FDIC Quarterly

Quarterly Banking Profile: Third Quarter 2018

2018 Summary of Deposits Highlights: Deposit Growth Slows and Office Decline Continues

2018
Volume 12, Number 4

Federal Deposit
Insurance Corporation

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

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

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

Chairman
Jelena McWilliams

Director, Division of Insurance and Research
Diane Ellis

Executive Editor
George French

Managing Editors
Alan Deaton
Patrick Mitchell
Shayna M. Olesiuk
Jonathan Pogach
Philip A. Shively
Kathy Zeidler

Editors
Clayton Boyce
Kathy Zeidler

Publication Manager
Lynne Montgomery

Media Inquiries
(202) 898-6993

2018 FDIC QUARTERLY

Volume 12 • Number 4

Quarterly Banking Profile: Third Quarter 2018

FDIC-insured institutions reported aggregate net income of $62 billion in the third quarter of 2018, up $14 billion (29.3 percent) from a year ago. The improvement in earnings was attributable to higher net operating revenue and a lower effective tax rate. Of the 5,477 insured institutions reporting third quarter financial results, more than 70 percent reported year-over-year growth in quarterly earnings. The percent of unprofitable banks in the third quarter declined to 3.5 percent from 4 percent a year ago. *See page 1.*

Community Bank Performance

Community banks—which represent 92 percent of insured institutions—reported net income of $6.8 billion in the third quarter, up $1.2 billion (21.6 percent) from a year earlier. Higher net operating revenue and lower income tax expenses offset an increase in noninterest expense. *See page 15.*

Insurance Fund Indicators

The Deposit Insurance Fund (DIF) balance increased by $2.6 billion during the quarter to $100.2 billion on September 30, driven by assessment income. The DIF's reserve ratio (the fund balance as a percent of estimated insured deposits) was 1.36 percent on September 30, 2018, up from 1.33 percent at June 30, 2018, and 1.27 percent on September 30, 2017. *See page 23.*

Featured Article:

2018 Summary of Deposits Highlights: Deposit Growth Slows and Office Decline Continues

The 2018 Summary of Deposits Survey showed that FDIC-insured institutions reported an increase in deposits and a decrease in offices over the past year. During the year ended June 2018, deposits increased at both noncommunity banks and at community banks, but at slower rates than in recent years. The decrease in the number of offices is a decade-long trend in both community banks and noncommunity banks, although the office opening and closing patterns of these two types of institutions has differed markedly. This article will describe these trends in detail and will look at the association between office closures and changes in bank profitability and efficiency. Analysis of Call Report data indicates that banks that closed offices at higher rates between 2013 and 2018 reported improved efficiency ratios and stronger profitability. *See page 31.*

The views expressed are those of the authors and do not necessarily reflect official positions of the Federal Deposit Insurance Corporation. Some of the information used in the preparation of this publication was obtained from publicly available sources that are considered reliable. However, the use of this information does not constitute an endorsement of its accuracy by the Federal Deposit Insurance Corporation. Articles may be reprinted or abstracted if the publication and author(s) are credited. Please provide the FDIC's Division of Insurance and Research with a copy of any publications containing reprinted material.

INSURED INSTITUTION PERFORMANCE

Net Income Registers a Strong Increase of 29.3 Percent From a Year Earlier

Higher Net Operating Revenue and a Lower Effective Tax Rate Boost Net Income

Net Interest Margin Rises as Increases in Asset Yields Exceed Funding Cost Growth

Loan and Lease Balances Expand 4 Percent From a Year Ago

The Noncurrent Rate Continues to Fall

One New Charter Is Added in Third Quarter 2018

Net Income Registers a Strong Increase of 29.3 Percent From a Year Earlier

Quarterly net income for the 5,477 FDIC-insured commercial banks and savings institutions increased to $62 billion in the third quarter, up $14 billion (29.3 percent) from a year earlier.[1] Higher net operating revenue (the sum of net interest income and noninterest income) and a lower effective tax rate combined to boost industry quarterly net income. Assuming the effective tax rate before the new tax law, net income would have totaled an estimated $54.6 billion, an increase of $6.7 billion (13.9 percent) from third quarter 2017.[2] The average return on assets ratio rose by 29 basis points to 1.41 percent, the highest quarterly level reported by the industry since the Quarterly Banking Profile began in 1986. The percentage of unprofitable banks in the third quarter declined to 3.5 percent, from 4 percent a year earlier.

Net Interest Margin Rises as Increases in Asset Yields Exceed Funding Cost Growth

Net interest income rose by $9.6 billion (7.5 percent) to $137.1 billion from 12 months ago, reflecting a modest growth in interest-bearing assets and wider net interest margins (NIM). More than four out of five banks (83 percent) reported annual increases in net interest income. NIM rose to 3.45 percent, up 15 basis points from a year earlier, as increases in average asset yields (up 44 basis points) exceeded average funding costs (up 29 basis points). The improvement in NIM was widespread, as almost 70 percent of banks reported increases from the previous year. Banks with assets of $10 billion to $250 billion reported the largest year-over-year increases in average asset yields (up 51 basis points) and average funding costs (up 33 basis points).

[1] Two insured institutions had not filed a September 30 Call Report at the time this report was prepared.
[2] This estimate of net income applies the average quarterly tax rate between fourth quarter 2011 and third quarter 2017 to income before taxes and discontinued operations.

Chart 1

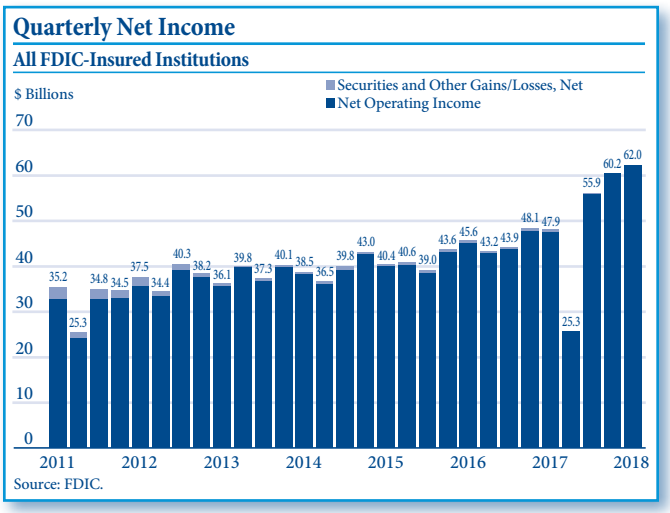
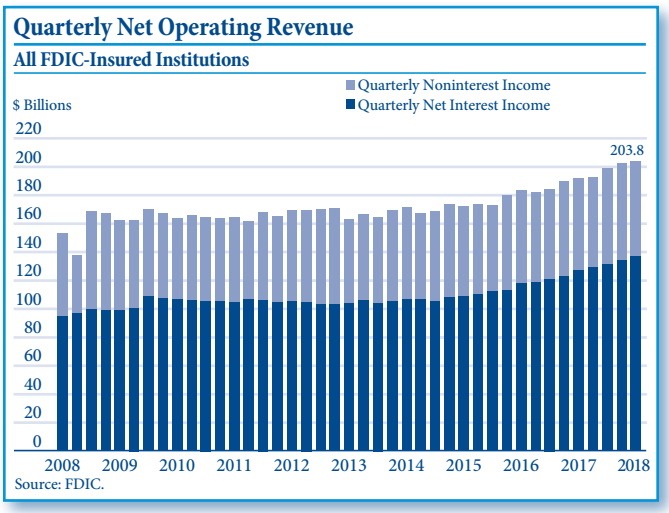


Chart 2



Loan-Loss Provisions Decline Over 12 Months

Banks assigned $11.9 billion in loan-loss provisions, a decline of $1.7 billion (12.6 percent) from third quarter 2017. Loan-loss provisions declined for the second consecutive quarter, posting the largest year-over-year decline since second quarter 2014. One-third of all banks reported lower loan-loss provisions than a year earlier.

Noninterest Income Expands Almost 4 Percent From a Year Earlier

Noninterest income rose to $66.7 billion in the third quarter, up $2.4 billion (3.8 percent) from the year before. The annual increase in noninterest income was led by servicing fees, which increased by $432.9 million (18.8 percent); investment banking fees, which rose by $287.8 million (10.4 percent); and other noninterest income, which grew by $1.5 billion (5.1 percent). Slightly more than half of all banks (54.2 percent) reported increases in noninterest income compared with a year earlier.

Noninterest Expense Increases 4 Percent From Third Quarter 2017

Noninterest expenses rose by $4.3 billion (4 percent) over the past 12 months, as almost 75 percent of all banks reported increases. The yearly increase was attributable to salary and employee benefits, which grew by $2.1 billion (4.1 percent), and other noninterest expense, which increased by $1.8 billion (4.1 percent). The average assets per employee increased from $8.3 million in third quarter 2017 to $8.5 million.

Net Charge-Off Rate Remains Stable From a Year Earlier

Net charge-offs (NCOs) totaled $11.2 billion in the third quarter, an increase of $171.9 million (1.6 percent) from a year earlier. NCOs continued rising, but at a slower rate than previous quarters. Credit card balances registered the largest dollar increase in NCOs this quarter (up $837.8 million, or 12.3 percent). The average net charge-off rate declined 1 basis point from a year earlier to 0.45 percent.

Noncurrent Loan Rate Falls to 1.02 Percent

Noncurrent loan balances (90 days or more past due or in nonaccrual status) fell by $3.6 billion (3.4 percent) during the quarter. Almost half of all banks (49.5 percent) reported reductions in noncurrent loan balances. The quarterly dollar decline was attributable to residential mortgage balances, which fell by $3.1 billion (6.3 percent) and commercial and industrial loan balances, which declined by $1.1 billion (6.8 percent). Credit card balances had the largest quarterly dollar increase, rising by $806.5 million (7.6 percent). The average noncurrent rate declined by 4 basis points from the previous quarter to 1.02 percent.

Chart 3

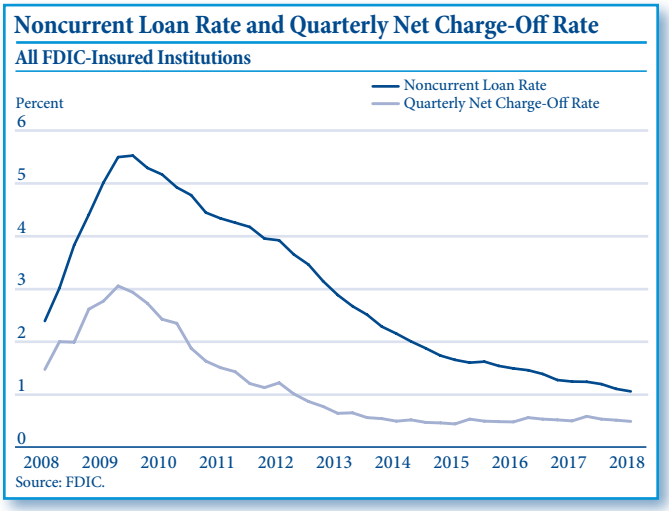
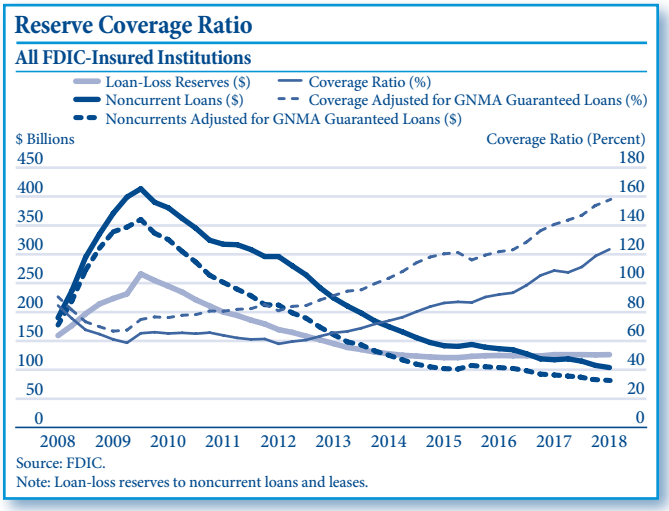


Chart 4



Coverage Ratio Rises to 122.2 Percent

Loan-loss reserves rose by $303.7 million (0.2 percent) during the third quarter, as loan-loss provisions of $11.9 billion surpassed the $11.2 billion in NCOs. Almost 61 percent of all banks reported a quarterly increase in loan-loss reserves. At the 713 banks that itemize their loan-loss reserves and hold almost 91 percent of total industry loan-loss reserves, losses on credit cards rose by $813.9 million (2.1 percent), while residential real estate losses declined by $655.8 million (4.9 percent). With a $3.6 billion reduction in noncurrent loan balances, the coverage ratio (loan-loss reserves to noncurrent loan balances) rose to 122.2 percent, the highest level since first quarter 2007. This marks the sixth consecutive quarter that the industry's coverage ratio was above 100 percent.

Equity Capital Increases From the Previous Quarter

Equity capital grew by $13.5 billion (0.7 percent) from the previous quarter. Decline in market value for available-for-sale securities limited the growth, as unrealized losses rose by $11.3 billion (28.1 percent) to $51.5 billion during the quarter. The unrealized losses on available-for-sale securities were 2 percent of their amortized cost, the highest loss level since first quarter 2009. Declared dividends totaled $43.8 billion, an increase of $7.9 billion (22 percent) from the year before. At the end of the quarter, 99.6 percent of all insured institutions, which account for 99.98 percent of total industry assets, met or exceeded the requirements for the well capitalized category, as defined for Prompt Corrective Action purposes.

Total Assets Increase Despite the Decline in Available-For-Sale Securities

Total assets increased by $140 billion (0.8 percent) from the previous quarter. The investment securities portfolio declined by $3.2 billion (0.1 percent) from the second quarter, as the increase in held-to-maturity securities (up $32.6 billion, or 3.1 percent) was offset by a decline in available-for-sale securities (down $36.2 billion, or 1.4 percent). State and municipal securities declined by $14.1 billion (4.1 percent), marking a third consecutive quarterly decline.

Chart 5

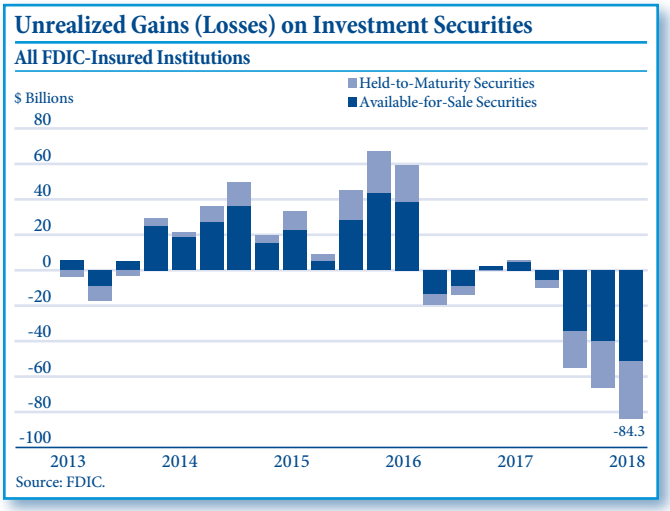
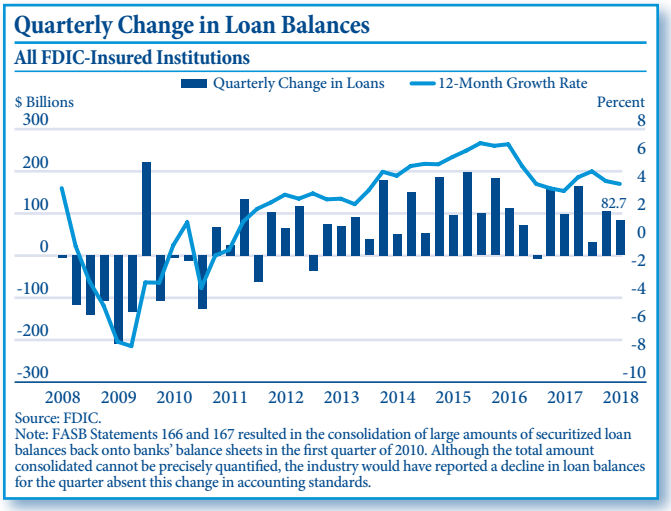


Chart 6



Loan and Lease Balances Expand 4 Percent From a Year Ago

With close to 72 percent of all banks reporting increases in loan and lease balances from the previous quarter, aggregate balances grew by $82.7 billion (0.8 percent). All major loan categories registered quarterly increases.[3] Consumer loans, which include credit card balances, had the largest dollar increase (up 32.4 billion, or 2 percent). Over the past 12 months, aggregate loan and lease balances rose by $382.4 billion (4 percent), a slight decline from the 4.2 percent annual growth rate reported last quarter. All major loan categories reported annual increases, led by commercial and industrial loans (up $98.7 billion, or 5 percent) and consumer loans, which includes credit card balances (up $88 billion, or 5.5 percent).

Deposits Increase From the Previous Quarter

Total deposits rose by $105 billion (0.8 percent) from the previous quarter. Interest-bearing deposits increased by $159.3 billion (1.8 percent), while noninterest-bearing deposits declined by $72.9 billion (2.3 percent), the largest quarterly dollar decline since first quarter 2013. Nondeposit liabilities increased by $21.5 billion (1 percent) from the second quarter, as trading liabilities grew by $20.8 billion (8.7 percent) and other liabilities rose by $17.5 billion (4.5 percent). Federal Home Loan Bank advances declined by $30.6 billion (5.2 percent).

One New Charter Is Added in Third Quarter 2018

The number of FDIC-insured commercial banks and savings institutions fell from 5,542 to 5,477 during the three months ended September 30. One new charter was added during the third quarter, 60 institutions were absorbed by mergers, and there were no bank failures. The number of banks on the FDIC's "Problem Bank List" declined from 82 to 71, the lowest number since third quarter 2007. Total assets of problem banks declined from $54.4 billion to $53.3 billion.

Author:
Benjamin Tikvina
Senior Financial Analyst
Division of Insurance and Research

[3] Major loan categories include commercial and industrial loans, residential mortgage loans, consumer loans, and nonfarm nonresidential loans. Consumer loans include credit card loans, automobile loans, and all other consumer loans.

Chart 7

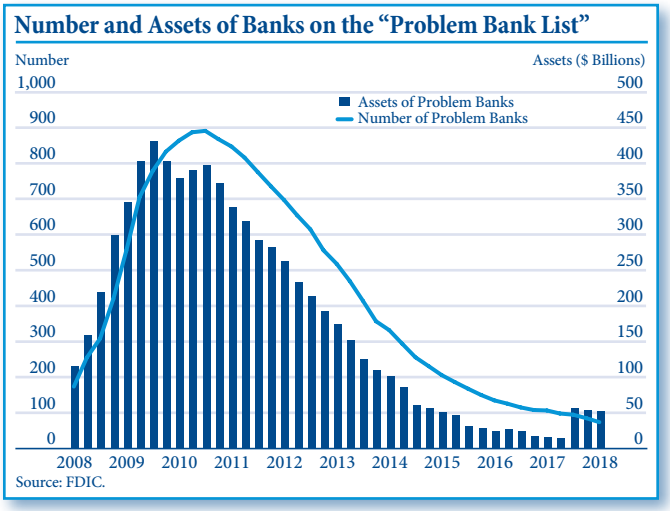


TABLE I-A. Selected Indicators, All FDIC-Insured Institutions*

	2018**	2017**	2017	2016	2015	2014	2013
Return on assets (%)	1.36	1.10	0.97	1.04	1.04	1.01	1.07
Return on equity (%)	12.05	9.77	8.61	9.29	9.29	9.01	9.54
Core capital (leverage) ratio (%)	9.77	9.70	9.63	9.48	9.59	9.44	9.40
Noncurrent assets plus other real estate owned to assets (%)	0.62	0.73	0.72	0.86	0.97	1.20	1.63
Net charge-offs to loans (%)	0.48	0.48	0.50	0.47	0.44	0.49	0.69
Asset growth rate (%)	2.50	2.84	3.79	5.09	2.66	5.59	1.94
Net interest margin (%)	3.38	3.23	3.25	3.13	3.07	3.14	3.26
Net operating income growth (%)	28.72	9.68	-3.25	4.57	7.11	-0.73	12.82
Number of institutions reporting	5,477	5,738	5,670	5,913	6,182	6,509	6,812
Commercial banks	4,774	4,971	4,918	5,112	5,338	5,607	5,847
Savings institutions	703	767	752	801	844	902	965
Percentage of unprofitable institutions (%)	3.30	3.90	5.61	4.46	4.80	6.27	8.16
Number of problem institutions	71	104	95	123	183	291	467
Assets of problem institutions (in billions)	$53	$16	$14	$28	$47	$87	$153
Number of failed institutions	0	6	8	5	8	18	24

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

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

(dollar figures in millions)	3rd Quarter 2018	2nd Quarter 2018	3rd Quarter 2017	%Change 17Q3-18Q3
Number of institutions reporting	5,477	5,542	5,738	-4.6
Total employees (full-time equivalent)	2,070,684	2,077,035	2,084,080	-0.6
CONDITION DATA				
Total assets	$17,672,777	$17,532,824	$17,242,461	2.5
Loans secured by real estate	4,863,210	4,831,924	4,730,489	2.8
1-4 Family residential mortgages	2,112,280	2,090,427	2,042,017	3.4
Nonfarm nonresidential	1,427,084	1,421,835	1,377,485	3.6
Construction and development	350,878	346,909	330,919	6.0
Home equity lines	381,638	389,048	417,297	-8.6
Commercial & industrial loans	2,087,325	2,076,565	1,988,590	5.0
Loans to individuals	1,690,634	1,658,212	1,602,624	5.5
Credit cards	856,327	837,186	795,424	7.7
Farm loans	82,355	79,844	80,882	1.8
Other loans & leases	1,218,111	1,212,445	1,156,415	5.3
Less: Unearned income	2,330	2,346	2,059	13.2
Total loans & leases	9,939,305	9,856,644	9,556,941	4.0
Less: Reserve for losses	123,724	123,420	123,504	0.2
Net loans and leases	9,815,581	9,733,223	9,433,437	4.1
Securities	3,630,097	3,633,322	3,615,280	0.4
Other real estate owned	7,187	7,612	9,099	-21.0
Goodwill and other intangibles	397,110	391,770	378,111	5.0
All other assets	3,822,802	3,766,897	3,806,534	0.4
Total liabilities and capital	17,672,777	17,532,824	17,242,461	2.5
Deposits	13,573,676	13,468,725	13,219,299	2.7
Domestic office deposits	12,321,840	12,235,437	11,919,815	3.4
Foreign office deposits	1,251,835	1,233,288	1,299,484	-3.7
Other borrowed funds	1,497,300	1,494,288	1,474,114	1.6
Subordinated debt	68,844	67,197	75,110	-8.3
All other liabilities	535,705	518,828	518,543	3.3
Total equity capital (includes minority interests)	1,997,252	1,983,786	1,955,395	2.1
Bank equity capital	1,993,760	1,980,305	1,950,359	2.2
Loans and leases 30-89 days past due	63,203	59,365	64,083	-1.4
Noncurrent loans and leases	101,259	104,834	114,840	-11.8
Restructured loans and leases	56,400	57,614	61,547	-8.4
Mortgage-backed securities	2,157,652	2,156,909	2,117,153	1.9
Earning assets	15,959,373	15,852,110	15,586,357	2.4
FHLB Advances	553,369	583,974	575,406	-3.8
Unused loan commitments	7,837,284	7,736,524	7,409,672	5.8
Trust assets	20,495,983	20,369,312	19,708,519	4.0
Assets securitized and sold	626,047	642,731	699,500	-10.5
Notional amount of derivatives	209,754,241	209,828,278	190,609,917	10.0

INCOME DATA	First Three Quarters 2018	First Three Quarters 2017	%Change	3rd Quarter 2018	3rd Quarter 2017	%Change 17Q3-18Q3
Total interest income	$484,904	$423,152	14.6	$169,021	$147,383	14.7
Total interest expense	83,177	52,334	58.9	31,927	19,840	60.9
Net interest income	401,727	370,818	8.3	137,094	127,543	7.5
Provision for loan and lease losses	35,971	37,539	-4.2	11,863	13,575	-12.6
Total noninterest income	201,949	193,029	4.6	66,658	64,237	3.8
Total noninterest expense	341,862	325,900	4.9	113,594	109,249	4.0
Securities gains (losses)	558	2,107	-73.5	130	825	-84.2
Applicable income taxes	48,050	62,861	-23.6	16,349	21,879	-25.3
Extraordinary gains, net*	-227	135	N/M	-39	119	N/M
Total net income (includes minority interests)	178,125	139,788	27.4	62,037	48,021	29.2
Bank net income	177,906	139,523	27.5	61,967	47,934	29.3
Net charge-offs	34,894	33,646	3.7	11,163	10,991	1.6
Cash dividends	112,078	91,456	22.6	43,815	35,924	22.0
Retained earnings	65,828	48,066	37.0	18,152	12,010	51.1
Net operating income	177,904	138,212	28.7	61,973	47,340	30.9

* See Notes to Users for explanation.

N/M - Not Meaningful

TABLE III-A. Third Quarter 2018, All FDIC-Insured Institutions

THIRD QUARTER (The way it is...)	All Insured Institutions	Asset Concentration Groups*								
		Credit Card Banks	International Banks	Agricultural Banks	Commercial Lenders	Mortgage Lenders	Consumer Lenders	Other Specialized <$1 Billion	All Other <$1 Billion	All Other >$1 Billion
Number of institutions reporting	5,477	12	5	1,367	2,877	408	70	232	454	52
Commercial banks	4,774	11	5	1,354	2,577	114	51	207	415	40
Savings institutions	703	1	0	13	300	294	19	25	39	12
Total assets (in billions)	$17,672.8	$640.0	$4,245.9	$285.3	$6,232.7	$352.0	$212.8	$35.7	$78.3	$5,590.1
Commercial banks	16,480.4	549.8	4,245.9	279.1	5,766.0	105.8	107.2	31.3	70.2	5,325.0
Savings institutions	1,192.4	90.2	0.0	6.3	466.7	246.2	105.6	4.4	8.1	265.1
Total deposits (in billions)	13,573.7	377.0	3,072.2	233.6	4,883.0	274.5	173.7	28.2	66.2	4,465.3
Commercial banks	12,631.6	312.9	3,072.2	230.5	4,533.3	85.4	85.6	25.3	59.7	4,226.6
Savings institutions	942.1	64.1	0.0	3.1	349.7	189.1	88.1	2.9	6.4	238.7
Bank net income (in millions)	61,967	4,885	12,785	1,005	20,263	1,085	734	343	238	20,628
Commercial banks	58,148	4,336	12,785	961	19,063	451	457	154	222	19,718
Savings institutions	3,819	549	0	44	1,200	635	276	189	16	910
Performance Ratios (annualized, %)										
Yield on earning assets	4.25	12.79	3.41	4.65	4.37	3.78	5.16	3.46	4.28	3.73
Cost of funding earning assets	0.80	2.05	0.82	0.75	0.78	0.79	0.79	0.46	0.55	0.68
Net interest margin	3.45	10.74	2.59	3.89	3.59	3.00	4.37	3.00	3.73	3.05
Noninterest income to assets	1.52	3.75	1.91	0.64	1.08	1.27	1.26	8.98	1.06	1.48
Noninterest expense to assets	2.58	6.30	2.45	2.53	2.60	2.59	3.08	6.96	3.03	2.20
Loan and lease loss provision to assets	0.27	3.29	0.16	0.14	0.14	-0.02	0.52	0.12	0.10	0.17
Net operating income to assets	1.41	3.13	1.21	1.42	1.30	1.22	1.38	3.85	1.22	1.49
Pretax return on assets	1.78	4.05	1.57	1.60	1.61	1.57	1.86	4.66	1.39	1.88
Return on assets	1.41	3.09	1.21	1.42	1.31	1.24	1.38	3.85	1.21	1.48
Return on equity	12.48	20.19	12.08	12.54	10.95	11.27	13.10	22.75	10.12	13.37
Net charge-offs to loans and leases	0.45	3.70	0.44	0.13	0.17	0.01	0.69	0.21	0.14	0.37
Loan and lease loss provision to net charge-offs	106.27	112.64	96.93	157.06	120.73	-329.14	106.16	200.84	126.40	90.34
Efficiency ratio	55.12	45.50	58.04	58.86	59.16	62.42	55.41	59.28	66.76	50.96
% of unprofitable institutions	3.54	0.00	0.00	2.19	3.44	7.35	7.14	5.60	3.30	3.85
% of institutions with earnings gains	72.69	91.67	100.00	65.40	77.23	66.67	68.57	70.26	70.48	88.46
Structural Changes										
New reporters	1	0	0	0	0	1	0	0	0	0
Institutions absorbed by mergers	60	0	0	12	43	4	1	0	0	0
Failed institutions	0	0	0	0	0	0	0	0	0	0
PRIOR THIRD QUARTERS (The way it was...)										
Return on assets (%) 2017	1.12	2.21	1.01	1.34	1.13	0.97	1.23	3.06	0.98	1.07
2015	1.03	2.83	0.84	0.37	1.00	0.57	1.08	2.56	0.76	1.08
2013	0.99	3.38	0.52	1.24	0.99	0.92	1.04	1.98	0.85	1.07
Net charge-offs to loans & leases (%) 2017	0.46	3.75	0.54	0.10	0.20	0.03	0.56	0.25	0.15	0.40
2015	0.40	2.61	0.49	0.08	0.20	0.12	0.58	0.19	0.18	0.37
2013	0.60	2.91	0.86	0.09	0.35	0.30	0.68	0.46	0.31	0.42

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

TABLE III-A. Third Quarter 2018, All FDIC-Insured Institutions

THIRD QUARTER (The way it is...)	All Insured Institutions	Asset Size Distribution: Less Than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	$10 Billion to $250 Billion	Greater Than $250 Billion	Geographic Regions*: New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Number of institutions reporting	5,477	1,335	3,369	635	129	9	671	633	1,180	1,397	1,193	403
Commercial banks	4,774	1,185	2,952	513	115	9	350	578	1,011	1,349	1,120	366
Savings institutions	703	150	417	122	14	0	321	55	169	48	73	37
Total assets (in billions)	$17,672.8	$79.2	$1,107.7	$1,694.4	$6,036.1	$8,755.4	$3,275.4	$3,654.9	$3,996.3	$3,641.4	$1,119.5	$1,985.3
Commercial banks	16,480.4	70.6	951.4	1,341.2	5,361.8	8,755.4	2,832.3	3,555.2	3,890.1	3,598.4	981.1	1,623.2
Savings institutions	1,192.4	8.6	156.3	353.2	674.3	0.0	443.1	99.7	106.2	42.9	138.4	362.1
Total deposits (in billions)	13,573.7	65.5	922.6	1,353.9	4,583.4	6,648.3	2,477.5	2,880.0	2,938.9	2,798.6	909.3	1,569.5
Commercial banks	12,631.6	59.1	799.3	1,086.2	4,038.7	6,648.3	2,140.3	2,800.7	2,866.2	2,766.0	799.4	1,258.9
Savings institutions	942.1	6.5	123.2	267.7	544.7	0.0	337.1	79.3	72.6	32.6	109.8	310.6
Bank net income (in millions)	61,967	220	3,531	5,962	22,557	29,698	10,468	13,460	12,780	12,537	4,172	8,550
Commercial banks	58,148	196	3,050	4,992	20,212	29,698	9,385	13,205	12,411	12,422	3,733	6,991
Savings institutions	3,819	24	480	970	2,345	0	1,082	255	369	115	439	1,559
Performance Ratios (annualized, %)												
Yield on earning assets	4.25	4.52	4.62	4.57	4.83	3.73	4.44	4.29	3.52	4.29	4.63	5.03
Cost of funding earning assets	0.80	0.60	0.71	0.78	0.92	0.74	0.98	0.71	0.71	0.85	0.66	0.87
Net interest margin	3.45	3.92	3.90	3.79	3.91	2.99	3.46	3.59	2.81	3.43	3.97	4.16
Noninterest income to assets	1.52	1.36	1.14	1.19	1.48	1.65	1.36	1.46	1.87	1.31	1.26	1.68
Noninterest expense to assets	2.58	3.58	3.14	2.76	2.68	2.40	2.52	2.52	2.62	2.45	3.00	2.75
Loan and lease loss provision to assets	0.27	0.14	0.14	0.16	0.46	0.18	0.35	0.27	0.09	0.26	0.17	0.57
Net operating income to assets	1.41	1.12	1.28	1.42	1.49	1.37	1.28	1.50	1.29	1.38	1.44	1.74
Pretax return on assets	1.78	1.26	1.50	1.77	1.91	1.73	1.60	1.87	1.66	1.71	1.80	2.28
Return on assets	1.41	1.11	1.28	1.42	1.50	1.36	1.28	1.48	1.29	1.38	1.50	1.74
Return on equity	12.48	8.28	11.26	12.03	12.33	12.91	10.16	12.34	12.33	13.49	12.87	15.44
Net charge-offs to loans and leases	0.45	0.18	0.13	0.19	0.65	0.41	0.55	0.53	0.19	0.48	0.24	0.68
Loan and lease loss provision to net charge-offs	106.27	124.71	152.89	123.47	113.81	90.52	111.84	87.21	97.61	101.02	107.41	134.58
Efficiency ratio	55.12	71.68	65.52	58.13	52.47	54.99	55.70	53.42	59.33	54.38	60.46	48.70
% of unprofitable institutions	3.54	8.76	2.14	0.79	0.00	0.00	3.43	6.00	3.47	2.58	3.19	4.47
% of institutions with earnings gains	72.69	61.50	73.79	86.14	91.47	100.00	78.84	76.30	71.69	67.29	73.01	77.42
Structural Changes												
New reporters	1	0	1	0	0	0	0	0	0	0	0	1
Institutions absorbed by mergers	60	19	33	8	0	0	4	8	13	16	12	7
Failed institutions	0	0	0	0	0	0	0	0	0	0	0	0
PRIOR THIRD QUARTERS (The way it was...)												
Return on assets (%) 2017	1.12	1.02	1.16	1.15	1.21	1.05	0.96	1.11	1.13	1.05	1.20	1.49
2015	1.03	0.95	1.05	1.10	1.00	1.03	0.89	1.02	0.92	1.16	1.15	1.18
2013	0.99	0.73	0.92	1.16	1.11	0.90	1.06	0.94	0.53	1.25	1.06	1.54
Net charge-offs to loans & leases (%) 2017	0.46	0.16	0.13	0.22	0.64	0.46	0.53	0.58	0.25	0.49	0.26	0.59
2015	0.40	0.16	0.15	0.22	0.52	0.42	0.43	0.44	0.27	0.46	0.24	0.51
2013	0.60	0.28	0.34	0.31	0.80	0.59	0.81	0.55	0.46	0.75	0.28	0.50

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

TABLE IV-A. First Three Quarters 2018, All FDIC-Insured Institutions

FIRST THREE QUARTERS (The way it is...)		All Insured Institutions	Asset Concentration Groups*								
			Credit Card Banks	International Banks	Agricultural Banks	Commercial Lenders	Mortgage Lenders	Consumer Lenders	Other Specialized <$1 Billion	All Other <$1 Billion	All Other >$1 Billion
Number of institutions reporting		5,477	12	5	1,367	2,877	408	70	232	454	52
Commercial banks		4,774	11	5	1,354	2,577	114	51	207	415	40
Savings institutions		703	1	0	13	300	294	19	25	39	12
Total assets (in billions)		$17,672.8	$640.0	$4,245.9	$285.3	$6,232.7	$352.0	$212.8	$35.7	$78.3	$5,590.1
Commercial banks		16,480.4	549.8	4,245.9	279.1	5,766.0	105.8	107.2	31.3	70.2	5,325.0
Savings institutions		1,192.4	90.2	0.0	6.3	466.7	246.2	105.6	4.4	8.1	265.1
Total deposits (in billions)		13,573.7	377.0	3,072.2	233.6	4,883.0	274.5	173.7	28.2	66.2	4,465.3
Commercial banks		12,631.6	312.9	3,072.2	230.5	4,533.3	85.4	85.6	25.3	59.7	4,226.6
Savings institutions		942.1	64.1	0.0	3.1	349.7	189.1	88.1	2.9	6.4	238.7
Bank net income (in millions)		177,906	13,409	38,611	2,855	57,991	3,016	2,290	1,021	683	58,031
Commercial banks		167,080	11,823	38,611	2,750	54,555	1,275	1,375	459	635	55,597
Savings institutions		10,825	1,586	0	104	3,437	1,742	914	561	48	2,434
Performance Ratios (annualized, %)											
Yield on earning assets		4.09	12.27	3.24	4.48	4.22	3.66	4.94	3.32	4.14	3.59
Cost of funding earning assets		0.70	1.87	0.71	0.67	0.68	0.70	0.69	0.42	0.50	0.59
Net interest margin		3.38	10.40	2.54	3.81	3.54	2.96	4.25	2.91	3.64	3.00
Noninterest income to assets		1.54	3.63	1.98	0.63	1.10	1.24	1.32	8.80	1.04	1.48
Noninterest expense to assets		2.61	6.19	2.48	2.52	2.60	2.58	2.97	6.81	2.99	2.25
Loan and lease loss provision to assets		0.27	3.35	0.17	0.14	0.14	-0.01	0.52	0.08	0.11	0.17
Net operating income to assets		1.36	2.85	1.21	1.35	1.26	1.12	1.46	3.84	1.16	1.39
Pretax return on assets		1.72	3.72	1.56	1.52	1.58	1.50	1.92	4.58	1.33	1.78
Return on assets		1.36	2.83	1.22	1.35	1.27	1.14	1.46	3.84	1.16	1.39
Return on equity		12.05	18.70	12.26	12.00	10.60	10.35	14.00	22.62	9.73	12.56
Net charge-offs to loans and leases		0.48	3.90	0.50	0.13	0.17	0.01	0.74	0.14	0.13	0.38
Loan and lease loss provision to net charge-offs		103.09	108.85	92.22	161.76	120.95	-130.07	99.33	213.63	148.85	87.55
Efficiency ratio		56.01	46.12	58.40	59.82	59.61	63.19	53.92	59.28	67.34	52.90
% of unprofitable institutions		3.30	0.00	0.00	2.41	3.02	6.37	4.29	6.03	3.74	1.92
% of institutions with earnings gains		76.72	91.67	100.00	70.96	81.75	68.14	74.29	73.28	70.04	88.46
Condition Ratios (%)											
Earning assets to total assets		90.30	92.53	87.41	93.29	90.92	94.62	95.25	91.92	92.90	90.91
Loss allowance to:											
Loans and leases		1.24	4.43	1.30	1.39	1.00	0.69	1.04	1.57	1.27	1.06
Noncurrent loans and leases		122.19	312.23	134.58	123.85	124.51	32.00	156.77	116.09	119.59	85.92
Noncurrent assets plus other real estate owned to assets		0.62	1.13	0.37	0.89	0.65	1.39	0.49	0.46	0.77	0.65
Equity capital ratio		11.28	15.27	9.98	11.32	11.96	11.00	10.67	16.85	12.08	11.06
Core capital (leverage) ratio		9.77	13.48	8.91	11.26	10.27	10.72	10.86	16.75	12.40	9.17
Common equity tier 1 capital ratio		13.17	13.67	13.45	14.63	12.44	21.12	17.22	36.98	20.97	13.04
Tier 1 risk-based capital ratio		13.25	13.78	13.55	14.64	12.53	21.14	17.46	37.00	20.99	13.11
Total risk-based capital ratio		14.62	15.78	14.93	15.76	13.80	22.00	18.48	38.03	22.11	14.54
Net loans and leases to deposits		72.31	128.98	50.76	83.76	89.69	78.60	87.19	34.60	67.14	62.11
Net loans to total assets		55.54	75.98	36.73	68.59	70.27	61.30	71.18	27.34	56.72	49.61
Domestic deposits to total assets		69.72	57.94	48.04	81.88	78.06	77.70	81.62	79.01	84.48	76.40
Structural Changes											
New reporters		6	0	0	0	0	1	0	5	0	0
Institutions absorbed by mergers		189	1	0	24	151	6	2	0	3	2
Failed institutions		0	0	0	0	0	0	0	0	0	0
PRIOR FIRST THREE QUARTERS (The way it was...)											
Number of institutions	2017	5,738	11	5	1,422	2,943	445	62	271	520	59
	2015	6,270	14	4	1,494	3,125	515	56	337	663	62
	2013	6,891	17	4	1,536	3,433	597	47	400	791	66
Total assets (in billions)	2017	$17,242.5	$518.3	$4,205.0	$285.0	$5,867.7	$366.0	$260.4	$46.0	$90.6	$5,603.4
	2015	15,800.1	519.5	3,836.6	274.8	5,508.8	416.3	184.3	54.9	118.3	4,886.7
	2013	14,603.6	596.3	3,729.4	243.9	4,773.6	554.0	149.3	63.9	137.9	4,355.3
Return on assets (%)	2017	1.10	2.09	0.97	1.24	1.06	1.02	1.15	2.99	0.96	1.12
	2015	1.05	2.91	0.88	0.91	0.99	0.74	1.12	2.60	0.50	1.08
	2013	1.06	3.26	0.83	1.19	0.91	0.98	1.28	1.74	0.87	1.10
Net charge-offs to loans & leases (%)	2017	0.48	3.90	0.56	0.14	0.21	0.09	0.60	0.19	0.14	0.39
	2015	0.42	2.72	0.56	0.08	0.19	0.13	0.58	0.18	0.17	0.38
	2013	0.72	3.21	1.03	0.11	0.44	0.37	0.77	0.61	0.32	0.51
Noncurrent assets plus OREO to assets (%)	2017	0.73	1.19	0.48	0.86	0.74	1.56	0.37	0.54	0.86	0.80
	2015	0.99	0.83	0.72	0.75	0.96	1.95	1.00	0.70	1.16	1.19
	2013	1.75	0.90	1.13	0.98	1.81	2.16	0.66	0.95	1.56	2.37
Equity capital ratio (%)	2017	11.31	15.69	9.97	11.56	12.07	11.28	10.10	15.88	11.91	11.12
	2015	11.33	14.83	9.98	11.49	11.81	11.63	10.22	15.52	12.10	11.42
	2013	11.11	14.89	8.80	11.01	11.81	11.40	9.64	13.71	11.34	11.77

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

TABLE IV-A. First Three Quarters 2018, All FDIC-Insured Institutions

FIRST THREE QUARTERS (The way it is...)	All Insured Institutions	Asset Size Distribution: Less Than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	$10 Billion to $250 Billion	Greater Than $250 Billion	Geographic Regions*: New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Number of institutions reporting	5,477	1,335	3,369	635	129	9	671	633	1,180	1,397	1,193	403
Commercial banks	4,774	1,185	2,952	513	115	9	350	578	1,011	1,349	1,120	366
Savings institutions	703	150	417	122	14	0	321	55	169	48	73	37
Total assets (in billions)	$17,672.8	$79.2	$1,107.7	$1,694.4	$6,036.1	$8,755.4	$3,275.4	$3,654.9	$3,996.3	$3,641.4	$1,119.5	$1,985.3
Commercial banks	16,480.4	70.6	951.4	1,341.2	5,361.8	8,755.4	2,832.3	3,555.2	3,890.1	3,598.4	981.1	1,623.2
Savings institutions	1,192.4	8.6	156.3	353.2	674.3	0.0	443.1	99.7	106.2	42.9	138.4	362.1
Total deposits (in billions)	13,573.7	65.5	922.6	1,353.9	4,583.4	6,648.3	2,477.5	2,880.0	2,938.9	2,798.6	909.3	1,569.5
Commercial banks	12,631.6	59.1	799.3	1,086.2	4,038.7	6,648.3	2,140.3	2,800.7	2,866.2	2,766.0	799.4	1,258.9
Savings institutions	942.1	6.5	123.2	267.7	544.7	0.0	337.1	79.3	72.6	32.6	109.8	310.6
Bank net income (in millions)	177,906	629	10,184	16,416	64,486	86,191	29,618	38,729	38,149	34,964	11,756	24,690
Commercial banks	167,080	550	8,788	13,809	57,741	86,191	26,570	38,026	37,217	34,623	10,321	20,323
Savings institutions	10,825	78	1,396	2,606	6,744	0	3,048	704	932	341	1,434	4,367
Performance Ratios (annualized, %)												
Yield on earning assets	4.09	4.36	4.46	4.41	4.65	3.57	4.25	4.16	3.37	4.11	4.45	4.85
Cost of funding earning assets	0.70	0.55	0.63	0.68	0.81	0.64	0.86	0.62	0.61	0.75	0.57	0.76
Net interest margin	3.38	3.82	3.83	3.72	3.84	2.94	3.39	3.54	2.75	3.36	3.89	4.09
Noninterest income to assets	1.54	1.36	1.13	1.18	1.51	1.68	1.37	1.48	1.93	1.33	1.26	1.68
Noninterest expense to assets	2.61	3.55	3.11	2.77	2.70	2.44	2.54	2.55	2.65	2.50	2.97	2.74
Loan and lease loss provision to assets	0.27	0.13	0.13	0.18	0.46	0.18	0.36	0.28	0.11	0.26	0.16	0.55
Net operating income to assets	1.36	1.07	1.24	1.34	1.45	1.31	1.21	1.44	1.29	1.27	1.41	1.72
Pretax return on assets	1.72	1.20	1.46	1.67	1.86	1.68	1.52	1.83	1.64	1.62	1.72	2.24
Return on assets	1.36	1.06	1.25	1.33	1.45	1.32	1.21	1.43	1.29	1.28	1.42	1.72
Return on equity	12.05	7.96	10.97	11.33	11.89	12.52	9.70	11.90	12.36	12.61	12.31	15.05
Net charge-offs to loans and leases	0.48	0.17	0.11	0.21	0.69	0.43	0.59	0.54	0.23	0.50	0.22	0.71
Loan and lease loss provision to net charge-offs	103.09	131.15	170.25	121.25	108.54	89.72	108.60	89.52	92.89	97.48	108.17	125.16
Efficiency ratio	56.01	72.51	66.07	59.19	53.17	56.07	56.69	54.21	59.79	56.12	60.87	49.12
% of unprofitable institutions	3.30	8.46	1.90	0.63	0.00	0.00	3.28	5.21	4.24	2.22	2.43	3.97
% of institutions with earnings gains	76.72	65.84	77.98	89.45	92.25	100.00	83.61	81.67	72.97	73.51	76.36	80.65
Condition Ratios (%)												
Earning assets to total assets	90.30	92.62	93.19	92.40	91.01	89.02	89.74	89.81	89.12	90.26	91.39	94.01
Loss allowance to:												
Loans and leases	1.24	1.39	1.25	1.10	1.35	1.19	1.29	1.23	1.10	1.29	1.06	1.46
Noncurrent loans and leases	122.19	110.83	149.68	134.28	139.27	103.32	130.85	114.55	112.07	103.83	109.25	210.13
Noncurrent assets plus other real estate owned to assets	0.62	1.01	0.77	0.68	0.63	0.57	0.61	0.66	0.54	0.71	0.76	0.45
Equity capital ratio	11.28	13.48	11.41	11.85	12.21	10.49	12.67	11.95	10.38	10.21	11.68	11.31
Core capital (leverage) ratio	9.77	13.64	11.46	10.96	10.50	8.77	10.66	9.53	9.22	9.19	10.44	10.51
Common equity tier 1 capital ratio	13.17	21.47	15.66	14.20	13.24	12.48	13.63	12.78	12.96	12.43	13.39	14.80
Tier 1 risk-based capital ratio	13.25	21.51	15.69	14.22	13.40	12.53	13.70	12.88	13.00	12.51	13.49	14.93
Total risk-based capital ratio	14.62	22.57	16.78	15.20	14.82	13.98	15.12	14.15	14.17	14.38	14.54	16.00
Net loans and leases to deposits	72.31	72.44	82.65	88.41	80.61	61.88	75.24	71.54	68.03	69.25	81.01	77.57
Net loans to total assets	55.54	59.95	68.84	70.64	61.21	46.99	56.91	56.37	50.03	53.22	65.80	61.32
Domestic deposits to total assets	69.72	82.76	83.28	79.65	73.22	63.56	70.02	76.06	64.09	61.10	81.17	78.27
Structural Changes												
New reporters	6	5	1	0	0	0	0	2	0	0	1	3
Institutions absorbed by mergers	189	52	110	26	1	0	27	26	31	42	45	18
Failed institutions	0	0	0	0	0	0	0	0	0	0	0	0
PRIOR FIRST THREE QUARTERS (The way it was...)												
Number of institutions 2017	5,738	1,444	3,538	631	116	9	705	683	1,221	1,449	1,246	434
2015	6,270	1,752	3,812	596	102	8	780	778	1,351	1,559	1,319	483
2013	6,891	2,116	4,107	561	100	7	854	875	1,480	1,675	1,454	553
Total assets (in billions) 2017	$17,242.5	$85.7	$1,154.8	$1,729.8	$5,574.9	$8,697.3	$3,186.2	$3,584.3	$3,902.6	$3,687.4	$1,067.3	$1,814.6
2015	15,800.1	102.7	1,194.9	1,642.8	5,053.2	7,806.6	3,018.8	3,324.0	3,531.9	3,436.7	940.8	1,548.0
2013	14,603.6	123.5	1,245.5	1,453.0	4,726.0	7,055.7	2,876.9	2,981.8	3,398.6	3,166.6	864.0	1,315.8
Return on assets (%) 2017	1.10	0.97	1.11	1.16	1.13	1.06	0.94	1.10	1.05	1.07	1.21	1.45
2015	1.05	0.89	1.01	1.15	1.01	1.06	0.90	1.03	0.94	1.18	1.11	1.28
2013	1.06	0.76	0.92	1.18	1.03	1.08	0.82	1.03	0.91	1.26	1.12	1.54
Net charge-offs to loans & leases (%) 2017	0.48	0.17	0.12	0.21	0.68	0.46	0.55	0.58	0.28	0.49	0.26	0.64
2015	0.42	0.15	0.13	0.21	0.53	0.46	0.46	0.48	0.26	0.50	0.20	0.49
2013	0.72	0.30	0.34	0.38	0.94	0.73	0.97	0.69	0.50	0.91	0.33	0.58
Noncurrent assets plus OREO to assets (%) 2017	0.73	1.09	0.88	0.71	0.70	0.72	0.64	0.86	0.64	0.85	0.83	0.48
2015	0.99	1.30	1.20	0.99	0.74	1.12	0.76	1.19	0.96	1.22	1.07	0.53
2013	1.75	1.83	1.98	1.96	1.10	2.09	1.20	2.48	1.54	2.08	1.72	1.03
Equity capital ratio (%) 2017	11.31	13.31	11.42	11.89	12.23	10.57	12.48	12.15	10.45	10.08	11.47	11.86
2015	11.33	12.83	11.35	11.92	12.19	10.63	11.99	12.44	10.35	10.28	11.26	12.28
2013	11.11	11.82	10.83	11.76	12.44	10.12	12.00	12.30	9.13	10.64	10.87	12.85

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

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

September 30, 2018	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	0.61	1.07	0.76	0.61	0.43	0.72	0.46	1.28	1.07	0.93
Construction and development	0.37	13.52	0.09	0.84	0.36	0.33	0.19	1.28	0.78	0.41
Nonfarm nonresidential	0.24	0.00	0.28	0.58	0.24	0.19	0.67	0.99	0.72	0.18
Multifamily residential real estate	0.09	6.89	0.01	0.37	0.10	0.10	0.14	0.33	0.37	0.11
Home equity loans	0.66	0.00	1.13	0.33	0.52	0.43	0.47	0.65	0.62	0.76
Other 1-4 family residential	1.01	0.20	1.07	0.99	0.77	0.84	0.44	1.59	1.36	1.34
Commercial and industrial loans	0.28	0.79	0.28	0.92	0.30	0.47	0.33	0.87	1.36	0.18
Loans to individuals	1.46	1.59	1.06	1.25	1.39	1.09	0.80	1.93	1.55	1.76
Credit card loans	1.39	1.60	1.14	1.12	1.36	0.89	0.81	2.41	2.54	1.22
Other loans to individuals	1.52	1.36	0.89	1.26	1.39	1.11	0.80	1.86	1.52	2.07
All other loans and leases (including farm)	0.24	0.62	0.34	0.53	0.21	0.36	0.18	0.67	0.44	0.14
Total loans and leases	0.64	1.52	0.61	0.65	0.46	0.70	0.69	1.27	1.10	0.75
Percent of Loans Noncurrent**										
All real estate loans	1.38	2.67	1.79	1.08	0.83	2.36	1.38	1.48	1.19	2.34
Construction and development	0.42	0.23	0.17	0.60	0.45	0.31	0.56	1.54	0.95	0.35
Nonfarm nonresidential	0.58	50.72	0.54	0.88	0.56	0.48	1.25	1.28	1.33	0.61
Multifamily residential real estate	0.14	0.00	0.07	0.33	0.15	0.35	0.84	1.85	1.18	0.15
Home equity loans	2.31	50.41	3.95	0.42	1.22	1.01	1.77	0.45	0.61	3.68
Other 1-4 family residential	2.16	0.82	2.35	0.85	1.36	2.83	1.36	1.57	1.17	3.08
Commercial and industrial loans	0.73	0.63	0.65	1.33	0.90	0.71	0.49	1.15	0.89	0.50
Loans to individuals	0.94	1.49	0.86	0.58	0.82	0.45	0.48	1.18	0.50	0.67
Credit card loans	1.34	1.54	1.11	0.38	1.14	0.73	1.20	1.34	1.11	1.12
Other loans to individuals	0.54	0.59	0.30	0.60	0.79	0.42	0.30	1.16	0.48	0.41
All other loans and leases (including farm)	0.24	0.67	0.08	1.21	0.34	0.22	0.17	0.45	0.66	0.20
Total loans and leases	1.02	1.42	0.96	1.12	0.80	2.16	0.66	1.35	1.06	1.23
Percent of Loans Charged-Off (net, YTD)										
All real estate loans	0.01	0.13	-0.04	0.02	0.02	-0.02	-0.02	0.07	0.03	0.01
Construction and development	-0.02	0.03	0.02	-0.04	-0.02	-0.05	-0.06	0.43	0.02	-0.05
Nonfarm nonresidential	0.03	0.00	0.00	0.03	0.03	-0.01	0.11	0.01	0.00	0.01
Multifamily residential real estate	0.00	0.00	0.00	-0.02	0.00	-0.01	-0.01	-0.01	0.01	0.00
Home equity loans	0.04	62.83	0.05	-0.08	0.07	-0.34	-0.04	0.07	0.06	0.03
Other 1-4 family residential	0.00	0.02	-0.08	0.04	0.02	0.00	-0.02	0.06	0.05	0.01
Commercial and industrial loans	0.27	2.33	0.20	0.34	0.26	0.06	0.55	0.01	0.40	0.18
Loans to individuals	2.34	4.06	2.63	0.51	1.07	1.07	1.00	0.76	0.61	1.79
Credit card loans	3.78	4.14	3.48	1.94	4.06	2.42	2.75	1.96	1.97	3.27
Other loans to individuals	0.86	2.44	0.80	0.38	0.79	0.95	0.57	0.64	0.56	0.93
All other loans and leases (including farm)	0.12	0.71	0.05	0.26	0.15	0.18	0.05	0.11	0.30	0.14
Total loans and leases	0.48	3.90	0.50	0.13	0.17	0.01	0.74	0.14	0.13	0.38
Loans Outstanding (in billions)										
All real estate loans	$4,863.2	$0.7	$579.7	$122.9	$2,731.9	$195.7	$33.2	$7.0	$33.9	$1,158.4
Construction and development	350.9	0.0	16.7	7.4	264.7	6.2	0.6	0.6	2.2	52.5
Nonfarm nonresidential	1,427.1	0.0	53.1	33.8	1,060.2	17.8	2.2	2.3	7.8	249.9
Multifamily residential real estate	425.9	0.0	78.8	4.1	290.2	4.7	0.3	0.2	0.8	46.9
Home equity loans	381.6	0.0	47.2	2.4	196.7	11.2	3.7	0.2	1.3	118.8
Other 1-4 family residential	2,112.3	0.6	334.8	28.9	871.9	154.8	26.1	3.3	18.8	672.9
Commercial and industrial loans	2,087.3	44.3	340.7	22.9	997.4	5.8	7.3	1.3	4.1	663.4
Loans to individuals	1,690.6	462.8	275.3	6.7	352.4	4.5	109.1	1.1	4.2	474.4
Credit card loans	856.3	440.6	188.6	0.6	29.4	0.3	21.1	0.1	0.1	175.4
Other loans to individuals	834.3	22.2	86.7	6.1	323.0	4.1	88.0	1.0	4.0	299.1
All other loans and leases (including farm)	1,300.5	0.9	384.7	46.0	343.4	11.4	3.5	0.5	2.8	507.1
Total loans and leases (plus unearned income)	9,941.6	508.8	1,580.5	198.5	4,425.1	217.3	153.2	9.9	45.0	2,803.3
Memo: Other Real Estate Owned (in millions)										
All other real estate owned	7,186.7	0.3	443.3	298.7	4,745.4	188.4	25.8	30.7	120.4	1,333.6
Construction and development	1,998.3	0.0	5.2	69.7	1,700.1	47.9	5.3	10.4	21.1	138.5
Nonfarm nonresidential	2,101.7	0.0	43.0	94.1	1,581.3	20.2	5.5	11.9	45.9	299.8
Multifamily residential real estate	98.6	0.0	0.0	10.6	85.5	1.2	0.0	0.0	0.2	1.1
1-4 family residential	2,782.9	0.3	378.1	52.4	1,272.3	116.6	15.0	8.0	48.2	891.9
Farmland	187.2	0.0	0.0	71.9	106.4	2.3	0.0	0.4	4.9	1.3

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

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

September 30, 2018	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	0.61	1.09	0.55	0.32	0.51	0.88	0.47	0.70	0.62	0.90	0.62	0.27
Construction and development	0.37	0.44	0.47	0.45	0.31	0.31	0.46	0.27	0.29	0.43	0.39	0.35
Nonfarm nonresidential	0.24	0.90	0.40	0.23	0.20	0.18	0.27	0.18	0.27	0.27	0.31	0.14
Multifamily residential real estate	0.09	0.73	0.18	0.09	0.09	0.04	0.09	0.17	0.07	0.10	0.11	0.05
Home equity loans	0.66	0.59	0.48	0.41	0.54	0.85	0.52	0.73	0.77	0.77	0.51	0.33
Other 1-4 family residential	1.01	1.54	0.80	0.47	0.90	1.30	0.77	1.16	0.92	1.45	1.27	0.41
Commercial and industrial loans	0.28	1.35	0.63	0.49	0.27	0.20	0.22	0.22	0.28	0.26	0.52	0.36
Loans to individuals	1.46	1.91	1.43	1.40	1.39	1.55	1.19	2.08	0.96	1.34	0.96	1.54
Credit card loans	1.39	4.82	2.29	3.19	1.52	1.18	1.22	1.58	1.17	1.22	0.78	1.84
Other loans to individuals	1.52	1.85	1.37	1.04	1.22	1.91	1.16	2.57	0.87	1.56	1.03	1.27
All other loans and leases (including farm)	0.24	0.48	0.48	0.29	0.16	0.25	0.12	0.15	0.41	0.22	0.18	0.25
Total loans and leases	0.64	1.09	0.59	0.41	0.62	0.72	0.53	0.78	0.55	0.71	0.60	0.60
Percent of Loans Noncurrent**												
All real estate loans	1.38	1.21	0.81	0.72	1.12	2.21	1.17	1.65	1.52	2.01	1.00	0.45
Construction and development	0.42	0.62	0.83	0.50	0.28	0.27	0.51	0.58	0.49	0.32	0.31	0.30
Nonfarm nonresidential	0.58	1.35	0.73	0.61	0.52	0.52	0.72	0.50	0.65	0.60	0.58	0.38
Multifamily residential real estate	0.14	0.43	0.39	0.15	0.12	0.10	0.14	0.17	0.15	0.18	0.19	0.08
Home equity loans	2.31	0.70	0.54	0.57	1.21	3.83	2.32	2.85	2.17	2.86	1.01	0.60
Other 1-4 family residential	2.16	1.23	0.87	1.05	1.96	2.95	1.84	2.45	2.17	3.15	2.01	0.54
Commercial and industrial loans	0.73	1.84	1.00	1.42	0.79	0.51	0.77	0.50	0.61	0.75	1.23	1.04
Loans to individuals	0.94	0.93	0.68	0.93	1.10	0.78	1.01	1.12	0.51	0.92	0.79	1.01
Credit card loans	1.34	2.58	1.66	3.14	1.47	1.11	1.28	1.37	1.09	1.17	1.17	1.72
Other loans to individuals	0.54	0.90	0.62	0.48	0.64	0.44	0.60	0.87	0.27	0.49	0.62	0.36
All other loans and leases (including farm)	0.24	1.17	0.87	0.42	0.36	0.12	0.32	0.15	0.18	0.27	0.31	0.37
Total loans and leases	1.02	1.26	0.83	0.82	0.97	1.16	0.98	1.08	0.99	1.24	0.97	0.69
Percent of Loans Charged-Off (net, YTD)												
All real estate loans	0.01	0.03	0.02	0.03	0.02	-0.02	0.03	0.02	-0.01	0.00	0.03	-0.01
Construction and development	-0.02	-0.05	0.01	-0.01	-0.03	-0.04	-0.02	0.01	-0.02	-0.05	0.04	-0.15
Nonfarm nonresidential	0.03	0.03	0.03	0.02	0.04	0.00	0.03	0.03	0.03	0.00	0.03	0.01
Multifamily residential real estate	0.00	-0.06	-0.01	0.00	0.00	0.00	0.00	0.01	-0.01	0.00	0.02	0.00
Home equity loans	0.04	-0.01	0.03	0.04	0.03	0.05	0.12	0.03	0.05	0.00	0.00	-0.03
Other 1-4 family residential	0.00	0.05	0.03	0.06	0.02	-0.04	0.04	0.01	-0.04	0.00	0.02	0.00
Commercial and industrial loans	0.27	0.49	0.29	0.38	0.36	0.18	0.32	0.26	0.23	0.18	0.33	0.44
Loans to individuals	2.34	0.88	1.05	2.15	2.60	2.13	2.59	2.33	1.44	2.72	1.41	2.55
Credit card loans	3.78	16.44	6.31	7.82	3.98	3.38	3.56	3.85	3.58	3.59	2.63	4.55
Other loans to individuals	0.86	0.57	0.71	1.00	0.82	0.90	1.06	0.80	0.56	1.31	0.87	0.73
All other loans and leases (including farm)	0.12	0.23	0.21	0.19	0.10	0.12	0.12	0.14	0.10	0.13	0.13	0.10
Total loans and leases	0.48	0.17	0.11	0.21	0.69	0.43	0.59	0.54	0.23	0.50	0.22	0.71
Loans Outstanding (in billions)												
All real estate loans	$4,863.2	$32.8	$594.8	$893.0	$1,692.5	$1,650.1	$1,001.8	$907.4	$1,014.4	$869.1	$477.4	$593.2
Construction and development	350.9	2.0	56.3	84.9	137.4	70.3	65.9	59.2	59.3	53.0	73.8	39.7
Nonfarm nonresidential	1,427.1	7.9	224.6	361.5	548.9	284.2	327.7	279.6	219.3	192.5	199.8	208.3
Multifamily residential real estate	425.9	0.9	33.0	98.2	170.3	123.5	151.3	43.5	110.2	37.3	21.5	62.1
Home equity loans	381.6	0.8	22.4	41.8	139.9	176.9	77.3	94.5	94.4	67.3	20.7	27.4
Other 1-4 family residential	2,112.3	14.9	207.1	283.0	677.5	929.8	374.8	417.9	507.0	425.9	143.2	243.5
Commercial and industrial loans	2,087.3	5.6	96.0	186.5	801.4	997.8	321.7	505.5	458.9	422.9	146.0	232.4
Loans to individuals	1,690.6	3.1	32.1	67.0	854.8	733.7	369.2	410.0	231.2	310.6	66.3	303.4
Credit card loans	856.3	0.1	1.9	11.2	476.2	367.0	222.5	205.1	68.7	194.9	20.1	145.0
Other loans to individuals	834.3	3.0	30.2	55.8	378.6	366.7	146.8	204.8	162.4	115.7	46.2	158.3
All other loans and leases (including farm)	1,300.5	6.7	49.5	64.2	397.2	782.9	196.1	263.4	317.2	361.5	55.2	107.0
Total loans and leases (plus unearned income)	9,941.6	48.2	772.4	1,210.6	3,745.9	4,164.5	1,888.9	2,086.2	2,021.7	1,964.1	744.8	1,235.9
Memo: Other Real Estate Owned (in millions)												
All other real estate owned	7,186.7	193.1	2,089.0	1,539.9	1,800.3	1,564.4	1,294.3	1,586.7	1,347.2	1,286.5	1,260.3	411.8
Construction and development	1,998.3	46.9	900.4	557.2	362.6	131.2	243.5	529.6	240.5	325.5	503.9	155.4
Nonfarm nonresidential	2,101.7	57.5	678.9	525.2	534.8	305.3	377.2	412.1	387.3	374.0	444.0	107.0
Multifamily residential real estate	98.6	4.3	47.4	35.3	8.2	3.4	23.0	21.7	16.7	17.0	11.1	9.1
1-4 family residential	2,782.9	61.3	381.0	353.4	881.8	1,105.3	638.0	610.9	678.7	462.2	261.1	131.9
Farmland	187.2	23.1	81.2	68.8	12.8	1.3	12.6	12.3	23.0	90.8	40.2	8.3

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

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

(dollar figures in millions; notional amounts unless otherwise indicated)	3rd Quarter 2018	2nd Quarter 2018	1st Quarter 2018	4th Quarter 2017	3rd Quarter 2017	% Change 17Q3 18Q3	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	1,347	1,362	1,361	1,367	1,397	-3.6	45	747	425	121	9
Total assets of institutions reporting derivatives	$16,059,255	$15,950,923	$15,950,609	$15,815,208	$15,675,909	2.4	$3,193	$323,484	$1,271,290	$5,705,857	$8,755,431
Total deposits of institutions reporting derivatives	12,292,477	12,207,274	12,265,380	12,133,179	11,947,224	2.9	2,659	267,317	1,009,657	4,364,596	6,648,248
Total derivatives	209,754,241	209,828,278	205,986,579	173,484,033	190,609,917	10	193	21,250	134,866	61,813,863	147,784,068
Derivative Contracts by Underlying Risk Exposure											
Interest rate	156,781,057	157,435,142	155,478,406	130,423,142	141,278,946	11	186	18,501	129,683	53,313,635	103,319,052
Foreign exchange*	43,473,496	43,279,998	41,064,224	34,422,180	39,707,400	9.5	0	0	3,689	7,929,308	35,540,498
Equity	3,644,559	3,420,624	3,466,899	3,079,607	3,055,705	19.3	0	0	225	165,936	3,478,397
Commodity & other (excluding credit derivatives)	1,510,680	1,510,765	1,631,020	1,372,891	1,477,532	2.2	0	0	33	89,967	1,420,679
Credit	4,341,695	4,178,619	4,345,494	4,186,122	5,090,240	-14.7	0	5	1,230	315,018	4,025,442
Total	209,743,836	209,816,763	205,976,871	173,477,307	190,601,362	10	31	11,203	134,670	61,813,863	147,784,068
Derivative Contracts by Transaction Type											
Swaps	104,786,177	107,958,507	105,094,254	94,523,939	101,820,942	2.9	17	7,250	79,731	27,038,503	77,660,676
Futures & forwards	47,051,282	46,023,905	45,497,597	34,407,162	40,132,650	17.2	10	1,884	30,636	11,924,082	35,094,669
Purchased options	25,031,774	23,883,350	23,840,759	19,163,376	20,398,592	22.7	0	260	12,320	10,770,692	14,248,502
Written options	25,769,185	25,142,041	24,973,515	19,677,317	20,908,669	23.2	4	1,804	10,610	11,342,136	14,414,631
Total	202,638,417	203,007,802	199,406,126	167,771,793	183,260,854	10.6	31	11,198	133,297	61,075,413	141,418,478
Fair Value of Derivative Contracts											
Interest rate contracts	53,589	49,616	51,494	49,030	52,123	2.8	0	116	1,254	4,698	47,520
Foreign exchange contracts	25,827	23,843	27,846	10,372	13,938	85.3	0	0	0	4,452	21,375
Equity contracts	1,975	5,003	6,582	-7,514	-5,742	N/M	0	0	1	101	1,873
Commodity & other (excluding credit derivatives)	2,948	1,181	-867	-829	-1,390	N/M	0	0	0	72	2,875
Credit derivatives as guarantor**	26,237	23,965	33,701	33,170	34,840	-24.7	0	0	0	1,442	24,795
Credit derivatives as beneficiary**	-26,912	-24,348	-34,976	-34,547	-37,666	N/M	0	0	0	-1,749	-25,164
Derivative Contracts by Maturity* **											
Interest rate contracts < 1 year	93,168,891	91,960,395	95,441,271	72,590,571	72,171,780	29.1	37	4,555	31,628	27,239,671	65,893,001
1-5 years	42,735,054	42,279,244	40,334,591	36,154,566	43,431,393	-1.6	10	4,421	35,268	8,437,539	34,257,816
> 5 years	24,228,352	24,373,830	23,687,654	23,565,880	27,041,460	-10.4	15	7,056	49,181	6,575,786	17,596,315
Foreign exchange and gold contracts < 1 year	29,674,903	31,341,537	29,696,500	24,379,652	28,385,819	4.5	0	9	2,066	5,900,780	23,772,047
1-5 years	4,928,405	4,906,415	5,021,957	4,805,216	4,987,149	-1.2	0	0	907	799,040	4,128,458
> 5 years	2,470,383	2,472,893	2,630,013	2,525,329	2,574,435	-4	0	0	7	619,093	1,851,282
Equity contracts < 1 year	2,825,222	2,679,109	2,747,190	2,295,686	2,159,633	30.8	0	0	90	71,388	2,753,744
1-5 years	963,096	867,817	843,259	732,909	780,834	23.3	0	0	50	51,680	911,366
> 5 years	135,954	123,737	139,432	113,150	119,191	14.1	0	0	2	8,389	127,563
Commodity & other contracts (including credit derivatives, excluding gold contracts) < 1 year	1,896,557	1,994,605	2,314,371	2,172,996	2,542,161	-25.4	0	13	24	60,366	1,836,153
1-5 years	3,017,006	3,019,612	2,862,714	2,814,096	3,173,395	-4.9	0	5	307	196,674	2,820,020
> 5 years	537,194	309,072	527,870	312,753	524,420	2.4	0	22	402	41,096	495,675
Risk-Based Capital: Credit Equivalent Amount											
Total current exposure to tier 1 capital (%)	23.9	24.5	24.8	23.3	24.2		0.1	0.7	1.4	12.6	37.8
Total potential future exposure to tier 1 capital (%)	40.9	39.5	41.8	38.6	45.1		0.1	0.4	0.8	20.2	66
Total exposure (credit equivalent amount) to tier 1 capital (%)	64.8	64.0	66.6	61.9	69.3		0.2	1.1	2.2	32.8	103.9
Credit losses on derivatives** **	12.0	3.0	-1.0	11.0	1.0	1,100.0	0.0	0.0	1.0	-1.0	11.0
HELD FOR TRADING											
Number of institutions reporting derivatives	197	197	199	201	200	-1.5	3	33	87	66	8
Total assets of institutions reporting derivatives	12,611,908	12,484,261	12,578,335	12,481,545	12,403,492	1.7	239	16,932	289,774	3,843,863	8,461,099
Total deposits of institutions reporting derivatives	9,613,503	9,518,157	9,638,443	9,555,469	9,421,994	2.0	210	14,076	229,887	2,971,783	6,397,547
Derivative Contracts by Underlying Risk Exposure											
Interest rate	154,523,852	155,241,947	153,262,676	128,177,117	138,893,663	11.3	2	684	33,237	52,742,905	101,747,023
Foreign exchange	40,241,704	40,144,539	38,353,254	32,402,215	36,960,571	8.9	0	0	3,183	7,476,328	32,762,193
Equity	3,628,434	3,402,588	3,450,109	3,063,576	3,040,023	19.4	0	0	70	155,118	3,473,246
Commodity & other	1,481,650	1,481,752	1,602,648	1,343,837	1,450,053	2.2	0	0	10	62,312	1,419,327
Total	199,875,639	200,270,826	196,668,687	164,986,745	180,344,309	10.8	2	684	36,500	60,436,663	139,401,790
Trading Revenues: Cash & Derivative Instruments											
Interest rate**	1,998	255	2,648	2,225	3,010	-33.6	0	0	5	-80	2,073
Foreign exchange**	3,130	4,535	2,894	1,813	1,608	94.7	0	0	3	921	2,206
Equity**	1,444	1,486	1,865	1,648	1,454	-0.7	0	0	6	31	1,406
Commodity & other (including credit derivatives)**	487	594	789	145	866	-43.8	0	0	0	42	445
Total trading revenues**	7,059	6,871	8,197	5,831	6,938	1.7	0	0	14	915	6,130
Share of Revenue											
Trading revenues to gross revenues (%)**	4.5	4.5	5.5	4.1	4.9		0.0	0.0	0.4	2.0	5.8
Trading revenues to net operating revenues (%)**	16.7	16.6	21.4	36.0	21.5		0.0	0.0	1.5	7.6	21.0
HELD FOR PURPOSES OTHER THAN TRADING											
Number of institutions reporting derivatives	751	759	758	783	801	-6.2	8	231	389	114	9
Total assets of institutions reporting derivatives	15,576,512	15,481,219	15,475,562	15,370,175	15,239,663	2.2	547	113,176	1,198,891	5,508,467	8,755,431
Total deposits of institutions reporting derivatives	11,905,169	11,829,384	11,881,099	11,775,231	11,593,669	2.7	467	94,157	952,389	4,209,908	6,648,248
Derivative Contracts by Underlying Risk Exposure											
Interest rate	2,249,555	2,184,811	2,206,558	2,239,391	2,376,823	-5.4	29	10,513	96,254	570,730	1,572,029
Foreign exchange	468,068	505,117	485,719	500,573	496,561	-5.7	0	0	365	29,547	438,157
Equity	16,125	18,036	16,790	16,031	15,682	2.8	0	0	155	10,818	5,151
Commodity & other	29,030	29,012	28,371	29,054	27,479	5.6	0	0	23	27,655	1,352
Total notional amount	2,762,778	2,736,976	2,737,439	2,785,049	2,916,545	-5.3	29	10,514	96,797	638,750	2,016,688

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

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

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

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

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

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

(dollar figures in millions)	3rd Quarter 2018	2nd Quarter 2018	1st Quarter 2018	4th Quarter 2017	3rd Quarter 2017	% Change 17Q3-18Q3	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	64	64	65	67	66	-3.0	0	5	19	33	7
Outstanding Principal Balance by Asset Type											
1-4 family residential loans	$542,310	$560,132	$571,205	$590,211	$606,755	-10.6	$0	$874	$13,892	$91,728	$435,816
Home equity loans	15	16	18	20	21	-28.6	0	0	0	15	0
Credit card receivables	24	26	4,781	4,553	16,114	-99.9	0	0	0	0	24
Auto loans	4,415	4,647	8,221	9,770	10,494	-57.9	0	0	0	4,415	0
Other consumer loans	1,806	1,887	2,914	3,052	3,610	-50.0	0	0	0	804	1,002
Commercial and industrial loans	360	271	381	380	316	13.9	0	0	0	0	360
All other loans, leases, and other assets	68,646	67,948	62,410	60,869	55,105	24.6	0	10	10,351	2,914	55,372
Total securitized and sold	562,500	581,566	649,931	668,855	692,414	-18.8	0	0	0	69,927	492,574
Maximum Credit Exposure by Asset Type											
1-4 family residential loans	1,228	1,327	1,527	1,716	1,718	-28.5	0	0	38	826	364
Home equity loans	0	0	0	0	0	0.0	0	0	0	0	0
Credit card receivables	0	0	392	353	1,405	-100.0	0	0	0	0	0
Auto loans	114	125	164	147	161	-29.2	0	0	0	114	0
Other consumer loans	85	82	88	86	87	-2.3	0	0	0	0	85
Commercial and industrial loans	0	0	0	0	0	0.0	0	0	0	0	0
All other loans, leases, and other assets	1,112	1,266	1,194	1,131	908	22.5	0	0	166	0	946
Total credit exposure	2,301	2,565	3,365	3,431	4,279	-46.2	0	0	0	906	1,395
Total unused liquidity commitments provided to institution's own securitizations	226	144	143	215	246	-8.1	0	0	0	21	205
Securitized Loans, Leases, and Other Assets 30-89 Days Past Due (%)											
1-4 family residential loans	3.9	3.5	3.2	4.7	4.3		0.0	3.1	0.7	3.2	4.2
Home equity loans	8.9	8.4	9.5	9.7	5.9		0.0	0.0	0.0	8.9	0.0
Credit card receivables	0.0	0.0	0.3	0.3	0.4		0.0	0.0	0.0	0.0	0.0
Auto loans	1.9	1.8	1.6	2.1	1.6		0.0	0.0	0.0	1.9	0.0
Other consumer loans	4.5	4.7	4.5	4.7	4.2		0.0	0.0	0.0	2.8	5.9
Commercial and industrial loans	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
All other loans, leases, and other assets	0.2	0.3	0.3	0.5	0.7		0.0	0.0	0.5	0.9	0.1
Total loans, leases, and other assets	3.6	3.2	2.9	4.2	3.9		0.0	0.0	0.0	2.7	3.7
Securitized Loans, Leases, and Other Assets 90 Days or More Past Due (%)											
1-4 family residential loans	1.1	1.2	1.4	1.6	1.3		0.0	2.5	0.7	1.3	1.1
Home equity loans	40.2	42.6	44.1	45.7	47.1		0.0	0.0	0.0	40.2	0.0
Credit card receivables	0.0	0.0	0.2	0.2	0.3		0.0	0.0	0.0	0.0	0.0
Auto loans	0.4	0.4	0.3	0.4	0.3		0.0	0.0	0.0	0.4	0.0
Other consumer loans	4.3	6.0	4.3	4.6	4.2		0.0	0.0	0.0	1.7	6.3
Commercial and industrial loans	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
All other loans, leases, and other assets	0.6	0.7	1.2	1.2	1.2		0.0	0.0	1.4	0.2	0.5
Total loans, leases, and other assets	1.0	1.2	1.4	1.5	1.2		0.0	0.0	0.0	0.9	1.1
Securitized Loans, Leases, and Other Assets Charged-off (net, YTD, annualized, %)											
1-4 family residential loans	0.0	-0.1	-0.1	0.2	0.2		0.0	0.0	0.0	0.0	0.0
Home equity loans	13.9	11.4	4.9	11.7	8.7		0.0	0.0	0.0	13.9	0.0
Credit card receivables	4.2	3.8	0.3	1.2	1.2		0.0	0.0	0.0	0.0	4.2
Auto loans	1.0	0.6	0.4	1.2	0.8		0.0	0.0	0.0	1.0	0.0
Other consumer loans	0.8	0.6	0.3	1.5	1.0		0.0	0.0	0.0	0.6	0.9
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	0.3	0.0	1.7	1.3		0.0	0.0	0.2	0.3	0.4
Total loans, leases, and other assets	0.1	0.0	-0.1	0.4	0.3		0.0	0.0	0.0	0.1	0.1
Seller's Interests in Institution's Own Securitizations – Carried as Loans											
Home equity loans	0	0	0	0	0	0.0	0	0	0	0	0
Credit card receivables	0	0	1,730	2,460	8,171	-100.0	0	0	0	0	0
Commercial and industrial loans	361	306	426	463	401	-10.0	0	0	0	0	361
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	477	475	463	509	511	-6.7	13	198	203	55	8
Outstanding Principal Balance by Asset Type											
1-4 family residential loans	25,844	24,754	24,532	180,648	26,404	-2.1	126	5,256	12,102	6,453	1,907
All other loans, leases, and other assets	112,296	109,138	106,242	105,171	101,237	10.9	0	20	186	36,343	75,747
Total sold and not securitized	138,141	133,892	130,775	285,819	127,641	8.2	126	5,276	12,288	42,796	77,654
Maximum Credit Exposure by Asset Type											
1-4 family residential loans	7,959	7,659	7,987	162,126	7,895	0.8	8	764	3,742	2,603	842
All other loans, leases, and other assets	31,286	30,545	29,602	29,273	28,265	10.7	0	20	47	10,380	20,839
Total credit exposure	39,245	38,205	37,589	191,399	36,160	8.5	8	785	3,789	12,983	21,682
Support for Securitization Facilities Sponsored by Other Institutions											
Number of institutions reporting securitization facilities sponsored by others	0	0	0	0	0	0.0	0	0	0	0	0
Total credit exposure	24,792	26,570	29,676	32,237	34,334	-27.8	0	0	0	1,236	23,556
Total unused liquidity commitments	1,313	1,031	1,148	1,259	1,298	1.2	0	0	0	323	990
Other											
Assets serviced for others**	5,983,945	5,918,821	6,034,526	5,996,478	5,928,748	0.9	4,560	156,077	299,665	1,456,403	4,067,240
Asset-backed commercial paper conduits											
Credit exposure to conduits sponsored by institutions and others	16,898	16,069	15,554	16,909	16,618	1.7	0	0	0	0	16,898
Unused liquidity commitments to conduits sponsored by institutions and others	30,447	30,593	29,497	26,928	27,458	10.9	0	0	0	2,676	27,771
Net servicing income (for the quarter)	2,739	2,812	3,655	2,355	2,306	18.8	8	225	191	1,159	1,157
Net securitization income (for the quarter)	64	-49	151	131	395	-83.8	0	1	15	3	45
Total credit exposure to Tier 1 capital (%)***	3.6	3.7	4.3	13.9	4.6		0.0	0.0	0.0	2.2	6.3

* Does not include banks filing the FFIEC 051 report form, which was introduced in first quarter 2017.
** The amount of financial assets serviced for others, other than closed-end 1-4 family residential mortgages, is reported when these assets are greater than $10 million.
*** Total credit exposure includes the sum of the three line items titled "Total credit exposure" reported above.

COMMUNITY BANK PERFORMANCE

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

Community Banks Report Net Income Growth of 21.6 Percent

Loan and Lease Balances Increase 6.6 Percent From a Year Earlier

Net Interest Margin Widens 8 Basis Points to 3.74 Percent

Noncurrent and Net Charge-Off Rates for Total Loans Decline

Net Income Increases for Most Community Banks

Reports from 5,044[1] insured community banks reflected net income of $6.8 billion—up $1.2 billion (21.6 percent) from third quarter 2017.[2] Net income benefited from an increase in net operating revenue and a reduction in income tax expenses; both combined to offset growth in noninterest expense. The pretax return on assets ratio rose from 1.42 percent to 1.48 percent during the year. This ratio was 34 basis points below that of noncommunity banks.

Provisions for loan and lease losses totaled $627 million, a decline of $112.1 million (15.2 percent) from third quarter 2017. However, total reserves increased by $458 million (up 2.6 percent) to $18.3 billion as nearly two-thirds (63.3 percent) of community banks reported higher reserves compared with the same period the year before.

More than seven out of ten community banks (72 percent) reported higher net income from a year earlier, and only 3.7 percent of community banks reported a net loss this quarter. Income tax expense declined by $395 million (23 percent) from third quarter 2017, as community banks continued to benefit from a lower effective tax rate. Absent the benefits of a lower corporate tax rate, estimated quarterly net income would have been $6.4 billion, 13.3 percent higher than the $5.6 billion reported in third quarter 2017.[3]

[1] The number of insured community banks reflects no community bank failures during this quarter.
[2] Data for third quarter 2018 do not include two insured institutions, which had not reported at the time data were compiled.
[3] This estimate of net income applies the average quarterly tax rate at community banks between fourth quarter 2011 and third quarter 2017 to income before taxes and discontinued operations.

Chart 1

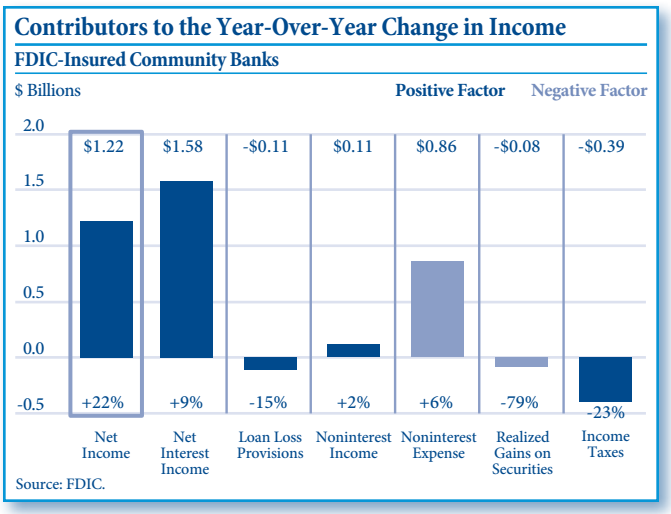
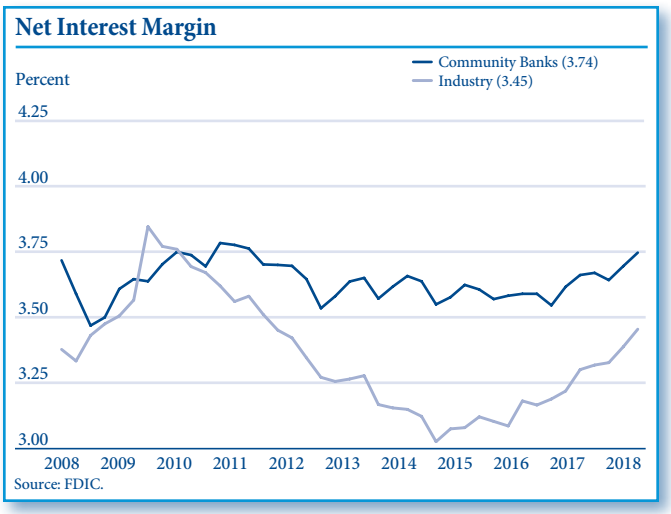


Chart 2



Higher Net Interest Income Drives Increase in Net Operating Revenue

Net interest income totaled $19.3 billion, up $1.6 billion (8.9 percent) from third quarter 2017. This growth contributed most to the increase in annual net operating revenue, which totaled $23.9 billion (up 7.6 percent).

Non 1–4 family real estate loan income (up $1.3 billion or 15.6 percent) contributed to most of the growth in interest income.[4] The net interest margin (NIM) expanded 8 basis points from the level reported in third quarter 2017 to 3.74 percent. Although this ratio was 33 basis points higher than that of noncommunity banks, the NIM for noncommunity banks grew more (17 basis points) during the same period.

More Than Half of Community Banks Report Higher Noninterest Income

Community banks reported noninterest income of $4.7 billion, up $110 million (2.4 percent) from third quarter 2017 despite a decline in net gains on loan sales of $136 million (13.8 percent). More than half of community banks (53.3 percent) reported higher noninterest income compared with third quarter 2017.

Noninterest Expense and Assets Per Employee Continue Upward Trend

Salary and employee benefits increased by $566.1 million (7 percent), lifting noninterest expense by $855.1 million (6 percent) from third quarter 2017. During the same period, the number of full-time equivalent employees increased by 11,177 (2.8 percent) and average assets per employee rose to $5.4 million (up 3.6 percent). Nearly three out of four (74.2 percent) community banks reported higher noninterest expenses compared with third quarter 2017.

Loan and Lease Balances Grow 6.6 Percent From a Year Earlier

Loan and lease balances rose $98.9 billion (6.6 percent) during the past 12 months. More than seven out of ten community banks (78.4 percent) reported annual growth in loan and lease balances. The following categories led this growth: nonfarm nonresidential loans, up $36.1 billion or 8.2 percent; 1–4 family residential loans, up $17.2 billion or 4.5 percent; commercial and industrial (C&I) loans, up $15.7 billion or 8.1 percent; construction and development (C&D) loans, up $10.3 billion or 10.3 percent; and multifamily residential loans, up $9 billion or 8.3 percent.

[4] Non 1–4 family real estate loans include construction and development, farmland, multifamily, and nonfarm nonresidential loans.

Chart 3

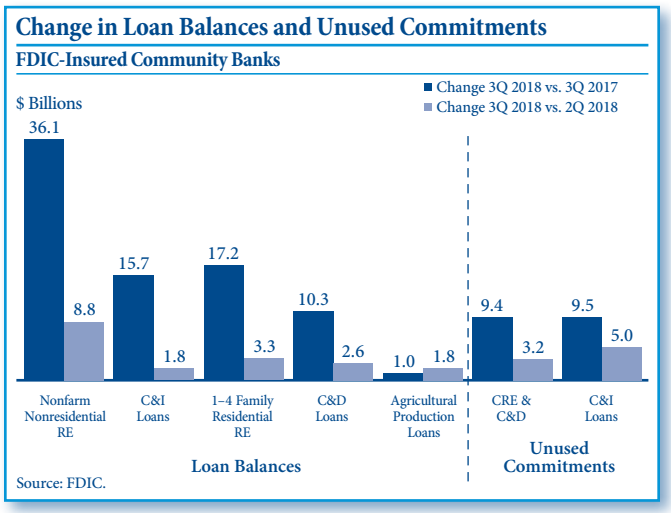
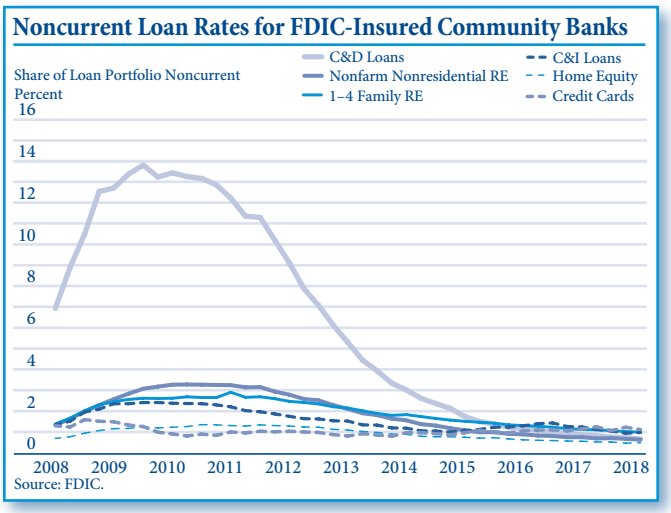


Chart 4



Loan and lease balances increased by $22.8 billion (1.5 percent) to $1.6 trillion during third quarter 2018. Among the categories that led quarterly loan growth were nonfarm nonresidential loans, up $8.8 billion or 1.9 percent; 1-4 family residential real estate loans, up $3.3 billion or 0.8 percent; C&D loans, up $2.6 billion or 2.4 percent; and C&I loans, up $1.8 billion or 0.9 percent.

Unused loan commitments of $306.3 billion were up $6.1 billion (2 percent) during third quarter 2018. Undrawn commitments on C&I loans increased $5 billion (5.3 percent) and commitments to lend against commercial real estate properties, including C&D properties, increased by $3.2 billion (3.5 percent) during the same period.

Noncurrent Loans Decline During the Quarter

Community banks reported a decline of $90 million (0.7 percent) in noncurrent loans and leases and a 2 basis point decline in the noncurrent rate to 0.80 percent, 26 basis points below that of noncommunity banks and the lowest noncurrent rate since first quarter 2007. The coverage ratio (noncurrent loans to allowance for loan and lease losses) increased from 141.2 percent to 143.3 percent during the third quarter.

The noncurrent rate declined for all major loan categories except C&I, which increased by 4 basis points to 1 percent during third quarter 2018. The noncurrent rate for farm loans increased by 1 basis point during the quarter to 1.16 percent because of a slight increase in the noncurrent rate for farmland loans (up 3 basis points to 1.41 percent), which outpaced a decline in the noncurrent rate for agricultural production loans (down 2 basis points to 0.80 percent).

Net Charge-Off Rates for Major Loan Categories Decline or Remain Flat

The net charge-off rate declined by 3 basis points to 0.10 percent from third quarter 2017, the lowest net charge-off rate since first quarter 2016 and 42 basis points below that of noncommunity banks. The net charge-off rate for C&D loans of 0.03 percent and the net charge-off rate for nonfarm nonresidential loans of 0.04 percent have remained flat since third quarter 2017. The net charge-off rate for 1-4 family loans declined by 1 basis point to 0.04 percent and the net charge-off rate for C&I loans declined by 6 basis points to 0.27 percent compared with a year earlier.

Community Banks Report Uptick in Regulatory Capital Ratios

Equity capital totaled $249.8 billion, up $3.7 billion (1.5 percent) from the previous quarter. The leverage capital ratio increased by 8 basis points to 11.05 percent. The tier 1 risk-based capital ratio increased by 8 basis points to 14.75 percent as the growth rate for risk-based capital outpaced that of risk-weighted assets. The total risk-based capital ratio increased by 7 basis points to 15.79 percent.

Author:
Erica Jill Tholmer
Senior Financial Analyst
Division of Insurance and Research

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

	2018*	2017*	2017	2016	2015	2014	2013
Return on assets (%)	1.17	1.04	0.96	0.99	0.99	0.93	0.90
Return on equity (%)	10.50	9.33	8.65	8.81	8.85	8.45	8.27
Core capital (leverage) ratio (%)	11.05	10.85	10.80	10.69	10.67	10.57	10.43
Noncurrent assets plus other real estate owned to assets (%)	0.72	0.83	0.78	0.94	1.07	1.34	1.73
Net charge-offs to loans (%)	0.13	0.14	0.16	0.16	0.15	0.21	0.32
Asset growth rate (%)	-0.49	3.22	1.17	2.97	2.71	2.21	0.39
Net interest margin (%)	3.68	3.60	3.62	3.57	3.57	3.61	3.59
Net operating income growth (%)	14.66	7.26	0.15	2.42	9.54	4.81	14.64
Number of institutions reporting	5,044	5,296	5,228	5,461	5,735	6,037	6,307
Percentage of unprofitable institutions (%)	3.49	4.15	5.74	4.65	5.02	6.44	8.40

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

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

(dollar figures in millions)	3rd Quarter 2018	2nd Quarter 2018	3rd Quarter 2017	%Change 17Q3-18Q3
Number of institutions reporting	5,044	5,111	5,296	-4.8
Total employees (full-time equivalent)	411,581	415,507	423,950	-2.9
CONDITION DATA				
Total assets	$2,222,322	$2,221,472	$2,233,171	-0.5
Loans secured by real estate	1,221,867	1,216,782	1,205,471	1.4
1-4 Family residential mortgages	396,234	400,051	400,412	-1.0
Nonfarm nonresidential	474,079	468,330	460,660	2.9
Construction and development	110,521	108,610	105,171	5.1
Home equity lines	48,665	48,775	50,373	-3.4
Commercial & industrial loans	210,596	210,251	207,286	1.6
Loans to individuals	63,184	62,697	61,979	1.9
Credit cards	1,802	1,885	2,048	-12.0
Farm loans	53,732	52,103	52,693	2.0
Other loans & leases	39,751	39,804	39,744	0.0
Less: Unearned income	656	701	695	-5.6
Total loans & leases	1,588,475	1,580,935	1,566,478	1.4
Less: Reserve for losses	18,267	18,240	18,522	-1.4
Net loans and leases	1,570,208	1,562,695	1,547,956	1.4
Securities	396,652	402,667	421,115	-5.8
Other real estate owned	3,267	3,571	4,241	-23.0
Goodwill and other intangibles	15,594	15,200	14,529	7.3
All other assets	236,602	237,339	245,330	-3.6
Total liabilities and capital	2,222,322	2,221,472	2,233,171	-0.5
Deposits	1,823,190	1,818,268	1,824,166	-0.1
Domestic office deposits	1,822,599	1,817,681	1,823,494	0.0
Foreign office deposits	591	587	671	-12.0
Brokered deposits	73,308	74,632	90,221	-18.7
Estimated insured deposits	1,331,063	1,335,078	1,346,745	-1.2
Other borrowed funds	131,606	138,438	138,590	-5.0
Subordinated debt	624	629	1,007	-38.1
All other liabilities	16,997	16,067	17,387	-2.2
Total equity capital (includes minority interests)	249,906	248,070	252,021	-0.8
Bank equity capital	249,797	247,954	251,905	-0.8
Loans and leases 30-89 days past due	7,785	7,435	7,700	1.1
Noncurrent loans and leases	12,746	12,922	14,236	-10.5
Restructured loans and leases	6,500	6,554	7,368	-11.8
Mortgage-backed securities	174,568	177,081	180,369	-3.2
Earning assets	2,073,087	2,072,192	2,081,821	-0.4
FHLB Advances	109,271	115,387	112,506	-2.9
Unused loan commitments	306,329	303,200	294,910	3.9
Trust assets	297,976	293,501	298,440	-0.2
Assets securitized and sold	14,956	19,211	21,799	-31.4
Notional amount of derivatives	75,823	78,052	72,220	5.0

INCOME DATA	First Three Quarters 2018	First Three Quarters 2017	%Change	3rd Quarter 2018	3rd Quarter 2017	%Change 17Q3-18Q3
Total interest income	$66,275	$62,628	5.8	$23,144	$21,690	6.7
Total interest expense	10,168	7,743	31.3	3,868	2,803	38.0
Net interest income	56,107	54,885	2.2	19,276	18,886	2.1
Provision for loan and lease losses	2,084	2,322	-10.2	627	766	-18.2
Total noninterest income	13,766	14,489	-5.0	4,661	4,960	-6.0
Total noninterest expense	44,708	44,974	-0.6	15,093	15,291	-1.3
Securities gains (losses)	120	335	-64.1	23	105	-78.6
Applicable income taxes	3,838	5,361	-28.4	1,354	1,898	-28.7
Extraordinary gains, net*	-195	4	N/M	-33	5	N/M
Total net income (includes minority interests)	19,168	17,056	12.4	6,853	6,002	14.2
Bank net income	19,158	17,038	12.4	6,849	5,995	14.2
Net charge-offs	1,467	1,595	-8.0	412	498	-17.2
Cash dividends	7,771	7,278	6.8	2,548	2,251	13.2
Retained earnings	11,387	9,760	16.7	4,301	3,744	14.9
Net operating income	19,264	16,800	14.7	6,868	5,917	16.1

* See Notes to Users for explanation.

N/M - Not Meaningful

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

(dollar figures in millions)	3rd Quarter 2018	2nd Quarter 2018	3rd Quarter 2017	%Change 17Q3-18Q3
Number of institutions reporting	5,044	5,044	5,038	0.1
Total employees (full-time equivalent)	416,241	414,148	408,694	1.8
CONDITION DATA				
Total assets	$2,222,322	$2,202,617	$2,124,022	4.6
Loans secured by real estate	1,221,867	1,203,764	1,144,756	6.7
1-4 Family residential mortgages	396,234	392,968	379,019	4.5
Nonfarm nonresidential	474,079	465,322	438,015	8.2
Construction and development	110,521	107,928	100,235	10.3
Home equity lines	48,665	48,589	48,320	0.7
Commercial & industrial loans	210,596	208,807	194,865	8.1
Loans to individuals	63,184	61,945	60,336	4.7
Credit cards	1,802	1,914	1,957	-7.9
Farm loans	53,732	51,934	52,720	1.9
Other loans & leases	39,751	39,873	37,476	6.1
Less: Unearned income	656	650	628	4.5
Total loans & leases	1,588,475	1,565,673	1,489,525	6.6
Less: Reserve for losses	18,267	18,112	17,809	2.6
Net loans and leases	1,570,208	1,547,562	1,471,717	6.7
Securities	396,652	401,199	401,822	-1.3
Other real estate owned	3,267	3,524	4,085	-20.0
Goodwill and other intangibles	15,594	15,199	13,180	18.3
All other assets	236,602	235,133	233,218	1.5
Total liabilities and capital	2,222,322	2,202,617	2,124,022	4.6
Deposits	1,823,190	1,801,900	1,740,789	4.7
Domestic office deposits	1,822,599	1,801,282	1,740,193	4.7
Foreign office deposits	591	618	596	-0.9
Brokered deposits	73,308	72,300	84,889	-13.6
Estimated insured deposits	1,331,063	1,324,593	1,290,133	3.2
Other borrowed funds	131,606	137,951	126,378	4.1
Subordinated debt	624	620	566	10.2
All other liabilities	16,997	15,936	16,490	3.1
Total equity capital (includes minority interests)	249,906	246,210	239,798	4.2
Bank equity capital	249,797	246,099	239,699	4.2
Loans and leases 30-89 days past due	7,785	7,368	7,440	4.6
Noncurrent loans and leases	12,746	12,836	13,584	-6.2
Restructured loans and leases	6,500	6,527	7,126	-8.8
Mortgage-backed securities	174,568	176,444	170,381	2.5
Earning assets	2,073,087	2,054,214	1,980,909	4.7
FHLB Advances	109,271	115,066	101,761	7.4
Unused loan commitments	306,329	300,266	281,454	8.8
Trust assets	297,976	288,882	270,165	10.3
Assets securitized and sold	14,956	14,181	16,680	-10.3
Notional amount of derivatives	75,823	78,770	70,089	8.2

INCOME DATA	First Three Quarters 2018	First Three Quarters 2017	%Change	3rd Quarter 2018	3rd Quarter 2017	%Change 17Q3-18Q3
Total interest income	$66,275	$58,551	13.2	$23,144	$20,287	14.1
Total interest expense	10,168	7,143	42.3	3,868	2,586	49.6
Net interest income	56,107	51,408	9.1	19,276	17,700	8.9
Provision for loan and lease losses	2,084	2,237	-6.8	627	739	-15.2
Total noninterest income	13,766	13,306	3.5	4,661	4,551	2.4
Total noninterest expense	44,708	41,980	6.5	15,093	14,238	6.0
Securities gains (losses)	120	330	-63.5	23	105	-78.5
Applicable income taxes	3,838	4,871	-21.2	1,354	1,749	-22.6
Extraordinary gains, net*	-195	4	N/M	-33	5	N/M
Total net income (includes minority interests)	19,168	15,961	20.1	6,853	5,636	21.6
Bank net income	19,158	15,950	20.1	6,849	5,631	21.6
Net charge-offs	1,467	1,521	-3.6	412	477	-13.5
Cash dividends	7,771	6,731	15.4	2,548	2,154	18.3
Retained earnings	11,387	9,218	23.5	4,301	3,477	23.7
Net operating income	19,264	15,709	22.6	6,868	5,551	23.7

* See Notes to Users for explanation.

N/M - Not Meaningful

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

Third Quarter 2018 (dollar figures in millions)	All Community Banks	Geographic Regions*					
		New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Number of institutions reporting	5,044	580	580	1,112	1,343	1,116	313
Total employees (full-time equivalent)	411,581	85,959	46,611	85,794	71,670	89,636	31,911
CONDITION DATA							
Total assets	$2,222,322	$621,215	$227,864	$396,047	$364,121	$421,921	$191,155
Loans secured by real estate	1,221,867	390,668	126,643	209,190	179,872	211,401	104,093
1-4 Family residential mortgages	396,234	142,650	39,654	70,655	53,640	66,829	22,807
Nonfarm nonresidential	474,079	140,379	55,392	77,575	60,833	87,562	52,337
Construction and development	110,521	25,411	14,269	15,940	15,970	29,497	9,433
Home equity lines	48,665	16,233	6,445	10,565	5,488	4,974	4,960
Commercial & industrial loans	210,596	52,640	19,399	40,355	37,467	42,892	17,845
Loans to individuals	63,184	16,010	6,465	12,375	10,975	12,828	4,531
Credit cards	1,802	415	149	247	575	220	196
Farm loans	53,732	618	1,511	8,693	29,861	10,030	3,019
Other loans & leases	39,751	11,664	3,562	7,164	6,796	7,202	3,364
Less: Unearned income	656	185	109	49	100	122	91
Total loans & leases	1,588,475	471,416	157,470	277,728	264,870	284,231	132,761
Less: Reserve for losses	18,267	4,627	1,778	3,210	3,472	3,448	1,732
Net loans and leases	1,570,208	466,789	155,692	274,518	261,398	280,782	131,028
Securities	396,652	94,719	41,719	75,811	65,350	85,519	33,533
Other real estate owned	3,267	576	671	584	539	731	166
Goodwill and other intangibles	15,594	5,035	1,352	2,761	2,327	2,805	1,314
All other assets	236,602	54,096	28,430	42,372	34,507	52,083	25,114
Total liabilities and capital	2,222,322	621,215	227,864	396,046	364,121	421,921	191,155
Deposits	1,823,190	493,945	190,884	326,526	298,974	353,442	159,421
Domestic office deposits	1,822,599	493,486	190,884	326,448	298,974	353,442	159,366
Foreign office deposits	591	459	0	77	0	0	55
Brokered deposits	73,308	25,344	5,157	13,879	13,417	9,851	5,661
Estimated insured deposits	1,331,063	345,358	140,570	256,681	231,678	252,386	104,389
Other borrowed funds	131,606	50,432	10,010	22,398	22,377	18,481	7,908
Subordinated debt	624	499	15	43	10	42	15
All other liabilities	16,997	5,937	1,635	2,789	2,321	2,716	1,599
Total equity capital (includes minority interests)	249,906	70,402	25,319	44,291	40,440	47,241	22,212
Bank equity capital	249,797	70,333	25,316	44,277	40,439	47,221	22,212
Loans and leases 30-89 days past due	7,785	1,900	901	1,414	1,303	1,876	391
Noncurrent loans and leases	12,746	4,081	1,281	2,357	1,981	2,373	674
Restructured loans and leases	6,500	2,147	675	1,506	921	856	395
Mortgage-backed securities	174,568	53,227	18,613	29,978	22,651	33,556	16,544
Earning assets	2,073,087	582,795	210,914	369,124	339,990	391,222	179,040
FHLB Advances	109,271	45,177	8,418	17,756	16,934	15,420	5,567
Unused loan commitments	306,329	84,795	27,689	55,624	53,976	53,757	30,488
Trust assets	297,976	72,977	9,545	76,816	88,926	40,839	8,873
Assets securitized and sold	14,956	7,998	69	3,017	2,624	852	396
Notional amount of derivatives	75,823	35,822	6,205	14,726	10,216	6,237	2,616
INCOME DATA							
Total interest income	$23,144	$6,214	$2,423	$3,997	$3,859	$4,578	$2,073
Total interest expense	3,868	1,298	363	639	649	665	253
Net interest income	19,276	4,916	2,060	3,358	3,210	3,913	1,819
Provision for loan and lease losses	627	146	64	96	119	150	53
Total noninterest income	4,661	987	422	1,203	774	944	331
Total noninterest expense	15,093	3,689	1,702	2,886	2,446	3,060	1,311
Securities gains (losses)	23	22	3	0	0	-2	-2
Applicable income taxes	1,354	436	133	258	180	187	160
Extraordinary gains, net**	-33	0	0	-34	0	0	1
Total net income (includes minority interests)	6,853	1,654	586	1,288	1,240	1,459	627
Bank net income	6,849	1,652	586	1,287	1,240	1,458	627
Net charge-offs	412	120	48	58	73	95	18
Cash dividends	2,548	422	145	651	568	519	244
Retained earnings	4,301	1,230	441	636	671	939	383
Net operating income	6,868	1,635	584	1,321	1,239	1,460	628

* See Table V-A for explanation.
** See Notes to Users for explanation.

Table IV-B. Third Quarter 2018, FDIC-Insured Community Banks

Performance ratios (annualized, %)	All Community Banks		Third Quarter 2018, Geographic Regions*					
	3rd Quarter 2018	2nd Quarter 2018	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Yield on earning assets	4.49	4.35	4.29	4.62	4.35	4.57	4.70	4.69
Cost of funding earning assets	0.75	0.66	0.90	0.69	0.70	0.77	0.68	0.57
Net interest margin	3.74	3.69	3.39	3.92	3.65	3.80	4.02	4.11
Noninterest income to assets	0.84	0.86	0.64	0.74	1.22	0.86	0.90	0.70
Noninterest expense to assets	2.73	2.75	2.39	3.00	2.93	2.70	2.92	2.78
Loan and lease loss provision to assets	0.11	0.12	0.09	0.11	0.10	0.13	0.14	0.11
Net operating income to assets	1.24	1.20	1.06	1.03	1.34	1.37	1.39	1.33
Pretax return on assets	1.48	1.41	1.35	1.27	1.57	1.57	1.57	1.67
Return on assets	1.24	1.17	1.07	1.03	1.31	1.37	1.39	1.33
Return on equity	11.06	10.51	9.47	9.35	11.69	12.37	12.45	11.45
Net charge-offs to loans and leases	0.10	0.15	0.10	0.12	0.08	0.11	0.14	0.05
Loan and lease loss provision to net charge-offs	152.13	114.30	121.64	132.04	166.21	163.16	156.72	297.78
Efficiency ratio	62.69	63.53	62.20	68.02	62.90	61.02	62.66	60.65
Net interest income to operating revenue	80.53	80.10	83.28	83.01	73.62	80.58	80.56	84.60
% of unprofitable institutions	3.69	4.21	3.79	6.03	3.60	2.61	3.32	5.43
% of institutions with earnings gains	71.65	73.21	77.07	75.00	70.50	66.94	72.85	75.40

Table V-B. First Three Quarters 2018, FDIC-Insured Community Banks

Performance ratios (%)	All Community Banks		First Three Quarters 2018, Geographic Regions*					
	First Three Quarters 2018	First Three Quarters 2017	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Yield on earning assets	4.35	4.11	4.18	4.47	4.20	4.41	4.55	4.52
Cost of funding earning assets	0.67	0.51	0.80	0.62	0.61	0.69	0.60	0.50
Net interest margin	3.68	3.60	3.38	3.86	3.59	3.72	3.95	4.01
Noninterest income to assets	0.84	0.89	0.64	0.80	1.19	0.84	0.90	0.69
Noninterest expense to assets	2.74	2.75	2.45	2.98	2.92	2.69	2.89	2.77
Loan and lease loss provision to assets	0.13	0.14	0.14	0.11	0.09	0.14	0.15	0.12
Net operating income to assets	1.18	1.03	0.96	1.06	1.26	1.30	1.35	1.26
Pretax return on assets	1.41	1.37	1.24	1.29	1.46	1.49	1.52	1.57
Return on assets	1.17	1.04	0.97	1.06	1.20	1.30	1.35	1.26
Return on equity	10.50	9.33	8.65	9.66	10.73	11.81	12.15	10.96
Net charge-offs to loans and leases	0.13	0.14	0.14	0.09	0.15	0.11	0.14	0.07
Loan and lease loss provision to net charge-offs	142.06	145.54	133.03	168.21	88.85	184.07	152.62	235.01
Efficiency ratio	63.65	64.52	63.90	67.76	64.00	61.96	63.07	61.91
Net interest income to operating revenue	80.30	79.12	83.17	81.77	73.67	80.46	80.24	84.58
% of unprofitable institutions	3.49	4.15	3.62	5.52	4.41	2.23	2.51	5.11
% of institutions with earnings gains	75.79	64.82	82.24	80.69	71.85	73.27	75.54	80.51

* See Table V-A for explanation.

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

September 30, 2018	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	0.45	0.38	0.53	0.51	0.44	0.58	0.22
Construction and development	0.45	0.45	0.46	0.39	0.36	0.49	0.55
Nonfarm nonresidential	0.32	0.28	0.32	0.37	0.36	0.41	0.16
Multifamily residential real estate	0.12	0.09	0.13	0.25	0.22	0.12	0.03
Home equity loans	0.44	0.48	0.46	0.46	0.31	0.53	0.31
Other 1-4 family residential	0.69	0.56	0.90	0.81	0.63	0.92	0.30
Commercial and industrial loans	0.49	0.29	0.60	0.40	0.59	0.68	0.55
Loans to individuals	1.40	1.58	1.49	0.90	0.98	2.12	0.94
Credit card loans	2.32	2.52	1.42	1.13	3.71	1.25	1.25
Other loans to individuals	1.37	1.55	1.50	0.90	0.83	2.14	0.92
All other loans and leases (including farm)	0.41	0.22	0.20	0.40	0.50	0.46	0.28
Total loans and leases	0.49	0.40	0.57	0.51	0.49	0.66	0.29
Percent of Loans Noncurrent**							
All loans secured by real estate	0.78	0.86	0.83	0.87	0.71	0.75	0.42
Construction and development	0.68	0.73	0.88	0.78	0.71	0.49	0.64
Nonfarm nonresidential	0.66	0.75	0.66	0.78	0.64	0.67	0.29
Multifamily residential real estate	0.20	0.18	0.20	0.34	0.18	0.28	0.08
Home equity loans	0.51	0.59	0.61	0.51	0.29	0.40	0.52
Other 1-4 family residential	1.02	1.27	1.06	1.00	0.60	0.96	0.59
Commercial and industrial loans	1.00	1.15	0.71	0.92	0.93	1.13	0.84
Loans to individuals	0.64	0.49	0.77	0.35	0.43	1.33	0.39
Credit card loans	1.13	1.32	0.85	0.54	1.63	0.53	0.93
Other loans to individuals	0.63	0.47	0.77	0.34	0.37	1.34	0.37
All other loans and leases (including farm)	0.77	0.31	0.85	0.83	0.85	0.74	1.04
Total loans and leases	0.80	0.87	0.81	0.85	0.75	0.83	0.51
Percent of Loans Charged-Off (net, YTD)							
All loans secured by real estate	0.03	0.04	0.02	0.08	0.02	0.03	-0.02
Construction and development	0.00	0.03	0.08	-0.05	-0.03	0.03	-0.14
Nonfarm nonresidential	0.03	0.05	0.01	0.06	0.03	0.02	-0.01
Multifamily residential real estate	0.00	0.00	-0.02	-0.03	-0.01	0.03	0.00
Home equity loans	0.04	0.04	0.03	0.10	-0.02	0.03	-0.05
Other 1-4 family residential	0.06	0.04	0.04	0.18	0.02	0.03	-0.03
Commercial and industrial loans	0.37	0.69	0.25	0.18	0.21	0.44	0.21
Loans to individuals	1.05	0.89	0.90	1.19	1.07	1.03	1.43
Credit card loans	7.38	4.37	1.75	7.93	14.74	1.70	2.56
Other loans to individuals	0.85	0.79	0.88	1.00	0.30	1.02	1.38
All other loans and leases (including farm)	0.17	0.13	0.17	0.19	0.14	0.18	0.30
Total loans and leases	0.13	0.14	0.09	0.15	0.11	0.14	0.07
Loans Outstanding (in billions)							
All loans secured by real estate	$1,221.9	$390.7	$126.6	$209.2	$179.9	$211.4	$104.1
Construction and development	110.5	25.4	14.3	15.9	16.0	29.5	9.4
Nonfarm nonresidential	474.1	140.4	55.4	77.6	60.8	87.6	52.3
Multifamily residential real estate	117.5	63.5	6.4	17.2	10.7	8.8	10.9
Home equity loans	48.7	16.2	6.4	10.6	5.5	5.0	5.0
Other 1-4 family residential	396.2	142.6	39.7	70.7	53.6	66.8	22.8
Commercial and industrial loans	210.6	52.6	19.4	40.4	37.5	42.9	17.8
Loans to individuals	63.2	16.0	6.5	12.4	11.0	12.8	4.5
Credit card loans	1.8	0.4	0.1	0.2	0.6	0.2	0.2
Other loans to individuals	61.4	15.6	6.3	12.1	10.4	12.6	4.3
All other loans and leases (including farm)	93.5	12.3	5.1	15.9	36.7	17.2	6.4
Total loans and leases	1,589.1	471.6	157.6	277.8	265.0	284.4	132.9
Memo: Unfunded Commitments (in millions)							
Total Unfunded Commitments	306,329	84,795	27,689	55,624	53,976	53,757	30,488
Construction and development: 1-4 family residential	26,502	5,526	3,495	3,310	3,589	7,580	3,002
Construction and development: CRE and other	65,858	20,504	6,709	10,675	8,925	13,448	5,597
Commercial and industrial	98,945	27,315	7,424	19,997	16,909	17,335	9,966

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

Insurance Fund Indicators

Deposit Insurance Fund Increases by $2.6 Billion

DIF Reserve Ratio Rises 3 Basis Points to 1.36 Percent

Reserve Ratio Reaches Minimum Required by Dodd-Frank—Large Bank Surcharge Ends

The Deposit Insurance Fund (DIF) balance increased by $2.6 billion, to $100.2 billion, during the third quarter. Assessment income of $2.7 billion, which includes temporary assessment surcharges on large banks, drove the fund balance increase. Interest on investments of $433 million, a negative provision for insurance losses of $121 million, and other miscellaneous income of $2 million also added to the fund balance. Operating expenses of $434 million and unrealized losses on available-for-sale securities of $234 million partly offset the increase in the fund balance.

The deposit insurance assessment base—average consolidated total assets minus average tangible equity—increased by 0.8 percent in the third quarter and by 2.6 percent over 12 months.[1,2] Total estimated insured deposits increased by 0.3 percent in the third quarter of 2018 and by 3.8 percent year-over-year. The DIF's reserve ratio (the fund balance as a percent of estimated insured deposits) was 1.36 percent on September 30, up from 1.33 percent at June 30, 2018, and 1.27 percent on September 30 of last year. The September 30, 2018, reserve ratio of 1.36 percent is the highest since December 31, 2000, when the reserve ratio was at 1.37 percent.[3]

As of September 30, 2018, the reserve ratio exceeded the required minimum of 1.35 percent set by the Dodd-Frank Wall Street Reform and Consumer Protection Act. Per the Final Rule adopted by the FDIC Board of Directors on March 15, 2016, to increase the DIF to the statutory required minimum of 1.35 percent by December 31, 2018, the temporary surcharge imposed on large banks will end effective October 1, 2018.[4,5]

Small banks will receive credits to offset the portion of their assessments that helped to raise the reserve ratio from 1.15 percent to 1.35 percent.[6] (See the Final Rule for a detailed explanation of small bank credits.[7])

The total amount of small bank credits is estimated to be approximately $750 million. 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.

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

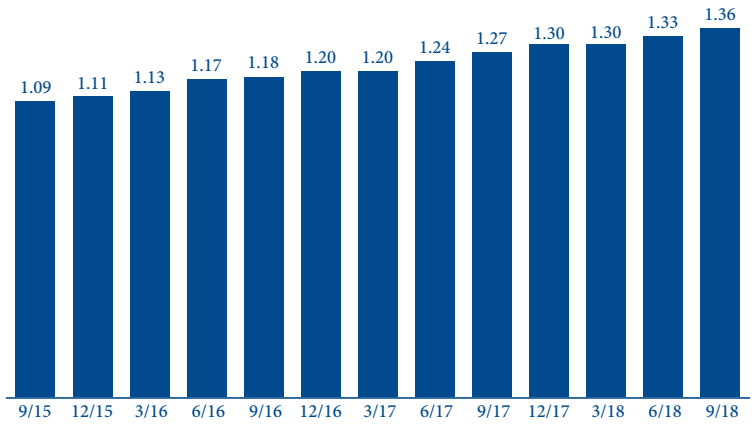
[1] There are additional adjustments to the assessment base for banker's banks and custodial banks.
[2] Figures for estimated insured deposits and the assessment base include insured branches of foreign banks, in addition to insured commercial banks and savings institutions.
[3] Reserve ratio for December 31, 2000, represents the combined balances of the Bank Insurance Fund and Savings Association Insurance Fund as a percent of estimated insured deposits.
[4] Large banks are generally those with assets of $10 billion or more.
[5] The insurance assessment for the third quarter of 2018 (which will be paid on December 28, 2018) will be the last invoice that large banks will pay the 4.5 basis point surcharge.
[6] Small banks are those with total assets less than $10 billion.
[7] https://www.gpo.gov/fdsys/pkg/FR-2016-03-25/pdf/2016-06770.pdf.

Table I-C. Insurance Fund Balances and Selected Indicators

(dollar figures in millions)	Deposit Insurance Fund*												
	3rd Quarter 2018	2nd Quarter 2018	1st Quarter 2018	4th Quarter 2017	3rd Quarter 2017	2nd Quarter 2017	1st Quarter 2017	4th Quarter 2016	3rd Quarter 2016	2nd Quarter 2016	1st Quarter 2016	4th Quarter 2015	3rd Quarter 2015
Beginning Fund Balance	$97,588	$95,072	$92,747	$90,506	$87,588	$84,928	$83,162	$80,704	$77,910	$75,120	$72,600	$70,115	$67,589
Changes in Fund Balance:													
Assessments earned	2,728	2,598	2,850	2,656	2,568	2,634	2,737	2,688	2,643	2,328	2,328	2,160	2,170
Interest earned on investment securities	433	381	338	305	274	251	227	189	171	164	147	128	122
Realized gain on sale of investments	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating expenses	434	445	433	443	404	450	442	437	422	441	415	447	410
Provision for insurance losses	-121	-141	-65	-203	-512	-233	765	-332	-566	-627	-43	-930	-578
All other income, net of expenses	2	3	1	3	1	4	2	3	3	2	5	12	2
Unrealized gain/(loss) on available-for-sale securities**	-234	-162	-496	-481	-33	-12	7	-317	-167	110	412	-298	64
Total fund balance change	2,616	2,516	2,325	2,242	2,918	2,660	1,766	2,457	2,794	2,790	2,520	2,485	2,526
Ending Fund Balance	100,204	97,588	95,072	92,747	90,506	87,588	84,928	83,162	80,704	77,910	75,120	72,600	70,115
Percent change from four quarters earlier	10.72	11.42	11.95	11.53	12.14	12.42	13.06	14.55	15.10	15.27	15.05	15.64	29.08
Reserve Ratio (%)	1.36	1.33	1.30	1.30	1.27	1.24	1.20	1.20	1.18	1.17	1.13	1.11	1.09
Estimated Insured Deposits	7,376,566	7,356,907	7,336,746	7,159,748	7,103,695	7,050,340	7,081,910	6,917,928	6,817,984	6,674,980	6,662,907	6,519,449	6,406,678
Percent change from four quarters earlier	3.84	4.35	3.60	3.50	4.19	5.62	6.29	6.11	6.42	5.39	5.19	5.23	4.61
Domestic Deposits	12,368,002	12,280,938	12,305,836	12,129,503	11,966,478	11,827,933	11,856,691	11,693,371	11,506,877	11,242,960	11,156,523	10,952,922	10,698,306
Percent change from four quarters earlier	3.36	3.83	3.79	3.73	3.99	5.20	6.28	6.76	7.56	5.74	5.06	5.21	4.75
Assessment Base* **	15,226,220	15,112,453	15,068,643	15,001,510	14,834,535	14,703,244	14,621,088	14,563,614	14,383,231	14,194,249	13,994,033	13,832,910	13,662,776
Percent change from four quarters earlier	2.64	2.78	3.06	3.01	3.14	3.59	4.48	5.28	5.27	4.45	3.40	3.65	4.19
Number of Institutions Reporting	5,486	5,551	5,616	5,679	5,747	5,796	5,865	5,922	5,989	6,067	6,131	6,191	6,279

DIF Reserve Ratios

Percent of Insured Deposits



Deposit Insurance Fund Balance and Insured Deposits ($ Millions)

	DIF Balance	DIF-Insured Deposits
9/15	$70,115	$6,406,678
12/15	72,600	6,519,449
3/16	75,120	6,662,907
6/16	77,910	6,674,980
9/16	80,704	6,817,984
12/16	83,162	6,917,928
3/17	84,928	7,081,910
6/17	87,588	7,050,340
9/17	90,506	7,103,695
12/17	92,747	7,159,748
3/18	95,072	7,336,746
6/18	97,588	7,356,907
9/18	100,204	7,376,566

Table II-C. Problem Institutions and Failed Institutions

(dollar figures in millions)	2018****	2017****	2017	2016	2015	2014	2013	2012
Problem Institutions								
Number of institutions	71	104	95	123	183	291	467	651
Total assets	$53,289	$16,044	$13,939	$27,624	$46,780	$86,712	$152,687	$232,701
Failed Institutions								
Number of institutions	0	6	8	5	8	18	24	51
Total assets*****	$0	$4,882	$5,082	$277	$6,706	$2,914	$6,044	$11,617

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

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

(dollar figures in millions) September 30, 2018	Number of Institutions	Total Assets	Domestic Deposits*	Est. Insured Deposits
Commercial Banks and Savings Institutions				
FDIC-Insured Commercial Banks	4,774	$16,480,364	$11,379,770	$6,579,130
FDIC-Supervised	3,178	2,547,770	2,018,824	1,385,978
OCC-Supervised	843	11,192,933	7,443,887	4,147,283
Federal Reserve-Supervised	753	2,739,661	1,917,059	1,045,868
FDIC-Insured Savings Institutions	703	1,192,414	942,070	761,517
OCC-Supervised	316	749,444	606,953	501,205
FDIC-Supervised	349	412,499	310,827	240,829
Federal Reserve-Supervised	38	30,471	24,291	19,483
Total Commercial Banks and Savings Institutions	5,477	17,672,777	12,321,840	7,340,647
Other FDIC-Insured Institutions				
U.S. Branches of Foreign Banks	9	88,785	46,161	35,919
Total FDIC-Insured Institutions	5,486	17,761,562	12,368,002	7,376,566

* 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 June 30, 2018 *(dollar figures in billions)*

Annual Rate in Basis Points*	Number of Institutions	Percent of Total Institutions	Amount of Assessment Base**	Percent of Total Assessment Base
1.50 - 3.00	3,400	61.25	$5,355.5	35.44
3.01 - 6.00	1,459	26.28	8,854.2	58.59
6.01 - 10.00	547	9.85	741.3	4.90
10.01 - 15.00	57	1.03	129.8	0.86
15.01 - 20.00	71	1.28	12.6	0.08
20.01 - 25.00	9	0.16	5.2	0.03
> 25.00	8	0.14	13.9	0.09

* Assessment rates do not incorporate temporary surcharges on large banks.
** Beginning in the second quarter of 2011, the assessment base was changed to average consolidated total assets minus tangible equity, as required by the Dodd-Frank Act.

Notes to Users

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

Tables I-A through VIII-A.

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

Tables I-B through VI-B.

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

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

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

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

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

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

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

Summary of FDIC Research Definition of Community Banking Organizations

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

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

Exclude: Any organization with:

— No loans or no core deposits

— Foreign Assets ≥ 10% of total assets

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

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

Include: All remaining banking organizations with:

— Total assets < indexed size threshold[2]

— Total assets ≥ indexed size threshold, where:

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

Tables I-C through IV-C.

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

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

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

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

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

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

DATA SOURCES

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

COMPUTATION METHODOLOGY

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

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

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

ACCOUNTING CHANGES

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

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

https://www.fdic.gov/news/news/financial/2018/fil18060.html.

https://www.fdic.gov/news/news/financial/2018/fil18060.pdf.

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

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

DEFINITIONS (in alphabetical order)

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

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

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

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

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

The current assessment rate schedule became effective July 1, 2016. Under the current schedule, initial base assessment rates range from 3 to 30 basis points. An institution's total base assessment rate

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

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

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

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

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

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

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

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

Common equity Tier 1 capital ratio – ratio of common equity Tier 1 capital to risk-weighted assets. Common equity Tier 1 capital includes common stock instruments and related surplus, retained earnings, accumulated other comprehensive income (AOCI), and limited amounts of common equity Tier 1 minority interest, minus applicable regulatory adjustments and deductions. Items that are fully deducted from common equity Tier 1 capital include goodwill, other intangible assets (excluding mortgage servicing assets) and certain deferred tax assets; items that are subject to limits in common equity Tier 1 capital include mortgage servicing assets, eligible deferred tax assets, and certain significant investments.

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

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

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

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

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

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

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

Derivatives transaction types:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Small Business Lending Fund – The Small Business Lending Fund (SBLF) was enacted into law in September 2010 as part of the Small Business Jobs Act of 2010 to encourage lending to small businesses by providing capital to qualified community institutions with assets of less than $10 billion. The SBLF Program is administered by the U.S. Treasury Department (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 and contra accounts – unearned income for *Call Report* filers only.

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

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

DEPOSIT GROWTH SLOWS AND OFFICE DECLINE CONTINUES

2018 Summary of Deposits Highlights

The 2018 Summary of Deposits Survey (SOD) showed that FDIC-insured institutions reported an increase in deposits and a decrease in offices over the past year.[1] The decrease in the number of offices continues a trend that began a decade earlier. The number of offices operated by both community banks and noncommunity banks has decreased, but the office opening and closing patterns of these two types of institutions has differed markedly.[2] During the year ended June 2018, currently operating noncommunity banks added offices through bank acquisitions but closed far more offices than they opened. In contrast, currently operating community banks added offices through acquisitions and opened still more offices, on net, during the year.

This article will describe these trends in detail and will follow up FDIC analysis that examined factors likely associated with bank office closures.[3] This article looks at the association between office closures and changes in profitability and efficiency. Analysis of Call Report data indicates that banks that closed offices at higher rates between 2013 and 2018 reported improved efficiency ratios and stronger profitability. Other banks reported smaller improvements in efficiency ratios and profitability, with little difference between banks that increased offices and banks that reduced offices at a slower rate.

The decision to open or close offices reflects bank-specific factors, and the experience at one group of banks cannot be assumed to be relevant for other banks. The analysis presented in this article should be viewed as further context for the decisions that bank executives made to close offices.

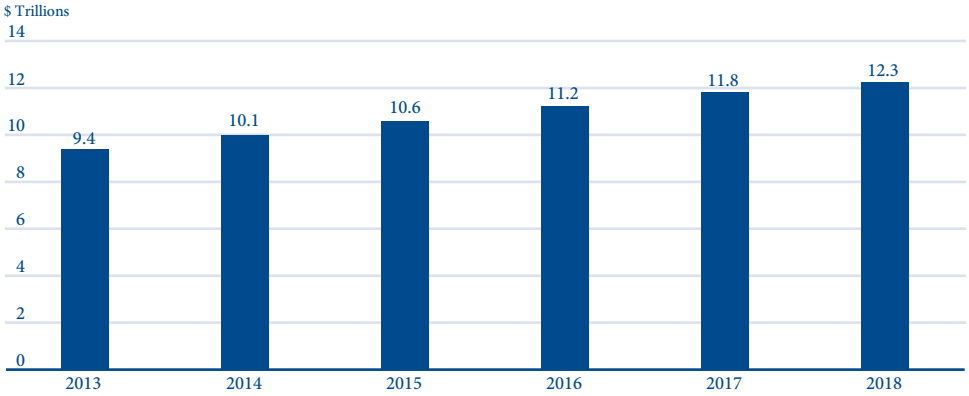
Total Deposits of FDIC-Insured Institutions Continue to Increase

Total deposits held by FDIC-insured institutions increased from $11.81 trillion in June 2017 to $12.26 trillion in June 2018—an increase of $450 billion or 3.8 percent (Chart 1).[4] The rate of deposit growth over the year was slower than the 5.4 percent five-year average annual growth rate for the period ended in 2018.[5] Deposits increased even though the number of institutions declined from 5,787 to 5,541 and the number of offices declined from 89,839 to 88,053. Deposits per institution increased 8.4 percent to $2.2 billion in 2018. Deposits per office increased 5.9 percent from $131 million in 2017 to $139 million in 2018.

Chart 1

Deposits Increased in 2018, Continuing a Multiyear Trend

Total Deposits of FDIC-Insured Institutions



Source: FDIC Summary of Deposits.

[1] "Deposits" refers to deposits in domestic offices of FDIC-insured institutions—meaning offices located in the United States, U.S. territories, and possessions. U.S. offices of foreign institutions and their deposits are not included.

[2] Community banks are identified using criteria in the *FDIC Community Banking Study*, December 2012, https://www.fdic.gov/regulations/resources/cbi/report/cbi-full.pdf. The merger adjustment that is the basis for this statement about patterns of openings and closings is explained in detail in this article.

[3] See Nathan Hinton, Derek Thieme, and Angela Woodhead, "Factors Shaping Recent Trends in Banking Office Structure for Community and Noncommunity Banks," *FDIC Quarterly* 11, no. 4 (2017): 31–40, https://www.fdic.gov/bank/analytical/quarterly/2017-vol11-4/fdic-v11n4-3q2017-article1.pdf.

[4] All figures are as of June 30 in each year and all growth rates are between SOD filings, which report data as of June 30 each year.

[5] The five-year compound annual growth rate represents the average annual rate of growth that would produce the net change over five years. For simplicity, it will be referred to here as "five-year annual growth."

Deposit Growth Slows at Community and Noncommunity Banks Nationally

Both community and noncommunity banks reported a decline in merger-adjusted deposit growth rates during the year ended June 2018.[6] Year-over-year merger-adjusted deposit growth at community banks was 4.9 percent, slightly less than their five-year annual deposit growth rate of 5.1 percent. For noncommunity banks, year-over-year merger-adjusted deposit growth was 3.6 percent, well below their five-year annual deposit growth rate of 5.5 percent. Between 2013 and 2018, noncommunity banks increased total deposits by 30.8 percent from $7.988 billion to $10.445 billion, and community banks increased deposits 28.3 percent from $1.417 billion to $1.818 billion on a merger-adjusted basis.

The Number of U.S. Bank Offices Continues to Decline

The number of offices operated by FDIC-insured institutions has declined steadily since June 2009. The trend continued during the year ended in June 2018 as the number of offices declined by 1,786 (2.0 percent) to 88,053. This is the second-fastest rate of decline in U.S. bank offices since the trend began and exceeds the five-year annual decline of 1.8 percent. The number of offices operated by FDIC-insured institutions has declined by 8,277, or 8.6 percent, over the past five years.

Using SOD Deposit Data for Geographic Research Requires Caution

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

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

The relevant reporting instructions are to the right.

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

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

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

[6] Throughout this article, merger adjustment refers to analysis that measures the component of growth of a cohort of banks that is not attributable to mergers or designation changes. Community bank designations are as of June 2018, and mergers over the period are treated as if they had already occurred at the beginning of the period. For example, if deposit growth is being calculated from 2013 to 2018 and Bank A, a noncommunity bank, acquired Bank B, a community bank, in 2015, then deposits of Bank B are treated as noncommunity bank deposits between 2013 and the date it was acquired.

The Decline in the Number of Offices Is Slowest in Rural Counties

As shown in Table 1, the total number of U.S. bank offices has declined for both community banks and noncommunity banks and for all three county types—metropolitan, micropolitan, and rural.[7] Table 1 also shows that an overwhelming majority of U.S. bank offices—roughly 70,000 out of 88,000—are in metropolitan counties. The 8.8 percent five-year reduction in the number of offices in metropolitan counties accounted for most of the total reduction in the number of offices in the United States.

The reduction in the number of offices operated by community banks in metropolitan counties has been particularly pronounced: 15.3 percent in the past five years. This does not mean that community banks in metropolitan counties closed 15.3 percent of offices in that time, but rather that 15.3 percent of their offices closed, became offices of noncommunity banks through mergers, or were reclassified from a community bank to a noncommunity bank. Banking industry consolidation among both community and noncommunity banks has been the primary driver of this trend. As discussed in the next section, a very different picture emerges when controlling for the effects of mergers and movement of banks between community and noncommunity bank designations.

The number of bank offices has declined the least in rural counties: 6.6 percent between 2013 and 2018, compared with an 8.8 percent reduction in metropolitan counties and an 8.7 percent reduction in micropolitan counties. Community bank offices have declined less in rural counties than in more populated areas, while noncommunity bank offices have declined the most in rural counties. While rural counties have had the smallest decline in office numbers, an office closure in a rural county is felt more keenly by a community than a closure in a metropolitan county, since rural bank offices are fewer in number and often serve large geographic areas.

Table 1

Number of U.S. Banking Offices, June 2013 to June 2018

Designation		2013	2014	2015	2016	2017	2018	% Change 2013 to 2018
Metro	All Banks	76,302	75,035	73,893	72,728	71,058	69,568	–8.8%
	Noncommunity Bank	54,272	53,816	53,082	52,666	51,807	50,910	–6.2%
	Community Bank	22,030	21,219	20,811	20,062	19,251	18,658	–15.3%
Micro	All Banks	10,763	10,573	10,378	10,214	10,014	9,831	–8.7%
	Noncommunity Bank	4,574	4,507	4,517	4,420	4,358	4,252	–7.0%
	Community Bank	6,189	6,066	5,861	5,794	5,656	5,579	–9.9%
Rural	All Banks	9,265	9,104	8,991	8,882	8,767	8,654	–6.6%
	Noncommunity Bank	2,645	2,561	2,500	2,437	2,420	2,340	–11.5%
	Community Bank	6,620	6,543	6,491	6,445	6,347	6,314	–4.6%
All	All Banks	96,330	94,712	93,262	91,824	89,839	88,053	–8.6%
	Noncommunity Bank	61,491	60,884	60,099	59,523	58,585	57,502	–6.5%
	Community Bank	34,839	33,828	33,163	32,301	31,254	30,551	–12.3%

Source: FDIC Summary of Deposits.

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

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

Most of the offices in rural counties (73.0 percent) are operated by community banks, which tend to maintain their number of offices—especially on a merger-adjusted basis, as discussed in the next section. The difference in the five-year reductions in the total number of rural county bank offices—11.5 percent for noncommunity banks versus 4.6 percent for community banks—means that community banks have increased their relative prominence in rural counties, notwithstanding banking industry consolidation. Community banks serve an important purpose by providing banking services in counties with few other bank offices.

The bank office trends described in this article have implications for the location and availability of banking services. Community banks serve as the only physical banking presence in 20.0 percent of the 3,142 U.S. counties. In contrast, noncommunity banks serve as the only physical banking presence in 4.6 percent of U.S. counties (Table 2). In 122 counties, there is only one bank office. Of these counties, 85 have a community bank office, and 97 are rural.

Table 2

Distribution of Bank Offices by County, June 30, 2018

County Description	Number	Percent
Counties With Community Bank and Noncommunity Bank Offices	2,339	74.4%
Counties With Only Community Bank Offices	627	20.0%
Counties With Only Noncommunity Bank Offices	143	4.6%
Counties Without Offices	33	1.1%
Total of Counties in 50 States and District of Columbia	**3,142**	**100%**
Counties With Only One Office—Community Bank	85	2.7%
Counties With Only One Office—Noncommunity Bank	37	1.2%
Total of Counties With Only One Office	**122**	**3.9%**

Source: FDIC Summary of Deposits.

Noncommunity Banks Are Driving the Decline in the Number of Offices

Table 1 shows changes in the number of offices operated by community and noncommunity banks by county type over the past five years. The changes reflect not only the effects of office openings or closings, but also the effects of banks acquiring other banks, and the effects of changes in designations between community and noncommunity banks. To analyze the office opening and closing patterns of the currently operating (June 2018) group of community and noncommunity banks, it is necessary to control for mergers and reclassification of banks between the two designations.

For example, mergers, purchases, and sales can cause an office to change designations. Without controlling for those effects, it may appear that community banks are closing offices when in fact their offices may have become noncommunity bank offices because the bank was merged into a noncommunity bank or the offices were purchased by a noncommunity bank. Another reason offices may change designation is that community banks may be reclassified as noncommunity banks, in which case their office designations would change. Similarly, noncommunity banks may be reclassified as community banks.

Bank office data can be "merger adjusted" to control for those effects. Merger adjusting data involves fixing community bank or noncommunity bank designations as of the most recent period (June 2018) and holding those designations constant through the period analyzed. A community bank that was reclassified as a noncommunity bank between June 2017 and June 2018 is treated as a noncommunity bank beginning in June 2017, and noncommunity banks that became community banks are similarly treated as community banks for the entire period. Individual offices of institutions that were acquired by a community bank in the year ended June 2018 are treated as community bank offices as of June 2017 and as noncommunity bank offices if they were acquired by a noncommunity bank. These adjustments are intended to more accurately reflect decisions by executives of currently operating banks to open or close offices.

This analysis reveals stark differences in the patterns of office openings and closings of currently operating noncommunity and community banks. During the year ended June 2018, noncommunity banks acquired offices from other banks but closed far more offices than they acquired. In contrast, currently operating community banks acquired offices and opened more offices, on net, during the year.

Table 3

Community Banks Added Offices and Noncommunity Banks Closed Offices, June 2017 to June 2018

Designation	Offices of June 2018 Bank Group in June 2017	Offices of Banks Acquired	Office Total June 2017, Merger-Adjusted	New Offices Opened	Offices Closed	Net Offices Purchased or Sold	Number of Offices in June 2018
Community Banks	29,832	619	30,451	585	500	15	30,551
Noncommunity Banks	57,886	1,481	59,367	404	2,254	–15	57,502
Total	87,718	2,100	89,818	989	2,754	0	88,053

Source: FDIC Summary of Deposits.

Table 3 shows that between June 2017 and June 2018, community banks opened 585 new offices, purchased 15 offices from noncommunity banks, and closed 500 offices. On net, the June 2018 group of community banks added 100 offices during the year in addition to the 619 individual bank offices that they acquired through mergers. The aggregate decline in the total number of community bank offices during the year was a result of the acquisition of community banks by noncommunity banks or the reclassification of community banks as noncommunity banks by the FDIC. In short, community banks active as of June 30, 2018, increased their total number of offices during the year. In contrast, the June 2018 group of noncommunity banks closed far more offices than they purchased, acquired through mergers, or opened, and reduced their net number of offices by 1,865.[8]

[8] An additional 21 offices were closed without an acquisition or were acquired by nonbanks, and are not included in the offices of either community banks or noncommunity banks as of June 2018. The total change in the number of offices is –1,865 (change for noncommunity banks) + 100 (change for community banks) – 21 (offices of institutions that left the banking industry), or –1,786.

Most Community and Noncommunity Banks Report No Change in Their Number of Offices

A greater percentage of noncommunity banks changed the number of offices they operated between June 2017 and June 2018 than did community banks. On a merger-adjusted basis, 55.5 percent of noncommunity banks reported the same number of offices in both periods, 11.7 percent reported an increase in offices, and 32.9 percent reported a decrease in offices. On the other hand, 86.9 percent of community banks reported the same number of offices in both periods, 8.1 percent reported an increase in offices, and only 5.0 percent reported a decrease in offices. Because community banks make up the majority of banks, more banks industry-wide increased offices (463 banks) than reduced offices (397 banks). However, banks that reduced offices shed more than 2,000 of them, while the banks that increased offices did so by only 610, resulting in a decline in total offices nationally. Of the 397 banks that reduced offices, 10 banks accounted for a loss of more than 1,000 offices.

Average Efficiency and Profitability Improved at Banks That Reduced Number of Offices

As mentioned, the trend of net declines in the number of offices of FDIC-insured institutions continued in 2018. The *FDIC Quarterly* previously reported that population migration, improved mobile technology, mergers, and effort by management to reduce premises expenses are possible reasons for the decline in the number of bank offices.[9] This section further analyzes the association between reductions in offices and subsequent changes in the efficiency and profitability of institutions.

The direct effect of closing offices is that institutions have lower fixed costs and fewer expenses, which implies that profitability and efficiency will improve as long as nothing else changes. However, closing offices may cause a bank to lose customers who are inconvenienced by the closing. The loss of customers could reduce revenue, profitability, and efficiency.

This analysis looks first at the efficiency ratio of institutions over time on a merger-adjusted basis.[10] Institutions that generate more revenue while incurring a given amount of noninterest expense are considered more efficient than institutions that generate the same level of revenue while incurring more noninterest expense. Therefore, a *lower* efficiency ratio indicates *greater* efficiency. Chart 2 shows that institutions that closed more offices than they opened improved their efficiency ratios on average. Overall, institutions that reduced offices by more than 25 percent over the past five years reduced their efficiency ratios more than other institutions. Closing offices reduces premises expenses, which are a component of total noninterest expense, so reducing office counts would lead to improved efficiency as long as revenue does not fall following the closures.

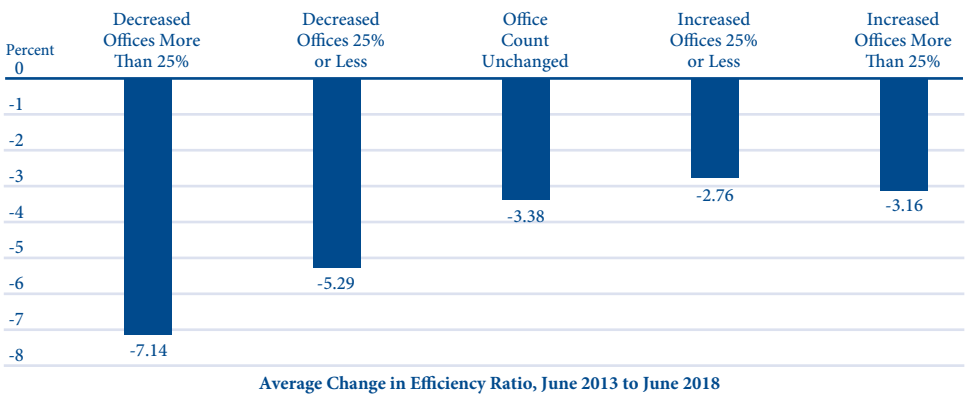
Importantly, this result does not mean that any institution that reduces its number of offices will improve its efficiency—it indicates only that, for those particular institutions, reducing the number of offices over this five-year period has been associated with improved efficiency ratios.

[9] See footnote 3.

[10] In this case the data needed to be adjusted for mergers because otherwise the number of offices of institutions would be highly affected by merger activity, as all of the offices of acquired institutions would typically be reported as belonging to the acquiring institution immediately after the merger. The efficiency ratio is total noninterest expense (not including amortization or impairment of goodwill or other intangible assets) divided by noninterest income plus net interest income, multiplied by 100. For example, if a bank had $1.1 million in noninterest expense, $100,000 in impairment losses and amortization of intangible assets, $1 million in net interest income, and $1 million in noninterest income, its efficiency ratio would be (($1.1 million – $100,000)/($1 million + $1 million)) x 100, or 50.

Chart 2

Institutions With Greater Declines in Office Count Had Greater Improvement in Efficiency Ratios



Sources: FDIC Summary of Deposits, Call Report Data, June 2013 and June 2018. Institutions in the highest and lowest 1 percent of efficiency ratio changes were removed to control for the effect of outliers.

Efficiency and profitability are not the same. Analyzing (on a merger-adjusted basis) the association between office closures and changes in pretax return on assets (ROA) is one way to evaluate the effect of office closures on profitability. Pretax ROA shows the amount of an institution's income divided by its asset base, which controls for the fact that larger institutions generate more total income than do smaller institutions.[11] Income is measured before taxes to make comparisons of all FDIC-insured institutions more meaningful, because tax rates vary from year to year, across states, and by tax status (such as the tax status of an S-corporation).[12] Higher pretax ROA indicates higher profitability. Chart 3 shows that pretax ROA increased the most at institutions that closed the largest percentages of offices.

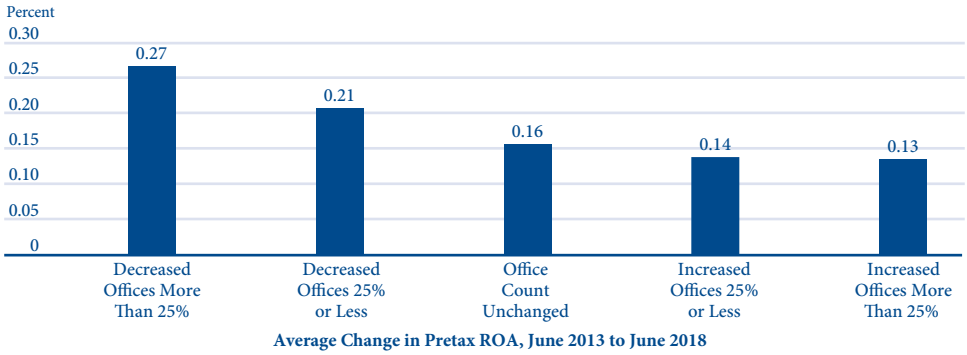
By definition, pretax ROA increases when the ratio of total pretax income to total assets increases. Consequently, pretax ROA could rise as a result of higher pretax income, a decline in total assets, or a combination of the two. Offices are part of the premises and fixed assets component of bank balance sheets, so closing offices reduces total assets, which would increase pretax ROA as long as pretax income stays the same, increases, or decreases by a lesser magnitude than the decrease in total assets.

[11] For example, two institutions with the same amount of pretax income could have different values of pretax ROA. If institutions A and B each have $1 million in pretax income, and institution A has $10 million in total assets, while institution B has $100 million in total assets, then pretax ROA is 10 percent ($1 million / $10 million) for institution A and 1 percent ($1 million / $100 million) for institution B.

[12] S-corporations do not pay federal taxes at the business level; all income is passed through to the owners and then taxed as individual income. Institutions with other corporate structures pay tax at the business level.

Chart 3

Institutions With Greater Declines in Office Counts Experienced Greater Improvement in Pretax ROA



Sources: FDIC Summary of Deposits, Call Report Data, June 2013 and June 2018. Institutions in the highest and lowest 1 percent of pretax ROA changes were removed to control for the effect of outliers.

The preceding analysis suggests that banks that closed more offices than they opened reduced their fixed expenses and fixed assets without sacrificing income, on average. Again, this does not suggest that *any* bank will increase its efficiency and profitability by closing offices. Charts 2 and 3 show that the institutions that increased their office networks by more than 25 percent did not necessarily sacrifice efficiency or profitability by doing so—there was little or no difference between changes in efficiency or profitability of institutions that increased offices by more than 25 percent and changes in the efficiency or profitability of institutions that had no increase in the number of offices. Further, institutions may add offices as a *result* of high efficiency or high profitability. Some successful institutions may be more willing or more able to reach new customers, or offer better service, by expanding their office networks, which could explain why the differences in changes in efficiency and profitability were relatively small between institutions that increased their number of offices and institutions that maintained the same number of offices over the five-year period.

Importantly, the decision to change the number of offices is one of many decisions made by bank executives that that can affect profitability. This analysis suggests a relationship between office closures and improved profitability, but further analysis is needed to definitively establish a direct relationship, since many factors could affect bank profitability.

Conclusion

The decline in the number of bank offices that began during the year that ended in June 2010 continued during the year ended in June 2018. The number of offices declined more slowly in rural counties, which tend to have fewer bank offices, than in more densely populated counties. Noncommunity banks, which tend to operate in more densely populated areas, closed offices at a faster rate than did community banks. Many factors, including a careful comparison of costs and benefits, influence decisions by bank executives to open or close offices.

Authors:

Joseph R. Harris III
Economic Analyst
Division of Insurance and Research

Derek K. Thieme
Economic Analyst
Division of Insurance and Research

Angela N. Woodhead
Economic Analyst
Division of Insurance and Research