 0.00 | 6.36 | 6.19 | 5.44 | 3.23 | 2.94 | 4.57 |
| % of institutions with earnings gains | 60.14 | 54.18 | 61.95 | 64.78 | 62.75 | 50.00 | 59.81 | 62.45 | 61.23 | 58.13 | 59.60 | 61.96 |
| **Structural Changes** | | | | | | | | | | | | |
| New reporters | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Institutions absorbed by mergers | 57 | 18 | 31 | 8 | 0 | 0 | 9 | 8 | 20 | 9 | 7 | 4 |
| Failed institutions | 2 | 1 | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 0 |
| **PRIOR SECOND QUARTERS (The way it was...)** | | | | | | | | | | | | |
| Return on assets (%) 2015 | 1.09 | 0.95 | 0.97 | 1.31 | 1.04 | 1.10 | 0.96 | 1.10 | 0.96 | 1.23 | 1.15 | 1.29 |
| 2013 | 1.06 | 0.77 | 0.95 | 1.27 | 0.88 | 1.17 | 0.54 | 1.02 | 1.12 | 1.28 | 1.17 | 1.60 |
| 2011 | 0.85 | 0.53 | 0.53 | 0.93 | 1.19 | 0.64 | 1.20 | 0.44 | 0.71 | 1.23 | 0.87 | 0.83 |
| Net charge-offs to loans & leases (%) 2015 | 0.42 | 0.14 | 0.14 | 0.21 | 0.55 | 0.45 | 0.49 | 0.47 | 0.25 | 0.50 | 0.21 | 0.49 |
| 2013 | 0.73 | 0.35 | 0.37 | 0.43 | 0.97 | 0.72 | 1.00 | 0.70 | 0.48 | 0.95 | 0.34 | 0.58 |
| 2011 | 1.59 | 0.63 | 0.91 | 1.22 | 2.18 | 1.37 | 1.81 | 1.69 | 1.30 | 1.84 | 0.96 | 1.53 |

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

## TABLE IV-A. First Half 2016, All FDIC-Insured Institutions

| FIRST HALF (The way it is...) | | All Insured Institutions | Asset Concentration Groups* | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Credit Card Banks | International Banks | Agricultural Banks | Commercial Lenders | Mortgage Lenders | Consumer Lenders | Other Specialized <$1 Billion | All Other <$1 Billion | All Other >$1 Billion |
| Number of institutions reporting | | 6,058 | 13 | 4 | 1,466 | 3,031 | 493 | 63 | 322 | 603 | 63 |
| Commercial banks | | 5,238 | 12 | 4 | 1,449 | 2,726 | 119 | 50 | 292 | 531 | 55 |
| Savings institutions | | 820 | 1 | 0 | 17 | 305 | 374 | 13 | 30 | 72 | 8 |
| Total assets (in billions) | | $16,534.0 | $501.9 | $3,966.6 | $270.7 | $5,986.7 | $396.6 | $200.8 | $56.1 | $103.7 | $5,050.8 |
| Commercial banks | | 15,425.6 | 437.3 | 3,966.6 | 264.9 | 5,533.6 | 153.1 | 97.6 | 49.9 | 90.1 | 4,832.5 |
| Savings institutions | | 1,108.3 | 64.6 | 0.0 | 5.8 | 453.1 | 243.5 | 103.2 | 6.2 | 13.6 | 218.3 |
| Total deposits (in billions) | | 12,528.0 | 286.3 | 2,807.0 | 222.7 | 4,650.0 | 314.9 | 168.6 | 44.9 | 87.4 | 3,946.3 |
| Commercial banks | | 11,660.2 | 236.8 | 2,807.0 | 219.5 | 4,316.7 | 126.6 | 81.6 | 40.6 | 76.2 | 3,755.1 |
| Savings institutions | | 867.8 | 49.5 | 0.0 | 3.1 | 333.3 | 188.2 | 87.0 | 4.3 | 11.2 | 191.2 |
| Bank net income (in millions) | | 82,597 | 5,771 | 17,439 | 1,640 | 29,658 | 1,866 | 996 | 701 | 478 | 24,049 |
| Commercial banks | | 75,505 | 5,007 | 17,439 | 1,600 | 26,003 | 986 | 592 | 333 | 436 | 23,108 |
| Savings institutions | | 7,093 | 764 | 0 | 41 | 3,655 | 880 | 404 | 368 | 42 | 941 |
| **Performance Ratios (annualized, %)** | | | | | | | | | | | |
| Yield on earning assets | | 3.45 | 11.16 | 2.74 | 4.13 | 3.70 | 3.24 | 4.08 | 3.09 | 3.92 | 2.86 |
| Cost of funding earning assets | | 0.36 | 1.10 | 0.36 | 0.47 | 0.39 | 0.45 | 0.45 | 0.33 | 0.40 | 0.23 |
| Net interest margin | | 3.10 | 10.06 | 2.38 | 3.66 | 3.31 | 2.79 | 3.63 | 2.76 | 3.51 | 2.64 |
| Noninterest income to assets | | 1.56 | 2.76 | 1.78 | 0.66 | 1.39 | 0.94 | 1.46 | 6.20 | 0.87 | 1.51 |
| Noninterest expense to assets | | 2.58 | 5.47 | 2.33 | 2.53 | 2.76 | 2.25 | 2.83 | 5.35 | 2.94 | 2.25 |
| Loan and lease loss provision to assets | | 0.30 | 2.95 | 0.22 | 0.15 | 0.20 | -0.06 | 0.56 | 0.04 | 0.09 | 0.25 |
| Net operating income to assets | | 1.00 | 2.33 | 0.90 | 1.19 | 1.00 | 0.93 | 1.00 | 2.45 | 0.89 | 0.94 |
| Pretax return on assets | | 1.48 | 3.59 | 1.30 | 1.43 | 1.45 | 1.44 | 1.57 | 3.42 | 1.15 | 1.44 |
| Return on assets | | 1.02 | 2.33 | 0.90 | 1.22 | 1.01 | 0.96 | 1.00 | 2.51 | 0.93 | 0.97 |
| Return on equity | | 9.05 | 15.82 | 8.97 | 10.70 | 8.54 | 8.33 | 9.94 | 16.68 | 7.87 | 8.70 |
| Net charge-offs to loans and leases | | 0.45 | 3.27 | 0.57 | 0.13 | 0.22 | 0.06 | 0.65 | 0.14 | 0.15 | 0.40 |
| Loan and lease loss provision to net charge-offs | | 120.06 | 118.57 | 109.13 | 169.89 | 133.06 | -181.50 | 119.26 | 93.04 | 109.72 | 122.39 |
| Efficiency ratio | | 58.76 | 44.79 | 59.94 | 61.78 | 62.24 | 62.55 | 56.41 | 61.16 | 70.89 | 56.85 |
| % of unprofitable institutions | | 4.29 | 0.00 | 0.00 | 2.66 | 3.99 | 8.72 | 3.17 | 6.21 | 5.64 | 1.59 |
| % of institutions with earnings gains | | 62.35 | 38.46 | 75.00 | 61.32 | 65.98 | 54.97 | 52.38 | 56.83 | 56.38 | 68.25 |
| **Condition Ratios (%)** | | | | | | | | | | | |
| Earning assets to total assets | | 89.71 | 92.07 | 86.34 | 93.39 | 90.61 | 94.79 | 95.37 | 91.95 | 92.76 | 90.16 |
| Loss allowance to: | | | | | | | | | | | |
| Loans and leases | | 1.33 | 3.74 | 1.54 | 1.41 | 1.16 | 0.85 | 1.14 | 1.59 | 1.37 | 1.19 |
| Noncurrent loans and leases | | 89.22 | 328.56 | 90.66 | 146.38 | 102.92 | 34.17 | 101.16 | 114.38 | 110.81 | 59.22 |
| Noncurrent assets plus other real estate owned to assets | | 0.91 | 0.87 | 0.66 | 0.78 | 0.93 | 1.80 | 0.86 | 0.59 | 1.02 | 1.04 |
| Equity capital ratio | | 11.28 | 14.82 | 9.95 | 11.58 | 11.88 | 11.60 | 10.23 | 15.42 | 11.98 | 11.18 |
| Core capital (leverage) ratio | | 9.57 | 12.49 | 8.79 | 10.88 | 10.01 | 11.31 | 10.16 | 14.20 | 11.47 | 9.05 |
| Common equity tier 1 capital ratio | | 12.74 | 12.17 | 13.03 | 14.53 | 12.11 | 22.42 | 13.75 | 31.51 | 19.79 | 12.52 |
| Tier 1 risk-based capital ratio | | 12.83 | 12.30 | 13.05 | 14.54 | 12.25 | 22.46 | 13.94 | 31.53 | 19.83 | 12.59 |
| Total risk-based capital ratio | | 14.29 | 14.60 | 14.39 | 15.66 | 13.72 | 23.32 | 14.74 | 32.42 | 20.97 | 14.11 |
| Net loans and leases to deposits | | 71.83 | 128.57 | 50.55 | 80.41 | 88.00 | 78.21 | 84.90 | 34.37 | 65.49 | 62.83 |
| Net loans to total assets | | 54.43 | 73.33 | 35.77 | 66.14 | 68.35 | 62.10 | 71.27 | 27.52 | 55.17 | 49.09 |
| Domestic deposits to total assets | | 67.75 | 55.81 | 46.72 | 82.25 | 76.90 | 79.39 | 83.93 | 80.06 | 84.24 | 71.79 |
| **Structural Changes** | | | | | | | | | | | |
| New reporters | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Institutions absorbed by mergers | | 115 | 0 | 0 | 14 | 89 | 4 | 1 | 2 | 4 | 1 |
| Failed institutions | | 3 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 0 |
| **PRIOR FIRST HALVES (The way it was...)** | | | | | | | | | | | |
| Number of institutions | 2015 | 6,348 | 14 | 4 | 1,484 | 3,146 | 545 | 55 | 353 | 681 | 66 |
| | 2013 | 6,940 | 16 | 4 | 1,521 | 3,455 | 603 | 47 | 416 | 810 | 68 |
| | 2011 | 7,513 | 20 | 4 | 1,544 | 3,953 | 716 | 72 | 347 | 794 | 63 |
| Total assets (in billions) | 2015 | $15,753.7 | $510.3 | $3,747.4 | $258.3 | $5,194.7 | $445.4 | $178.4 | $60.6 | $122.6 | $5,236.1 |
| | 2013 | 14,409.8 | 590.5 | 3,650.4 | 236.0 | 4,723.8 | 562.0 | 103.9 | 64.1 | 143.9 | 4,335.2 |
| | 2011 | 13,602.0 | 656.0 | 3,328.1 | 204.2 | 4,131.7 | 773.9 | 97.7 | 50.0 | 129.1 | 4,231.4 |
| Return on assets (%) | 2015 | 1.06 | 2.95 | 0.92 | 1.19 | 0.93 | 0.86 | 1.15 | 1.11 | 0.99 | 1.11 |
| | 2013 | 1.09 | 3.19 | 1.00 | 1.17 | 0.87 | 1.01 | 1.60 | 1.73 | 0.94 | 1.11 |
| | 2011 | 0.85 | 3.81 | 0.53 | 1.09 | 0.66 | 0.49 | 1.60 | 1.65 | 0.80 | 0.84 |
| Net charge-offs to loans & leases (%) | 2015 | 0.43 | 2.78 | 0.59 | 0.07 | 0.16 | 0.14 | 0.59 | 0.17 | 0.17 | 0.40 |
| | 2013 | 0.78 | 3.37 | 1.12 | 0.12 | 0.49 | 0.42 | 1.13 | 0.44 | 0.33 | 0.55 |
| | 2011 | 1.71 | 6.12 | 1.69 | 0.33 | 1.29 | 1.01 | 1.86 | 0.57 | 0.45 | 1.32 |
| Noncurrent assets plus OREO to assets (%) | 2015 | 1.04 | 0.74 | 0.75 | 0.80 | 0.96 | 1.94 | 1.03 | 0.69 | 1.27 | 1.28 |
| | 2013 | 1.90 | 0.92 | 1.28 | 1.03 | 1.94 | 2.30 | 0.89 | 1.00 | 1.60 | 2.56 |
| | 2011 | 2.76 | 1.51 | 1.76 | 1.62 | 3.38 | 2.72 | 1.00 | 1.01 | 1.88 | 3.27 |
| Equity capital ratio (%) | 2015 | 11.23 | 14.83 | 9.78 | 11.40 | 11.96 | 11.51 | 10.26 | 15.10 | 11.71 | 11.13 |
| | 2013 | 11.16 | 15.10 | 8.86 | 11.01 | 11.86 | 11.23 | 9.84 | 14.42 | 11.32 | 11.79 |
| | 2011 | 11.29 | 17.21 | 8.28 | 11.26 | 11.86 | 10.56 | 9.93 | 15.65 | 11.51 | 12.29 |

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

## TABLE IV-A. First Half 2016, All FDIC-Insured Institutions

| FIRST HALF (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 | 6,058 | 1,637 | 3,690 | 619 | 102 | 10 | 739 | 743 | 1,305 | 1,519 | 1,292 | 460 |
| Commercial banks | 5,238 | 1,441 | 3,196 | 505 | 86 | 10 | 382 | 672 | 1,090 | 1,462 | 1,211 | 421 |
| Savings institutions | 820 | 196 | 494 | 114 | 16 | 0 | 357 | 71 | 215 | 57 | 81 | 39 |
| Total assets (in billions) | $16,534.0 | $96.7 | $1,173.6 | $1,724.0 | $4,897.6 | $8,642.0 | $3,127.8 | $3,467.9 | $3,692.0 | $3,604.0 | $976.1 | $1,666.2 |
| Commercial banks | 15,425.6 | 85.5 | 993.4 | 1,417.5 | 4,287.2 | 8,642.0 | 2,699.3 | 3,383.5 | 3,581.2 | 3,547.4 | 856.4 | 1,357.8 |
| Savings institutions | 1,108.3 | 11.2 | 180.2 | 306.6 | 610.4 | 0.0 | 428.5 | 84.4 | 110.8 | 56.6 | 119.7 | 308.4 |
| Total deposits (in billions) | 12,528.0 | 81.0 | 972.4 | 1,358.6 | 3,713.8 | 6,402.3 | 2,347.0 | 2,693.6 | 2,686.1 | 2,676.3 | 797.7 | 1,327.4 |
| Commercial banks | 11,660.2 | 72.3 | 829.9 | 1,127.8 | 3,227.9 | 6,402.3 | 2,027.0 | 2,625.8 | 2,606.2 | 2,632.0 | 699.2 | 1,070.0 |
| Savings institutions | 867.8 | 8.6 | 142.5 | 230.8 | 486.0 | 0.0 | 320.0 | 67.8 | 79.9 | 44.3 | 98.5 | 257.3 |
| Bank net income (in millions) | 82,597 | 447 | 6,172 | 8,893 | 25,961 | 41,124 | 13,157 | 15,719 | 17,505 | 19,186 | 5,171 | 11,858 |
| Commercial banks | 75,505 | 393 | 5,294 | 7,684 | 21,011 | 41,124 | 11,680 | 15,383 | 16,869 | 18,956 | 4,501 | 8,115 |
| Savings institutions | 7,093 | 55 | 878 | 1,209 | 4,951 | 0 | 1,477 | 336 | 637 | 230 | 670 | 3,742 |
| **Performance Ratios (annualized, %)** | | | | | | | | | | | | |
| Yield on earning assets | 3.45 | 4.10 | 4.13 | 4.01 | 3.98 | 2.93 | 3.49 | 3.48 | 2.81 | 3.61 | 3.96 | 4.06 |
| Cost of funding earning assets | 0.36 | 0.43 | 0.46 | 0.42 | 0.44 | 0.29 | 0.44 | 0.30 | 0.30 | 0.40 | 0.32 | 0.39 |
| Net interest margin | 3.10 | 3.67 | 3.67 | 3.59 | 3.54 | 2.64 | 3.05 | 3.18 | 2.51 | 3.22 | 3.64 | 3.67 |
| Noninterest income to assets | 1.56 | 1.14 | 1.16 | 1.18 | 1.55 | 1.69 | 1.35 | 1.44 | 1.88 | 1.35 | 1.39 | 1.99 |
| Noninterest expense to assets | 2.58 | 3.38 | 3.15 | 2.81 | 2.68 | 2.39 | 2.56 | 2.59 | 2.55 | 2.41 | 3.08 | 2.74 |
| Loan and lease loss provision to assets | 0.30 | 0.11 | 0.12 | 0.19 | 0.48 | 0.25 | 0.30 | 0.38 | 0.17 | 0.30 | 0.27 | 0.44 |
| Net operating income to assets | 1.00 | 0.89 | 1.03 | 1.04 | 1.07 | 0.95 | 0.85 | 0.89 | 0.97 | 1.06 | 1.05 | 1.45 |
| Pretax return on assets | 1.48 | 1.07 | 1.35 | 1.51 | 1.64 | 1.41 | 1.23 | 1.35 | 1.40 | 1.57 | 1.40 | 2.25 |
| Return on assets | 1.02 | 0.93 | 1.07 | 1.06 | 1.08 | 0.97 | 0.85 | 0.92 | 0.97 | 1.09 | 1.08 | 1.45 |
| Return on equity | 9.05 | 7.26 | 9.39 | 9.02 | 8.89 | 9.13 | 7.15 | 7.47 | 9.37 | 10.70 | 9.67 | 11.99 |
| Net charge-offs to loans and leases | 0.45 | 0.16 | 0.11 | 0.20 | 0.62 | 0.47 | 0.47 | 0.53 | 0.27 | 0.53 | 0.30 | 0.53 |
| Loan and lease loss provision to net charge-offs | 120.06 | 116.09 | 161.84 | 139.99 | 124.74 | 111.16 | 117.27 | 120.65 | 131.39 | 105.21 | 138.25 | 134.33 |
| Efficiency ratio | 58.76 | 74.62 | 68.64 | 62.03 | 55.43 | 58.55 | 61.86 | 59.82 | 61.52 | 55.75 | 64.61 | 50.10 |
| % of unprofitable institutions | 4.29 | 9.47 | 2.66 | 0.97 | 0.98 | 0.00 | 5.14 | 6.46 | 5.52 | 2.83 | 2.71 | 5.22 |
| % of institutions with earnings gains | 62.35 | 56.26 | 63.88 | 68.82 | 66.67 | 50.00 | 60.76 | 63.53 | 61.99 | 59.84 | 64.55 | 66.09 |
| **Condition Ratios (%)** | | | | | | | | | | | | |
| Earning assets to total assets | 89.71 | 92.26 | 92.90 | 92.19 | 91.18 | 87.93 | 89.26 | 89.30 | 88.60 | 89.35 | 91.60 | 93.57 |
| Loss allowance to: | | | | | | | | | | | | |
| Loans and leases | 1.33 | 1.44 | 1.32 | 1.17 | 1.38 | 1.35 | 1.26 | 1.37 | 1.34 | 1.37 | 1.27 | 1.34 |
| Noncurrent loans and leases | 89.22 | 111.14 | 126.54 | 115.67 | 111.48 | 70.10 | 104.56 | 82.11 | 85.11 | 71.10 | 97.99 | 166.28 |
| Noncurrent assets plus other real estate owned to assets | 0.91 | 1.17 | 1.05 | 0.88 | 0.83 | 0.94 | 0.73 | 1.08 | 0.85 | 1.10 | 1.04 | 0.55 |
| Equity capital ratio | 11.28 | 12.98 | 11.47 | 11.79 | 12.21 | 10.60 | 12.01 | 12.37 | 10.31 | 10.15 | 11.21 | 12.22 |
| Core capital (leverage) ratio | 9.57 | 12.48 | 10.96 | 10.44 | 10.36 | 8.72 | 9.82 | 9.62 | 9.14 | 8.92 | 9.96 | 11.11 |
| Common equity tier 1 capital ratio | 12.74 | 20.01 | 15.36 | 13.41 | 12.78 | 12.14 | 12.85 | 12.69 | 12.64 | 11.77 | 13.03 | 14.87 |
| Tier 1 risk-based capital ratio | 12.83 | 20.05 | 15.41 | 13.44 | 12.96 | 12.19 | 13.00 | 12.80 | 12.69 | 11.77 | 13.14 | 15.05 |
| Total risk-based capital ratio | 14.29 | 21.13 | 16.53 | 14.47 | 14.59 | 13.68 | 14.51 | 14.31 | 13.89 | 13.61 | 14.30 | 16.19 |
| Net loans and leases to deposits | 71.83 | 69.68 | 79.97 | 87.60 | 80.67 | 62.16 | 72.00 | 74.41 | 66.94 | 70.07 | 78.19 | 75.94 |
| Net loans to total assets | 54.43 | 58.33 | 66.25 | 69.03 | 61.17 | 46.05 | 54.03 | 57.80 | 48.70 | 52.04 | 63.90 | 60.50 |
| Domestic deposits to total assets | 67.75 | 83.70 | 82.84 | 78.54 | 73.95 | 59.85 | 67.57 | 74.54 | 63.50 | 56.81 | 81.59 | 78.89 |
| **Structural Changes** | | | | | | | | | | | | |
| New reporters | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Institutions absorbed by mergers | 115 | 36 | 69 | 10 | 0 | 0 | 18 | 17 | 31 | 22 | 17 | 10 |
| Failed institutions | 3 | 2 | 1 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 1 | 0 |
| **PRIOR FIRST HALVES (The way it was...)** | | | | | | | | | | | | |
| Number of institutions 2015 | 6,348 | 1,799 | 3,847 | 591 | 102 | 9 | 787 | 788 | 1,371 | 1,571 | 1,338 | 493 |
| 2013 | 6,940 | 2,141 | 4,146 | 546 | 100 | 7 | 858 | 884 | 1,483 | 1,686 | 1,468 | 561 |
| 2011 | 7,513 | 2,550 | 4,296 | 561 | 100 | 6 | 932 | 990 | 1,575 | 1,804 | 1,570 | 642 |
| Total assets (in billions) 2015 | $15,753.7 | $105.7 | $1,203.1 | $1,616.8 | $4,737.8 | $8,090.2 | $3,063.0 | $3,292.1 | $3,537.0 | $3,405.9 | $930.3 | $1,525.4 |
| 2013 | 14,409.8 | 124.8 | 1,256.7 | 1,413.8 | 4,702.8 | 6,911.6 | 2,855.1 | 2,980.2 | 3,344.1 | 3,087.9 | 867.2 | 1,275.3 |
| 2011 | 13,602.0 | 146.0 | 1,272.9 | 1,422.1 | 4,627.3 | 6,133.8 | 2,769.3 | 2,916.0 | 3,119.0 | 1,672.3 | 788.5 | 2,337.0 |
| Return on assets (%) 2015 | 1.06 | 0.92 | 1.00 | 1.18 | 1.04 | 1.06 | 0.90 | 1.04 | 0.95 | 1.20 | 1.10 | 1.32 |
| 2013 | 1.09 | 0.76 | 0.92 | 1.19 | 0.99 | 1.18 | 0.70 | 1.07 | 1.11 | 1.26 | 1.14 | 1.55 |
| 2011 | 0.85 | 0.53 | 0.53 | 0.82 | 1.17 | 0.70 | 1.12 | 0.53 | 0.69 | 1.21 | 0.90 | 0.90 |
| Net charge-offs to loans & leases (%) 2015 | 0.43 | 0.14 | 0.12 | 0.20 | 0.54 | 0.48 | 0.47 | 0.50 | 0.26 | 0.52 | 0.19 | 0.48 |
| 2013 | 0.78 | 0.31 | 0.34 | 0.42 | 1.01 | 0.80 | 1.05 | 0.76 | 0.52 | 1.00 | 0.35 | 0.61 |
| 2011 | 1.71 | 0.54 | 0.84 | 1.29 | 2.38 | 1.50 | 2.05 | 1.75 | 1.36 | 1.93 | 0.89 | 1.74 |
| Noncurrent assets plus OREO to assets (%) 2015 | 1.04 | 1.35 | 1.27 | 1.04 | 0.80 | 1.14 | 0.76 | 1.28 | 1.00 | 1.28 | 1.09 | 0.57 |
| 2013 | 1.90 | 1.90 | 2.11 | 2.15 | 1.17 | 2.31 | 1.26 | 2.77 | 1.74 | 2.18 | 1.86 | 1.12 |
| 2011 | 2.76 | 2.40 | 3.34 | 3.36 | 2.01 | 3.06 | 1.87 | 3.82 | 2.56 | 3.82 | 2.92 | 1.92 |
| Equity capital ratio (%) 2015 | 11.23 | 12.53 | 11.28 | 11.84 | 12.40 | 10.39 | 11.74 | 12.36 | 10.13 | 10.32 | 11.14 | 12.37 |
| 2013 | 11.16 | 11.76 | 10.85 | 11.78 | 12.43 | 10.22 | 12.00 | 12.22 | 9.17 | 10.83 | 10.74 | 13.14 |
| 2011 | 11.29 | 11.84 | 10.58 | 11.86 | 12.93 | 10.05 | 12.80 | 12.05 | 8.49 | 11.79 | 11.02 | 12.02 |

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

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

| June 30, 2016 | 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 | 0.72 | 0.31 | 1.05 | 0.66 | 0.45 | 0.79 | 0.49 | 1.28 | 1.13 | 1.15 |
| Construction and development | 0.34 | 0.00 | 0.53 | 0.60 | 0.30 | 0.72 | 0.43 | 0.87 | 0.73 | 0.40 |
| Nonfarm nonresidential | 0.23 | 2.93 | 0.62 | 0.63 | 0.21 | 0.38 | 0.81 | 0.91 | 0.85 | 0.14 |
| Multifamily residential real estate | 0.11 | 0.00 | 0.01 | 0.18 | 0.11 | 0.16 | 0.08 | 0.24 | 0.31 | 0.19 |
| Home equity loans | 0.61 | 0.82 | 1.03 | 0.39 | 0.44 | 0.62 | 0.37 | 0.61 | 0.60 | 0.71 |
| Other 1-4 family residential | 1.25 | 0.22 | 1.47 | 1.02 | 0.87 | 0.87 | 0.50 | 1.64 | 1.44 | 1.84 |
| Commercial and industrial loans | 0.25 | 0.86 | 0.22 | 0.91 | 0.28 | 0.45 | 0.13 | 0.80 | 1.02 | 0.18 |
| Loans to individuals | 1.21 | 1.31 | 1.13 | 1.33 | 1.02 | 0.55 | 0.76 | 1.82 | 1.60 | 1.43 |
| Credit card loans | 1.14 | 1.31 | 1.03 | 0.86 | 0.95 | 1.23 | 0.71 | 2.71 | 1.09 | 1.00 |
| Other loans to individuals | 1.28 | 1.24 | 1.32 | 1.37 | 1.04 | 0.52 | 0.77 | 1.70 | 1.61 | 1.68 |
| All other loans and leases (including farm) | 0.20 | 0.19 | 0.27 | 0.59 | 0.17 | 0.17 | 0.13 | 0.65 | 0.57 | 0.15 |
| Total loans and leases | 0.64 | 1.29 | 0.70 | 0.70 | 0.43 | 0.74 | 0.64 | 1.25 | 1.12 | 0.80 |
| **Percent of Loans Noncurrent**** | | | | | | | | | | |
| All real estate loans | 2.13 | 0.53 | 3.13 | 0.97 | 1.24 | 2.77 | 2.78 | 1.59 | 1.36 | 3.68 |
| Construction and development | 0.89 | 0.00 | 0.34 | 0.87 | 0.90 | 1.04 | 5.36 | 2.79 | 1.46 | 0.83 |
| Nonfarm nonresidential | 0.78 | 0.00 | 0.62 | 1.11 | 0.75 | 1.40 | 6.24 | 1.62 | 1.49 | 0.75 |
| Multifamily residential real estate | 0.23 | 0.00 | 0.14 | 0.47 | 0.25 | 0.36 | 0.68 | 0.74 | 0.90 | 0.20 |
| Home equity loans | 2.44 | 0.25 | 3.71 | 0.54 | 1.32 | 2.19 | 2.10 | 1.56 | 0.53 | 3.63 |
| Other 1-4 family residential | 3.57 | 0.56 | 4.53 | 0.96 | 2.18 | 3.09 | 2.57 | 1.47 | 1.40 | 5.46 |
| Commercial and industrial loans | 1.33 | 0.77 | 1.48 | 1.35 | 1.26 | 0.98 | 0.17 | 1.18 | 1.29 | 1.41 |
| Loans to individuals | 0.78 | 1.15 | 0.92 | 0.55 | 0.68 | 0.27 | 0.55 | 0.79 | 0.71 | 0.52 |
| Credit card loans | 1.07 | 1.18 | 0.98 | 0.21 | 0.96 | 0.39 | 1.12 | 0.95 | 0.54 | 0.93 |
| Other loans to individuals | 0.50 | 0.57 | 0.81 | 0.57 | 0.62 | 0.26 | 0.40 | 0.76 | 0.72 | 0.30 |
| All other loans and leases (including farm) | 0.25 | 0.03 | 0.23 | 0.80 | 0.29 | 0.12 | 2.67 | 0.45 | 0.45 | 0.14 |
| Total loans and leases | 1.49 | 1.14 | 1.70 | 0.96 | 1.12 | 2.50 | 1.13 | 1.39 | 1.24 | 2.01 |
| **Percent of Loans Charged-Off (net, YTD)** | | | | | | | | | | |
| All real estate loans | 0.06 | -0.06 | 0.07 | 0.04 | 0.04 | 0.04 | 0.16 | 0.07 | 0.08 | 0.10 |
| Construction and development | -0.04 | 0.00 | 0.20 | -0.04 | -0.04 | -0.30 | 2.45 | 0.24 | 0.03 | -0.09 |
| Nonfarm nonresidential | 0.01 | 0.00 | 0.01 | 0.04 | 0.02 | 0.06 | 0.02 | 0.08 | 0.09 | -0.04 |
| Multifamily residential real estate | 0.00 | 0.00 | 0.00 | 0.13 | 0.00 | 0.03 | 0.00 | 0.01 | 0.02 | -0.02 |
| Home equity loans | 0.30 | -2.66 | 0.35 | 0.02 | 0.18 | 0.03 | 0.43 | 0.10 | 0.06 | 0.48 |
| Other 1-4 family residential | 0.07 | -0.01 | 0.04 | 0.06 | 0.07 | 0.05 | 0.06 | 0.04 | 0.10 | 0.08 |
| Commercial and industrial loans | 0.42 | 2.38 | 0.46 | 0.27 | 0.40 | 0.15 | 0.02 | 0.15 | 0.21 | 0.43 |
| Loans to individuals | 1.90 | 3.31 | 2.35 | 0.42 | 0.95 | 0.32 | 0.91 | 0.42 | 0.48 | 1.48 |
| Credit card loans | 3.11 | 3.39 | 3.18 | 1.26 | 2.52 | 1.30 | 2.54 | 1.05 | 1.61 | 2.73 |
| Other loans to individuals | 0.70 | 1.58 | 0.94 | 0.35 | 0.60 | 0.27 | 0.47 | 0.33 | 0.47 | 0.76 |
| All other loans and leases (including farm) | 0.11 | 0.17 | 0.09 | 0.25 | 0.17 | 0.12 | 0.02 | 0.43 | 0.49 | 0.08 |
| Total loans and leases | 0.45 | 3.27 | 0.57 | 0.13 | 0.22 | 0.06 | 0.65 | 0.14 | 0.15 | 0.40 |
| **Loans Outstanding (in billions)** | | | | | | | | | | |
| All real estate loans | $4,505.9 | $0.2 | $534.3 | $110.0 | $2,479.7 | $220.9 | $32.7 | $11.2 | $44.5 | $1,072.5 |
| Construction and development | 294.1 | 0.0 | 10.5 | 6.4 | 223.2 | 5.5 | 0.4 | 0.8 | 2.7 | 44.7 |
| Nonfarm nonresidential | 1,278.4 | 0.0 | 41.3 | 29.1 | 933.4 | 18.8 | 2.5 | 3.6 | 10.5 | 239.3 |
| Multifamily residential real estate | 365.2 | 0.0 | 66.2 | 3.5 | 246.5 | 6.7 | 0.4 | 0.3 | 1.2 | 40.3 |
| Home equity loans | 452.3 | 0.0 | 62.0 | 2.1 | 219.1 | 10.6 | 5.9 | 0.4 | 1.8 | 150.4 |
| Other 1-4 family residential | 1,961.0 | 0.2 | 305.9 | 27.7 | 816.1 | 178.7 | 23.4 | 5.4 | 24.5 | 579.1 |
| Commercial and industrial loans | 1,931.5 | 14.4 | 309.6 | 21.3 | 987.4 | 7.0 | 7.5 | 1.8 | 5.0 | 577.4 |
| Loans to individuals | 1,515.2 | 367.5 | 259.6 | 6.6 | 346.1 | 6.0 | 98.0 | 1.8 | 4.4 | 425.2 |
| Credit card loans | 745.9 | 350.3 | 164.7 | 0.5 | 57.2 | 0.2 | 20.4 | 0.2 | 0.1 | 152.4 |
| Other loans to individuals | 769.2 | 17.2 | 94.9 | 6.1 | 288.9 | 5.7 | 77.7 | 1.6 | 4.4 | 272.8 |
| All other loans and leases (including farm) | 1,170.5 | 0.3 | 338.3 | 43.8 | 327.7 | 14.5 | 6.6 | 0.9 | 4.2 | 434.2 |
| Total loans and leases (plus unearned income) | 9,123.1 | 382.4 | 1,441.9 | 181.7 | 4,140.8 | 248.4 | 144.9 | 15.7 | 58.0 | 2,509.3 |
| **Memo: Other Real Estate Owned (in millions)** | | | | | | | | | | |
| All other real estate owned | 13,152.6 | 0.2 | 751.0 | 361.6 | 8,588.1 | 864.1 | 85.5 | 107.1 | 336.6 | 2,058.5 |
| Construction and development | 4,029.1 | 0.0 | 0.0 | 130.4 | 3,285.4 | 96.4 | 7.8 | 47.6 | 124.0 | 337.5 |
| Nonfarm nonresidential | 3,240.8 | 0.0 | 53.0 | 116.8 | 2,563.5 | 43.6 | 16.8 | 32.7 | 94.2 | 320.2 |
| Multifamily residential real estate | 204.6 | 0.0 | 1.0 | 14.6 | 171.5 | 4.0 | 0.6 | 1.9 | 7.9 | 3.1 |
| 1-4 family residential | 4,123.9 | 0.2 | 334.0 | 74.0 | 2,287.3 | 211.0 | 51.3 | 23.7 | 102.0 | 1,040.4 |
| Farmland | 190.5 | 0.0 | 0.0 | 25.6 | 146.5 | 1.5 | 0.0 | 1.0 | 8.6 | 7.3 |
| GNMA properties | 1,353.7 | 0.0 | 355.0 | 0.2 | 133.8 | 507.6 | 8.9 | 0.2 | 0.0 | 348.0 |

* 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

| June 30, 2016 | 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Percent of Loans 30-89 Days Past Due** | | | | | | | | | | | | |
| All loans secured by real estate | 0.72 | 1.06 | 0.59 | 0.33 | 0.55 | 1.10 | 0.47 | 0.85 | 0.76 | 1.05 | 0.68 | 0.30 |
| Construction and development | 0.34 | 0.64 | 0.51 | 0.30 | 0.26 | 0.36 | 0.36 | 0.30 | 0.30 | 0.44 | 0.39 | 0.25 |
| Nonfarm nonresidential | 0.23 | 0.68 | 0.40 | 0.21 | 0.18 | 0.19 | 0.24 | 0.19 | 0.28 | 0.25 | 0.30 | 0.14 |
| Multifamily residential real estate | 0.11 | 0.40 | 0.22 | 0.09 | 0.10 | 0.08 | 0.10 | 0.10 | 0.08 | 0.28 | 0.13 | 0.06 |
| Home equity loans | 0.61 | 0.61 | 0.46 | 0.37 | 0.48 | 0.77 | 0.42 | 0.73 | 0.71 | 0.68 | 0.43 | 0.27 |
| Other 1-4 family residential | 1.25 | 1.58 | 0.88 | 0.55 | 1.01 | 1.72 | 0.82 | 1.48 | 1.20 | 1.73 | 1.40 | 0.54 |
| Commercial and industrial loans | 0.25 | 1.19 | 0.65 | 0.37 | 0.24 | 0.19 | 0.25 | 0.18 | 0.29 | 0.22 | 0.48 | 0.27 |
| Loans to individuals | 1.21 | 1.75 | 1.47 | 1.10 | 1.10 | 1.31 | 0.99 | 1.64 | 1.02 | 1.16 | 0.99 | 1.12 |
| Credit card loans | 1.14 | 4.08 | 1.86 | 1.53 | 1.23 | 1.00 | 0.94 | 1.28 | 0.93 | 1.08 | 0.72 | 1.58 |
| Other loans to individuals | 1.28 | 1.71 | 1.44 | 0.95 | 0.93 | 1.59 | 1.09 | 2.00 | 1.05 | 1.26 | 1.12 | 0.75 |
| All other loans and leases (including farm) | 0.20 | 0.58 | 0.47 | 0.30 | 0.17 | 0.19 | 0.08 | 0.10 | 0.38 | 0.21 | 0.20 | 0.22 |
| Total loans and leases | 0.64 | 1.05 | 0.62 | 0.39 | 0.56 | 0.76 | 0.49 | 0.75 | 0.63 | 0.75 | 0.63 | 0.47 |
| **Percent of Loans Noncurrent**** | | | | | | | | | | | | |
| All real estate loans | 2.13 | 1.34 | 1.05 | 0.98 | 1.55 | 3.61 | 1.55 | 2.64 | 2.40 | 3.12 | 1.32 | 0.66 |
| Construction and development | 0.89 | 1.40 | 1.44 | 0.99 | 0.60 | 0.67 | 0.95 | 1.46 | 0.72 | 0.56 | 0.74 | 0.69 |
| Nonfarm nonresidential | 0.78 | 1.49 | 1.00 | 0.75 | 0.76 | 0.64 | 0.98 | 0.71 | 0.89 | 0.74 | 0.70 | 0.55 |
| Multifamily residential real estate | 0.23 | 0.41 | 0.62 | 0.23 | 0.17 | 0.19 | 0.20 | 0.21 | 0.26 | 0.31 | 0.39 | 0.17 |
| Home equity loans | 2.44 | 0.52 | 0.64 | 0.72 | 1.44 | 3.62 | 2.36 | 3.08 | 2.49 | 2.41 | 1.38 | 0.65 |
| Other 1-4 family residential | 3.57 | 1.42 | 1.16 | 1.50 | 2.64 | 5.43 | 2.41 | 4.21 | 3.74 | 5.27 | 2.52 | 0.83 |
| Commercial and industrial loans | 1.33 | 1.83 | 1.25 | 1.37 | 1.43 | 1.26 | 1.02 | 1.32 | 1.12 | 1.61 | 1.85 | 1.36 |
| Loans to individuals | 0.78 | 0.78 | 0.87 | 0.60 | 0.88 | 0.70 | 0.84 | 0.83 | 0.66 | 0.75 | 0.80 | 0.77 |
| Credit card loans | 1.07 | 1.73 | 1.27 | 1.33 | 1.16 | 0.94 | 0.96 | 1.09 | 0.90 | 1.01 | 1.12 | 1.42 |
| Other loans to individuals | 0.50 | 0.77 | 0.85 | 0.36 | 0.51 | 0.49 | 0.64 | 0.55 | 0.58 | 0.41 | 0.65 | 0.24 |
| All other loans and leases (including farm) | 0.25 | 0.86 | 0.68 | 0.96 | 0.22 | 0.17 | 0.42 | 0.12 | 0.18 | 0.29 | 0.33 | 0.32 |
| Total loans and leases | 1.49 | 1.29 | 1.05 | 1.01 | 1.24 | 1.92 | 1.20 | 1.67 | 1.57 | 1.93 | 1.30 | 0.81 |
| **Percent of Loans Charged-Off (net, YTD)** | | | | | | | | | | | | |
| All real estate loans | 0.06 | 0.06 | 0.05 | 0.03 | 0.05 | 0.09 | 0.06 | 0.11 | 0.07 | 0.06 | 0.02 | 0.00 |
| Construction and development | -0.04 | -0.07 | 0.00 | -0.03 | -0.10 | 0.01 | 0.01 | 0.01 | -0.03 | -0.06 | -0.04 | -0.20 |
| Nonfarm nonresidential | 0.01 | 0.03 | 0.05 | 0.03 | 0.01 | -0.05 | 0.01 | 0.02 | 0.03 | -0.04 | 0.02 | 0.00 |
| Multifamily residential real estate | 0.00 | 0.05 | 0.03 | -0.01 | 0.00 | -0.01 | 0.00 | 0.00 | -0.01 | 0.00 | 0.00 | 0.01 |
| Home equity loans | 0.30 | -0.04 | 0.05 | 0.11 | 0.23 | 0.41 | 0.22 | 0.45 | 0.24 | 0.40 | 0.18 | 0.01 |
| Other 1-4 family residential | 0.07 | 0.10 | 0.07 | 0.05 | 0.08 | 0.07 | 0.10 | 0.10 | 0.06 | 0.06 | 0.03 | 0.02 |
| Commercial and industrial loans | 0.42 | 0.46 | 0.25 | 0.37 | 0.46 | 0.43 | 0.27 | 0.39 | 0.36 | 0.52 | 0.67 | 0.52 |
| Loans to individuals | 1.90 | 0.68 | 0.68 | 1.48 | 2.09 | 1.82 | 2.05 | 2.03 | 1.13 | 2.31 | 1.35 | 1.80 |
| Credit card loans | 3.11 | 10.79 | 4.50 | 3.72 | 3.18 | 2.98 | 2.80 | 3.28 | 2.95 | 3.28 | 2.42 | 3.35 |
| Other loans to individuals | 0.70 | 0.52 | 0.42 | 0.73 | 0.59 | 0.81 | 0.76 | 0.70 | 0.50 | 1.08 | 0.83 | 0.45 |
| All other loans and leases (including farm) | 0.11 | 0.16 | 0.18 | 0.31 | 0.12 | 0.09 | 0.09 | 0.07 | 0.10 | 0.13 | 0.30 | 0.14 |
| Total loans and leases | 0.45 | 0.16 | 0.11 | 0.20 | 0.62 | 0.47 | 0.47 | 0.53 | 0.27 | 0.53 | 0.30 | 0.53 |
| **Loans Outstanding (in billions)** | | | | | | | | | | | | |
| All real estate loans | $4,505.9 | $38.8 | $607.5 | $868.6 | $1,338.3 | $1,652.7 | $914.2 | $918.8 | $921.4 | $862.9 | $395.3 | $493.2 |
| Construction and development | 294.1 | 2.3 | 55.3 | 80.4 | 89.7 | 66.4 | 53.8 | 58.6 | 48.2 | 45.3 | 58.2 | 30.1 |
| Nonfarm nonresidential | 1,278.4 | 9.8 | 229.8 | 353.5 | 401.7 | 283.5 | 289.4 | 267.1 | 196.0 | 184.0 | 158.8 | 183.2 |
| Multifamily residential real estate | 365.2 | 1.1 | 32.5 | 85.9 | 135.6 | 110.1 | 133.3 | 44.1 | 94.4 | 30.4 | 16.2 | 46.7 |
| Home equity loans | 452.3 | 1.0 | 25.8 | 48.0 | 144.7 | 232.8 | 86.8 | 118.9 | 112.1 | 85.9 | 19.7 | 29.0 |
| Other 1-4 family residential | 1,961.0 | 17.5 | 217.1 | 281.0 | 551.5 | 893.9 | 347.3 | 417.3 | 447.7 | 429.2 | 126.5 | 192.9 |
| Commercial and industrial loans | 1,931.5 | 6.7 | 98.9 | 192.3 | 708.0 | 925.5 | 295.5 | 475.7 | 410.3 | 401.9 | 126.7 | 221.4 |
| Loans to individuals | 1,515.2 | 3.7 | 31.8 | 82.1 | 682.8 | 714.8 | 319.5 | 382.2 | 219.9 | 308.4 | 60.6 | 224.6 |
| Credit card loans | 745.9 | 0.1 | 2.0 | 20.5 | 391.2 | 332.2 | 200.1 | 193.9 | 57.0 | 174.5 | 19.3 | 101.1 |
| Other loans to individuals | 769.2 | 3.6 | 29.8 | 61.6 | 291.5 | 382.6 | 119.4 | 188.3 | 162.9 | 133.9 | 41.3 | 123.5 |
| All other loans and leases (including farm) | 1,170.5 | 8.0 | 50.1 | 61.8 | 309.1 | 741.5 | 182.6 | 255.7 | 270.9 | 328.9 | 49.4 | 82.9 |
| Total loans and leases (plus unearned income) | 9,123.1 | 57.3 | 788.4 | 1,204.7 | 3,038.3 | 4,034.5 | 1,711.9 | 2,032.4 | 1,822.5 | 1,902.1 | 632.0 | 1,022.1 |
| **Memo: Other Real Estate Owned (in millions)** | | | | | | | | | | | | |
| All other real estate owned | 13,152.6 | 387.1 | 4,003.0 | 2,875.5 | 3,001.8 | 2,885.3 | 2,039.2 | 3,491.5 | 2,611.7 | 2,197.5 | 1,875.5 | 937.2 |
| Construction and development | 4,029.1 | 130.0 | 1,858.7 | 1,177.5 | 494.0 | 369.0 | 365.8 | 1,184.3 | 569.2 | 793.4 | 815.0 | 301.3 |
| Nonfarm nonresidential | 3,240.8 | 128.2 | 1,241.6 | 904.2 | 623.3 | 343.4 | 519.6 | 648.7 | 649.5 | 470.7 | 606.9 | 345.3 |
| Multifamily residential real estate | 204.6 | 16.1 | 93.0 | 61.6 | 17.2 | 16.7 | 55.0 | 34.5 | 31.2 | 37.9 | 27.9 | 18.2 |
| 1-4 family residential | 4,123.9 | 105.6 | 721.1 | 662.3 | 1,196.2 | 1,438.7 | 1,029.8 | 1,023.4 | 911.0 | 547.2 | 364.9 | 247.6 |
| Farmland | 190.5 | 7.0 | 87.1 | 55.2 | 39.3 | 1.9 | 11.4 | 42.9 | 51.6 | 19.0 | 52.4 | 13.3 |
| GNMA properties | 1,353.7 | 0.2 | 1.5 | 14.6 | 631.9 | 705.5 | 57.6 | 557.8 | 397.2 | 321.2 | 8.5 | 11.5 |

*** 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) | 2nd Quarter 2016 | 1st Quarter 2016 | 4th Quarter 2015 | 3rd Quarter 2015 | 2nd Quarter 2015 | % Change 15Q2-16Q2 | 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 | 1,446 | 1,429 | 1,414 | 1,418 | 1,431 | 1.0 | 68 | 854 | 417 | 97 | 10 |
| Total assets of institutions reporting derivatives | $15,032,950 | $14,766,932 | $14,422,547 | $14,231,256 | $14,198,373 | 5.9 | $5,090 | $355,789 | $1,295,588 | $4,734,451 | $8,642,031 |
| Total deposits of institutions reporting derivatives | 11,313,481 | 11,189,578 | 10,938,377 | 10,735,417 | 10,706,603 | 5.7 | 4,233 | 292,281 | 1,025,073 | 3,589,616 | 6,402,278 |
| Total derivatives | 192,349,432 | 195,508,514 | 181,985,996 | 195,398,665 | 201,613,096 | -4.6 | 296 | 26,357 | 124,026 | 49,385,463 | 142,813,289 |
| **Derivative Contracts by Underlying Risk Exposure** | | | | | | | | | | | |
| Interest rate | 143,794,055 | 147,218,271 | 138,363,456 | 148,665,387 | 154,349,781 | -6.8 | 296 | 26,327 | 117,366 | 42,890,592 | 100,759,474 |
| Foreign exchange* | 37,701,396 | 37,128,715 | 33,133,167 | 34,636,874 | 34,969,999 | 7.8 | 0 | 12 | 5,689 | 5,906,571 | 31,789,125 |
| Equity | 2,672,364 | 2,533,921 | 2,395,120 | 2,508,972 | 2,372,914 | 12.6 | 0 | 4 | 313 | 182,531 | 2,489,515 |
| Commodity & other (excluding credit derivatives) | 1,328,302 | 1,209,774 | 1,107,759 | 1,389,755 | 1,432,675 | -7.3 | 0 | 6 | 65 | 62,737 | 1,265,494 |
| Credit | 6,853,314 | 7,417,833 | 6,986,493 | 8,197,677 | 8,487,726 | -19.3 | 0 | 8 | 593 | 343,031 | 6,509,682 |
| Total | 192,349,432 | 195,508,514 | 181,985,996 | 195,398,665 | 201,613,096 | -4.6 | 296 | 26,357 | 124,026 | 49,385,463 | 142,813,289 |
| **Derivative Contracts by Transaction Type** | | | | | | | | | | | |
| Swaps | 111,900,657 | 114,814,419 | 107,392,487 | 112,697,189 | 117,508,160 | -4.8 | 49 | 7,634 | 70,897 | 31,086,643 | 80,735,435 |
| Futures & forwards | 38,789,790 | 37,150,744 | 35,684,919 | 38,988,137 | 40,359,831 | -3.9 | 84 | 9,285 | 26,212 | 8,002,504 | 30,751,706 |
| Purchased options | 16,277,222 | 16,857,475 | 15,469,371 | 16,817,158 | 16,221,724 | 0.3 | 11 | 798 | 6,070 | 4,936,669 | 11,333,674 |
| Written options | 16,011,610 | 16,706,898 | 15,419,192 | 16,235,799 | 15,945,490 | 0.4 | 153 | 8,620 | 20,170 | 4,891,366 | 11,091,302 |
| Total | 182,979,279 | 185,529,536 | 173,965,968 | 184,738,283 | 190,035,206 | -3.7 | 296 | 26,337 | 123,349 | 48,917,181 | 133,912,116 |
| **Fair Value of Derivative Contracts** | | | | | | | | | | | |
| Interest rate contracts | 75,052 | 75,481 | 67,223 | 76,692 | 71,659 | 4.7 | 0 | 16 | -433 | 32,899 | 42,570 |
| Foreign exchange contracts | 11,369 | -11,530 | -12,485 | -15,284 | -19,614 | N/M | 0 | 0 | 9 | 1,997 | 9,363 |
| Equity contracts | 6,637 | 5,035 | 5,318 | 7,880 | 2,695 | 146.3 | 0 | 0 | 2 | 412 | 6,224 |
| Commodity & other (excluding credit derivatives) | -3,151 | -4,310 | -3,571 | -6,952 | -3,488 | -9.7 | 0 | 0 | 1 | -130 | -3,021 |
| Credit derivatives as guarantor | 1,037 | 2,901 | -2,697 | 1,890 | 35,840 | -97.1 | 0 | 0 | -2 | -892 | 1,933 |
| Credit derivatives as beneficiary | -167 | -966 | 7,076 | 2,441 | -34,672 | -99.5 | 0 | 0 | -27 | 1,483 | -1,622 |
| **Derivative Contracts by Maturity**** | | | | | | | | | | | |
| Interest rate contracts < 1 year | 66,423,416 | 65,650,617 | 55,047,362 | 60,754,367 | 63,733,487 | 4.2 | 88 | 8,612 | 24,409 | 14,858,718 | 51,531,589 |
| 1-5 years | 47,001,897 | 50,714,670 | 49,406,784 | 52,458,012 | 54,771,222 | -14.2 | 26 | 2,402 | 28,361 | 13,531,558 | 33,439,550 |
| > 5 years | 33,930,441 | 34,846,003 | 32,980,646 | 34,618,605 | 35,837,393 | -5.3 | 34 | 5,304 | 38,722 | 11,248,404 | 22,637,976 |
| Foreign exchange and gold contracts < 1 year | 26,621,562 | 26,231,437 | 24,129,441 | 25,206,272 | 25,081,829 | 6.1 | 0 | 0 | 3,452 | 3,371,417 | 23,246,693 |
| 1-5 years | 4,112,254 | 4,081,595 | 3,986,436 | 3,672,989 | 3,859,497 | 6.5 | 0 | 0 | 390 | 421,278 | 3,690,586 |
| > 5 years | 2,151,420 | 1,819,360 | 1,647,804 | 1,500,445 | 1,612,940 | 33.4 | 0 | 0 | 72 | 202,583 | 1,948,765 |
| Equity contracts < 1 year | 1,907,096 | 1,841,069 | 1,743,252 | 1,610,476 | 1,571,382 | 21.4 | 0 | 0 | 27 | 68,060 | 1,839,009 |
| 1-5 years | 709,947 | 674,710 | 627,875 | 671,362 | 580,777 | 22.2 | 0 | 0 | 107 | 45,812 | 664,028 |
| > 5 years | 134,063 | 129,076 | 130,188 | 183,539 | 162,800 | -17.7 | 0 | 0 | 6 | 15,582 | 118,474 |
| Commodity & other contracts (including credit derivatives, excluding gold contracts) < 1 year | 3,032,137 | 2,813,615 | 2,651,133 | 2,566,099 | 2,357,062 | 28.6 | 0 | 7 | 29 | 95,348 | 2,936,753 |
| 1-5 years | 4,354,280 | 4,800,922 | 4,694,153 | 5,771,045 | 5,329,031 | -18.3 | 0 | 5 | 81 | 151,678 | 4,202,516 |
| > 5 years | 368,331 | 619,196 | 405,131 | 750,909 | 428,131 | -14.0 | 0 | 0 | 132 | 26,817 | 341,382 |
| **Risk-Based Capital: Credit Equivalent Amount** | | | | | | | | | | | |
| Total current exposure to tier 1 capital (%) | 37.2 | 34.5 | 30.1 | 34.3 | 31.6 | | 0.2 | 0.6 | 1.3 | 22.9 | 54.6 |
| Total potential future exposure to tier 1 capital (%) | 43.5 | 47.5 | 48.3 | 50.3 | 54.8 | | 0.1 | 0.3 | 0.6 | 17.4 | 70.0 |
| Total exposure (credit equivalent amount) to tier 1 capital (%) | 80.7 | 82.0 | 78.4 | 84.6 | 86.4 | | 0.3 | 0.9 | 1.9 | 40.3 | 124.6 |
| **Credit losses on derivatives***** | 31.9 | 13.3 | 78.2 | 71.8 | 61.4 | -48.0 | 0.0 | 0.9 | 0.2 | 11.2 | 19.5 |
| **HELD FOR TRADING** | | | | | | | | | | | |
| Number of institutions reporting derivatives | 257 | 251 | 250 | 247 | 249 | 3.2 | 9 | 94 | 90 | 55 | 9 |
| Total assets of institutions reporting derivatives | 11,985,471 | 11,719,700 | 11,460,984 | 11,384,424 | 11,367,408 | 5.4 | 580 | 41,182 | 323,782 | 3,233,621 | 8,386,305 |
| Total deposits of institutions reporting derivatives | 8,976,731 | 8,830,937 | 8,660,644 | 8,553,870 | 8,547,594 | 5.0 | 485 | 34,092 | 253,121 | 2,501,635 | 6,187,398 |
| **Derivative Contracts by Underlying Risk Exposure** | | | | | | | | | | | |
| Interest rate | 141,316,494 | 144,656,611 | 136,029,963 | 146,136,877 | 151,583,777 | -6.8 | 74 | 1,920 | 27,944 | 42,391,240 | 98,895,316 |
| Foreign exchange | 34,670,639 | 34,029,005 | 31,665,956 | 31,764,784 | 31,318,657 | 10.7 | 0 | 0 | 4,409 | 5,761,655 | 28,904,575 |
| Equity | 2,656,373 | 2,510,439 | 2,370,468 | 2,486,427 | 2,353,529 | 12.9 | 0 | 0 | 0 | 169,459 | 2,486,914 |
| Commodity & other | 1,326,621 | 1,208,052 | 1,105,989 | 1,387,414 | 1,430,301 | -7.2 | 0 | 0 | 34 | 61,772 | 1,264,814 |
| Total | 179,970,127 | 182,404,107 | 171,172,377 | 181,775,502 | 186,686,264 | -3.6 | 74 | 1,920 | 32,387 | 48,384,126 | 131,551,619 |
| **Trading Revenues: Cash & Derivative Instruments** | | | | | | | | | | | |
| Interest rate | 1,906 | 3,072 | 155 | 2,581 | 3,404 | -44.0 | 0 | 0 | 14 | -687 | 2,579 |
| Foreign exchange | 3,736 | 1,407 | 3,401 | 1,931 | 854 | 337.5 | 0 | 0 | -1 | 1,556 | 2,180 |
| Equity | 972 | 670 | 741 | 50 | 584 | 66.4 | 0 | 0 | 2 | 18 | 952 |
| Commodity & other (including credit derivatives) | 271 | 604 | -25 | 758 | 660 | -58.9 | 0 | 0 | 1 | -312 | 582 |
| Total trading revenues | 6,885 | 5,753 | 4,271 | 5,319 | 5,502 | 25.1 | 0 | 0 | 17 | 575 | 6,293 |
| **Share of Revenue** | | | | | | | | | | | |
| Trading revenues to gross revenues (%) | 5.4 | 4.7 | 3.5 | 4.4 | 4.5 | | 0.0 | 0.0 | 0.5 | 1.8 | 6.9 |
| Trading revenues to net operating revenues (%) | 24.1 | 23.2 | 15.7 | 19.9 | 19.0 | | 0.0 | 0.2 | 2.3 | 8.4 | 30.1 |
| **HELD FOR PURPOSES OTHER THAN TRADING** | | | | | | | | | | | |
| Number of institutions reporting derivatives | 1,324 | 1,303 | 1,299 | 1,305 | 1,311 | 1.0 | 60 | 776 | 386 | 92 | 10 |
| Total assets of institutions reporting derivatives | 14,753,967 | 14,524,116 | 14,205,106 | 13,960,564 | 13,896,046 | 6.2 | 4,596 | 324,192 | 1,213,947 | 4,569,202 | 8,642,031 |
| Total deposits of institutions reporting derivatives | 11,086,461 | 10,994,713 | 10,764,769 | 10,518,599 | 10,465,122 | 5.9 | 3,821 | 265,954 | 960,448 | 3,453,959 | 6,402,278 |
| **Derivative Contracts by Underlying Risk Exposure** | | | | | | | | | | | |
| Interest rate | 2,477,561 | 2,561,660 | 2,333,492 | 2,528,510 | 2,766,004 | -10.4 | 223 | 24,407 | 89,423 | 499,352 | 1,864,157 |
| Foreign exchange | 513,919 | 538,565 | 433,677 | 409,385 | 561,179 | -8.4 | 0 | 0 | 1,196 | 19,665 | 493,058 |
| Equity | 15,991 | 23,483 | 24,652 | 22,545 | 19,385 | -17.5 | 0 | 4 | 313 | 13,072 | 2,601 |
| Commodity & other | 1,681 | 1,722 | 1,770 | 2,342 | 2,374 | -29.2 | 0 | 5 | 30 | 965 | 681 |
| Total notional amount | 3,009,152 | 3,125,429 | 2,793,591 | 2,962,781 | 3,348,942 | -10.1 | 223 | 24,416 | 90,962 | 533,055 | 2,360,497 |

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

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

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

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

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

| (dollar figures in millions) | 2nd Quarter 2016 | 1st Quarter 2016 | 4th Quarter 2015 | 3rd Quarter 2015 | 2nd Quarter 2015 | % Change 15Q2-16Q2 | 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 | 75 | 74 | 73 | 72 | 71 | 5.6 | 0 | 19 | 16 | 33 | 7 |
| **Outstanding Principal Balance by Asset Type** | | | | | | | | | | | |
| 1-4 family residential loans | $687,085 | $704,676 | $715,914 | $734,519 | $749,911 | -8.4 | $0 | $2,052 | $12,451 | $84,762 | $587,821 |
| Home equity loans | 29 | 29 | 30 | 31 | 33 | -12.1 | 0 | 0 | 1 | 27 | 0 |
| Credit card receivables | 13,485 | 13,400 | 13,502 | 14,187 | 17,766 | -24.1 | 0 | 0 | 0 | 13,380 | 105 |
| Auto loans | 8,935 | 5,604 | 6,095 | 6,221 | 5,660 | 57.9 | 0 | 0 | 2,526 | 6,409 | 0 |
| Other consumer loans | 4,908 | 5,093 | 5,286 | 4,754 | 6,430 | -23.7 | 0 | 1 | 0 | 2,527 | 2,380 |
| Commercial and industrial loans | 169 | 204 | 15 | 14 | 14 | 1,107.1 | 0 | 7 | 0 | 0 | 162 |
| All other loans, leases, and other assets | 71,246 | 74,712 | 79,844 | 86,277 | 89,384 | -20.3 | 0 | 94 | 8,381 | 562 | 62,209 |
| Total securitized and sold | 785,857 | 803,719 | 820,686 | 846,005 | 869,198 | -9.6 | 0 | 2,154 | 23,360 | 107,668 | 652,676 |
| **Maximum Credit Exposure by Asset Type** | | | | | | | | | | | |
| 1-4 family residential loans | 2,514 | 2,617 | 2,840 | 2,933 | 3,101 | -18.9 | 0 | 4 | 0 | 1,433 | 1,077 |
| Home equity loans | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0 | 0 |
| Credit card receivables | 1,207 | 1,152 | 1,108 | 1,187 | 1,470 | -17.9 | 0 | 0 | 0 | 1,207 | 0 |
| Auto loans | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0 | 0 |
| Other consumer loans | 91 | 86 | 89 | 89 | 187 | -51.3 | 0 | 0 | 0 | 0 | 91 |
| Commercial and industrial loans | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0 | 0 |
| All other loans, leases, and other assets | 971 | 902 | 990 | 1,319 | 1,084 | -10.4 | 0 | 0 | 0 | 5 | 966 |
| Total credit exposure | 4,783 | 4,757 | 5,026 | 5,528 | 5,842 | -18.1 | 0 | 4 | 0 | 2,645 | 2,134 |
| Total unused liquidity commitments provided to institution's own securitizations | 138 | 73 | 36 | 37 | 38 | 263.2 | 0 | 0 | 0 | 0 | 138 |
| **Securitized Loans, Leases, and Other Assets 30-89 Days Past Due (%)** | | | | | | | | | | | |
| 1-4 family residential loans | 3.6 | 3.1 | 3.9 | 3.8 | 3.4 | | 0.0 | 1.7 | 1.4 | 3.0 | 3.8 |
| Home equity loans | 8.6 | 6.2 | 5.4 | 5.9 | 5.3 | | 0.0 | 0.0 | 100.0 | 4.4 | 0.0 |
| Credit card receivables | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 | | 0.0 | 0.0 | 0.0 | 0.3 | 1.0 |
| Auto loans | 1.3 | 1.2 | 1.5 | 1.1 | 0.9 | | 0.0 | 0.0 | 2.0 | 1.0 | 0.0 |
| Other consumer loans | 3.8 | 3.8 | 3.9 | 4.3 | 4.1 | | 0.0 | 0.0 | 0.0 | 1.8 | 5.9 |
| Commercial and industrial loans | 0.0 | 0.0 | 0.0 | 0.0 | 1.2 | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| All other loans, leases, and other assets | 0.4 | 0.5 | 0.5 | 0.3 | 0.3 | | 0.0 | 0.0 | 0.1 | 2.2 | 0.4 |
| Total loans, leases, and other assets | 3.3 | 2.8 | 3.5 | 3.3 | 3.0 | | 0.0 | 1.7 | 1.0 | 2.5 | 3.5 |
| **Securitized Loans, Leases, and Other Assets 90 Days or More Past Due (%)** | | | | | | | | | | | |
| 1-4 family residential loans | 1.6 | 1.6 | 2.0 | 2.1 | 2.1 | | 0.0 | 1.3 | 0.5 | 1.3 | 1.6 |
| Home equity loans | 45.5 | 47.3 | 47.8 | 47.4 | 46.5 | | 0.0 | 0.0 | 0.0 | 47.6 | 0.0 |
| Credit card receivables | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | | 0.0 | 0.0 | 0.0 | 0.2 | 1.0 |
| Auto loans | 0.2 | 0.2 | 0.2 | 0.2 | 0.1 | | 0.0 | 0.0 | 0.4 | 0.2 | 0.0 |
| Other consumer loans | 3.6 | 3.9 | 3.9 | 4.4 | 4.4 | | 0.0 | 0.0 | 0.0 | 0.9 | 6.5 |
| Commercial and industrial loans | 0.1 | 0.1 | 1.0 | 1.2 | 1.8 | | 0.0 | 2.5 | 0.0 | 0.0 | 0.0 |
| All other loans, leases, and other assets | 1.3 | 1.4 | 1.2 | 1.2 | 1.4 | | 0.0 | 10.7 | 0.4 | 0.3 | 1.4 |
| Total loans, leases, and other assets | 1.5 | 1.6 | 1.9 | 2.0 | 2.0 | | 0.0 | 1.7 | 0.5 | 1.1 | 1.6 |
| **Securitized Loans, Leases, and Other Assets Charged-off (net, YTD, annualized, %)** | | | | | | | | | | | |
| 1-4 family residential loans | 0.2 | 0.1 | 0.4 | 0.3 | 0.2 | | 0.0 | 0.1 | 0.0 | 0.0 | 0.2 |
| Home equity loans | 2.2 | 1.0 | 5.2 | 3.2 | 1.8 | | 0.0 | 0.0 | 0.0 | 2.3 | 0.0 |
| Credit card receivables | 3.4 | 3.0 | 1.8 | 1.4 | 0.8 | | 0.0 | 0.0 | 0.0 | 3.4 | 1.9 |
| Auto loans | 0.3 | 0.3 | 0.4 | 0.2 | 0.1 | | 0.0 | 0.0 | 0.6 | 0.2 | 0.0 |
| Other consumer loans | 0.5 | 0.2 | 0.8 | 0.6 | 0.3 | | 0.0 | 0.0 | 0.0 | 0.4 | 0.7 |
| 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 | 0.4 | 0.1 | 0.6 | 0.5 | 0.3 | | 0.0 | 0.0 | 0.0 | 0.0 | 0.4 |
| Total loans, leases, and other assets | 0.2 | 0.1 | 0.4 | 0.3 | 0.2 | | 0.0 | 0.1 | 0.1 | 0.4 | 0.2 |
| **Seller's Interests in Institution's Own Securitizations – Carried as Loans** | | | | | | | | | | | |
| Home equity loans | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0 | 0 |
| Credit card receivables | 11,954 | 12,811 | 15,059 | 13,248 | 10,380 | 15.2 | 0 | 0 | 0 | 11,954 | 0 |
| Commercial and industrial loans | 219 | 268 | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0 | 219 |
| **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 | 1,085 | 1,088 | 1,088 | 1,099 | 1,106 | -1.9 | 118 | 722 | 191 | 46 | 8 |
| **Outstanding Principal Balance by Asset Type** | | | | | | | | | | | |
| 1-4 family residential loans | 36,555 | 36,814 | 38,582 | 39,013 | 38,992 | -6.3 | 946 | 16,300 | 8,564 | 4,151 | 6,594 |
| Home equity, credit card receivables, auto, and other consumer loans | 733 | 684 | 712 | 714 | 742 | -1.2 | 0 | 102 | 28 | 36 | 567 |
| Commercial and industrial loans | 334 | 265 | 215 | 217 | 80 | 317.5 | 0 | 12 | 132 | 163 | 27 |
| All other loans, leases, and other assets | 80,679 | 79,258 | 73,499 | 72,201 | 74,990 | 7.6 | 0 | 14 | 1,230 | 20,461 | 58,974 |
| Total sold and not securitized | 118,301 | 117,021 | 113,008 | 112,145 | 114,804 | 3.0 | 946 | 16,428 | 9,954 | 24,812 | 66,162 |
| **Maximum Credit Exposure by Asset Type** | | | | | | | | | | | |
| 1-4 family residential loans | 10,813 | 9,491 | 10,017 | 10,495 | 10,436 | 3.6 | 80 | 3,737 | 3,349 | 2,239 | 1,408 |
| Home equity, credit card receivables, auto, and other consumer loans | 233 | 161 | 163 | 134 | 136 | 71.3 | 0 | 102 | 4 | 3 | 124 |
| Commercial and industrial loans | 180 | 175 | 151 | 154 | 16 | 1,025.0 | 0 | 12 | 5 | 163 | 0 |
| All other loans, leases, and other assets | 22,185 | 21,677 | 20,138 | 19,655 | 19,652 | 12.9 | 0 | 12 | 119 | 6,139 | 15,916 |
| Total credit exposure | 33,411 | 31,504 | 30,470 | 30,438 | 30,240 | 10.5 | 80 | 3,863 | 3,477 | 8,544 | 17,448 |
| **Support for Securitization Facilities Sponsored by Other Institutions** | | | | | | | | | | | |
| Number of institutions reporting securitization facilities sponsored by others | 109 | 110 | 111 | 110 | 110 | -0.9 | 9 | 56 | 24 | 14 | 6 |
| Total credit exposure | 42,341 | 41,078 | 41,500 | 42,211 | 44,649 | -5.2 | 8 | 137 | 226 | 2,741 | 39,230 |
| Total unused liquidity commitments | 2,853 | 1,387 | 834 | 884 | 2,005 | 42.3 | 0 | 13 | 2 | 612 | 2,227 |
| **Other** | | | | | | | | | | | |
| Assets serviced for others* | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0 | 0 |
| Asset-backed commercial paper conduits | | | | | | | | | | | |
| Credit exposure to conduits sponsored by institutions and others | 21,665 | 18,378 | 13,980 | 12,020 | 12,284 | 76.4 | 4 | 1 | 0 | 0 | 21,660 |
| Unused liquidity commitments to conduits sponsored by institutions and others | 24,287 | 26,866 | 29,257 | 27,631 | 27,902 | -13.0 | 0 | 0 | 5 | 3,276 | 21,006 |
| Net servicing income (for the quarter) | 1,166 | 864 | 3,328 | 1,040 | 4,546 | -74.4 | 6 | 241 | 136 | 460 | 324 |
| Net securitization income (for the quarter) | 181 | 203 | 250 | 348 | 325 | -44.3 | 0 | 9 | 7 | 164 | 1 |
| Total credit exposure to Tier 1 capital (%)** | 5.3 | 5.1 | 5.2 | 5.3 | 5.5 | | 0.7 | 3.2 | 2.1 | 2.8 | 8.1 |

* 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 *Community Banking Study*. When comparing community bank performance across quarters, prior-quarter dollar amounts are based on community banks designated in the current quarter, adjusted for mergers. In contrast, prior-quarter performance ratios are based on community banks designated during the previous quarter.

**Earnings of $5.5 Billion Increase 9 Percent From Second Quarter 2015**

**Higher Net Interest Income and Noninterest Income Improve Earnings**

**Net Interest Margin Remains Stable From the Year-Ago Period**

**Loan and Lease Balances Increase 9.1 Percent From the Year Before**

**Asset Quality Declines for Commercial and Industrial Loans**

## Earnings Increase at 60 Percent of Community Banks

With 5,602 community banks in the second quarter, aggregate earnings of $5.5 billion increased by $451.3 million (9 percent) from the year-earlier quarter. Higher revenue from net interest income and noninterest income lifted earnings, but were offset in part by higher loan-loss provisions and noninterest expense. Loan-loss provisions increased by $162.9 million (28.1 percent) from second quarter 2015, but only 38 percent of community banks reported the increase. Pretax return on assets was 1.34 percent, up 5 basis points from the year before, but 25 basis points below that of noncommunity banks. There were 62 fewer community banks than in first quarter 2016, with two bank failures.

## Net Operating Revenue Improves From Second Quarter 2015

Net operating revenue totaled $22.8 billion in the second quarter, up $1.5 billion (7.1 percent) from the previous year. Higher interest income from non 1-to-4 family real estate loans (up $748.8 million, or 10.2 percent) drove the improvement in net interest income (up $1.2 billion, or 7.6 percent) from second quarter 2015.[1] Community banks reported net interest margin (NIM) of 3.58 percent, up 1 basis point from the year earlier, as asset yields increased (up 1 basis point) and funding costs remained unchanged. Community banks' NIM was 57 basis points above that of noncommunity banks (3.01 percent). The yearly increase in noninterest income (up $278.1 million, or 5.7 percent) was led by net gains on loan sales (up $163.3 million, or 14.6 percent).

[1] Non 1-to-4 family real estate loan income includes construction and development, farmland, multifamily, and nonfarm nonresidential.

**Chart 1**

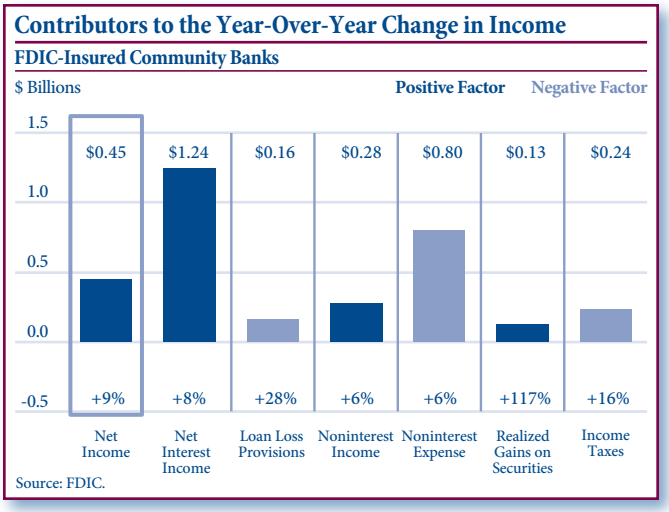
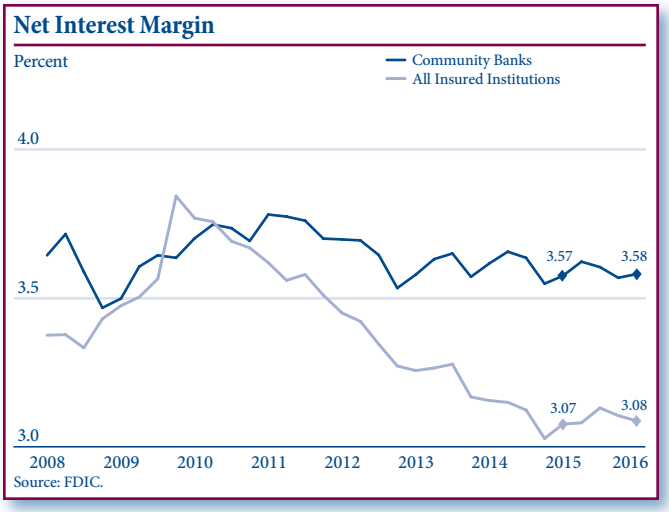



**Chart 2**



**Noninterest Expense Grows 5.6 Percent From the Previous Year**

Noninterest expense rose by $801.4 million (5.6 percent) from the year before, as salary and employee benefits increased by $560.3 million (7 percent). Close to 70 percent of community banks reported higher noninterest expense. Full-time employees increased by 13,235 (3.1 percent) from second quarter 2015, while the average asset per employee rose from $4.7 million to $4.9 million. Noninterest expense as a percent of net operating revenue totaled 66.6 percent, down from 68 percent a year earlier.

**Community Banks Increase Their Loan and Lease Balances**

Loan and lease balances increased by $41.2 billion (2.9 percent) from first quarter 2016 to $1.5 trillion. With almost three out of every four community banks (74 percent) increasing their loans from the previous quarter, the quarterly growth rate at community banks outperformed that of noncommunity banks (1.9 percent). The quarterly increase among community banks was led by nonfarm nonresidential loans (up $11.8 billion, or 2.8 percent), 1-to-4 family residential mortgages (up $8.3 billion, or 2.2 percent), commercial and industrial loans (up $5.4 billion, or 2.8 percent), multifamily residential mortgages (up $4.2 billion, or 4.5 percent), and construction and development loans (up $3 billion, or 3.2 percent). Loan and lease balances were $122.8 billion (9.1 percent) higher than in second quarter 2015, with almost 80 percent of community banks growing their loans. The 12-month loan growth rate at community banks was 2.6 percentage points higher than that of noncommunity banks (6.5 percent). Almost half (48 percent) of the yearly increase in loan and lease balances at community banks was led by nonfarm nonresidential loans (up $39.5 billion, or 10.1 percent) and 1-to-4 family residential mortgages (up $19.6 billion, or 5.4 percent). Unused loan commitments increased $9.6 billion (3.5 percent) to $281.3 billion from a year earlier, with commercial real estate, including construction and development, growing $13 billion (18.6 percent).

**Chart 3**

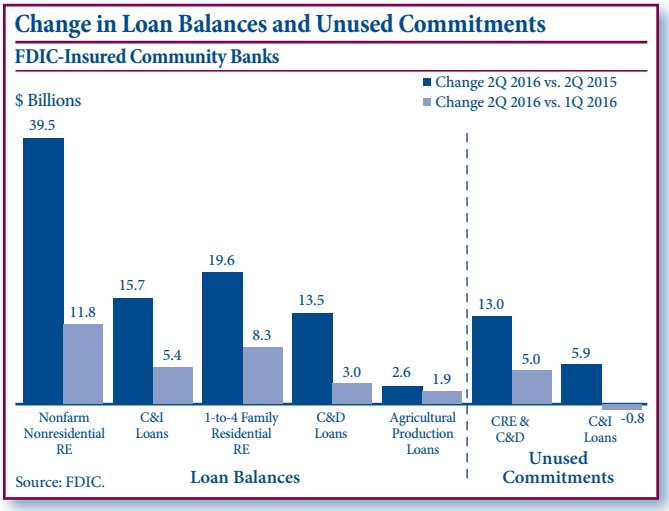
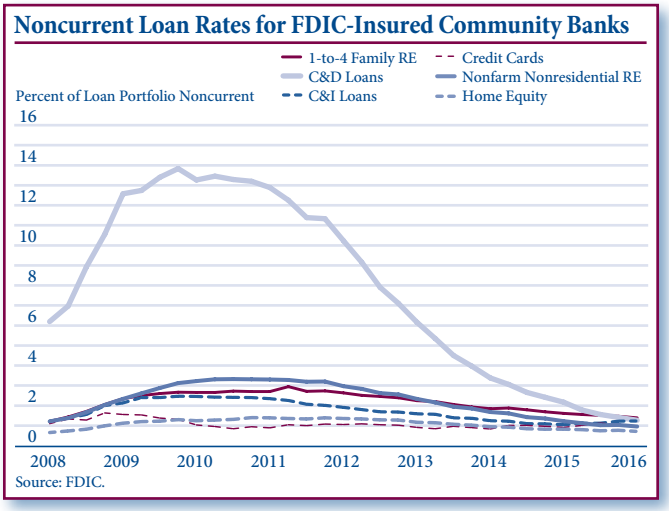



**Chart 4**



**Growth in Small Loans to Businesses Outpaces Noncommunity Banks**

Community banks reported $300.7 billion in small loans to businesses for the current quarter, up $3.9 billion (1.3 percent) from the first quarter.[2] The quarter-over-quarter increase in small loans to businesses at community banks surpassed that of noncommunity banks (up $2.6 billion, or 0.7 percent). Close to 64 percent of the quarterly increase was led by commercial and industrial loans (up $1.4 billion, or 1.5 percent) and nonfarm nonresidential loans (up $1.1 billion, or 0.8 percent). Meanwhile, nonfarm nonresidential loans for noncommunity banks declined (down $1.5 billion, or 1 percent). For the past 11 consecutive quarters, nonfarm nonresidential loans as a percent of small loans to businesses declined for noncommunity banks, down from 41 percent in third quarter 2013 to 36 percent in the current quarter. Community banks increased small loans to businesses by $9.5 billion (3.2 percent) from 12 months ago, exceeding 2.8 percent growth at noncommunity banks. The annual increase at community banks was attributed to nonfarm nonresidential loans (up $3.8 billion, or 2.7 percent) and commercial and industrial loans (up $3.6 billion, or 4 percent). Community banks continued to hold 44 percent of small loans to businesses.

**Noncurrent Loan and Lease Balances Decline**

Noncurrent loan and lease balances declined $354.4 million (2.2 percent) from the previous quarter, with more than half (53 percent) of community banks reducing these balances. The coverage ratio—reserves for loan losses to noncurrent loans—increased from 116.1 percent in first quarter 2016 to 119.5 percent, as noncurrent loan and lease balances declined and reserves for loan losses increased (up $123.3 million, or 0.7 percent). Almost two out of every three community banks (61 percent) increased their reserves for loan losses. However, reserves for loan losses as a percent of total loans was 1.26 percent in the second quarter, down 2 basis points from the previous quarter, the lowest level since second quarter 2008.

**Asset Quality Improves for All Major Loan Categories Except Commercial and Industrial Loans**

The noncurrent rate at community banks was 1.05 percent in second quarter 2016, down 6 basis points from first quarter 2016 and 53 basis points below that of noncommunity banks (1.58 percent). All major loan categories reported lower noncurrent rates except for commercial and industrial loans (up 1 basis point). The noncurrent rate for commercial and industrial loans (1.21 percent) increased for a fourth consecutive quarter and was 19 basis points higher than the year before. Construction and development loans had the largest decline (down 15 basis points) in the noncurrent rate from first quarter 2016. Quarterly net charge-offs of $466.8 million remained flat from the year-ago quarter and the net charge-off rate declined 1 basis point to 0.13 percent, the lowest rate for a second quarter in the last ten years. All major loan categories had lower net charge-off rates from the year-ago quarter except for commercial and industrial loans (up 10 basis points). Nonfarm nonresidential loans had the largest year-over-year decline (down 8 basis points) in the net charge-off rate.

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Division of Insurance and Research
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[2] Small loans to businesses consist of loans to commercial borrowers up to $1 million and farm loans up to $500,000.

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

| | 2016* | 2015* | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|
| Return on assets (%) | 1.00 | 0.99 | 0.99 | 0.93 | 0.90 | 0.83 | 0.55 |
| Return on equity (%) | 8.94 | 8.89 | 8.88 | 8.45 | 8.28 | 7.68 | 5.19 |
| Core capital (leverage) ratio (%) | 10.70 | 10.71 | 10.67 | 10.57 | 10.43 | 10.18 | 9.98 |
| Noncurrent assets plus other real estate owned to assets (%) | 1.00 | 1.21 | 1.06 | 1.34 | 1.73 | 2.26 | 2.84 |
| Net charge-offs to loans (%) | 0.11 | 0.12 | 0.15 | 0.21 | 0.32 | 0.58 | 0.87 |
| Asset growth rate (%) | 2.94 | 3.20 | 2.71 | 2.31 | 0.33 | 2.25 | 1.60 |
| Net interest margin (%) | 3.57 | 3.56 | 3.57 | 3.61 | 3.59 | 3.67 | 3.74 |
| Net operating income growth (%) | 3.74 | 9.85 | 9.94 | 4.86 | 14.61 | 56.25 | 207.82 |
| Number of institutions reporting | 5,602 | 5,881 | 5,735 | 6,037 | 6,306 | 6,541 | 6,798 |
| Percentage of unprofitable institutions (%) | 4.50 | 5.37 | 4.95 | 6.44 | 8.40 | 11.15 | 16.34 |

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

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

| (dollar figures in millions) | 2nd Quarter 2016 | 1st Quarter 2016 | 2nd Quarter 2015 | %Change 15Q2-16Q2 |
|---|---|---|---|---|
| Number of institutions reporting | 5,602 | 5,664 | 5,881 | -4.7 |
| Total employees (full-time equivalent) | 436,777 | 434,793 | 442,060 | -1.2 |
| **CONDITION DATA** | | | | |
| Total assets | $2,146,426 | $2,127,880 | $2,085,055 | 2.9 |
| Loans secured by real estate | 1,126,343 | 1,102,253 | 1,064,927 | 5.8 |
| 1-4 Family residential mortgages | 382,428 | 376,260 | 373,655 | 2.3 |
| Nonfarm nonresidential | 430,722 | 421,245 | 407,575 | 5.7 |
| Construction and development | 97,572 | 95,231 | 87,844 | 11.1 |
| Home equity lines | 50,658 | 49,937 | 50,051 | 1.2 |
| Commercial & industrial loans | 201,667 | 196,759 | 193,522 | 4.2 |
| Loans to individuals | 60,817 | 59,513 | 60,273 | 0.9 |
| Credit cards | 2,119 | 2,080 | 2,153 | -1.5 |
| Farm loans | 51,275 | 49,451 | 48,760 | 5.2 |
| Other loans & leases | 38,983 | 36,949 | 35,027 | 11.3 |
| Less: Unearned income | 633 | 630 | 568 | 11.6 |
| Total loans & leases | 1,478,451 | 1,444,295 | 1,401,942 | 5.5 |
| Less: Reserve for losses | 18,581 | 18,546 | 18,814 | -1.2 |
| Net loans and leases | 1,459,871 | 1,425,749 | 1,383,128 | 5.5 |
| Securities | 427,803 | 434,583 | 443,565 | -3.6 |
| Other real estate owned | 5,841 | 6,257 | 7,744 | -24.6 |
| Goodwill and other intangibles | 14,272 | 13,943 | 13,603 | 4.9 |
| All other assets | 238,639 | 247,347 | 237,015 | 0.7 |
| Total liabilities and capital | 2,146,426 | 2,127,880 | 2,085,055 | 2.9 |
| Deposits | 1,752,772 | 1,748,382 | 1,708,626 | 2.6 |
| Domestic office deposits | 1,752,363 | 1,747,962 | 1,708,188 | 2.6 |
| Foreign office deposits | 409 | 420 | 438 | -6.6 |
| Brokered deposits | 75,246 | 72,895 | 67,369 | 11.7 |
| Estimated insured deposits | 1,318,121 | 1,319,444 | 1,308,556 | 0.7 |
| Other borrowed funds | 132,253 | 123,675 | 127,407 | 3.8 |
| Subordinated debt | 831 | 580 | 524 | 58.7 |
| All other liabilities | 17,255 | 16,292 | 15,634 | 10.4 |
| Total equity capital (includes minority interests) | 243,315 | 238,951 | 232,864 | 4.5 |
| Bank equity capital | 243,213 | 238,853 | 232,745 | 4.5 |
| Loans and leases 30-89 days past due | 7,822 | 9,045 | 8,189 | -4.5 |
| Noncurrent loans and leases | 15,552 | 15,974 | 17,334 | -10.3 |
| Restructured loans and leases | 8,809 | 8,928 | 9,943 | -11.4 |
| Mortgage-backed securities | 183,322 | 185,183 | 189,050 | -3.0 |
| Earning assets | 1,995,825 | 1,979,601 | 1,933,575 | 3.2 |
| FHLB Advances | 103,807 | 95,105 | 95,914 | 8.2 |
| Unused loan commitments | 281,309 | 277,829 | 282,001 | -0.2 |
| Trust assets | 261,711 | 258,830 | 247,765 | 5.6 |
| Assets securitized and sold | 16,616 | 16,363 | 14,460 | 14.9 |
| Notional amount of derivatives | 70,320 | 61,969 | 58,250 | 20.7 |

| INCOME DATA | First Half 2016 | First Half 2015 | %Change | 2nd Quarter 2016 | 2nd Quarter 2015 | %Change 15Q2-16Q2 |
|---|---|---|---|---|---|---|
| Total interest income | $39,523 | $38,216 | 3.4 | $19,986 | $19,349 | 3.3 |
| Total interest expense | 4,509 | 4,361 | 3.4 | 2,285 | 2,189 | 4.4 |
| Net interest income | 35,015 | 33,855 | 3.4 | 17,701 | 17,160 | 3.2 |
| Provision for loan and lease losses | 1,371 | 1,131 | 21.2 | 743 | 586 | 26.6 |
| Total noninterest income | 9,781 | 9,897 | -1.2 | 5,140 | 5,096 | 0.9 |
| Total noninterest expense | 30,004 | 29,845 | 0.5 | 15,206 | 15,130 | 0.5 |
| Securities gains (losses) | 416 | 358 | 16.1 | 240 | 117 | 105.5 |
| Applicable income taxes | 3,242 | 2,957 | 9.6 | 1,672 | 1,406 | 18.9 |
| Extraordinary gains, net | 2 | 22 | -91.1 | 1 | 22 | N/M |
| Total net income (includes minority interests) | 10,596 | 10,200 | 3.9 | 5,460 | 5,272 | 3.6 |
| Bank net income | 10,585 | 10,183 | 3.9 | 5,454 | 5,265 | 3.6 |
| Net charge-offs | 818 | 844 | -3.1 | 467 | 488 | -4.3 |
| Cash dividends | 5,044 | 4,702 | 7.3 | 2,526 | 2,492 | 1.4 |
| Retained earnings | 5,542 | 5,482 | 1.1 | 2,927 | 2,773 | 5.6 |
| Net operating income | 10,266 | 9,896 | 3.7 | 5,272 | 5,156 | 2.2 |

N/M - Not Meaningful

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

| (dollar figures in millions) | 2nd Quarter 2016 | 1st Quarter 2016 | 2nd Quarter 2015 | %Change 15Q2-16Q2 |
|---|---|---|---|---|
| Number of institutions reporting | 5,602 | 5,602 | 5,601 | 0.0 |
| Total employees (full-time equivalent) | 436,777 | 430,192 | 423,542 | 3.1 |
| **CONDITION DATA** | | | | |
| Total assets | $2,146,426 | $2,118,886 | $2,022,240 | 6.1 |
| Loans secured by real estate | 1,126,343 | 1,095,973 | 1,028,855 | 9.5 |
| 1-4 Family residential mortgages | 382,428 | 374,091 | 362,875 | 5.4 |
| Nonfarm nonresidential | 430,722 | 418,957 | 391,248 | 10.1 |
| Construction and development | 97,572 | 94,549 | 84,067 | 16.1 |
| Home equity lines | 50,658 | 49,610 | 47,588 | 6.5 |
| Commercial & industrial loans | 201,667 | 196,238 | 185,934 | 8.5 |
| Loans to individuals | 60,817 | 59,397 | 58,158 | 4.6 |
| Credit cards | 2,119 | 2,080 | 2,168 | -2.2 |
| Farm loans | 51,275 | 49,349 | 48,647 | 5.4 |
| Other loans & leases | 38,983 | 36,910 | 34,595 | 12.7 |
| Less: Unearned income | 633 | 628 | 553 | 14.5 |
| Total loans & leases | 1,478,451 | 1,437,239 | 1,355,636 | 9.1 |
| Less: Reserve for losses | 18,581 | 18,457 | 18,226 | 1.9 |
| Net loans and leases | 1,459,871 | 1,418,782 | 1,337,410 | 9.2 |
| Securities | 427,803 | 433,570 | 434,242 | -1.5 |
| Other real estate owned | 5,841 | 6,223 | 7,430 | -21.4 |
| Goodwill and other intangibles | 14,272 | 13,879 | 13,182 | 8.3 |
| All other assets | 238,639 | 246,431 | 229,975 | 3.8 |
| Total liabilities and capital | 2,146,426 | 2,118,886 | 2,022,240 | 6.1 |
| Deposits | 1,752,772 | 1,741,196 | 1,657,318 | 5.8 |
| Domestic office deposits | 1,752,363 | 1,740,784 | 1,656,898 | 5.8 |
| Foreign office deposits | 409 | 412 | 420 | -2.5 |
| Brokered deposits | 75,246 | 72,274 | 65,004 | 15.8 |
| Estimated insured deposits | 1,318,121 | 1,313,387 | 1,271,499 | 3.7 |
| Other borrowed funds | 132,253 | 123,045 | 123,091 | 7.4 |
| Subordinated debt | 831 | 580 | 455 | 82.9 |
| All other liabilities | 17,255 | 16,200 | 15,132 | 14.0 |
| Total equity capital (includes minority interests) | 243,315 | 237,864 | 226,245 | 7.5 |
| Bank equity capital | 243,213 | 237,766 | 226,134 | 7.6 |
| Loans and leases 30-89 days past due | 7,822 | 9,014 | 8,029 | -2.6 |
| Noncurrent loans and leases | 15,552 | 15,906 | 16,756 | -7.2 |
| Restructured loans and leases | 8,809 | 8,873 | 9,577 | -8.0 |
| Mortgage-backed securities | 183,322 | 184,476 | 183,335 | 0.0 |
| Earning assets | 1,995,825 | 1,971,338 | 1,875,375 | 6.4 |
| FHLB Advances | 103,807 | 94,580 | 92,193 | 12.6 |
| Unused loan commitments | 281,309 | 276,396 | 271,700 | 3.5 |
| Trust assets | 261,711 | 258,830 | 246,829 | 6.0 |
| Assets securitized and sold | 16,616 | 15,922 | 13,996 | 18.7 |
| Notional amount of derivatives | 70,320 | 60,337 | 53,529 | 31.4 |

| INCOME DATA | First Half 2016 | First Half 2015 | %Change | 2nd Quarter 2016 | 2nd Quarter 2015 | %Change 15Q2-16Q2 |
|---|---|---|---|---|---|---|
| Total interest income | $39,523 | $36,620 | 7.9 | $19,986 | $18,557 | 7.7 |
| Total interest expense | 4,509 | 4,182 | 7.8 | 2,285 | 2,100 | 8.8 |
| Net interest income | 35,015 | 32,438 | 7.9 | 17,701 | 16,457 | 7.6 |
| Provision for loan and lease losses | 1,371 | 1,110 | 23.5 | 743 | 580 | 28.1 |
| Total noninterest income | 9,781 | 9,395 | 4.1 | 5,140 | 4,862 | 5.7 |
| Total noninterest expense | 30,004 | 28,387 | 5.7 | 15,206 | 14,405 | 5.6 |
| Securities gains (losses) | 416 | 341 | 21.9 | 240 | 111 | 116.9 |
| Applicable income taxes | 3,242 | 2,891 | 12.1 | 1,672 | 1,436 | 16.4 |
| Extraordinary gains, net | 2 | 1 | N/M | 1 | 0 | N/M |
| Total net income (includes minority interests) | 10,596 | 9,788 | 8.3 | 5,460 | 5,009 | 9.0 |
| Bank net income | 10,585 | 9,772 | 8.3 | 5,454 | 5,002 | 9.0 |
| Net charge-offs | 818 | 800 | 2.2 | 467 | 467 | 0.0 |
| Cash dividends | 5,044 | 4,595 | 9.8 | 2,526 | 2,411 | 4.8 |
| Retained earnings | 5,542 | 5,178 | 7.0 | 2,927 | 2,591 | 13.0 |
| Net operating income | 10,266 | 9,520 | 7.8 | 5,272 | 4,920 | 7.2 |

N/M - Not Meaningful

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

| Second Quarter 2016 (dollar figures in millions) | All Community Banks | Geographic Regions* New York | Atlanta | Chicago | Kansas City | Dallas | San Francisco |
|---|---|---|---|---|---|---|---|
| Number of institutions reporting | 5,602 | 648 | 681 | 1,229 | 1,462 | 1,216 | 366 |
| Total employees (full-time equivalent) | 436,777 | 87,687 | 54,098 | 90,480 | 70,990 | 96,061 | 37,461 |
| **CONDITION DATA** | | | | | | | |
| Total assets | $2,146,426 | $569,576 | $247,719 | $387,064 | $331,413 | $417,658 | $192,996 |
| Loans secured by real estate | 1,126,343 | 342,819 | 137,068 | 196,643 | 153,334 | 196,962 | 99,516 |
| 1-4 Family residential mortgages | 382,428 | 129,284 | 44,475 | 70,517 | 49,389 | 64,444 | 24,320 |
| Nonfarm nonresidential | 430,722 | 121,471 | 58,564 | 71,709 | 50,244 | 79,864 | 48,871 |
| Construction and development | 97,572 | 19,507 | 15,784 | 12,723 | 12,688 | 28,289 | 8,580 |
| Home equity lines | 50,658 | 17,212 | 7,552 | 11,399 | 4,769 | 4,581 | 5,143 |
| Commercial & industrial loans | 201,667 | 49,938 | 19,244 | 37,457 | 33,284 | 42,889 | 18,855 |
| Loans to individuals | 60,817 | 12,860 | 6,959 | 11,899 | 10,001 | 13,795 | 5,302 |
| Credit cards | 2,119 | 454 | 129 | 419 | 511 | 303 | 303 |
| Farm loans | 51,275 | 537 | 1,361 | 7,964 | 28,327 | 10,151 | 2,935 |
| Other loans & leases | 38,983 | 12,178 | 3,108 | 6,672 | 5,730 | 7,828 | 3,466 |
| Less: Unearned income | 633 | 169 | 126 | 59 | 49 | 125 | 106 |
| Total loans & leases | 1,478,451 | 418,164 | 167,615 | 260,577 | 230,626 | 271,500 | 129,969 |
| Less: Reserve for losses | 18,581 | 4,543 | 2,122 | 3,410 | 3,129 | 3,573 | 1,803 |
| Net loans and leases | 1,459,871 | 413,621 | 165,493 | 257,166 | 227,497 | 267,927 | 128,165 |
| Securities | 427,803 | 96,955 | 47,216 | 82,705 | 67,297 | 95,448 | 38,183 |
| Other real estate owned | 5,841 | 881 | 1,513 | 1,085 | 874 | 1,160 | 328 |
| Goodwill and other intangibles | 14,272 | 4,732 | 1,286 | 2,294 | 1,782 | 2,670 | 1,508 |
| All other assets | 238,639 | 53,387 | 32,211 | 43,814 | 33,963 | 50,452 | 24,812 |
| Total liabilities and capital | 2,146,426 | 569,576 | 247,719 | 387,064 | 331,413 | 417,658 | 192,996 |
| Deposits | 1,752,772 | 450,063 | 204,462 | 318,854 | 270,355 | 348,583 | 160,455 |
| Domestic office deposits | 1,752,363 | 449,707 | 204,452 | 318,832 | 270,355 | 348,583 | 160,433 |
| Foreign office deposits | 409 | 356 | 9 | 22 | 0 | 0 | 22 |
| Brokered deposits | 75,246 | 25,127 | 7,345 | 12,619 | 11,470 | 11,614 | 7,070 |
| Estimated insured deposits | 1,318,121 | 327,568 | 155,404 | 254,902 | 213,686 | 256,065 | 110,496 |
| Other borrowed funds | 132,253 | 48,839 | 13,425 | 20,912 | 21,522 | 19,488 | 8,067 |
| Subordinated debt | 831 | 673 | 20 | 77 | 17 | 6 | 40 |
| All other liabilities | 17,255 | 5,894 | 1,812 | 2,969 | 2,008 | 2,717 | 1,855 |
| Total equity capital (includes minority interests) | 243,315 | 64,107 | 28,000 | 44,252 | 37,511 | 46,864 | 22,580 |
| Bank equity capital | 243,213 | 64,054 | 27,988 | 44,235 | 37,510 | 46,847 | 22,579 |
| Loans and leases 30-89 days past due | 7,822 | 1,919 | 989 | 1,430 | 1,236 | 1,815 | 434 |
| Noncurrent loans and leases | 15,552 | 5,385 | 1,864 | 2,792 | 1,778 | 2,845 | 889 |
| Restructured loans and leases | 8,809 | 2,511 | 1,296 | 2,179 | 1,007 | 1,136 | 679 |
| Mortgage-backed securities | 183,322 | 54,173 | 20,621 | 32,246 | 22,219 | 35,672 | 18,390 |
| Earning assets | 1,995,825 | 532,415 | 228,302 | 359,380 | 309,380 | 386,420 | 179,927 |
| FHLB Advances | 103,807 | 41,375 | 10,820 | 15,205 | 15,726 | 15,563 | 5,118 |
| Unused loan commitments | 281,309 | 72,926 | 30,357 | 51,695 | 46,420 | 50,956 | 28,955 |
| Trust assets | 261,711 | 58,637 | 10,187 | 65,449 | 74,577 | 42,913 | 9,948 |
| Assets securitized and sold | 16,616 | 3,481 | 77 | 6,030 | 795 | 623 | 5,610 |
| Notional amount of derivatives | 70,320 | 24,896 | 8,234 | 12,389 | 9,215 | 9,206 | 6,380 |
| **INCOME DATA** | | | | | | | |
| Total interest income | $19,986 | $5,063 | $2,345 | $3,508 | $3,164 | $4,084 | $1,823 |
| Total interest expense | 2,285 | 746 | 263 | 391 | 365 | 385 | 135 |
| Net interest income | 17,701 | 4,317 | 2,082 | 3,117 | 2,799 | 3,699 | 1,688 |
| Provision for loan and lease losses | 743 | 231 | 76 | 96 | 114 | 186 | 40 |
| Total noninterest income | 5,140 | 993 | 596 | 1,259 | 768 | 985 | 539 |
| Total noninterest expense | 15,206 | 3,552 | 1,896 | 2,917 | 2,304 | 3,104 | 1,433 |
| Securities gains (losses) | 240 | 71 | 29 | 41 | 31 | 47 | 22 |
| Applicable income taxes | 1,672 | 502 | 181 | 334 | 197 | 219 | 238 |
| Extraordinary gains, net | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total net income (includes minority interests) | 5,460 | 1,095 | 554 | 1,070 | 982 | 1,221 | 537 |
| Bank net income | 5,454 | 1,094 | 553 | 1,069 | 982 | 1,220 | 537 |
| Net charge-offs | 467 | 136 | 60 | 78 | 53 | 127 | 12 |
| Cash dividends | 2,526 | 362 | 194 | 581 | 564 | 597 | 229 |
| Retained earnings | 2,927 | 732 | 359 | 488 | 418 | 623 | 308 |
| Net operating income | 5,272 | 1,043 | 533 | 1,037 | 956 | 1,181 | 522 |

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

## Table IV-B. Second Quarter 2016, FDIC-Insured Community Banks

| Performance ratios (annualized, %) | All Community Banks | | Second Quarter 2016, Geographic Regions* | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2nd Quarter 2016 | 1st Quarter 2016 | New York | Atlanta | Chicago | Kansas City | Dallas | San Francisco |
| Yield on earning assets | 4.04 | 4.02 | 3.85 | 4.16 | 3.94 | 4.11 | 4.25 | 4.08 |
| Cost of funding earning assets | 0.46 | 0.46 | 0.57 | 0.47 | 0.44 | 0.47 | 0.40 | 0.30 |
| Net interest margin | 3.58 | 3.56 | 3.28 | 3.69 | 3.50 | 3.63 | 3.85 | 3.78 |
| Noninterest income to assets | 0.97 | 0.89 | 0.71 | 0.97 | 1.31 | 0.93 | 0.95 | 1.13 |
| Noninterest expense to assets | 2.86 | 2.84 | 2.52 | 3.10 | 3.04 | 2.79 | 2.99 | 3.00 |
| Loan and lease loss provision to assets | 0.14 | 0.12 | 0.16 | 0.12 | 0.10 | 0.14 | 0.18 | 0.08 |
| Net operating income to assets | 0.99 | 0.95 | 0.74 | 0.87 | 1.08 | 1.16 | 1.14 | 1.09 |
| Pretax return on assets | 1.34 | 1.28 | 1.13 | 1.20 | 1.46 | 1.43 | 1.39 | 1.62 |
| Return on assets | 1.03 | 0.98 | 0.78 | 0.90 | 1.11 | 1.19 | 1.18 | 1.12 |
| Return on equity | 9.09 | 8.74 | 6.92 | 8.04 | 9.81 | 10.59 | 10.54 | 9.64 |
| Net charge-offs to loans and leases | 0.13 | 0.10 | 0.13 | 0.15 | 0.12 | 0.09 | 0.19 | 0.04 |
| Loan and lease loss provision to net charge-offs | 159.07 | 178.12 | 169.42 | 126.77 | 123.07 | 214.26 | 145.96 | 329.06 |
| Efficiency ratio | 66.24 | 67.24 | 66.54 | 70.43 | 66.35 | 64.23 | 65.99 | 64.04 |
| Net interest income to operating revenue | 77.50 | 78.84 | 81.30 | 77.74 | 71.22 | 78.47 | 78.97 | 75.79 |
| % of unprofitable institutions | 4.69 | 5.21 | 6.79 | 6.75 | 5.61 | 3.21 | 3.13 | 5.19 |
| % of institutions with earnings gains | 60.03 | 61.51 | 61.27 | 62.26 | 60.62 | 58.28 | 59.46 | 60.66 |

## Table V-B. First Half 2016, FDIC-Insured Community Banks

| Performance ratios (%) | All Community Banks | | First Half 2016, Geographic Regions* | | | | | |
|---|---|---|---|---|---|---|---|---|
| | First Half 2016 | First Half 2015 | New York | Atlanta | Chicago | Kansas City | Dallas | San Francisco |
| Yield on earning assets | 4.03 | 4.01 | 3.85 | 4.16 | 3.92 | 4.08 | 4.24 | 4.07 |
| Cost of funding earning assets | 0.46 | 0.46 | 0.56 | 0.47 | 0.44 | 0.47 | 0.40 | 0.30 |
| Net interest margin | 3.57 | 3.56 | 3.28 | 3.69 | 3.49 | 3.61 | 3.84 | 3.77 |
| Noninterest income to assets | 0.93 | 0.96 | 0.69 | 0.93 | 1.26 | 0.88 | 0.93 | 1.04 |
| Noninterest expense to assets | 2.84 | 2.91 | 2.52 | 3.08 | 3.03 | 2.76 | 2.98 | 2.98 |
| Loan and lease loss provision to assets | 0.13 | 0.11 | 0.14 | 0.11 | 0.10 | 0.13 | 0.18 | 0.08 |
| Net operating income to assets | 0.97 | 0.96 | 0.74 | 0.84 | 1.05 | 1.13 | 1.13 | 1.04 |
| Pretax return on assets | 1.31 | 1.28 | 1.13 | 1.18 | 1.41 | 1.40 | 1.37 | 1.54 |
| Return on assets | 1.00 | 0.99 | 0.77 | 0.87 | 1.08 | 1.16 | 1.17 | 1.07 |
| Return on equity | 8.94 | 8.89 | 6.87 | 7.78 | 9.55 | 10.42 | 10.54 | 9.22 |
| Net charge-offs to loans and leases | 0.11 | 0.12 | 0.11 | 0.12 | 0.11 | 0.09 | 0.17 | 0.04 |
| Loan and lease loss provision to net charge-offs | 167.63 | 134.12 | 173.44 | 143.24 | 123.85 | 204.85 | 166.35 | 333.67 |
| Efficiency ratio | 66.65 | 67.87 | 66.87 | 70.60 | 67.07 | 64.50 | 66.13 | 65.04 |
| Net interest income to operating revenue | 78.17 | 77.38 | 81.71 | 78.46 | 72.03 | 79.27 | 79.34 | 77.10 |
| % of unprofitable institutions | 4.50 | 5.37 | 5.56 | 7.05 | 5.70 | 2.87 | 2.88 | 5.74 |
| % of institutions with earnings gains | 62.30 | 62.98 | 61.42 | 63.44 | 61.51 | 60.26 | 64.80 | 64.21 |

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

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

| June 30, 2016 | All Community Banks | Geographic Regions* | | | | | |
|---|---|---|---|---|---|---|---|
| | | New York | Atlanta | Chicago | Kansas City | Dallas | San Francisco |
| **Percent of Loans 30-89 Days Past Due** | | | | | | | |
| All loans secured by real estate | 0.49 | 0.42 | 0.56 | 0.57 | 0.48 | 0.58 | 0.28 |
| Construction and development | 0.43 | 0.38 | 0.47 | 0.58 | 0.35 | 0.47 | 0.26 |
| Nonfarm nonresidential | 0.31 | 0.28 | 0.31 | 0.39 | 0.36 | 0.35 | 0.17 |
| Multifamily residential real estate | 0.12 | 0.09 | 0.11 | 0.21 | 0.24 | 0.14 | 0.02 |
| Home equity loans | 0.38 | 0.42 | 0.44 | 0.40 | 0.31 | 0.43 | 0.21 |
| Other 1-4 family residential | 0.79 | 0.68 | 0.99 | 0.88 | 0.65 | 0.98 | 0.60 |
| Commercial and industrial loans | 0.53 | 0.43 | 0.54 | 0.39 | 0.61 | 0.70 | 0.48 |
| Loans to individuals | 1.44 | 1.76 | 1.54 | 0.91 | 0.99 | 2.15 | 0.78 |
| Credit card loans | 1.81 | 2.18 | 1.00 | 1.17 | 3.17 | 0.93 | 1.08 |
| Other loans to individuals | 1.43 | 1.75 | 1.55 | 0.90 | 0.87 | 2.18 | 0.76 |
| All other loans and leases (including farm) | 0.44 | 0.28 | 0.28 | 0.37 | 0.58 | 0.38 | 0.41 |
| Total loans and leases | 0.53 | 0.46 | 0.59 | 0.55 | 0.54 | 0.67 | 0.33 |
| **Percent of Loans Noncurrent**** | | | | | | | |
| All loans secured by real estate | 1.05 | 1.23 | 1.19 | 1.16 | 0.77 | 0.93 | 0.65 |
| Construction and development | 1.24 | 1.25 | 2.10 | 1.24 | 1.19 | 0.87 | 0.96 |
| Nonfarm nonresidential | 0.93 | 1.10 | 0.99 | 1.10 | 0.85 | 0.79 | 0.53 |
| Multifamily residential real estate | 0.32 | 0.20 | 0.71 | 0.60 | 0.44 | 0.44 | 0.10 |
| Home equity loans | 0.69 | 0.83 | 0.61 | 0.73 | 0.31 | 0.64 | 0.66 |
| Other 1-4 family residential | 1.36 | 1.78 | 1.26 | 1.41 | 0.72 | 1.19 | 0.90 |
| Commercial and industrial loans | 1.21 | 1.38 | 0.80 | 1.00 | 0.95 | 1.70 | 0.96 |
| Loans to individuals | 0.69 | 0.68 | 0.84 | 0.37 | 0.45 | 1.23 | 0.29 |
| Credit card loans | 0.97 | 1.37 | 0.43 | 0.90 | 1.19 | 0.63 | 0.64 |
| Other loans to individuals | 0.68 | 0.65 | 0.85 | 0.35 | 0.41 | 1.25 | 0.27 |
| All other loans and leases (including farm) | 0.98 | 3.02 | 0.48 | 0.61 | 0.67 | 0.68 | 0.68 |
| Total loans and leases | 1.05 | 1.29 | 1.11 | 1.07 | 0.77 | 1.05 | 0.68 |
| **Percent of Loans Charged-Off (net, YTD)** | | | | | | | |
| All loans secured by real estate | 0.04 | 0.06 | 0.06 | 0.07 | 0.02 | 0.03 | -0.03 |
| Construction and development | 0.01 | 0.06 | 0.13 | 0.05 | -0.05 | -0.05 | -0.13 |
| Nonfarm nonresidential | 0.04 | 0.05 | 0.04 | 0.06 | 0.03 | 0.04 | -0.02 |
| Multifamily residential real estate | 0.01 | 0.01 | 0.02 | 0.04 | 0.04 | -0.01 | -0.02 |
| Home equity loans | 0.07 | 0.09 | 0.07 | 0.11 | 0.00 | 0.04 | 0.01 |
| Other 1-4 family residential | 0.07 | 0.09 | 0.07 | 0.10 | 0.04 | 0.05 | -0.01 |
| Commercial and industrial loans | 0.27 | 0.27 | 0.28 | 0.20 | 0.17 | 0.44 | 0.16 |
| Loans to individuals | 0.77 | 0.89 | 0.74 | 0.55 | 0.88 | 0.84 | 0.60 |
| Credit card loans | 4.94 | 4.06 | 1.26 | 3.52 | 12.03 | 1.26 | 1.95 |
| Other loans to individuals | 0.61 | 0.77 | 0.73 | 0.44 | 0.28 | 0.83 | 0.51 |
| All other loans and leases (including farm) | 0.20 | 0.18 | 0.24 | 0.15 | 0.09 | 0.46 | 0.19 |
| Total loans and leases | 0.11 | 0.11 | 0.12 | 0.11 | 0.09 | 0.17 | 0.04 |
| **Loans Outstanding (in billions)** | | | | | | | |
| All loans secured by real estate | $1,126.3 | $342.8 | $137.1 | $196.6 | $153.3 | $197.0 | $99.5 |
| Construction and development | 97.6 | 19.5 | 15.8 | 12.7 | 12.7 | 28.3 | 8.6 |
| Nonfarm nonresidential | 430.7 | 121.5 | 58.6 | 71.7 | 50.2 | 79.9 | 48.9 |
| Multifamily residential real estate | 98.8 | 53.3 | 6.4 | 14.6 | 7.9 | 7.4 | 9.3 |
| Home equity loans | 50.7 | 17.2 | 7.6 | 11.4 | 4.8 | 4.6 | 5.1 |
| Other 1-4 family residential | 382.4 | 129.3 | 44.5 | 70.5 | 49.4 | 64.4 | 24.3 |
| Commercial and industrial loans | 201.7 | 49.9 | 19.2 | 37.5 | 33.3 | 42.9 | 18.9 |
| Loans to individuals | 60.8 | 12.9 | 7.0 | 11.9 | 10.0 | 13.8 | 5.3 |
| Credit card loans | 2.1 | 0.5 | 0.1 | 0.4 | 0.5 | 0.3 | 0.3 |
| Other loans to individuals | 58.7 | 12.4 | 6.8 | 11.5 | 9.5 | 13.5 | 5.0 |
| All other loans and leases (including farm) | 90.3 | 12.7 | 4.5 | 14.6 | 34.1 | 18.0 | 6.4 |
| Total loans and leases | 1,479.1 | 418.3 | 167.7 | 260.6 | 230.7 | 271.6 | 130.1 |
| **Memo: Unfunded Commitments (in millions)** | | | | | | | |
| Total Unfunded Commitments | 281,309 | 72,926 | 30,357 | 51,695 | 46,420 | 50,956 | 28,955 |
| Construction and development: 1-4 family residential | 23,961 | 5,042 | 4,190 | 2,669 | 2,931 | 6,507 | 2,622 |
| Construction and development: CRE and other | 57,084 | 17,564 | 7,705 | 8,117 | 6,503 | 12,511 | 4,684 |
| Commercial and industrial | 88,950 | 22,104 | 8,168 | 18,296 | 14,456 | 16,337 | 9,588 |

* See Table V-A (page 11) for explanations.
** Noncurrent loan rates represent the percentage of loans in each category that are past due 90 days or more or that are in nonaccrual status.

# Insurance Fund Indicators

**Insured Deposits Increase Only 0.2 Percent**

**DIF Reserve Ratio Rises 4 Basis Points to 1.17 Percent**

**Several Changes to Assessments Begin in the Third Quarter of 2016**

Total assets of the 6,058 FDIC-insured institutions increased by 1.5 percent ($240.6 billion) during the second quarter of 2016. Total deposits increased by 0.8 percent ($98.6 billion), domestic office deposits increased by 0.9 percent ($94.8 billion), and foreign office deposits increased by 0.3 percent ($3.8 billion). Domestic interest-bearing deposits increased by 0.6 percent ($52.2 billion), while noninterest-bearing deposits increased by 1.4 percent ($42.5 billion). For the 12 months ending June 30, total domestic deposits grew by 5.8 percent ($614.8 billion), with interest-bearing deposits increasing by 7.5 percent ($572.8 billion) and noninterest-bearing deposits increasing by 1.4 percent ($42.0 billion).[1] Other borrowed money increased by 6 percent, securities sold under agreements to repurchase declined by 15.5 percent, and foreign office deposits declined by 1.4 percent over the same 12-month period.[2]

Total estimated insured deposits increased slightly during the second quarter of 2016 (0.2 percent increase), compared to a 2.1 percent increase during the previous quarter.[3] For institutions existing at the start and the end of the most recent quarter, insured deposits increased during the quarter at 2,871 institutions (47 percent), decreased at 3,167 institutions (52 percent), and remained unchanged at 29 institutions. Estimated insured deposits increased by 5.3 percent over the 12 months ending June 30, 2016.

The Deposit Insurance Fund (DIF) increased by $2.8 billion during the second quarter of 2016 to $77.9 billion (unaudited). Assessment income of $2.3 billion and a negative provision for insurance losses of $627 million were the main drivers of the fund balance increase. Interest on investments of $164 million and unrealized gains on securities of $110 million also contributed to fund balance growth. Second quarter operating expenses of $441 million offset some of this growth. Two insured institutions, with assets of $122 million, failed during the second quarter. The DIF's reserve ratio was 1.17 percent on June 30, up from 1.13 percent at March 31, 2016, and 1.07 percent four quarters ago.

Effective April 1, 2011, the deposit insurance assessment base changed to average consolidated total assets minus average tangible equity.[4] Table 1 shows the distribution of the assessment base as of June 30, by institution asset size category.

## Changes in Assessments

Significant changes to deposit insurance assessments take effect in the third quarter of 2016. The reserve ratio (the fund balance as a percent of estimated insured deposits) increased to 1.17 percent in the second quarter of 2016 from 1.13 percent in the prior quarter. Under FDIC regulations, several changes to the assessment system take effect beginning the quarter after the DIF reserve ratio first reaches or exceeds 1.15 percent.

[1] Throughout the insurance fund discussion, FDIC-insured institutions include insured commercial banks and savings associations and, except where noted, exclude insured branches of foreign banks.
[2] Other borrowed money includes FHLB advances, term federal funds, mortgage indebtedness, and other borrowings.
[3] Figures for estimated insured deposits in this discussion include insured branches of foreign banks, in addition to insured commercial banks and savings institutions.
[4] There is an additional adjustment to the assessment base for banker's banks and custodial banks, as permitted under Dodd-Frank Wall Street Reform and Consumer Protection Act.

**Table 1**

**Distribution of the Assessment Base for FDIC-Insured Institutions* by Asset Size Data as of June 30, 2016**

| Asset Size | Number of Institutions | Percent of Total Institutions | Assessment Base** ($ Bil.) | Percent of Base |
|---|---|---|---|---|
| Less Than $1 Billion | 5,327 | 87.9 | $1,119.3 | 7.9 |
| $1 - $10 Billion | 619 | 10.2 | 1,522.7 | 10.7 |
| $10 - $50 Billion | 73 | 1.2 | 1,484.3 | 10.5 |
| $50 - $100 Billion | 13 | 0.2 | 833.2 | 5.9 |
| Over $100 Billion | 26 | 0.4 | 9,210.0 | 65.0 |
| Total | 6,058 | 100.0 | 14,169.6 | 100.0 |

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

### *Decrease in Overall Assessment Rates*

Overall initial assessment rates will decline from a range of 5 basis points to 35 basis points to a range of 3 basis points to 30 basis points beginning in the third quarter, pursuant to regulations approved by the FDIC Board of Directors (Board) in February 2011 and April 2016. As a result of this change, the FDIC estimates that regular assessments are expected to decline by about one third.

### *New Pricing Method for Established Small Banks*

The April 2016 final rule adopted by the Board amends the way insurance assessment rates are calculated for established small banks.[5,6] The rule updates the data and methodology that the FDIC uses to determine risk-based assessment rates for these institutions to better reflect risks and to help ensure that banks that take on greater risks pay more for deposit insurance than their less risky counterparts.

The rule revises the financial ratios method used to determine assessment rates for these banks so that it is based on a statistical model that estimates the probability of failure over three years. The rule eliminates risk categories for established small banks and uses the financial ratios method for all such banks (subject to minimum or maximum assessment rates based on a bank's CAMELS composite rating).

Changes to assessments approved in the April final rule are revenue neutral; that is, they leave aggregate assessment revenue collected from small banks approximately the same as it would have been absent the final rule.

Table 2 shows the schedule of initial and total assessment rates that will apply beginning in the third quarter of 2016. The rate schedule incorporates both the reduction in initial assessment rates from a range of 5 basis points to 35 basis points to a range of 3 basis points to 30 basis points and the new pricing method for established small banks. The FDIC estimates that assessment rates for approximately 93 percent of small banks will decline with the adoption of the new rate schedule.

[5] Generally, banks that have less than $10 billion in assets that have been federally insured for at least five years.
[6] https://www.gpo.gov/fdsys/pkg/FR-2016-05-20/pdf/2016-11181.pdf.

**Table 2**

**Initial and Total Base Assessment Rates*
(in basis points per annum)
After the Reserve Ratio Reaches 1.15 Percent****

| | Established Small Banks | | | Large & 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 |

* Total base assessment rates in the table do not include the Depository Institution Debt Adjustment (DIDA).

** The reserve ratio for the immediately prior assessment period must also be less than 2 percent.

*** The unsecured debt adjustment cannot exceed the lesser of 5 basis points or 50 percent of an insured depository institution's initial base assessment rate; thus, for example, an insured depository institution with an initial base assessment rate of 3 basis points will have a maximum unsecured debt adjustment of 1.5 basis points and cannot have a total base assessment rate lower than 1.5 basis points.

### *Large Bank Surcharges and Small Bank Assessment Credits*

On March 15, 2016, the FDIC Board approved a final rule to increase the DIF to the statutorily required minimum of 1.35 percent of estimated insured deposits.[7] Congress, in the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), increased the minimum DIF reserve ratio from 1.15 percent to 1.35 percent and required that the ratio reach that level by September 30, 2020. Further, the Dodd-Frank Act required that, in setting assessments, the FDIC offset the effect of the increase in the minimum reserve ratio from 1.15 to 1.35 percent on banks with less than $10 billion in assets.

To satisfy these requirements, the final rule imposes on large banks a surcharge of 4.5 basis points of their assessment base, after making certain adjustments.[8] The surcharges are to begin the quarter after the reserve ratio first reaches or surpasses 1.15 percent.[9] Therefore, beginning with the third quarter 2016 assessment period, large banks will pay quarterly surcharges in addition to their lower regular risk-based assessments.

The FDIC expects that surcharges will last eight quarters. In any event, surcharges will continue through the quarter in which the reserve ratio first meets or exceeds 1.35 percent, but not past the fourth quarter of 2018. If the reserve ratio has not reached 1.35 percent by the end of 2018, a shortfall assessment will be imposed on large banks to close the gap.

Small banks will receive credits to offset the portion of their assessments that help to raise the reserve ratio from 1.15 percent to 1.35 percent. When the reserve ratio is at or above 1.38 percent, the FDIC will automatically apply a small bank's credits to reduce its regular assessment up to the entire amount of the assessment.

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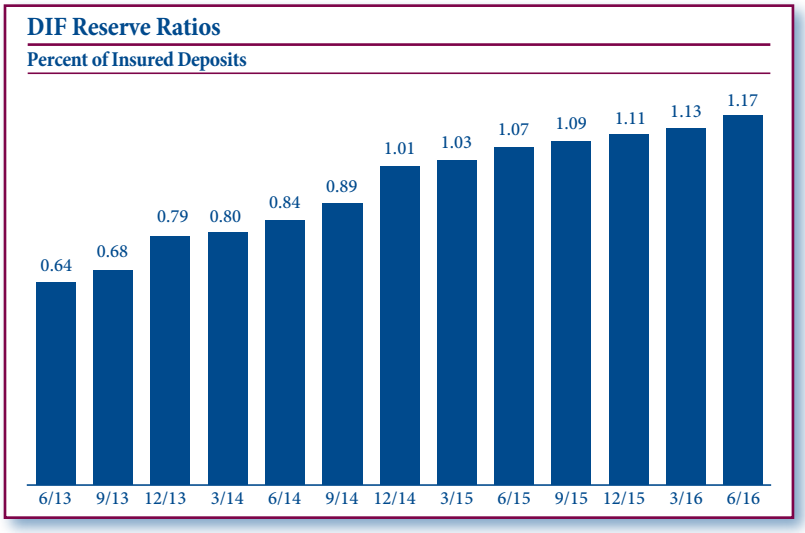
[7] https://www.federalregister.gov/articles/2016/03/25/2016-06770/assessments.
[8] Large banks are, generally, banks with assets of $10 billion or more.
[9] The assessment base for the surcharge will be a large bank's regular assessment base reduced by $10 billion (and subject to adjustment for affiliated banks).

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

| (dollar figures in millions) | Deposit Insurance Fund* | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2nd Quarter 2016 | 1st Quarter 2016 | 4th Quarter 2015 | 3rd Quarter 2015 | 2nd Quarter 2015 | 1st Quarter 2015 | 4th Quarter 2014 | 3rd Quarter 2014 | 2nd Quarter 2014 | 1st Quarter 2014 | 4th Quarter 2013 | 3rd Quarter 2013 | 2nd Quarter 2013 |
| **Beginning Fund Balance** | $75,120 | $72,600 | $70,115 | $67,589 | $65,296 | $62,780 | $54,320 | $51,059 | $48,893 | $47,191 | $40,758 | $37,871 | $35,742 |
| **Changes in Fund Balance:** | | | | | | | | | | | | | |
| Assessments earned | 2,328 | 2,328 | 2,160 | 2,170 | 2,328 | 2,189 | 2,030 | 2,009 | 2,224 | 2,393 | 2,224 | 2,339 | 2,526 |
| Interest earned on investment securities | 164 | 147 | 128 | 122 | 113 | 60 | 70 | 80 | 87 | 45 | 23 | 34 | 54 |
| Realized gain on sale of investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 302 | 156 | 0 |
| Operating expenses | 441 | 415 | 447 | 410 | 434 | 396 | 408 | 406 | 428 | 422 | 436 | 298 | 439 |
| Provision for insurance losses | -627 | -43 | -930 | -578 | -317 | -426 | -6,787 | -1,663 | -204 | 348 | -4,588 | -539 | -33 |
| All other income, net of expenses | 2 | 5 | 12 | 2 | 3 | 6 | -43 | 6 | 6 | 9 | 9 | 46 | 51 |
| Unrealized gain/(loss) on available-for-sale securities | 110 | 412 | -298 | 64 | -34 | 231 | 24 | -91 | 73 | 25 | -277 | 71 | -96 |
| Total fund balance change | 2,790 | 2,520 | 2,485 | 2,526 | 2,293 | 2,516 | 8,460 | 3,261 | 2,166 | 1,702 | 6,433 | 2,887 | 2,129 |
| **Ending Fund Balance** | 77,910 | 75,120 | 72,600 | 70,115 | 67,589 | 65,296 | 62,780 | 54,320 | 51,059 | 48,893 | 47,191 | 40,758 | 37,871 |
| Percent change from four quarters earlier | 15.27 | 15.05 | 15.64 | 29.08 | 32.37 | 33.55 | 33.03 | 33.27 | 34.82 | 36.79 | 43.19 | 61.58 | 66.88 |
| **Reserve Ratio (%)** | 1.17 | 1.13 | 1.11 | 1.09 | 1.07 | 1.03 | 1.01 | 0.89 | 0.84 | 0.80 | 0.79 | 0.68 | 0.64 |
| **Estimated Insured Deposits** | 6,683,668 | 6,670,040 | 6,531,014 | 6,418,195 | 6,345,199 | 6,345,210 | 6,205,775 | 6,136,985 | 6,105,327 | 6,115,296 | 6,004,747 | 5,968,649 | 5,951,721 |
| Percent change from four quarters earlier | 5.33 | 5.12 | 5.24 | 4.58 | 3.93 | 3.76 | 3.35 | 2.82 | 2.58 | 1.95 | -18.91 | -17.66 | -15.95 |
| **Domestic Deposits** | 11,240,142 | 11,154,730 | 10,950,091 | 10,695,508 | 10,629,336 | 10,616,459 | 10,408,189 | 10,213,201 | 10,099,416 | 9,962,545 | 9,825,480 | 9,631,665 | 9,424,637 |
| Percent change from four quarters earlier | 5.75 | 5.07 | 5.21 | 4.72 | 5.25 | 6.56 | 5.93 | 6.04 | 7.16 | 5.37 | 3.70 | 6.02 | 5.45 |
| **Assessment Base**** | 14,225,850 | 14,025,656 | 13,859,582 | 13,687,885 | 13,620,454 | 13,545,758 | 13,360,130 | 13,127,469 | 12,921,318 | 12,809,815 | 12,757,552 | 12,538,835 | 12,502,839 |
| Percent change from four quarters earlier | 4.44 | 3.54 | 3.74 | 4.27 | 5.41 | 5.75 | 4.72 | 4.69 | 3.35 | 2.97 | 2.59 | 2.14 | 2.82 |
| **Number of Institutions Reporting** | 6,067 | 6,131 | 6,191 | 6,279 | 6,357 | 6,428 | 6,518 | 6,598 | 6,665 | 6,739 | 6,821 | 6,900 | 6,949 |




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

| | DIF Balance | DIF-Insured Deposits |
|---|---|---|
| 6/13 | $37,871 | $5,951,721 |
| 9/13 | 40,758 | 5,968,649 |
| 12/13 | 47,191 | 6,004,747 |
| 3/14 | 48,893 | 6,115,296 |
| 6/14 | 51,059 | 6,105,327 |
| 9/14 | 54,320 | 6,136,985 |
| 12/14 | 62,780 | 6,205,775 |
| 3/15 | 65,296 | 6,345,210 |
| 6/15 | 67,589 | 6,345,199 |
| 9/15 | 70,115 | 6,418,195 |
| 12/15 | 72,600 | 6,531,014 |
| 3/16 | 75,120 | 6,670,040 |
| 6/16 | 77,910 | 6,683,668 |

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

| (dollar figures in millions) | 2016*** | 2015*** | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|
| **Problem Institutions** | | | | | | | |
| Number of institutions | 147 | 228 | 183 | 291 | 467 | 651 | 813 |
| Total assets | $28,970 | $56,503 | $46,780 | $86,712 | $152,687 | $232,701 | $319,432 |
| **Failed Institutions** | | | | | | | |
| Number of institutions | 3 | 5 | 8 | 18 | 24 | 51 | 92 |
| Total assets**** | $189 | $6,389 | $6,706 | $2,914 | $6,044 | $11,617 | $34,923 |

* Quarterly financial statement results are unaudited.
** Average consolidated total assets minus tangible equity, with adjustments for banker's banks and custodial banks.
*** Through June 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)* June 30, 2016 | Number of Institutions | Total Assets | Domestic Deposits* | Est. Insured Deposits |
|---|---|---|---|---|
| ***Commercial Banks and Savings Institutions*** | | | | |
| FDIC-Insured Commercial Banks | 5,238 | $15,425,648 | $10,333,441 | $5,950,187 |
| FDIC-Supervised | 3,482 | 2,371,820 | 1,866,511 | 1,316,850 |
| OCC-Supervised | 962 | 10,540,082 | 6,759,972 | 3,720,192 |
| Federal Reserve-Supervised | 794 | 2,513,746 | 1,706,958 | 913,146 |
| FDIC-Insured Savings Institutions | 820 | 1,108,343 | 867,753 | 706,300 |
| OCC-Supervised Savings Institutions | 389 | 709,269 | 567,490 | 467,075 |
| FDIC-Supervised Savings Institutions | 396 | 374,547 | 280,977 | 223,688 |
| Federal Reserve-Supervised | 35 | 24,527 | 19,286 | 15,538 |
| ***Total Commercial Banks and Savings Institutions*** | 6,058 | 16,533,991 | 11,201,194 | 6,656,488 |
| ***Other FDIC-Insured Institutions*** | | | | |
| U.S. Branches of Foreign Banks | 9 | 99,397 | 38,948 | 27,180 |
| ***Total FDIC-Insured Institutions*** | 6,067 | 16,633,388 | 11,240,142 | 6,683,668 |

* Excludes $1.3 trillion in foreign office deposits, which are not FDIC insured.

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

**Quarter Ending March 31, 2016** *(dollar figures in billions)*

| Annual Rate in Basis Points | Number of Institutions | Percent of Total Institutions | Amount of Assessment Base* | Percent of Total Assessment Base |
|---|---|---|---|---|
| 2.50-5.00 | 1,595 | 26.02 | $1,811.9 | 12.92 |
| 5.01-7.50 | 3,069 | 50.06 | 9,858.1 | 70.29 |
| 7.51-10.00 | 952 | 15.53 | 1,914.6 | 13.65 |
| 10.01-15.00 | 330 | 5.38 | 344.4 | 2.46 |
| 15.01-20.00 | 13 | 0.21 | 12.8 | 0.09 |
| 20.01-25.00 | 141 | 2.30 | 77.8 | 0.55 |
| 25.01-30.00 | 0 | 0.00 | 0.0 | 0.00 |
| 30.01-35.00 | 30 | 0.49 | 6.2 | 0.04 |
| greater than 35.00 | 1 | 0.02 | 0.0 | 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 V-A of the *FDIC Quarterly Banking Profile* is aggregated for all FDIC-insured institutions, both commercial banks and savings institutions. Tables VI-A (Derivatives) and VII-A (Servicing, Securitization, and Asset Sales Activities) aggregate information only for insured commercial banks and state-chartered savings banks that file quarterly *Call Reports.* Table VIII-A (Trust Services) aggregates Trust asset and income information collected annually from all FDIC-insured institutions. Some tables are arrayed by groups of FDIC-insured institutions based on predominant types of asset concentration, while other tables aggregate institutions by asset size and geographic region. Quarterly and full-year data are provided for selected indicators, including aggregate condition and income data, performance ratios, condition ratios, and structural changes, as well as past due, noncurrent, and charge-off information for loans outstanding and other assets.

## Tables I-B through VI-B.

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

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

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

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

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

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

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

## Summary of FDIC Research Definition of Community Banking Organizations

Community banks are designated at the level of the banking 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]

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

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

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

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

## Tables I-C through IV-C.

A separate set of tables (Tables I-C through IV-C) provides comparative quarterly data related to the Deposit Insurance Fund (DIF), problem institutions, failed/assisted institutions, estimated FDIC-insured deposits, as well as assessment rate information. Depository institutions that are not insured by the FDIC through the DIF are not included in the *FDIC Quarterly Banking Profile.* U.S. branches of institutions headquartered in foreign countries and non-deposit trust companies are not included unless otherwise indicated. Efforts are made to obtain financial reports for all active institutions. However, in some cases, final financial reports are not available for institutions that have closed or converted their charters.

## DATA SOURCES

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

## COMPUTATION METHODOLOGY

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

All condition and performance ratios represent weighted averages, i.e., 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.

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

## ACCOUNTING CHANGES

### Accounting for Measurement-Period Adjustments Related to a Business Combination

In September 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-16, "Simplifying the Accounting for Measurement-Period Adjustments." Under Accounting Standards Codification Topic 805, Business Combinations (formerly FASB Statement No. 141(R), "Business Combinations"), if the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer reports provisional amounts in its financial statements for the items for which the accounting is incomplete. During the measurement period, the acquirer is required to adjust the provisional amounts recognized at the acquisition date, with a corresponding adjustment to goodwill, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. At present under Topic 805, an acquirer is required to retrospectively adjust the provisional amounts recognized at the acquisition date to reflect the new information. To simplify the accounting for the adjustments made to provisional amounts, ASU 2015-16 eliminates the requirement to retrospectively account for the adjustments. Accordingly, the ASU amends Topic 805 to require an acquirer to recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which adjustment amounts are determined. Under the ASU, the acquirer also must recognize in the financial statements for the same reporting period the effect on earnings, if any, resulting from the adjustments to the provisional amounts as if the accounting for the business combination had been completed as of the acquisition date.

In general, the measurement period in a business combination is the period after the acquisition date during which the acquirer may adjust provisional amounts reported for identifiable assets acquired, liabilities assumed, and consideration transferred for the acquiree for which the initial accounting for the business combination is incomplete at the end of the reporting period in which the combination occurs. Topic 805 provides additional guidance on the measurement period, which shall not exceed one year from the acquisition date, and adjustments to provisional amounts during this period.

For institutions that are public business entities, as defined under U.S. GAAP, ASU 2015-16 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. For institutions that are not public business entities (i.e., that are private companies), the ASU is effective for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. The ASU's amendments to Topic 805 should be applied prospectively to adjustments to provisional amounts that occur after the effective date of the ASU. Thus, institutions with a calendar year fiscal year that are public business entities must apply the ASU to any adjustments to provisional amounts that occur after January 1, 2016, beginning with their Call Reports for March 31, 2016. Institutions with a calendar year fiscal year that are private companies must apply the ASU to any adjustments to provisional amounts that occur after January 1, 2017, beginning with their Call Reports for December 31, 2017. Early application of ASU 2015-16 is permitted in Call Reports that have not been submitted.

For additional information, institutions should refer to ASU 2015-16, which is available at http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498.

### Debt Issuance Costs

In April 2015, the FASB issued ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs." This ASU requires debt issuance costs associated with a recognized debt liability to be presented as a direct deduction from the face amount of the related debt liability, similar to debt discounts. The ASU is limited to the presentation of debt issuance costs; therefore, the recognition and measurement guidance for such costs is unaffected. At present, Accounting Standards Codification (ASC) Subtopic 835-30, Interest—Imputation of Interest, requires debt issuance costs to be reported on the balance sheet as an asset (i.e., a deferred charge). For Call Report purposes, the costs of issuing debt currently are reported, net of accumulated amortization, in "Other assets."

For institutions that are public business entities, as defined under U.S. GAAP, ASU 2015-03 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. For example, institutions with a calendar year fiscal year that are public business entities must apply the ASU in their Call Reports beginning March 31, 2016. For institutions that are not public business entities (i.e., that are private companies), the ASU is effective for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. Thus, institutions with a calendar year fiscal year that are private companies must apply the ASU in their December 31, 2016, and subsequent quarterly Call Reports. Early adoption of the guidance in ASU 2015-03 is permitted.

### Extraordinary Items

In January 2015, the FASB issued ASU No. 2015-01, "Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items." This ASU eliminates from U.S. GAAP the concept of extraordinary items. At present, ASC Subtopic 225-20, Income Statement—Extraordinary and Unusual Items (formerly Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations"), requires an entity to separately classify, present, and disclose extraordinary events and transactions. An event or transaction is presumed to be an ordinary and usual activity of the reporting entity unless evidence clearly supports its classification as an extraordinary item. If an event or transaction currently meets the criteria for extraordinary classification, an institution must segregate the extraordinary item from the results of its ordinary operations and report the extraordinary item in its income statement as "Extraordinary items and other adjustments, net of income taxes."

ASU 2015-01 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Thus, for example, institutions with a calendar year fiscal year must begin to apply the ASU in their Call Reports for March 31, 2016. Early adoption of ASU 2015-01 is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. For Call Report purposes, an institution with a calendar year fiscal year must apply the ASU prospectively, that is, in general, to events or transactions occurring after the date of adoption. However, an institution with a fiscal year other than a calendar year may elect to apply ASU 2015-01 prospectively or, alternatively, it may elect to apply the ASU retrospectively to all prior calendar quarters included in the institution's year-to-date Call Report income statement that includes the beginning of the fiscal year of adoption.

After an institution adopts ASU 2015-01, any event or transaction that would have met the criteria for extraordinary classification before the adoption of the ASU should be reported in "Other noninterest income," or "Other noninterest expense," as appropriate, unless the event or transaction would otherwise be reportable in the income statement. In addition, consistent with ASU 2015-01, the agencies plan to remove reference to the term "extraordinary items" from the Call Report income statement.

For additional information, institutions should refer to ASU 2015-01, which is available at http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498.

### Accounting by Private Companies for Identifiable Intangible Assets in a Business Combination

In December 2014, the FASB issued ASU No. 2014-18, "Accounting for Identifiable Intangible Assets in a Business Combination," which is a consensus of the Private Company Council (PCC). This ASU provides an accounting alternative that permits a private company, as defined in U.S. GAAP (and discussed in a later section of these Supplemental Instructions), to simplify the accounting for certain intangible assets. The accounting alternative applies when a private company is required to recognize or otherwise consider the fair value of intangible assets as a result of certain transactions, including when applying the acquisition method to a business combination under ASC Topic 805, Business Combinations (formerly FASB Statement No. 141 (revised 2007), "Business Combinations").

Under ASU 2014-18, a private company that elects the accounting alternative should no longer recognize separately from goodwill:

- Customer-related intangible assets unless they are capable of being sold or licensed independently from the other assets of a business, and
- Noncompetition agreements.

However, because mortgage servicing rights and core deposit intangibles are regarded as capable of being sold or licensed independently, a private company that elects this accounting alternative must recognize these intangible assets separately from goodwill, initially measure them at fair value, and subsequently measure them in accordance with ASC Topic 350, Intangibles–Goodwill and Other (formerly FASB Statement No. 142, "Goodwill and Other Intangible Assets").

A private company that elects the accounting alternative in ASU 2014-18 also must adopt the private company goodwill accounting alternative described in ASU 2014-02, "Accounting for Goodwill." However, a private company that elects the goodwill accounting alternative in ASU 2014-02 is not required to adopt the accounting alternative for identifiable intangible assets in ASU 2014-18.

A private company's decision to adopt ASU 2014-18 must be made upon the occurrence of the first business combination (or other transaction within the scope of the ASU) in fiscal years beginning after December 15, 2015. The effective date of the private company's decision to adopt the accounting alternative for identifiable intangible assets depends on the timing of that first transaction.

If the first transaction occurs in the private company's first fiscal year beginning after December 15, 2015, the adoption will be effective for that fiscal year's annual financial reporting period and all interim and annual periods thereafter. If the first transaction occurs in a fiscal year beginning after December 15, 2016, the adoption will be effective in the interim period that includes the date of the transaction and subsequent interim and annual periods thereafter.

Early application of the intangibles accounting alternative is permitted for any annual or interim period for which a private company's financial statements have not yet been made available for issuance. Customer-related intangible assets and noncompetition agreements that exist as of the beginning of the period of adoption should continue to be accounted for separately from goodwill, i.e., such existing intangible assets should not be combined with goodwill.

A bank or savings association that meets the private company definition in U.S. GAAP is permitted, but not required, to adopt ASU 2014-18 for Call Report purposes and may choose to early adopt the ASU, provided it also adopts the private company goodwill accounting alternative. If a private institution issues U.S. GAAP financial statements and adopts ASU 2014-18, it should apply the ASU's intangible asset accounting alternative in its Call Report in a manner consistent with its reporting of intangible assets in its financial statements.

For additional information on the private company accounting alternative for identifiable intangible assets, institutions should refer to ASU 2014-18, which is available at http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498.

### Private Company Accounting Alternatives

In May 2012, the Financial Accounting Foundation, the independent private sector organization responsible for the oversight of the FASB, approved the establishment of the PCC to improve the process of setting accounting standards for private companies. The PCC is charged with working jointly with the FASB to determine whether and in what circumstances to provide alternative recognition, measurement, disclosure, display, effective date, and transition guidance for private companies reporting under U.S. GAAP. Alternative guidance for private companies may include modifications or exceptions to otherwise applicable existing U.S. GAAP standards.

The banking agencies have concluded that a bank or savings association that is a private company, as defined in U.S. GAAP (as discussed in a later section of these Supplemental Instructions), is permitted to use private company accounting alternatives issued by the FASB when preparing its Call Reports, except as provided in 12 U.S.C. 1831n(a) as described in the following sentence. If the agencies determine that a particular accounting principle within U.S. GAAP, including a private company accounting alternative, is inconsistent with the statutorily specified supervisory objectives, the agencies may prescribe an accounting principle for regulatory reporting purposes that is no less stringent than U.S. GAAP. In such a situation, an institution would not be permitted to use that particular private company accounting alternative or other accounting principle within U.S. GAAP for Call Report purposes. The agencies would provide appropriate notice if they were to disallow any accounting alternative under the statutory process.

### Accounting by Private Companies for Goodwill

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

A bank or savings association that meets the private company definition in ASU 2014-02, as discussed in the following section of these Supplemental Instructions (i.e., a private institution), is permitted, but not required, to adopt this ASU for Call Report purposes and may choose to early adopt the ASU. If a private institution issues U.S. GAAP financial statements and adopts the ASU, it should apply the ASU's goodwill accounting alternative in its Call Report in a manner consistent with its reporting of goodwill in its financial statements. Thus, for example, a private institution with a calendar year fiscal year that chooses to adopt ASU 2014-02 must apply the ASU's provisions in its December 31, 2015, and subsequent quarterly Call Reports unless early application of the ASU was elected. This would require the private institution to report in its December 31, 2015, Call Report one year's amortization of goodwill existing as of January 1, 2015, and the amortization of any new goodwill recognized in 2015.

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

### Definitions of Private Company and Public Business Entity

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

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

### Reporting Certain Government-Guaranteed Mortgage Loans Upon Foreclosure

In August 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-14, "Classification of Certain Government-Guaranteed Mortgage Loans Upon Foreclosure," to address diversity in practice for how government-guaranteed mortgage loans are recorded upon foreclosure. The ASU updates guidance contained in ASC Subtopic 310-40, Receivables—Troubled Debt Restructurings by Creditors (formerly FASB Statement No. 15, "Accounting by Debtors and Creditors for Troubled Debt Restructurings," as amended), because U.S. GAAP previously did not provide specific guidance on how to categorize or measure foreclosed mortgage loans that are government guaranteed. The ASU clarifies the conditions under which a creditor must derecognize a government-guaranteed mortgage loan and recognize a separate "other receivable" upon foreclosure (that is, when a creditor receives physical possession of real estate property collateralizing a mortgage loan in accordance with the guidance in ASC Subtopic 310-40).

Under the ASU, institutions should derecognize a mortgage loan and record a separate other receivable upon foreclosure of the real estate collateral if the following conditions are met:

- The loan has a government guarantee that is not separable from the loan before foreclosure.
- At the time of foreclosure, the institution has the intent to convey the property to the guarantor and make a claim on the guarantee and it has the ability to recover under that claim.
- At the time of foreclosure, any amount of the claim that is determined on the basis of the fair value of the real estate is fixed (that is, the real estate property has been appraised for purposes of the claim and thus the institution is not exposed to changes in the fair value of the property).

This guidance is applicable to fully and partially government-guaranteed mortgage loans provided the three conditions identified above have been met. In such situations, upon foreclosure, the separate other receivable should be measured based on the amount of the loan balance (principal and interest) expected to be recovered from the guarantor.

For institutions that are public business entities, as defined under U.S. GAAP (as discussed in an earlier section of these Supplemental Instructions), ASU 2014-14 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2014. For example, institutions with a calendar year fiscal year that are public business entities must apply the ASU in their Call Reports beginning March 31, 2015. However, institutions that are not public business entities (i.e., that are private companies) are not required to apply the guidance in ASU 2014-14 until annual periods ending after December 15, 2015, and interim periods beginning after December 15, 2015. Thus, institutions with a calendar year fiscal year that are private companies must apply the ASU in their December 31, 2015, and subsequent quarterly Call Reports. Earlier adoption of the guidance in ASU 2014-14 is permitted if the institution has already adopted the amendments in ASU No. 2014-04, "Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure."

For additional information, institutions should refer to ASU 2014-14, which is available at http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176156316498.

### Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans Upon Foreclosure

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

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

- The institution obtaining legal title upon completion of a foreclosure even if the borrower has redemption rights that provide the borrower with a legal right for a period of time after foreclosure to reclaim the property by paying certain amounts specified by law, or
- The completion of a deed in lieu of foreclosure or similar legal agreement under which the borrower conveys all interest in the residential real estate property to the institution to satisfy the loan.

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

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

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

### True-Up Liability Under an FDIC Loss-Sharing Agreement

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

Since 2009, most loss-sharing agreements have included a true-up provision that may require the acquiring institution to reimburse the FDIC if cumulative losses in the acquired loss-share portfolio are less

than the amount of losses claimed by the institution throughout the loss-sharing period. Typically, a true-up liability may result because the recovery period on the loss-share assets (e.g., eight years) is longer than the period during which the FDIC agrees to reimburse the acquiring institution for losses on the loss-share portfolio (e.g., five years).

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

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

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

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

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

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

**Accounting for Loan Participations** – Amended ASC Topic 860 (formerly FAS 166) modified the criteria that must be met in order for a transfer of a portion of a financial asset, such as a loan participation, to qualify for sale accounting—refer to previously published *Quarterly Banking Profile* notes: http://www5.fdic.gov/qbp/2011mar/qbpnot.html.

**Other-Than-Temporary Impairment** – When the fair value of an investment in an individual available-for-sale or held-to-maturity security is less than its cost basis, the impairment is either temporary or other-than-temporary. The amount of the total other-than-temporary impairment related to credit loss must be recognized in earnings, but the amount of total impairment related to other factors must be recognized in other comprehensive income, net of applicable taxes. To determine whether the impairment is other-than-temporary, an institution must apply the applicable accounting guidance—refer to previously published *Quarterly Banking Profile* notes: http://www5.fdic.gov/qbp/2011mar/qbpnot.html.

**Accounting Standards Codification** – refer to previously published Quarterly Banking Profile notes: http://www5.fdic.gov/qbp/2011sep/qbpnot.html.

## DEFINITIONS (in alphabetical order)

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

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

**Assessment base** – effective April 1, 2011, the deposit insurance assessment base has changed to "average consolidated total assets minus average tangible equity" with an additional adjustment to the

assessment base for banker's banks and custodial banks, as permitted under Dodd-Frank. Previously the assessment base was "assessable deposits" and consisted of DIF deposits (deposits insured by the FDIC Deposit Insurance Fund) in banks' domestic offices with certain adjustments.

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

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

**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.

**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 file a *Thrift Financial Report* (TFR), the valuation allowance subtracted also includes allowances for other repossessed assets. Also, for TFR filers the components of other real estate owned are reported gross of valuation allowances. (TFR filers began filing Call Reports effective with the quarter ending March 31, 2012.)

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

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

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

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

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

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

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

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

**Risk-based capital groups – definitions:**

**Capital Ratios Used to Determine Capital Evaluations for Assessment Purposes, Effective January 1, 2015***

| Capital Evaluations | Total Risk-Based Capital Ratio | Tier 1 Risk-Based Capital Ratio | Common Equity Tier 1 Capital Ratio | Leverage Ratio |
|---|---|---|---|---|
| Well Capitalized | ≥10% | ≥8% | ≥6.5% | ≥5% |
| Adequately Capitalized** | ≥8% | ≥6% | ≥4.5% | ≥4% |
| Under-capitalized | Does not qualify as either Well Capitalized or Adequately Capitalized | | | |

* Effective January 1, 2018, the supplemental leverage ratio will be added to capital evaluations for deposit insurance assessment purposes.
**An institution is Adequately Capitalized if it is not Well Capitalized, but satisfies each of the listed capital ratio standards for Adequately Capitalized.

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

| Capital Category | Supervisory Group | | |
|---|---|---|---|
| | A | B | C |
| 1. Well Capitalized | I<br>5–9 bps | II<br>14 bps | III<br>23 bps |
| 2. Adequately Capitalized | II<br>14 bps | | |
| 3. Undercapitalized | III<br>23 bps | | IV<br>35 bps |

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

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

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

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

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

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

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

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

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

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

**Securities** – excludes securities held in trading accounts. Banks' securities portfolios consist of securities designated as "held-to-maturity,"

which are reported at amortized cost (book value), and securities designated as "available-for-sale," reported at fair (market) value.

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

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

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

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

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

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

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

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

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