

# FEDERAL DEPOSIT INSURANCE CORPORATION QUARTERLY

## SECOND QUARTER

Quarterly Banking Profile

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Banking Sector Performance During Two Periods of  
Sharply Higher Interest Rates: 2022 and 2004 to 2006

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**FDIC**

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# QUARTERLY BANKING PROFILE: SECOND QUARTER 2023

Net income for the 4,645 FDIC-insured commercial banks and savings institutions declined \$9.0 billion (11.3 percent) from one quarter ago to \$70.8 billion in second quarter 2023. Declines in noninterest income, reflecting the accounting treatment of the acquisition of three failed institutions, lower net interest income, and higher provision expense drove the decrease. Without the three failed-bank acquisitions in the past two quarters, net income would have been roughly flat from the prior quarter. Year-over-year net income increased \$6.4 billion (9.9 percent), as growth in net interest income exceeded growth in provision expense and noninterest expense. The banking industry reported an average return on assets (ROA) of 1.21 percent in the second quarter, down from 1.36 percent in first quarter 2023 but up from 1.08 percent in second quarter 2022. See page 1.

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## COMMUNITY BANK PERFORMANCE

Community banks—which represent 90 percent of insured institutions—reported quarterly net income of \$7.1 billion in second quarter 2023, an increase of \$236.2 million (3.4 percent) from one quarter ago. Higher noninterest income and lower losses on the sale of securities exceeded lower net interest income and higher noninterest expense. Less than half (42.5 percent) of all community banks reported higher net income compared with first quarter 2023. The share of unprofitable community banks rose slightly to 5.1 percent. The pretax return on assets (ROA) ratio rose 1 basis point from one quarter ago to 1.28 percent. See page 19.

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## INSURANCE FUND INDICATORS

The Deposit Insurance Fund (DIF) balance increased by \$897 million to \$117.0 billion. The rise in the DIF was primarily driven by assessment income of \$3.1 billion. Net investment income (including the effect of unrealized and realized gains and losses) added \$0.3 billion. These gains were partially offset by additional provisions for insurance losses of \$2.0 billion and operating expenses of \$0.5 billion. One insured institution, First Republic Bank, failed during the second quarter at an estimated cost to the Fund of \$15.6 billion. The DIF reserve ratio was 1.10 percent on June 30, 2023, down 1 basis point from the previous quarter and 13 basis points lower than the previous year. See page 31.

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## Featured Article

### BANKING SECTOR PERFORMANCE DURING TWO PERIODS OF SHARPLY HIGHER INTEREST RATES: 2022 AND 2004 TO 2006

Interest rates rose dramatically in 2022, causing an abrupt shift in banking conditions. The increase in the federal funds target rate in 2022 was the largest and fastest since the 1980s and followed an extended period of low interest rates. Intermediate and longer-term rates also rose but at a slower pace, causing the yield curve to rise and invert. Interest rates affect banks through earnings, lending, funding costs, and the fair value of assets. This article examines the increase in interest rates in 2022 and compares the resulting changes in banking outcomes with changes that occurred during 2004 to 2006 (2004 cycle), when interest rates rose by nearly the same magnitude. See page 45.

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# INSURED INSTITUTION PERFORMANCE

Net Income Decreased From the Prior Quarter, Driven by Lower Noninterest Income

The Net Interest Margin Declined for the Second Straight Quarter

Unrealized Losses on Securities Increased Quarter Over Quarter

Loan Balances Increased From Last Quarter and a Year Ago

Total Deposits Declined for a Fifth Consecutive Quarter

Asset Quality Metrics Remained Favorable Despite Modest Deterioration

## NET INCOME DECLINED QUARTER OVER QUARTER BUT INCREASED YEAR OVER YEAR

Net income for the 4,645 FDIC-insured commercial banks and savings institutions declined \$9.0 billion (11.3 percent) from one quarter ago to \$70.8 billion in second quarter 2023. Declines in noninterest income, reflecting the accounting treatment of the acquisition of three failed institutions, lower net interest income, and higher provision expense drove the decrease. Without the three failed-bank acquisitions in the past two quarters, net income would have been roughly flat from the prior quarter. Year-over-year net income increased \$6.4 billion (9.9 percent), as growth in net interest income exceeded growth in provision expense and noninterest expense.

The banking industry reported an average return on assets (ROA) of 1.21 percent in the second quarter, down from 1.36 percent in first quarter 2023 but up from 1.08 percent in second quarter 2022.

Chart 1

### Quarterly Net Income

All FDIC-Insured Institutions

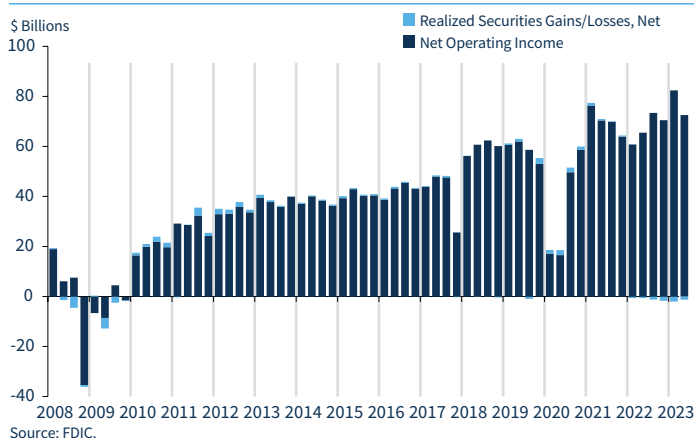
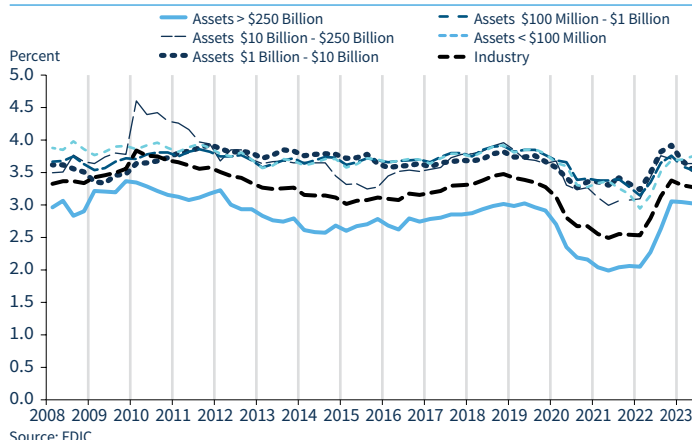


Chart 2

### Quarterly Net Interest Margin

All FDIC-Insured Institutions



## THE NET INTEREST MARGIN DECLINED FOR THE SECOND STRAIGHT QUARTER

Following a decline of 7 basis points in first quarter, the net interest margin (NIM) declined 3 basis points to 3.28 percent in the second quarter. The NIM remains 48 basis points higher than the year-ago quarter and above the pre-pandemic average of 3.25 percent.<sup>1</sup>

The decline in the NIM reflects the cost of funds (the interest banks pay on deposits and other borrowings) rising at a faster rate than yields on earning assets (the interest banks earn on loans and securities). The yield on earning assets increased 40 basis points from first quarter 2023 to 5.32 percent, while the cost of funds increased 43 basis points to 2.05 percent.

## NET OPERATING REVENUE DECLINED QUARTER OVER QUARTER BUT ROSE YEAR OVER YEAR

Net operating revenue (net interest income plus noninterest income) declined \$9.2 billion (3.5 percent) from the prior quarter to \$252.5 billion. Noninterest income declined \$7.8 billion (9.1 percent) and net interest income declined \$1.4 billion (0.8 percent). Excluding the accounting gains from the acquisition of the failed banks in the past two quarters, noninterest income would have increased \$1.3 billion quarter over quarter due to higher “all other noninterest income.”<sup>2</sup> Interest income increased \$21.8 billion (8.4 percent) from first quarter 2023 but was more than offset by a \$23.2 billion (27.2 percent) increase in interest expense. From the year-ago quarter, net operating revenue rose \$24.5 billion (10.7 percent), as net interest income grew \$23.2 billion (15.4 percent) and noninterest income increased \$1.3 billion (1.7 percent).

Chart 3

### Change in Quarterly Credit Loss Provisions

All FDIC-Insured Institutions

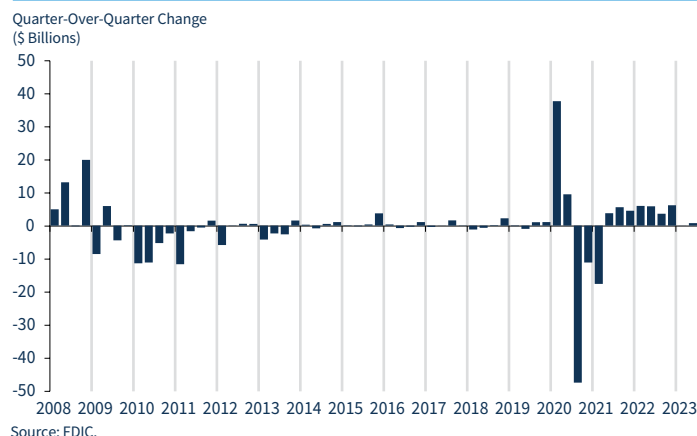
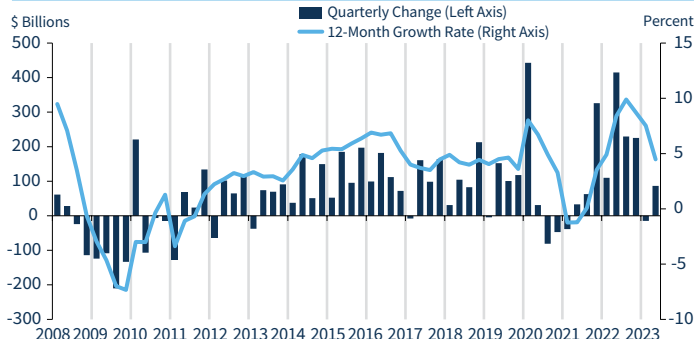


Chart 4

### Quarterly Change in Loan Balances

All FDIC-Insured Institutions



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

<sup>1</sup>The “pre-pandemic average” refers to the period first quarter 2015 through fourth quarter 2019 and is used consistently throughout this report.

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

## NONINTEREST EXPENSE INCREASED

Noninterest expense totaled \$141.9 billion, up \$559.3 million (0.4 percent) from the prior quarter. A decline in salary and employee benefits expense (down \$2.2 billion, or 3.1 percent) was offset by higher “all other noninterest expense” (up \$4.1 billion, or 7.3 percent).<sup>3</sup> Relative to a year ago, an increase in salary and employee benefits expense (up \$3.3 billion, or 5.1 percent) and “all other noninterest expense” (up \$3.3 billion, or 5.9 percent) drove the increase in noninterest expense.

Despite the aggregate growth in noninterest expense for the banking industry, the efficiency ratio (noninterest expense to net operating revenue) declined 3 percentage points from the year-ago quarter to 55.7 percent, led by strong growth in net interest income.<sup>4</sup> While the efficiency ratio declined for most Quarterly Banking Profile (QBP) asset size groups, it increased the most for those banks with between \$1 and \$10 billion in assets.

Chart 5

### Quarterly Change in Deposits

All FDIC-Insured Institutions

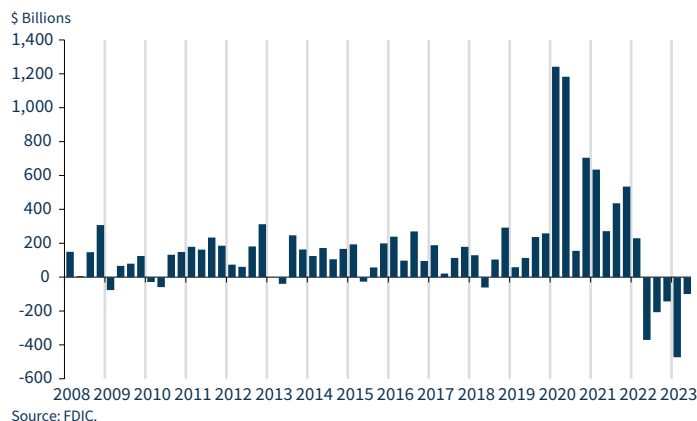
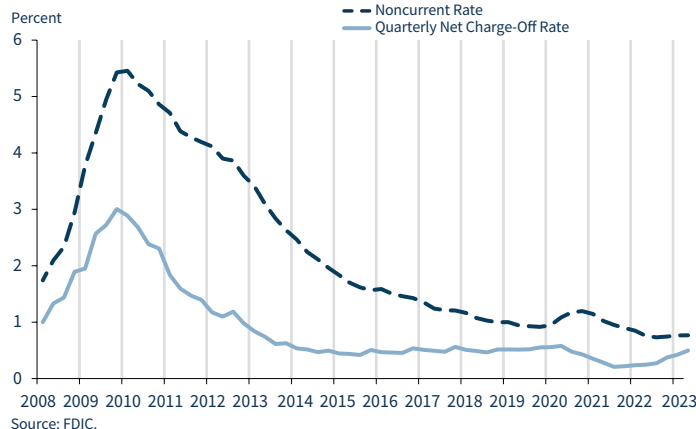


Chart 6

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

All FDIC-Insured Institutions



<sup>3</sup>“All other noninterest expense” includes material write-in items as well as expenses related to data processing, advertising and marketing, legal fees, intracompany transactions, and consulting and advisory fees.

<sup>4</sup>The reduction in this ratio indicates that the industry was more efficient in producing revenue.

## PROVISION EXPENSE INCREASED MODESTLY FROM THE PRIOR QUARTER

Provisions for credit losses were \$21.5 billion in second quarter 2023, up \$726.9 million from the previous quarter and \$10.4 billion from the year-ago quarter.<sup>5</sup> Only 191 FDIC-insured banks had not yet adopted CECL as of second quarter.

The reserve coverage ratio (the ratio of the allowance for credit losses to noncurrent loans) for all insured institutions increased to 224.8 percent in second quarter 2023, the highest level since QBP data collection began in 1984.

## BANKING INDUSTRY ASSETS DECREASED FROM FIRST QUARTER 2023

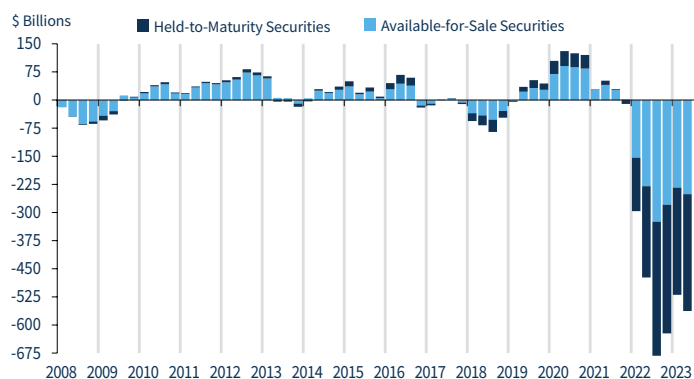
Total assets of \$23.5 trillion declined \$254.4 billion (1.1 percent) from first quarter 2023. Securities led the decline (down \$175.1 billion, or 3.1 percent), followed by cash and balances due from depository institutions (down \$138.1 billion, or 4.9 percent).

Year over year, total assets decreased \$252.8 billion (1.1 percent). The growth in total loan and lease balances (up \$526.8 billion, or 4.5 percent) was offset by declines in total securities (down \$712.2 billion, or 11.6 percent) and cash and balances due from depository institutions (down \$118.0 billion, or 4.2 percent).

Chart 7

### Unrealized Gains (Losses) on Investment Securities

All FDIC-Insured Institutions

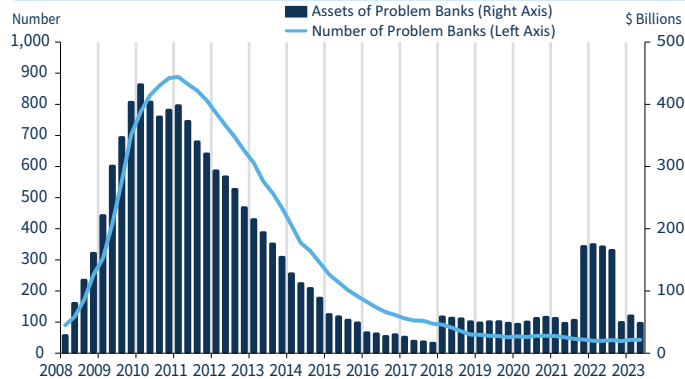


Source: FDIC.  
Note: Insured Call Report filers only. Unrealized losses on securities solely reflect the difference between the market value as of quarter end and the book value of non-equity securities.

Chart 8

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

All FDIC-Insured Institutions



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

<sup>5</sup> Provisions for credit losses include both losses for loans and securities for CECL adopters but only loan losses for non-adopters.



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**UNREALIZED LOSSES ON  
SECURITIES INCREASED QUARTER  
OVER QUARTER<sup>6</sup>**

Unrealized losses on securities totaled \$558.4 billion in the second quarter, up \$42.9 billion (8.3 percent) from the prior quarter. Unrealized losses on held-to-maturity securities totaled \$309.6 billion in the second quarter, while unrealized losses on available-for-sale securities totaled \$248.9 billion.<sup>7</sup>

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**LOAN BALANCES INCREASED FROM  
LAST QUARTER AND A YEAR AGO**

Total loan and lease balances increased \$86.5 billion (0.7 percent) from the previous quarter. An increase in credit card loans (up \$45.0 billion, or 4.6 percent) and loans to nondepository financial institutions (up \$24.3 billion, or 3.2 percent) drove loan growth.

Year over year, total loan and lease balances increased \$526.8 billion (4.5 percent). One-to-four family residential loans (up \$158.5 billion, or 6.7 percent) and credit card loans (up \$124.4 billion, or 13.8 percent) led loan growth during the year ending second quarter.

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**TOTAL DEPOSITS DECLINED  
QUARTER OVER QUARTER, BUT  
INSURED DEPOSITS INCREASED**

Total deposits declined \$98.6 billion (0.5 percent) between first and second quarter 2023. This was the fifth consecutive quarter that the industry reported lower levels of total deposits. A reduction in estimated uninsured deposits (down \$180.6 billion, or 2.5 percent) drove the quarterly decline. Estimated insured deposits continued to increase (up \$84.9 billion, or 0.8 percent) during the quarter. The decline in total deposits in second quarter 2023 was nearly offset by increased wholesale funding (up \$79.9 billion, or 1.5 percent) from the previous quarter.<sup>8</sup> Wholesale funding as a percentage of total assets rose from 17.1 percent in the year ago quarter to 22.8 percent in second quarter 2023.

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<sup>6</sup>Unrealized losses on securities reflect the difference between the market value as of quarter end and the book value of non-equity securities. This calculation does not account for any unrealized gains or losses in "accumulated other comprehensive income" because unrealized gains and losses cannot be derived from Call Reports for the industry.

<sup>7</sup>Due to rounding, values do not add up to the aggregate value.

<sup>8</sup>Wholesale funding includes federal funds purchased and securities sold under agreement to repurchase, Federal Home Loan Bank and other borrowings, brokered and reciprocal deposits, listing service deposits, municipal and state deposits, and foreign deposits (which are not FDIC insured).

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**THE NONCURRENT LOAN RATE  
INCREASED SLIGHTLY FROM THE  
PRIOR QUARTER**

The share of loans and leases 90 days or more past due or in nonaccrual status increased 1 basis point from the prior quarter and the year-ago quarter to 0.76 percent. This ratio remains well below the pre-pandemic average noncurrent loan ratio of 1.28 percent. Higher noncurrent nonfarm, nonresidential (commercial real estate) loan balances drove the quarterly increase.

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**THE NET CHARGE-OFF RATE  
RETURNED TO ITS PRE-PANDEMIC  
AVERAGE**

The net charge-off rate of 0.48 percent increased 7 basis points from the prior quarter and 25 basis points from the year-ago quarter. Higher credit card net charge-off balances led the quarterly and annual increase. The industry's net charge-off rate is now equal to its pre-pandemic average.

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**CAPITAL RATIOS REMAINED STABLE**

Equity capital declined \$9.5 billion (0.4 percent) in second quarter 2023, led by a decline in accumulated other comprehensive income (down \$18.3 billion) from first quarter as higher market interest rates decreased the value of some available-for-sale investment securities. Retained earnings contributed \$19.8 billion to equity formation in the second quarter, as net income of \$70.8 billion exceeded declared dividends of \$51.0 billion.

The leverage capital ratio declined 4 basis points from a quarter ago to 9.10 percent as average asset growth outpaced capital formation. The total risk-based capital ratio increased 11 basis points to 15.17 percent, and the tier 1 risk-based capital ratio increased 9 basis points to 13.84 percent as capital formation grew and risk-weighted assets declined. The number of institutions with capital ratios that did not meet Prompt Corrective Action requirements for the well-capitalized category increased by two from first quarter 2022 to eight.<sup>9</sup>

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<sup>9</sup> Prompt Corrective Action categories are assigned based on reported capital ratios only and do not include the effects of regulatory downgrades.

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**TWO NEW BANKS OPENED AND ONE BANK FAILED IN SECOND QUARTER 2023**

The number of FDIC-insured institutions declined from 4,672 in first quarter to 4,645 this quarter. During the quarter, two banks opened, one bank failed, and 27 institutions merged. In addition, one bank failed during the third quarter and did not file a second quarter 2023 Call Report. The number of banks on the FDIC's "Problem Bank List" remained unchanged at 43.<sup>10</sup> Total assets of problem banks decreased from \$58.0 billion to \$46.0 billion.

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Author:

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

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<sup>10</sup> Banks on the FDIC's Problem Bank List have a CAMELS composite rating of "4" or "5" due to financial, operational, or managerial weaknesses, or a combination of such issues. It is common for banks to move on or off this list each quarter.

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

|                                                              | 2023** | 2022** | 2022  | 2021  | 2020   | 2019  | 2018  |
|--------------------------------------------------------------|--------|--------|-------|-------|--------|-------|-------|
| Return on assets (%)                                         | 1.29   | 1.05   | 1.11  | 1.23  | 0.72   | 1.29  | 1.35  |
| Return on equity (%)                                         | 13.57  | 10.97  | 11.82 | 12.21 | 6.85   | 11.38 | 11.98 |
| Core capital (leverage) ratio (%)                            | 9.10   | 8.74   | 8.98  | 8.73  | 8.82   | 9.66  | 9.70  |
| Noncurrent assets plus other real estate owned to assets (%) | 0.41   | 0.39   | 0.39  | 0.44  | 0.61   | 0.55  | 0.60  |
| Net charge-offs to loans (%)                                 | 0.45   | 0.23   | 0.27  | 0.25  | 0.50   | 0.52  | 0.48  |
| Asset growth rate (%)                                        | -1.07  | 4.14   | -0.51 | 8.46  | 17.29  | 3.92  | 3.03  |
| Net interest margin (%)                                      | 3.31   | 2.67   | 2.95  | 2.54  | 2.82   | 3.36  | 3.40  |
| Net operating income growth (%)                              | 22.44  | -13.63 | -3.65 | 96.90 | -38.77 | -3.14 | 45.45 |
| Number of institutions reporting                             | 4,645  | 4,771  | 4,706 | 4,839 | 5,002  | 5,177 | 5,406 |
| Commercial banks                                             | 4,071  | 4,179  | 4,127 | 4,232 | 4,375  | 4,518 | 4,715 |
| Savings institutions                                         | 574    | 592    | 579   | 607   | 627    | 659   | 691   |
| Percentage of unprofitable institutions (%)                  | 4.13   | 4.76   | 3.51  | 3.10  | 4.68   | 3.73  | 3.46  |
| Number of problem institutions                               | 43     | 40     | 39    | 44    | 56     | 51    | 60    |
| Assets of problem institutions (in billions)***              | \$46   | \$170  | \$47  | \$170 | \$56   | \$46  | \$48  |
| Number of failed institutions                                | 3      | 0      | 0     | 0     | 4      | 4     | 0     |

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

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

\*\*\* Assets shown are what were on record as of the last day of the quarter.

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

| (dollar figures in millions)                       |  | 2nd Quarter<br>2023 | 1st Quarter<br>2023 | 2nd Quarter<br>2022 | %Change<br>22Q2-23Q2 |                     |                      |
|----------------------------------------------------|--|---------------------|---------------------|---------------------|----------------------|---------------------|----------------------|
| Number of institutions reporting                   |  | 4,645               | 4,672               | 4,771               | -2.6                 |                     |                      |
| Total employees (full-time equivalent)             |  | 2,114,605           | 2,128,398           | 2,100,337           | 0.7                  |                     |                      |
| CONDITION DATA                                     |  |                     |                     |                     |                      |                     |                      |
| Total assets                                       |  | \$23,465,090        | \$23,719,547        | \$23,717,901        | -1.1                 |                     |                      |
| Loans secured by real estate                       |  | 5,849,575           | 5,801,496           | 5,499,188           | 6.4                  |                     |                      |
| 1-4 Family residential mortgages                   |  | 2,526,058           | 2,506,251           | 2,367,593           | 6.7                  |                     |                      |
| Nonfarm nonresidential                             |  | 1,796,877           | 1,782,848           | 1,708,943           | 5.1                  |                     |                      |
| Construction and development                       |  | 488,531             | 479,673             | 429,447             | 13.8                 |                     |                      |
| Home equity lines                                  |  | 269,118             | 269,803             | 266,734             | 0.9                  |                     |                      |
| Commercial & industrial loans                      |  | 2,517,293           | 2,529,251           | 2,487,474           | 1.2                  |                     |                      |
| Loans to individuals                               |  | 2,072,145           | 2,037,652           | 1,961,745           | 5.6                  |                     |                      |
| Credit cards                                       |  | 1,027,817           | 982,813             | 903,452             | 13.8                 |                     |                      |
| Farm loans                                         |  | 75,726              | 69,938              | 70,854              | 6.9                  |                     |                      |
| Other loans & leases                               |  | 1,785,726           | 1,775,349           | 1,753,990           | 1.8                  |                     |                      |
| Less: Unearned income                              |  | 1,943               | 1,636               | 1,508               | 28.9                 |                     |                      |
| Total loans & leases                               |  | 12,298,521          | 12,212,050          | 11,771,745          | 4.5                  |                     |                      |
| Less: Reserve for losses*                          |  | 209,023             | 202,213             | 179,204             | 16.6                 |                     |                      |
| Net loans and leases                               |  | 12,089,498          | 12,009,837          | 11,592,541          | 4.3                  |                     |                      |
| Securities**                                       |  | 5,436,351           | 5,611,440           | 6,148,530           | -11.6                |                     |                      |
| Other real estate owned                            |  | 2,841               | 2,687               | 2,807               | 1.2                  |                     |                      |
| Goodwill and other intangibles                     |  | 435,999             | 435,470             | 421,402             | 3.5                  |                     |                      |
| All other assets                                   |  | 5,500,401           | 5,660,112           | 5,552,621           | -0.9                 |                     |                      |
| Total liabilities and capital                      |  | 23,465,090          | 23,719,547          | 23,717,901          | -1.1                 |                     |                      |
| Deposits                                           |  | 18,643,919          | 18,742,490          | 19,562,789          | -4.7                 |                     |                      |
| Domestic office deposits                           |  | 17,197,919          | 17,303,968          | 18,077,010          | -4.9                 |                     |                      |
| Foreign office deposits                            |  | 1,446,000           | 1,438,522           | 1,485,779           | -2.7                 |                     |                      |
| Other borrowed funds                               |  | 1,738,616           | 1,900,803           | 1,138,443           | 52.7                 |                     |                      |
| Subordinated debt                                  |  | 59,450              | 60,822              | 63,463              | -6.3                 |                     |                      |
| All other liabilities                              |  | 769,765             | 752,701             | 732,830             | 5.0                  |                     |                      |
| Total equity capital (includes minority interests) |  | 2,253,341           | 2,262,731           | 2,220,372           | 1.5                  |                     |                      |
| Bank equity capital                                |  | 2,250,964           | 2,260,453           | 2,218,123           | 1.5                  |                     |                      |
| Loans and leases 30-89 days past due               |  | 62,250              | 63,502              | 56,914              | 9.4                  |                     |                      |
| Noncurrent loans and leases                        |  | 92,991              | 92,128              | 87,999              | 5.7                  |                     |                      |
| Restructured loans and leases                      |  | 21,155              | 13,150              | 42,193              | -49.9                |                     |                      |
| Mortgage-backed securities                         |  | 2,962,311           | 3,032,157           | 3,379,239           | -12.3                |                     |                      |
| Earning assets                                     |  | 21,267,662          | 21,522,510          | 21,523,188          | -1.2                 |                     |                      |
| FHLB Advances                                      |  | 658,681             | 804,438             | 325,742             | 102.2                |                     |                      |
| Unused loan commitments                            |  | 9,815,032           | 9,693,165           | 9,456,245           | 3.8                  |                     |                      |
| Trust assets                                       |  | 31,771,357          | 18,456,457          | 18,117,743          | 75.4                 |                     |                      |
| Assets securitized and sold                        |  | 383,090             | 383,911             | 411,326             | -6.9                 |                     |                      |
| Notional amount of derivatives                     |  | 224,647,898         | 220,468,605         | 197,421,142         | 13.8                 |                     |                      |
| INCOME DATA                                        |  | First Half<br>2023  | First Half<br>2022  | %Change             | 2nd Quarter<br>2023  | 2nd Quarter<br>2022 | %Change<br>22Q2-23Q2 |
| Total interest income                              |  | \$542,542           | \$310,628           | 74.7                | \$283,192            | \$164,977           | 71.7                 |
| Total interest expense                             |  | 193,441             | 22,259              | 769.1               | 108,861              | 13,851              | 685.9                |
| Net interest income                                |  | 349,102             | 288,369             | 21.1                | 174,331              | 151,126             | 15.4                 |
| Provision for credit losses***                     |  | 42,184              | 16,288              | 159.0               | 21,464               | 11,078              | 93.8                 |
| Total noninterest income                           |  | 163,853             | 153,400             | 6.8                 | 78,185               | 76,887              | 1.7                  |
| Total noninterest expense                          |  | 282,326             | 267,852             | 5.4                 | 141,894              | 134,833             | 5.2                  |
| Securities gains (losses)                          |  | -3,410              | -896                | N/M                 | -1,236               | -307                | N/M                  |
| Applicable income taxes                            |  | 34,521              | 32,213              | 7.2                 | 17,017               | 17,074              | -0.3                 |
| Extraordinary gains, net****                       |  | 4                   | -249                | N/M                 | -1                   | -249                | N/M                  |
| Total net income (includes minority interests)     |  | 150,517             | 124,271             | 21.1                | 70,903               | 64,473              | 10.0                 |
| Bank net income                                    |  | 150,288             | 124,153             | 21.1                | 70,772               | 64,411              | 9.9                  |
| Net charge-offs                                    |  | 27,166              | 12,963              | 109.6               | 14,741               | 6,688               | 120.4                |
| Cash dividends                                     |  | 95,127              | 57,708              | 64.8                | 50,994               | 29,081              | 75.4                 |
| Retained earnings                                  |  | 55,161              | 66,444              | -17.0               | 19,777               | 35,330              | -44.0                |
| Net operating income                               |  | 153,365             | 125,253             | 22.4                | 71,937               | 64,975              | 10.7                 |

\* For institutions that have adopted ASU 2016-13, this item represents the allowance for credit losses on loans and leases held for investment and allocated transfer risk.

\*\* For institutions that have adopted ASU 2016-13, securities are reported net of allowances for credit losses.

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

\*\*\*\* See Notes to Users for explanation.

N/M - Not Meaningful

**TABLE III-A. Second Quarter 2023, All FDIC-Insured Institutions**

| SECOND QUARTER<br>(The way it is...)                 | All Insured<br>Institutions | Asset Concentration Groups* |                             |                       |                       |                     |                     |                                      |                           |                           |
|------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------|-----------------------|---------------------|---------------------|--------------------------------------|---------------------------|---------------------------|
|                                                      |                             | Credit<br>Card<br>Banks     | Inter-<br>national<br>Banks | Agricultural<br>Banks | Commercial<br>Lenders | Mortgage<br>Lenders | Consumer<br>Lenders | Other<br>Specialized<br><\$1 Billion | All Other<br><\$1 Billion | All Other<br>>\$1 Billion |
| Number of institutions reporting                     | 4,645                       | 10                          | 5                           | 1,018                 | 2,521                 | 326                 | 41                  | 254                                  | 403                       | 67                        |
| Commercial banks                                     | 4,071                       | 9                           | 5                           | 1,006                 | 2,285                 | 95                  | 32                  | 231                                  | 352                       | 56                        |
| Savings institutions                                 | 574                         | 1                           | 0                           | 12                    | 236                   | 231                 | 9                   | 23                                   | 51                        | 11                        |
| Total assets (in billions)                           | \$23,465.1                  | \$476.2                     | \$5,889.3                   | \$289.3               | \$8,347.3             | \$686.5             | \$385.9             | \$56.2                               | \$92.0                    | \$7,242.4                 |
| Commercial banks                                     | 22,191.4                    | 375.4                       | 5,889.3                     | 282.0                 | 7,928.6               | 129.5               | 380.1               | 51.4                                 | 82.2                      | 7,073.1                   |
| Savings institutions                                 | 1,273.7                     | 100.7                       | 0.0                         | 7.3                   | 418.7                 | 557.0               | 5.9                 | 4.8                                  | 9.9                       | 169.4                     |
| Total deposits (in billions)                         | 18,643.9                    | 364.6                       | 4,481.8                     | 245.0                 | 6,681.9               | 549.6               | 317.6               | 47.6                                 | 79.6                      | 5,876.3                   |
| Commercial banks                                     | 17,625.2                    | 286.6                       | 4,481.8                     | 241.0                 | 6,354.4               | 99.8                | 312.6               | 44.4                                 | 71.5                      | 5,733.1                   |
| Savings institutions                                 | 1,018.8                     | 78.0                        | 0.0                         | 4.0                   | 327.5                 | 449.8               | 5.0                 | 3.2                                  | 8.0                       | 143.2                     |
| Bank net income (in millions)                        | 70,772                      | 2,979                       | 19,232                      | 868                   | 22,655                | 1,098               | 1,425               | 483                                  | 240                       | 21,792                    |
| Commercial banks                                     | 68,240                      | 2,443                       | 19,232                      | 832                   | 21,754                | 261                 | 1,419               | 343                                  | 224                       | 21,732                    |
| Savings institutions                                 | 2,531                       | 536                         | 0                           | 36                    | 901                   | 837                 | 6                   | 140                                  | 16                        | 60                        |
| <b>Performance Ratios (annualized, %)</b>            |                             |                             |                             |                       |                       |                     |                     |                                      |                           |                           |
| Yield on earning assets                              | 5.32                        | 13.76                       | 5.25                        | 4.87                  | 5.21                  | 3.26                | 6.86                | 4.17                                 | 4.47                      | 5.10                      |
| Cost of funding earning assets                       | 2.05                        | 3.44                        | 2.39                        | 1.43                  | 1.85                  | 1.73                | 3.23                | 1.02                                 | 1.05                      | 1.92                      |
| Net interest margin                                  | 3.28                        | 10.32                       | 2.86                        | 3.44                  | 3.36                  | 1.53                | 3.63                | 3.15                                 | 3.42                      | 3.17                      |
| Noninterest income to assets                         | 1.33                        | 6.36                        | 1.80                        | 0.54                  | 0.86                  | 0.69                | 1.17                | 5.96                                 | 0.82                      | 1.24                      |
| Noninterest expense to assets                        | 2.42                        | 9.18                        | 2.33                        | 2.29                  | 2.35                  | 1.33                | 2.06                | 4.43                                 | 2.74                      | 2.24                      |
| Credit loss provision to assets**                    | 0.37                        | 3.78                        | 0.30                        | 0.08                  | 0.21                  | 0.01                | 0.57                | 0.07                                 | 0.08                      | 0.42                      |
| Net operating income to assets                       | 1.23                        | 2.54                        | 1.37                        | 1.22                  | 1.10                  | 0.63                | 1.49                | 3.39                                 | 1.06                      | 1.20                      |
| Pretax return on assets                              | 1.50                        | 3.31                        | 1.65                        | 1.38                  | 1.35                  | 0.82                | 1.94                | 4.38                                 | 1.18                      | 1.45                      |
| Return on assets                                     | 1.21                        | 2.53                        | 1.32                        | 1.21                  | 1.08                  | 0.63                | 1.49                | 3.41                                 | 1.04                      | 1.19                      |
| Return on equity                                     | 12.60                       | 24.30                       | 14.15                       | 13.35                 | 10.87                 | 9.98                | 17.93               | 31.21                                | 11.86                     | 12.39                     |
| Net charge-offs to loans and leases                  | 0.48                        | 3.54                        | 0.56                        | 0.06                  | 0.18                  | 0.02                | 0.84                | 0.17                                 | 0.10                      | 0.61                      |
| Loan and lease loss provision to net charge-offs     | 151.16                      | 128.37                      | 176.55                      | 212.56                | 175.77                | 182.78              | 85.65               | 161.00                               | 138.82                    | 148.21                    |
| Efficiency ratio                                     | 55.66                       | 55.96                       | 53.20                       | 60.38                 | 59.07                 | 61.67               | 44.91               | 49.62                                | 67.98                     | 54.04                     |
| % of unprofitable institutions                       | 5.08                        | 10.00                       | 0.00                        | 3.05                  | 4.01                  | 14.11               | 14.63               | 10.24                                | 4.96                      | 7.46                      |
| % of institutions with earnings gains                | 52.42                       | 50.00                       | 60.00                       | 58.64                 | 50.61                 | 41.10               | 41.46               | 64.17                                | 51.36                     | 49.25                     |
| <b>Structural Changes</b>                            |                             |                             |                             |                       |                       |                     |                     |                                      |                           |                           |
| New reporters                                        | 2                           | 0                           | 0                           | 0                     | 0                     | 0                   | 0                   | 2                                    | 0                         | 0                         |
| Institutions absorbed by mergers                     | 26                          | 0                           | 0                           | 6                     | 17                    | 0                   | 0                   | 1                                    | 1                         | 1                         |
| Failed institutions                                  | 1                           | 0                           | 0                           | 0                     | 0                     | 0                   | 0                   | 0                                    | 0                         | 1                         |
| <b>PRIOR SECOND QUARTERS<br/>(The way it was...)</b> |                             |                             |                             |                       |                       |                     |                     |                                      |                           |                           |
| Return on assets (%)                                 | 2022                        | 1.08                        | 4.00                        | 0.95                  | 1.22                  | 1.11                | 0.89                | 1.93                                 | 1.56                      | 0.94                      |
|                                                      | 2020                        | 0.36                        | 0.11                        | 0.28                  | 1.41                  | 0.50                | 1.16                | 0.51                                 | 3.00                      | 0.14                      |
|                                                      | 2018                        | 1.37                        | 2.73                        | 1.23                  | 1.34                  | 1.28                | 1.07                | 1.20                                 | 3.75                      | 1.45                      |
| Net charge-offs to loans & leases (%)                | 2022                        | 0.23                        | 2.14                        | 0.30                  | 0.03                  | 0.08                | 0.02                | 0.45                                 | 0.11                      | 0.18                      |
|                                                      | 2020                        | 0.57                        | 4.26                        | 0.79                  | 0.19                  | 0.28                | 0.02                | 0.34                                 | 0.36                      | 0.50                      |
|                                                      | 2018                        | 0.48                        | 4.02                        | 0.50                  | 0.19                  | 0.16                | 0.01                | 1.14                                 | 0.05                      | 0.36                      |

\* See Table IV-A for explanations.

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

**TABLE III-A. Second Quarter 2023, All FDIC-Insured Institutions**

| SECOND QUARTER<br>(The way it is...)                 | All Insured<br>Institutions | Asset Size Distribution          |                                       |                                   |                                     |                                     | Geographic Regions* |           |           |                |           |                  |
|------------------------------------------------------|-----------------------------|----------------------------------|---------------------------------------|-----------------------------------|-------------------------------------|-------------------------------------|---------------------|-----------|-----------|----------------|-----------|------------------|
|                                                      |                             | Less<br>Than<br>\$100<br>Million | \$100<br>Million<br>to \$1<br>Billion | \$1 Billion<br>to \$10<br>Billion | \$10 Billion<br>to \$250<br>Billion | Greater<br>Than<br>\$250<br>Billion | New York            | Atlanta   | Chicago   | Kansas<br>City | Dallas    | San<br>Francisco |
| Number of institutions reporting                     | 4,645                       | 733                              | 2,920                                 | 836                               | 142                                 | 14                                  | 547                 | 528       | 994       | 1,188          | 1,043     | 345              |
| Commercial banks                                     | 4,071                       | 642                              | 2,589                                 | 700                               | 127                                 | 13                                  | 288                 | 482       | 858       | 1,151          | 977       | 315              |
| Savings institutions                                 | 574                         | 91                               | 331                                   | 136                               | 15                                  | 1                                   | 259                 | 46        | 136       | 37             | 66        | 30               |
| Total assets (in billions)                           | \$23,465.1                  | \$44.3                           | \$1,080.1                             | \$2,306.1                         | \$6,465.7                           | \$13,568.9                          | \$4,519.3           | \$4,774.0 | \$5,962.9 | \$4,163.5      | \$2,013.5 | \$2,031.9        |
| Commercial banks                                     | 22,191.4                    | 39.3                             | 948.7                                 | 1,968.8                           | 5,995.0                             | 13,239.6                            | 4,147.7             | 4,722.5   | 5,887.9   | 4,105.1        | 1,456.7   | 1,871.5          |
| Savings institutions                                 | 1,273.7                     | 5.0                              | 131.4                                 | 337.3                             | 470.7                               | 329.4                               | 371.6               | 51.5      | 75.0      | 58.4           | 556.8     | 160.4            |
| Total deposits (in billions)                         | 18,643.9                    | 37.0                             | 916.1                                 | 1,888.6                           | 5,160.4                             | 10,641.7                            | 3,594.1             | 3,838.9   | 4,554.9   | 3,379.8        | 1,643.1   | 1,633.1          |
| Commercial banks                                     | 17,625.2                    | 33.3                             | 810.5                                 | 1,623.6                           | 4,787.9                             | 10,370.0                            | 3,298.2             | 3,801.4   | 4,502.7   | 3,330.7        | 1,188.3   | 1,504.0          |
| Savings institutions                                 | 1,018.8                     | 3.7                              | 105.6                                 | 265.0                             | 372.6                               | 271.8                               | 295.9               | 37.5      | 52.3      | 49.2           | 454.8     | 129.1            |
| Bank net income (in millions)                        | 70,772                      | 110                              | 3,326                                 | 6,870                             | 19,881                              | 40,583                              | 11,789              | 14,459    | 20,572    | 11,086         | 5,158     | 7,707            |
| Commercial banks                                     | 68,240                      | 102                              | 2,953                                 | 6,226                             | 18,664                              | 40,296                              | 11,111              | 14,434    | 20,284    | 10,845         | 4,576     | 6,992            |
| Savings institutions                                 | 2,531                       | 9                                | 374                                   | 644                               | 1,218                               | 287                                 | 679                 | 25        | 289       | 242            | 583       | 714              |
| <b>Performance Ratios (annualized, %)</b>            |                             |                                  |                                       |                                   |                                     |                                     |                     |           |           |                |           |                  |
| Yield on earning assets                              | 5.32                        | 4.75                             | 4.91                                  | 5.29                              | 5.84                                | 5.11                                | 5.55                | 5.13      | 5.01      | 5.42           | 4.68      | 6.60             |
| Cost of funding earning assets                       | 2.05                        | 1.00                             | 1.37                                  | 1.74                              | 2.20                                | 2.08                                | 2.47                | 1.79      | 1.91      | 2.06           | 1.73      | 2.38             |
| Net interest margin                                  | 3.28                        | 3.75                             | 3.54                                  | 3.55                              | 3.64                                | 3.03                                | 3.08                | 3.33      | 3.10      | 3.36           | 2.95      | 4.22             |
| Noninterest income to assets                         | 1.33                        | 1.65                             | 1.13                                  | 1.06                              | 1.32                                | 1.40                                | 1.18                | 1.11      | 1.70      | 1.04           | 0.82      | 2.23             |
| Noninterest expense to assets                        | 2.42                        | 3.87                             | 2.89                                  | 2.65                              | 2.62                                | 2.24                                | 2.28                | 2.28      | 2.37      | 2.39           | 2.20      | 3.48             |
| Credit loss provision to assets**                    | 0.37                        | 0.08                             | 0.09                                  | 0.20                              | 0.47                                | 0.37                                | 0.35                | 0.40      | 0.32      | 0.35           | 0.12      | 0.73             |
| Net operating income to assets                       | 1.23                        | 1.01                             | 1.25                                  | 1.21                              | 1.24                                | 1.22                                | 1.05                | 1.21      | 1.45      | 1.07           | 1.03      | 1.52             |
| Pretax return on assets                              | 1.50                        | 1.17                             | 1.46                                  | 1.49                              | 1.58                                | 1.46                                | 1.32                | 1.42      | 1.72      | 1.34           | 1.23      | 1.98             |
| Return on assets                                     | 1.21                        | 0.99                             | 1.24                                  | 1.20                              | 1.23                                | 1.19                                | 1.05                | 1.20      | 1.39      | 1.06           | 1.02      | 1.51             |
| Return on equity                                     | 12.60                       | 7.88                             | 12.94                                 | 12.16                             | 12.69                               | 12.63                               | 10.41               | 12.25     | 14.67     | 11.15          | 12.34     | 15.78            |
| Net charge-offs to loans and leases                  | 0.48                        | 0.04                             | 0.07                                  | 0.22                              | 0.52                                | 0.58                                | 0.46                | 0.62      | 0.35      | 0.45           | 0.15      | 0.88             |
| Loan and lease loss provision to net charge-offs     | 151.16                      | 340.08                           | 189.55                                | 135.54                            | 141.09                              | 158.69                              | 145.02              | 131.26    | 207.73    | 163.85         | 161.13    | 124.90           |
| Efficiency ratio                                     | 55.66                       | 75.21                            | 64.78                                 | 60.22                             | 55.38                               | 54.12                               | 57.01               | 54.86     | 52.36     | 58.12          | 61.02     | 55.53            |
| % of unprofitable institutions                       | 5.08                        | 12.82                            | 3.90                                  | 2.75                              | 3.52                                | 0.00                                | 7.50                | 7.01      | 5.23      | 3.28           | 3.45      | 8.99             |
| % of institutions with earnings gains                | 52.42                       | 62.07                            | 52.43                                 | 44.86                             | 46.48                               | 57.14                               | 45.70               | 59.66     | 52.31     | 49.33          | 55.51     | 53.62            |
| <b>Structural Changes</b>                            |                             |                                  |                                       |                                   |                                     |                                     |                     |           |           |                |           |                  |
| New reporters                                        | 2                           | 2                                | 0                                     | 0                                 | 0                                   | 0                                   | 0                   | 0         | 1         | 0              | 0         | 1                |
| Institutions absorbed by mergers                     | 26                          | 11                               | 10                                    | 4                                 | 1                                   | 0                                   | 3                   | 2         | 10        | 5              | 6         | 0                |
| Failed institutions                                  | 1                           | 0                                | 0                                     | 0                                 | 1                                   | 0                                   | 0                   | 0         | 0         | 0              | 0         | 1                |
| <b>PRIOR SECOND QUARTERS<br/>(The way it was...)</b> |                             |                                  |                                       |                                   |                                     |                                     |                     |           |           |                |           |                  |
| Return on assets (%)                                 | 2022                        | 1.08                             | 0.81                                  | 1.13                              | 1.24                                | 1.33                                | 0.91                | 1.06      | 1.03      | 1.05           | 1.10      | 1.59             |
|                                                      | 2020                        | 0.36                             | 0.98                                  | 1.29                              | 1.09                                | 0.38                                | 0.13                | 0.32      | 0.51      | -0.09          | 0.86      | 0.96             |
|                                                      | 2018                        | 1.37                             | 1.08                                  | 1.27                              | 1.29                                | 1.47                                | 1.20                | 1.50      | 1.30      | 1.27           | 1.42      | 1.76             |
| Net charge-offs to loans and leases (%)              | 2022                        | 0.23                             | 0.04                                  | 0.04                              | 0.12                                | 0.30                                | 0.21                | 0.29      | 0.16      | 0.24           | 0.07      | 0.37             |
|                                                      | 2020                        | 0.57                             | 0.17                                  | 0.13                              | 0.23                                | 0.74                                | 0.54                | 0.61      | 0.45      | 0.63           | 0.45      | 0.73             |
|                                                      | 2018                        | 0.48                             | 0.11                                  | 0.11                              | 0.27                                | 0.69                                | 0.60                | 0.54      | 0.25      | 0.49           | 0.21      | 0.70             |

\* See Table IV-A for explanations.

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

**TABLE IV-A. First Half 2023, All FDIC-Insured Institutions**

| FIRST HALF<br>(The way it is...)                         | All Insured<br>Institutions | Asset Concentration Groups* |                             |                       |                       |                     |                     |                                      |                           |                           |
|----------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------|-----------------------|---------------------|---------------------|--------------------------------------|---------------------------|---------------------------|
|                                                          |                             | Credit<br>Card<br>Banks     | Inter-<br>national<br>Banks | Agricultural<br>Banks | Commercial<br>Lenders | Mortgage<br>Lenders | Consumer<br>Lenders | Other<br>Specialized<br><\$1 Billion | All Other<br><\$1 Billion | All Other<br>>\$1 Billion |
| Number of institutions reporting                         | 4,645                       | 10                          | 5                           | 1,018                 | 2,521                 | 326                 | 41                  | 254                                  | 403                       | 67                        |
| Commercial banks                                         | 4,071                       | 9                           | 5                           | 1,006                 | 2,285                 | 95                  | 32                  | 231                                  | 352                       | 56                        |
| Savings institutions                                     | 574                         | 1                           | 0                           | 12                    | 236                   | 231                 | 9                   | 23                                   | 51                        | 11                        |
| Total assets (in billions)                               | \$23,465.1                  | \$476.2                     | \$5,889.3                   | \$289.3               | \$8,347.3             | \$686.5             | \$385.9             | \$56.2                               | \$92.0                    | \$7,242.4                 |
| Commercial banks                                         | 22,191.4                    | 375.4                       | 5,889.3                     | 282.0                 | 7,928.6               | 129.5               | 380.1               | 51.4                                 | 82.2                      | 7,073.1                   |
| Savings institutions                                     | 1,273.7                     | 100.7                       | 0.0                         | 7.3                   | 418.7                 | 557.0               | 5.9                 | 4.8                                  | 9.9                       | 169.4                     |
| Total deposits (in billions)                             | 18,643.9                    | 364.6                       | 4,481.8                     | 245.0                 | 6,681.9               | 549.6               | 317.6               | 47.6                                 | 79.6                      | 5,876.3                   |
| Commercial banks                                         | 17,625.2                    | 286.6                       | 4,481.8                     | 241.0                 | 6,354.4               | 99.8                | 312.6               | 44.4                                 | 71.5                      | 5,733.1                   |
| Savings institutions                                     | 1,018.8                     | 78.0                        | 0.0                         | 4.0                   | 327.5                 | 449.8               | 5.0                 | 3.2                                  | 8.0                       | 143.2                     |
| Bank net income (in millions)                            | 150,288                     | 6,608                       | 37,212                      | 1,770                 | 54,649                | 2,265               | 2,702               | 815                                  | 481                       | 43,787                    |
| Commercial banks                                         | 145,096                     | 5,542                       | 37,212                      | 1,694                 | 52,779                | 538                 | 2,691               | 523                                  | 450                       | 43,667                    |
| Savings institutions                                     | 5,192                       | 1,066                       | 0                           | 76                    | 1,870                 | 1,726               | 11                  | 292                                  | 31                        | 120                       |
| <b>Performance Ratios (annualized, %)</b>                |                             |                             |                             |                       |                       |                     |                     |                                      |                           |                           |
| Yield on earning assets                                  | 5.14                        | 13.63                       | 5.01                        | 4.70                  | 5.05                  | 3.16                | 6.67                | 4.08                                 | 4.34                      | 4.93                      |
| Cost of funding earning assets                           | 1.83                        | 3.25                        | 2.17                        | 1.25                  | 1.62                  | 1.48                | 2.99                | 0.90                                 | 0.92                      | 1.73                      |
| Net interest margin                                      | 3.31                        | 10.39                       | 2.84                        | 3.45                  | 3.42                  | 1.67                | 3.69                | 3.17                                 | 3.42                      | 3.20                      |
| Noninterest income to assets                             | 1.41                        | 6.42                        | 1.79                        | 0.54                  | 1.13                  | 0.66                | 1.11                | 5.28                                 | 0.79                      | 1.19                      |
| Noninterest expense to assets                            | 2.42                        | 9.13                        | 2.31                        | 2.30                  | 2.38                  | 1.41                | 2.09                | 4.50                                 | 2.71                      | 2.24                      |
| Credit loss provision to assets**                        | 0.36                        | 3.53                        | 0.30                        | 0.06                  | 0.25                  | 0.01                | 0.66                | 0.08                                 | 0.08                      | 0.38                      |
| Net operating income to assets                           | 1.32                        | 2.85                        | 1.33                        | 1.25                  | 1.35                  | 0.65                | 1.41                | 2.87                                 | 1.06                      | 1.22                      |
| Pretax return on assets                                  | 1.59                        | 3.71                        | 1.64                        | 1.39                  | 1.60                  | 0.84                | 1.82                | 3.63                                 | 1.18                      | 1.45                      |
| Return on assets                                         | 1.29                        | 2.85                        | 1.28                        | 1.23                  | 1.33                  | 0.65                | 1.42                | 2.87                                 | 1.05                      | 1.20                      |
| Return on equity                                         | 13.57                       | 27.05                       | 13.78                       | 13.83                 | 13.42                 | 10.77               | 17.21               | 27.12                                | 12.08                     | 12.55                     |
| Net charge-offs to loans and leases                      | 0.45                        | 3.35                        | 0.52                        | 0.05                  | 0.17                  | 0.03                | 0.85                | 0.21                                 | 0.09                      | 0.56                      |
| Loan and lease loss provision to net charge-offs         | 153.69                      | 126.24                      | 169.36                      | 184.15                | 210.26                | 159.36              | 109.52              | 129.66                               | 145.22                    | 142.38                    |
| Efficiency ratio                                         | 54.28                       | 55.30                       | 53.27                       | 60.56                 | 54.41                 | 62.11               | 45.54               | 54.48                                | 67.66                     | 54.40                     |
| % of unprofitable institutions                           | 4.13                        | 0.00                        | 0.00                        | 2.16                  | 3.17                  | 12.27               | 14.63               | 8.66                                 | 4.47                      | 5.97                      |
| % of institutions with earnings gains                    | 60.00                       | 60.00                       | 60.00                       | 68.76                 | 58.35                 | 46.63               | 43.90               | 67.72                                | 57.82                     | 47.76                     |
| <b>Condition Ratios (%)</b>                              |                             |                             |                             |                       |                       |                     |                     |                                      |                           |                           |
| Earning assets to total assets                           | 90.64                       | 96.04                       | 88.90                       | 93.67                 | 90.94                 | 95.87               | 94.07               | 91.72                                | 93.51                     | 90.50                     |
| Loss Allowance to:                                       |                             |                             |                             |                       |                       |                     |                     |                                      |                           |                           |
| Loans and leases                                         | 1.70                        | 6.88                        | 1.86                        | 1.34                  | 1.28                  | 0.62                | 2.07                | 1.57                                 | 1.28                      | 1.76                      |
| Noncurrent loans and leases                              | 224.78                      | 524.73                      | 279.64                      | 272.21                | 188.09                | 154.45              | 332.96              | 213.54                               | 207.85                    | 191.10                    |
| Noncurrent assets plus other real estate owned to assets | 0.41                        | 1.09                        | 0.24                        | 0.34                  | 0.48                  | 0.15                | 0.47                | 0.23                                 | 0.37                      | 0.46                      |
| Equity capital ratio                                     | 9.59                        | 10.36                       | 9.28                        | 9.00                  | 10.01                 | 6.74                | 8.42                | 11.14                                | 8.78                      | 9.68                      |
| Core capital (leverage) ratio                            | 9.10                        | 10.88                       | 8.34                        | 10.81                 | 9.57                  | 9.84                | 9.71                | 14.84                                | 11.24                     | 8.81                      |
| Common equity tier 1 capital ratio***                    | 13.78                       | 12.55                       | 15.86                       | 13.84                 | 12.06                 | 26.25               | 14.50               | 33.60                                | 17.28                     | 14.01                     |
| Tier 1 risk-based capital ratio***                       | 13.84                       | 12.70                       | 15.93                       | 13.84                 | 12.12                 | 26.25               | 14.53               | 33.60                                | 17.28                     | 14.06                     |
| Total risk-based capital ratio***                        | 15.17                       | 14.69                       | 17.09                       | 14.93                 | 13.43                 | 26.72               | 15.55               | 34.45                                | 18.34                     | 15.56                     |
| Net loans and leases to deposits                         | 64.84                       | 101.40                      | 44.97                       | 75.37                 | 82.37                 | 44.00               | 89.38               | 31.51                                | 63.58                     | 58.28                     |
| Net loans and leases to total assets                     | 51.52                       | 77.64                       | 34.22                       | 63.82                 | 65.93                 | 35.23               | 73.55               | 26.68                                | 54.96                     | 47.29                     |
| Domestic deposits to total assets                        | 73.29                       | 76.57                       | 54.48                       | 84.68                 | 79.95                 | 79.90               | 82.29               | 84.68                                | 86.42                     | 78.88                     |
| <b>Structural Changes</b>                                |                             |                             |                             |                       |                       |                     |                     |                                      |                           |                           |
| New reporters                                            | 3                           | 0                           | 0                           | 0                     | 0                     | 0                   | 0                   | 3                                    | 0                         | 0                         |
| Institutions absorbed by mergers                         | 57                          | 0                           | 0                           | 12                    | 41                    | 0                   | 0                   | 1                                    | 2                         | 1                         |
| Failed institutions                                      | 3                           | 0                           | 0                           | 0                     | 1                     | 0                   | 0                   | 0                                    | 0                         | 2                         |
| <b>PRIOR FIRST HALVES<br/>(The way it was...)</b>        |                             |                             |                             |                       |                       |                     |                     |                                      |                           |                           |
| Number of institutions                                   | 2022                        | 4,771                       | 11                          | 5                     | 1,074                 | 2,438               | 295                 | 35                                   | 342                       | 90                        |
|                                                          | 2020                        | 5,066                       | 11                          | 5                     | 1,198                 | 2,790               | 296                 | 39                                   | 217                       | 68                        |
|                                                          | 2018                        | 5,542                       | 12                          | 5                     | 1,383                 | 2,894               | 406                 | 71                                   | 246                       | 51                        |
| Total assets (in billions)                               | 2022                        | \$23,717.9                  | \$528.6                     | \$5,920.0             | \$299.4               | \$7,448.3           | \$333.7             | \$364.4                              | \$78.4                    | \$116.6                   |
|                                                          | 2020                        | 21,139.3                    | 504.9                       | 5,241.5               | 280.1                 | 7,467.5             | 610.4               | 129.4                                | 38.1                      | 86.0                      |
|                                                          | 2018                        | 17,532.9                    | 626.4                       | 4,222.2               | 283.8                 | 6,167.6             | 356.4               | 216.8                                | 39.7                      | 80.4                      |
| Return on assets (%)                                     | 2022                        | 1.05                        | 4.31                        | 0.87                  | 1.16                  | 1.08                | 0.92                | 1.81                                 | 1.42                      | 0.92                      |
|                                                          | 2020                        | 0.37                        | 0.11                        | 0.36                  | 1.34                  | 0.35                | 1.06                | 1.29                                 | 2.98                      | 1.10                      |
|                                                          | 2018                        | 1.33                        | 2.71                        | 1.22                  | 1.32                  | 1.24                | 1.08                | 1.31                                 | 3.63                      | 1.07                      |
| Net charge-offs to loans & leases (%)                    | 2022                        | 0.23                        | 2.03                        | 0.29                  | 0.02                  | 0.09                | 0.01                | 0.42                                 | 0.11                      | 0.17                      |
|                                                          | 2020                        | 0.56                        | 4.30                        | 0.77                  | 0.14                  | 0.26                | 0.02                | 0.41                                 | 0.34                      | 0.07                      |
|                                                          | 2018                        | 0.49                        | 4.02                        | 0.53                  | 0.13                  | 0.17                | 0.02                | 0.97                                 | 0.11                      | 0.13                      |
| Noncurrent assets plus OREO to assets (%)                | 2022                        | 0.39                        | 0.81                        | 0.25                  | 0.41                  | 0.47                | 0.30                | 0.48                                 | 0.22                      | 0.38                      |
|                                                          | 2020                        | 0.59                        | 1.10                        | 0.37                  | 0.88                  | 0.66                | 0.24                | 0.38                                 | 0.37                      | 0.64                      |
|                                                          | 2018                        | 0.65                        | 1.05                        | 0.43                  | 0.88                  | 0.65                | 1.61                | 0.47                                 | 0.44                      | 0.76                      |
| Equity capital ratio (%)                                 | 2022                        | 9.35                        | 12.25                       | 8.87                  | 8.80                  | 9.95                | 8.76                | 8.56                                 | 10.59                     | 9.01                      |
|                                                          | 2020                        | 10.16                       | 11.48                       | 8.99                  | 11.46                 | 11.15               | 8.61                | 9.58                                 | 16.40                     | 12.36                     |
|                                                          | 2018                        | 11.30                       | 15.29                       | 10.02                 | 11.31                 | 11.91               | 11.23               | 10.35                                | 16.62                     | 11.86                     |

\*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 their total loans and leases.

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

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

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

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

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

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

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

\*\*\* Beginning March 2020, does not include institutions that have a Community Bank Leverage Ratio election in effect at the report date.



**TABLE IV-A. First Half 2023, All FDIC-Insured Institutions**

| FIRST HALF<br>(The way it is...)                         | All Insured<br>Institutions | Asset Size Distribution       |                                    |                                   |                                     |                                  | Geographic Regions* |           |           |                |           |                  |
|----------------------------------------------------------|-----------------------------|-------------------------------|------------------------------------|-----------------------------------|-------------------------------------|----------------------------------|---------------------|-----------|-----------|----------------|-----------|------------------|
|                                                          |                             | Less Than<br>\$100<br>Million | \$100<br>Million to<br>\$1 Billion | \$1 Billion<br>to \$10<br>Billion | \$10 Billion<br>to \$250<br>Billion | Greater<br>Than \$250<br>Billion | New York            | Atlanta   | Chicago   | Kansas<br>City | Dallas    | San<br>Francisco |
| Number of institutions reporting                         | 4,645                       | 733                           | 2,920                              | 836                               | 142                                 | 14                               | 547                 | 528       | 994       | 1,188          | 1,043     | 345              |
| Commercial banks                                         | 4,071                       | 642                           | 2,589                              | 700                               | 127                                 | 13                               | 288                 | 482       | 858       | 1,151          | 977       | 315              |
| Savings institutions                                     | 574                         | 91                            | 331                                | 136                               | 15                                  | 1                                | 259                 | 46        | 136       | 37             | 66        | 30               |
| Total assets (in billions)                               | \$23,465.1                  | \$44.3                        | \$1,080.1                          | \$2,306.1                         | \$6,465.7                           | \$13,568.9                       | \$4,519.3           | \$4,774.0 | \$5,962.9 | \$4,163.5      | \$2,013.5 | \$2,031.9        |
| Commercial banks                                         | 22,191.4                    | 39.3                          | 948.7                              | 1,968.8                           | 5,995.0                             | 13,239.6                         | 4,147.7             | 4,722.5   | 5,887.9   | 4,105.1        | 1,456.7   | 1,871.5          |
| Savings institutions                                     | 1,273.7                     | 5.0                           | 131.4                              | 337.3                             | 470.7                               | 329.4                            | 371.6               | 51.5      | 75.0      | 58.4           | 556.8     | 160.4            |
| Total deposits (in billions)                             | 18,643.9                    | 37.0                          | 916.1                              | 1,888.6                           | 5,160.4                             | 10,641.7                         | 3,594.1             | 3,838.9   | 4,554.9   | 3,379.8        | 1,643.1   | 1,633.1          |
| Commercial banks                                         | 17,625.2                    | 33.3                          | 810.5                              | 1,623.6                           | 4,787.9                             | 10,370.0                         | 3,298.2             | 3,801.4   | 4,502.7   | 3,330.7        | 1,188.3   | 1,504.0          |
| Savings institutions                                     | 1,018.8                     | 3.7                           | 105.6                              | 265.0                             | 372.6                               | 271.8                            | 295.9               | 37.5      | 52.3      | 49.2           | 454.8     | 129.1            |
| Bank net income (in millions)                            | 150,288                     | 224                           | 6,564                              | 13,425                            | 49,370                              | 80,706                           | 25,375              | 38,090    | 38,520    | 24,116         | 10,283    | 13,904           |
| Commercial banks                                         | 145,096                     | 205                           | 5,799                              | 12,100                            | 46,972                              | 80,021                           | 23,966              | 37,975    | 37,921    | 23,665         | 9,079     | 12,491           |
| Savings institutions                                     | 5,192                       | 19                            | 764                                | 1,325                             | 2,399                               | 685                              | 1,409               | 115       | 599       | 452            | 1,205     | 1,412            |
| <b>Performance Ratios (annualized, %)</b>                |                             |                               |                                    |                                   |                                     |                                  |                     |           |           |                |           |                  |
| Yield on earning assets                                  | 5.14                        | 4.59                          | 4.77                               | 5.17                              | 5.65                                | 4.92                             | 5.32                | 4.95      | 4.83      | 5.24           | 4.54      | 6.44             |
| Cost of funding earning assets                           | 1.83                        | 0.87                          | 1.20                               | 1.55                              | 1.96                                | 1.88                             | 2.22                | 1.56      | 1.72      | 1.88           | 1.49      | 2.16             |
| Net interest margin                                      | 3.31                        | 3.72                          | 3.57                               | 3.62                              | 3.68                                | 3.05                             | 3.10                | 3.39      | 3.11      | 3.35           | 3.05      | 4.28             |
| Noninterest income to assets                             | 1.41                        | 1.61                          | 1.07                               | 1.02                              | 1.65                                | 1.38                             | 1.22                | 1.50      | 1.63      | 1.13           | 0.77      | 2.15             |
| Noninterest expense to assets                            | 2.42                        | 3.81                          | 2.88                               | 2.65                              | 2.64                                | 2.24                             | 2.26                | 2.28      | 2.38      | 2.37           | 2.23      | 3.56             |
| Credit loss provision to assets**                        | 0.36                        | 0.06                          | 0.08                               | 0.21                              | 0.49                                | 0.35                             | 0.31                | 0.44      | 0.31      | 0.34           | 0.12      | 0.73             |
| Net operating income to assets                           | 1.32                        | 1.02                          | 1.24                               | 1.22                              | 1.56                                | 1.22                             | 1.15                | 1.62      | 1.38      | 1.16           | 1.04      | 1.41             |
| Pretax return on assets                                  | 1.59                        | 1.18                          | 1.44                               | 1.48                              | 1.90                                | 1.47                             | 1.42                | 1.82      | 1.66      | 1.45           | 1.24      | 1.84             |
| Return on assets                                         | 1.29                        | 1.01                          | 1.23                               | 1.18                              | 1.55                                | 1.19                             | 1.13                | 1.60      | 1.32      | 1.15           | 1.02      | 1.38             |
| Return on equity                                         | 13.57                       | 8.08                          | 12.98                              | 12.05                             | 16.05                               | 12.71                            | 11.33               | 16.41     | 13.99     | 12.19          | 12.59     | 14.44            |
| Net charge-offs to loans and leases                      | 0.45                        | 0.04                          | 0.06                               | 0.22                              | 0.50                                | 0.53                             | 0.42                | 0.56      | 0.32      | 0.41           | 0.13      | 0.87             |
| Loan and lease loss provision to net charge-offs         | 153.69                      | 291.82                        | 199.73                             | 139.67                            | 150.86                              | 156.50                           | 134.72              | 148.40    | 205.66    | 162.92         | 180.71    | 127.32           |
| Efficiency ratio                                         | 54.28                       | 75.02                         | 65.00                              | 59.91                             | 50.94                               | 54.20                            | 55.72               | 49.57     | 53.27     | 56.61          | 61.35     | 55.06            |
| % of unprofitable institutions                           | 4.13                        | 10.50                         | 3.22                               | 1.79                              | 3.52                                | 7.14                             | 6.03                | 5.68      | 4.12      | 2.27           | 3.16      | 8.12             |
| % of institutions with earnings gains                    | 60.00                       | 68.89                         | 60.96                              | 50.36                             | 51.41                               | 57.14                            | 51.37               | 69.70     | 58.15     | 59.60          | 62.32     | 58.55            |
| <b>Condition Ratios (%)</b>                              |                             |                               |                                    |                                   |                                     |                                  |                     |           |           |                |           |                  |
| Earning assets to total assets                           | 90.64                       | 92.78                         | 93.66                              | 92.93                             | 92.05                               | 89.32                            | 90.02               | 90.05     | 89.77     | 90.44          | 92.80     | 94.14            |
| Loss Allowance to:                                       |                             |                               |                                    |                                   |                                     |                                  |                     |           |           |                |           |                  |
| Loans and leases                                         | 1.70                        | 1.44                          | 1.29                               | 1.34                              | 1.77                                | 1.80                             | 1.67                | 1.68      | 1.56      | 1.79           | 1.27      | 2.29             |
| Noncurrent loans and leases                              | 224.78                      | 174.19                        | 263.59                             | 233.78                            | 224.87                              | 220.38                           | 191.17              | 230.48    | 230.74    | 226.10         | 155.26    | 344.15           |
| Noncurrent assets plus other real estate owned to assets | 0.41                        | 0.49                          | 0.36                               | 0.43                              | 0.52                                | 0.36                             | 0.48                | 0.40      | 0.34      | 0.41           | 0.47      | 0.46             |
| Equity capital ratio                                     | 9.59                        | 12.63                         | 9.55                               | 9.84                              | 9.67                                | 9.51                             | 10.04               | 9.87      | 9.44      | 9.54           | 8.44      | 9.64             |
| Core capital (leverage) ratio                            | 9.10                        | 14.44                         | 11.28                              | 10.54                             | 9.45                                | 8.50                             | 9.36                | 8.62      | 8.82      | 8.98           | 9.79      | 10.04            |
| Common equity tier 1 capital ratio***                    | 13.78                       | 22.64                         | 15.45                              | 13.47                             | 13.11                               | 14.13                            | 13.80               | 12.95     | 14.34     | 13.24          | 14.88     | 14.29            |
| Tier 1 risk-based capital ratio***                       | 13.84                       | 22.64                         | 15.48                              | 13.50                             | 13.22                               | 14.16                            | 13.83               | 13.00     | 14.39     | 13.33          | 14.99     | 14.34            |
| Total risk-based capital ratio***                        | 15.17                       | 23.69                         | 16.59                              | 14.56                             | 14.55                               | 15.55                            | 15.09               | 14.23     | 15.79     | 14.90          | 16.13     | 15.60            |
| Net loans and leases to deposits                         | 64.84                       | 64.56                         | 75.81                              | 83.64                             | 78.54                               | 53.92                            | 65.74               | 64.45     | 62.37     | 59.97          | 64.52     | 81.13            |
| Net loans and leases to total assets                     | 51.52                       | 53.93                         | 64.30                              | 68.49                             | 62.69                               | 42.29                            | 52.28               | 51.82     | 47.64     | 48.68          | 52.65     | 65.20            |
| Domestic deposits to total assets                        | 73.29                       | 83.52                         | 84.81                              | 81.80                             | 78.45                               | 68.43                            | 75.51               | 77.92     | 67.66     | 66.33          | 81.58     | 80.05            |
| <b>Structural Changes</b>                                |                             |                               |                                    |                                   |                                     |                                  |                     |           |           |                |           |                  |
| New reporters                                            | 3                           | 3                             | 0                                  | 0                                 | 0                                   | 0                                | 0                   | 0         | 2         | 0              | 0         | 1                |
| Institutions absorbed by mergers                         | 57                          | 16                            | 26                                 | 12                                | 3                                   | 0                                | 4                   | 8         | 20        | 11             | 12        | 2                |
| Failed institutions                                      | 3                           | 0                             | 0                                  | 0                                 | 3                                   | 0                                | 1                   | 0         | 0         | 0              | 0         | 2                |
| <b>PRIOR FIRST HALVES<br/>(The way it was...)</b>        |                             |                               |                                    |                                   |                                     |                                  |                     |           |           |                |           |                  |
| Number of institutions                                   | 2022                        | 4,771                         | 785                                | 3,010                             | 817                                 | 146                              | 564                 | 544       | 1,025     | 1,219          | 1,062     | 357              |
|                                                          | 2020                        | 5,066                         | 1,010                              | 3,153                             | 755                                 | 135                              | 607                 | 576       | 1,085     | 1,306          | 1,121     | 371              |
|                                                          | 2018                        | 5,542                         | 1,372                              | 3,399                             | 637                                 | 125                              | 675                 | 645       | 1,195     | 1,412          | 1,205     | 410              |
| Total assets (in billions)                               | 2022                        | \$23,717.9                    | \$47.9                             | \$1,107.7                         | \$2,193.1                           | \$7,101.8                        | \$13,267.4          | \$4,520.6 | \$4,682.7 | \$5,733.5      | \$4,170.4 | \$2,027.7        |
|                                                          | 2020                        | 21,139.3                      | 60.6                               | 1,096.0                           | 2,024.4                             | 6,097.9                          | 11,860.4            | 3,870.1   | 4,363.0   | 4,957.6        | 4,123.9   | 1,684.2          |
|                                                          | 2018                        | 17,532.9                      | 81.8                               | 1,112.2                           | 1,706.7                             | 5,951.5                          | 8,680.7             | 3,276.4   | 3,614.2   | 3,957.2        | 3,626.7   | 1,114.0          |
| Return on assets (%)                                     | 2022                        | 1.05                          | 0.81                               | 1.07                              | 1.22                                | 1.31                             | 0.88                | 0.93      | 1.06      | 0.96           | 0.97      | 1.04             |
|                                                          | 2020                        | 0.37                          | 0.93                               | 1.18                              | 0.94                                | 0.12                             | 0.33                | 0.34      | 0.18      | 0.50           | 0.20      | 0.82             |
|                                                          | 2018                        | 1.33                          | 1.02                               | 1.23                              | 1.28                                | 1.42                             | 1.29                | 1.17      | 1.41      | 1.29           | 1.22      | 1.38             |
| Net charge-offs to loans & leases (%)                    | 2022                        | 0.23                          | 0.04                               | 0.03                              | 0.11                                | 0.30                             | 0.23                | 0.21      | 0.29      | 0.15           | 0.24      | 0.07             |
|                                                          | 2020                        | 0.56                          | 0.15                               | 0.12                              | 0.22                                | 0.75                             | 0.57                | 0.52      | 0.62      | 0.44           | 0.58      | 0.38             |
|                                                          | 2018                        | 0.49                          | 0.15                               | 0.10                              | 0.22                                | 0.71                             | 0.44                | 0.61      | 0.55      | 0.25           | 0.51      | 0.21             |
| Noncurrent assets plus OREO to assets (%)                | 2022                        | 0.39                          | 0.54                               | 0.36                              | 0.43                                | 0.48                             | 0.33                | 0.43      | 0.37      | 0.33           | 0.41      | 0.45             |
|                                                          | 2020                        | 0.59                          | 0.91                               | 0.69                              | 0.66                                | 0.74                             | 0.50                | 0.56      | 0.52      | 0.52           | 0.74      | 0.79             |
|                                                          | 2018                        | 0.65                          | 0.99                               | 0.80                              | 0.69                                | 0.63                             | 0.63                | 0.61      | 0.72      | 0.60           | 0.74      | 0.76             |
| Equity capital ratio (%)                                 | 2022                        | 9.35                          | 12.24                              | 9.35                              | 9.74                                | 9.85                             | 9.01                | 9.80      | 9.89      | 8.87           | 9.39      | 8.20             |
|                                                          | 2020                        | 10.16                         | 13.59                              | 11.19                             | 10.82                               | 10.88                            | 9.56                | 10.61     | 10.64     | 9.62           | 9.57      | 10.41            |
|                                                          | 2018                        | 11.30                         | 13.35                              | 11.32                             | 11.74                               | 12.14                            | 10.61               | 12.49     | 12.08     | 10.49          | 10.26     | 11.55            |

\* Regions:  
New York - Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, U.S. Virgin Islands  
Atlanta - Alabama, Florida, Georgia, North Carolina, South Carolina, Virginia, West Virginia  
Chicago - Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin  
Kansas City - Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota  
Dallas - Arkansas, Colorado, Louisiana, Mississippi, New Mexico, Oklahoma, Tennessee, Texas  
San Francisco - Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, Pacific Islands, Utah, Washington, Wyoming  
\*\* For institutions that have adopted ASU 2016-13, the numerator represents provisions for credit losses on a consolidated basis; for institutions that have not adopted ASU 2016-13, the numerator represents the provision for loan and lease losses.  
\*\*\* Beginning March 2020, does not include institutions that have a Community Bank Leverage Ratio election in effect at the report date.

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

| June 30, 2023                                 | All Insured Institutions | Asset Concentration Groups* |                      |                    |                    |                  |                  |                                |                        |                        |
|-----------------------------------------------|--------------------------|-----------------------------|----------------------|--------------------|--------------------|------------------|------------------|--------------------------------|------------------------|------------------------|
|                                               |                          | Credit Card Banks           | Inter-national 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              | 0.37                     | 0.27                        | 0.26                 | 0.39               | 0.36               | 0.31             | 0.14             | 0.69                           | 0.62                   | 0.47                   |
| Construction and development                  | 0.34                     | 0.29                        | 0.33                 | 0.63               | 0.31               | 0.34             | 0.06             | 0.47                           | 0.52                   | 0.49                   |
| Nonfarm nonresidential                        | 0.19                     | 0.16                        | 0.34                 | 0.27               | 0.17               | 0.16             | 0.03             | 0.49                           | 0.38                   | 0.26                   |
| Multifamily residential real estate           | 0.12                     | 0.00                        | 0.03                 | 0.06               | 0.16               | 0.08             | 0.05             | 0.18                           | 0.16                   | 0.04                   |
| Home equity loans                             | 0.48                     | 0.00                        | 0.68                 | 0.46               | 0.46               | 0.32             | 0.65             | 0.52                           | 0.50                   | 0.48                   |
| Other 1-4 family residential                  | 0.56                     | 0.27                        | 0.29                 | 0.58               | 0.71               | 0.32             | 0.16             | 0.98                           | 0.79                   | 0.59                   |
| Commercial and industrial loans               | 0.32                     | 0.84                        | 0.58                 | 0.65               | 0.24               | 0.57             | 0.60             | 0.77                           | 0.83                   | 0.27                   |
| Loans to individuals                          | 1.40                     | 1.45                        | 0.97                 | 0.85               | 1.02               | 0.33             | 2.20             | 1.16                           | 1.20                   | 1.65                   |
| Credit card loans                             | 1.36                     | 1.48                        | 0.98                 | 1.17               | 1.51               | 1.48             | 2.45             | 1.19                           | 1.19                   | 1.57                   |
| Other loans to individuals                    | 1.44                     | 1.16                        | 0.95                 | 0.81               | 0.99               | 0.30             | 2.20             | 1.16                           | 1.20                   | 1.73                   |
| All other loans and leases (including farm)   | 0.19                     | 0.86                        | 0.25                 | 0.37               | 0.22               | 0.04             | 0.05             | 0.49                           | 0.42                   | 0.10                   |
| Total loans and leases                        | 0.51                     | 1.37                        | 0.46                 | 0.44               | 0.37               | 0.31             | 1.44             | 0.74                           | 0.67                   | 0.59                   |
| Percent of Loans Noncurrent**                 |                          |                             |                      |                    |                    |                  |                  |                                |                        |                        |
| All real estate loans                         | 0.94                     | 0.81                        | 0.92                 | 0.47               | 0.75               | 0.43             | 0.21             | 0.75                           | 0.58                   | 1.66                   |
| Construction and development                  | 0.41                     | 0.00                        | 1.36                 | 0.29               | 0.34               | 0.60             | 0.43             | 0.32                           | 0.24                   | 0.56                   |
| Nonfarm nonresidential                        | 0.82                     | 3.06                        | 0.76                 | 0.49               | 0.60               | 0.38             | 0.40             | 0.73                           | 0.69                   | 2.06                   |
| Multifamily residential real estate           | 0.21                     | 2.50                        | 0.07                 | 0.31               | 0.20               | 0.21             | 0.05             | 0.00                           | 0.09                   | 0.51                   |
| Home equity loans                             | 1.71                     | 0.00                        | 5.41                 | 0.20               | 1.03               | 0.39             | 0.78             | 0.65                           | 0.25                   | 2.60                   |
| Other 1-4 family residential                  | 1.22                     | 0.61                        | 0.95                 | 0.42               | 1.26               | 0.44             | 0.17             | 0.86                           | 0.59                   | 1.64                   |
| Commercial and industrial loans               | 0.68                     | 0.68                        | 0.80                 | 0.75               | 0.74               | 0.42             | 0.69             | 0.99                           | 0.72                   | 0.52                   |
| Loans to individuals                          | 0.88                     | 1.40                        | 0.79                 | 0.33               | 0.49               | 0.12             | 0.80             | 0.48                           | 0.49                   | 0.94                   |
| Credit card loans                             | 1.33                     | 1.48                        | 0.98                 | 0.40               | 1.29               | 0.89             | 2.78             | 0.13                           | 0.75                   | 1.50                   |
| Other loans to individuals                    | 0.45                     | 0.43                        | 0.19                 | 0.32               | 0.43               | 0.09             | 0.77             | 0.49                           | 0.49                   | 0.40                   |
| All other loans and leases (including farm)   | 0.15                     | 0.61                        | 0.16                 | 0.43               | 0.20               | 0.01             | 0.03             | 0.39                           | 1.10                   | 0.10                   |
| Total loans and leases                        | 0.76                     | 1.31                        | 0.66                 | 0.49               | 0.68               | 0.40             | 0.62             | 0.74                           | 0.61                   | 0.92                   |
| Percent of Loans Charged-Off (net, YTD)       |                          |                             |                      |                    |                    |                  |                  |                                |                        |                        |
| All real estate loans                         | 0.05                     | 0.00                        | 0.01                 | 0.01               | 0.04               | 0.00             | -0.01            | -0.06                          | 0.02                   | 0.14                   |
| Construction and development                  | 0.01                     | 0.00                        | 0.00                 | 0.02               | 0.02               | 0.01             | 0.01             | -0.01                          | 0.00                   | -0.02                  |
| Nonfarm nonresidential                        | 0.17                     | -0.01                       | 0.28                 | 0.01               | 0.09               | 0.02             | -0.01            | 0.00                           | 0.00                   | 0.57                   |
| Multifamily residential real estate           | 0.02                     | 0.00                        | 0.00                 | -0.01              | 0.01               | 0.00             | 0.00             | 0.00                           | 0.00                   | 0.09                   |
| Home equity loans                             | -0.07                    | 0.00                        | -0.29                | 0.01               | -0.03              | -0.06            | -0.35            | 0.06                           | 0.00                   | -0.12                  |
| Other 1-4 family residential                  | 0.01                     | 0.01                        | -0.01                | 0.00               | 0.00               | 0.01             | 0.00             | -0.07                          | 0.03                   | 0.03                   |
| Commercial and industrial loans               | 0.29                     | 2.18                        | 0.28                 | 0.16               | 0.28               | 0.05             | 0.62             | 0.25                           | 0.14                   | 0.20                   |
| Loans to individuals                          | 2.05                     | 3.54                        | 2.04                 | 0.45               | 1.08               | 0.32             | 1.27             | 1.53                           | 0.33                   | 2.10                   |
| Credit card loans                             | 3.26                     | 3.67                        | 2.53                 | 1.97               | 4.16               | 2.75             | 7.48             | 1.07                           | 1.06                   | 3.47                   |
| Other loans to individuals                    | 0.88                     | 2.03                        | 0.46                 | 0.28               | 0.87               | 0.25             | 1.19             | 1.55                           | 0.32                   | 0.82                   |
| All other loans and leases (including farm)   | 0.11                     | 3.33                        | 0.08                 | 0.05               | 0.11               | 0.04             | 0.03             | 1.22                           | 0.62                   | 0.12                   |
| Total loans and leases                        | 0.45                     | 3.35                        | 0.52                 | 0.05               | 0.17               | 0.03             | 0.85             | 0.21                           | 0.09                   | 0.56                   |
| Loans Outstanding (in billions)               |                          |                             |                      |                    |                    |                  |                  |                                |                        |                        |
| All real estate loans                         | \$5,849.6                | \$5.2                       | \$700.2              | \$121.0            | \$3,458.9          | \$214.1          | \$61.7           | \$11.0                         | \$39.6                 | \$1,237.8              |
| Construction and development                  | 488.5                    | 0.1                         | 22.0                 | 8.9                | 385.8              | 5.9              | 0.6              | 1.1                            | 2.9                    | 61.2                   |
| Nonfarm nonresidential                        | 1,796.9                  | 0.4                         | 73.4                 | 31.6               | 1,383.9            | 15.4             | 8.5              | 3.9                            | 8.8                    | 271.1                  |
| Multifamily residential real estate           | 600.2                    | 0.0                         | 114.1                | 4.6                | 398.2              | 5.4              | 1.0              | 0.3                            | 1.2                    | 75.4                   |
| Home equity loans                             | 269.1                    | 0.0                         | 20.9                 | 1.9                | 172.5              | 8.9              | 0.6              | 0.3                            | 1.3                    | 62.7                   |
| Other 1-4 family residential                  | 2,526.1                  | 4.6                         | 430.1                | 28.2               | 1,057.7            | 177.6            | 50.9             | 4.8                            | 22.0                   | 750.1                  |
| Commercial and industrial loans               | 2,517.3                  | 41.9                        | 368.3                | 23.1               | 1,250.6            | 7.2              | 39.1             | 1.9                            | 4.5                    | 780.7                  |
| Loans to individuals                          | 2,072.1                  | 348.4                       | 424.8                | 6.5                | 367.1              | 14.9             | 174.5            | 1.5                            | 4.1                    | 730.4                  |
| Credit card loans                             | 1,027.8                  | 319.7                       | 323.0                | 0.7                | 23.9               | 0.4              | 2.4              | 0.0                            | 0.0                    | 357.7                  |
| Other loans to individuals                    | 1,044.3                  | 28.7                        | 101.8                | 5.9                | 343.2              | 14.5             | 172.0            | 1.5                            | 4.1                    | 372.8                  |
| All other loans and leases (including farm)   | 1,861.5                  | 1.5                         | 560.2                | 36.5               | 500.0              | 7.3              | 14.6             | 0.8                            | 3.1                    | 737.4                  |
| Total loans and leases (plus unearned income) | 12,300.5                 | 397.0                       | 2,053.5              | 187.2              | 5,576.6            | 243.5            | 289.9            | 15.3                           | 51.3                   | 3,486.4                |
| Memo: Other Real Estate Owned (in millions)   |                          |                             |                      |                    |                    |                  |                  |                                |                        |                        |
| All other real estate owned                   | 2,841.3                  | 0.9                         | 274.3                | 72.1               | 1,632.4            | 40.6             | 3.7              | 17.5                           | 27.6                   | 772.3                  |
| Construction and development                  | 453.9                    | 0.0                         | 5.0                  | 4.5                | 385.1              | 10.2             | 0.9              | 8.0                            | 12.7                   | 27.5                   |
| Nonfarm nonresidential                        | 1,463.4                  | 0.9                         | 117.0                | 34.8               | 813.5              | 9.8              | 0.3              | 6.6                            | 8.5                    | 472.1                  |
| Multifamily residential real estate           | 70.5                     | 0.0                         | 0.0                  | 2.1                | 68.3               | 0.0              | 0.0              | 0.0                            | 0.2                    | 0.0                    |
| 1-4 family residential                        | 794.0                    | 0.0                         | 150.3                | 10.8               | 328.6              | 20.6             | 2.5              | 2.7                            | 5.6                    | 272.7                  |
| Farmland                                      | 56.3                     | 0.0                         | 0.0                  | 19.9               | 35.7               | 0.0              | 0.0              | 0.1                            | 0.6                    | 0.0                    |

\* See Table IV-A for explanations.

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

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

| June 30, 2023                                 | All Insured Institutions | Asset Size Distribution |                              |                             |                               |                            | Geographic Regions* |           |           |             |         |               |
|-----------------------------------------------|--------------------------|-------------------------|------------------------------|-----------------------------|-------------------------------|----------------------------|---------------------|-----------|-----------|-------------|---------|---------------|
|                                               |                          | Less Than \$100 Million | \$100 Million to \$1 Billion | \$1 Billion to \$10 Billion | \$10 Billion to \$250 Billion | Greater Than \$250 Billion | New York            | Atlanta   | Chicago   | Kansas City | Dallas  | San Francisco |
| Percent of Loans 30-89 Days Past Due          |                          |                         |                              |                             |                               |                            |                     |           |           |             |         |               |
| All loans secured by real estate              | 0.37                     | 0.93                    | 0.36                         | 0.20                        | 0.45                          | 0.39                       | 0.36                | 0.40      | 0.28      | 0.43        | 0.58    | 0.23          |
| Construction and development                  | 0.34                     | 0.63                    | 0.43                         | 0.26                        | 0.32                          | 0.43                       | 0.46                | 0.20      | 0.21      | 0.48        | 0.27    | 0.50          |
| Nonfarm nonresidential                        | 0.19                     | 0.71                    | 0.23                         | 0.13                        | 0.20                          | 0.22                       | 0.26                | 0.19      | 0.16      | 0.25        | 0.18    | 0.09          |
| Multifamily residential real estate           | 0.12                     | 0.38                    | 0.12                         | 0.08                        | 0.21                          | 0.03                       | 0.20                | 0.19      | 0.05      | 0.06        | 0.20    | 0.04          |
| Home equity loans                             | 0.48                     | 0.64                    | 0.40                         | 0.37                        | 0.52                          | 0.49                       | 0.45                | 0.45      | 0.56      | 0.55        | 0.46    | 0.31          |
| Other 1-4 family residential                  | 0.56                     | 1.27                    | 0.51                         | 0.31                        | 0.78                          | 0.50                       | 0.49                | 0.60      | 0.37      | 0.59        | 1.33    | 0.39          |
| Commercial and industrial loans               | 0.32                     | 1.32                    | 0.53                         | 0.40                        | 0.28                          | 0.31                       | 0.17                | 0.29      | 0.41      | 0.29        | 0.29    | 0.55          |
| Loans to individuals                          | 1.40                     | 1.28                    | 1.16                         | 1.75                        | 1.31                          | 1.44                       | 1.18                | 1.95      | 0.84      | 1.31        | 0.84    | 1.73          |
| Credit card loans                             | 1.36                     | 3.57                    | 3.72                         | 3.38                        | 1.37                          | 1.29                       | 1.56                | 1.70      | 0.91      | 1.15        | 0.64    | 1.51          |
| Other loans to individuals                    | 1.44                     | 1.26                    | 1.07                         | 1.42                        | 1.26                          | 1.63                       | 0.87                | 2.18      | 0.78      | 1.68        | 0.89    | 1.94          |
| All other loans and leases (including farm)   | 0.19                     | 0.50                    | 0.36                         | 0.30                        | 0.24                          | 0.15                       | 0.09                | 0.13      | 0.27      | 0.17        | 0.16    | 0.31          |
| Total loans and leases                        | 0.51                     | 0.94                    | 0.41                         | 0.33                        | 0.56                          | 0.53                       | 0.42                | 0.62      | 0.39      | 0.48        | 0.52    | 0.72          |
| Percent of Loans Noncurrent**                 |                          |                         |                              |                             |                               |                            |                     |           |           |             |         |               |
| All real estate loans                         | 0.94                     | 0.78                    | 0.46                         | 0.46                        | 0.91                          | 1.38                       | 1.01                | 0.97      | 0.90      | 1.19        | 0.92    | 0.47          |
| Construction and development                  | 0.41                     | 0.41                    | 0.33                         | 0.40                        | 0.31                          | 0.70                       | 0.76                | 0.29      | 0.60      | 0.22        | 0.15    | 0.57          |
| Nonfarm nonresidential                        | 0.82                     | 0.89                    | 0.48                         | 0.42                        | 0.73                          | 1.69                       | 1.11                | 1.01      | 0.64      | 1.23        | 0.38    | 0.46          |
| Multifamily residential real estate           | 0.21                     | 0.20                    | 0.19                         | 0.25                        | 0.19                          | 0.21                       | 0.33                | 0.33      | 0.14      | 0.11        | 0.11    | 0.12          |
| Home equity loans                             | 1.71                     | 0.50                    | 0.44                         | 0.42                        | 1.04                          | 2.90                       | 1.49                | 1.30      | 2.12      | 3.73        | 0.70    | 0.50          |
| Other 1-4 family residential                  | 1.22                     | 0.83                    | 0.47                         | 0.59                        | 1.44                          | 1.39                       | 1.17                | 1.10      | 1.12      | 1.42        | 2.15    | 0.56          |
| Commercial and industrial loans               | 0.68                     | 1.42                    | 0.71                         | 1.02                        | 0.77                          | 0.55                       | 0.93                | 0.53      | 0.68      | 0.52        | 0.73    | 0.87          |
| Loans to individuals                          | 0.88                     | 0.68                    | 0.44                         | 0.97                        | 0.89                          | 0.89                       | 0.99                | 1.01      | 0.52      | 0.91        | 0.64    | 1.05          |
| Credit card loans                             | 1.33                     | 1.93                    | 2.05                         | 3.21                        | 1.39                          | 1.24                       | 1.61                | 1.61      | 0.88      | 1.13        | 1.03    | 1.44          |
| Other loans to individuals                    | 0.45                     | 0.67                    | 0.38                         | 0.52                        | 0.48                          | 0.42                       | 0.49                | 0.45      | 0.19      | 0.41        | 0.53    | 0.68          |
| All other loans and leases (including farm)   | 0.15                     | 0.61                    | 0.56                         | 0.37                        | 0.13                          | 0.13                       | 0.13                | 0.09      | 0.22      | 0.12        | 0.28    | 0.13          |
| Total loans and leases                        | 0.76                     | 0.83                    | 0.49                         | 0.57                        | 0.79                          | 0.82                       | 0.87                | 0.73      | 0.68      | 0.79        | 0.82    | 0.66          |
| Percent of Loans Charged-Off (net, YTD)       |                          |                         |                              |                             |                               |                            |                     |           |           |             |         |               |
| All real estate loans                         | 0.05                     | -0.02                   | 0.00                         | 0.01                        | 0.05                          | 0.10                       | 0.06                | 0.11      | 0.06      | 0.02        | 0.02    | 0.05          |
| Construction and development                  | 0.01                     | -0.02                   | -0.01                        | 0.00                        | 0.04                          | 0.00                       | 0.04                | -0.02     | 0.02      | 0.00        | 0.00    | 0.08          |
| Nonfarm nonresidential                        | 0.17                     | 0.01                    | 0.01                         | 0.02                        | 0.14                          | 0.50                       | 0.19                | 0.34      | 0.18      | 0.09        | 0.05    | 0.09          |
| Multifamily residential real estate           | 0.02                     | 0.00                    | -0.01                        | 0.01                        | 0.02                          | 0.04                       | 0.01                | 0.01      | 0.06      | 0.00        | 0.01    | 0.00          |
| Home equity loans                             | -0.07                    | 0.00                    | -0.01                        | 0.01                        | -0.03                         | -0.15                      | -0.04               | -0.12     | -0.11     | -0.09       | -0.04   | 0.01          |
| Other 1-4 family residential                  | 0.01                     | -0.03                   | 0.00                         | 0.00                        | 0.00                          | 0.01                       | -0.01               | 0.00      | 0.03      | 0.00        | 0.00    | 0.02          |
| Commercial and industrial loans               | 0.29                     | 0.25                    | 0.20                         | 0.28                        | 0.40                          | 0.24                       | 0.21                | 0.29      | 0.30      | 0.15        | 0.20    | 0.83          |
| Loans to individuals                          | 2.05                     | 0.43                    | 0.75                         | 2.62                        | 2.00                          | 2.07                       | 2.11                | 2.16      | 1.41      | 2.39        | 0.96    | 2.49          |
| Credit card loans                             | 3.26                     | 14.30                   | 4.09                         | 9.31                        | 3.40                          | 3.03                       | 3.80                | 3.50      | 2.32      | 3.05        | 2.00    | 3.84          |
| Other loans to individuals                    | 0.88                     | 0.33                    | 0.64                         | 1.22                        | 0.88                          | 0.85                       | 0.81                | 0.95      | 0.58      | 0.99        | 0.66    | 1.22          |
| All other loans and leases (including farm)   | 0.11                     | -0.06                   | 0.11                         | 0.15                        | 0.07                          | 0.12                       | 0.08                | 0.17      | 0.09      | 0.09        | 0.14    | 0.06          |
| Total loans and leases                        | 0.45                     | 0.04                    | 0.06                         | 0.22                        | 0.50                          | 0.53                       | 0.42                | 0.56      | 0.32      | 0.41        | 0.13    | 0.87          |
| Loans Outstanding (in billions)               |                          |                         |                              |                             |                               |                            |                     |           |           |             |         |               |
| All real estate loans                         | \$5,849.6                | \$16.7                  | \$552.8                      | \$1,184.4                   | \$2,048.3                     | \$2,047.3                  | \$1,252.9           | \$1,001.9 | \$1,328.3 | \$909.8     | \$724.4 | \$632.2       |
| Construction and development                  | 488.5                    | 1.1                     | 57.1                         | 130.5                       | 201.9                         | 97.9                       | 90.1                | 76.7      | 82.3      | 70.7        | 119.2   | 49.6          |
| Nonfarm nonresidential                        | 1,796.9                  | 3.5                     | 202.0                        | 496.1                       | 714.5                         | 380.8                      | 405.1               | 333.9     | 300.6     | 224.8       | 288.9   | 243.7         |
| Multifamily residential real estate           | 600.2                    | 0.4                     | 32.9                         | 135.3                       | 238.2                         | 193.5                      | 189.7               | 54.3      | 177.8     | 61.1        | 37.2    | 80.1          |
| Home equity loans                             | 269.1                    | 0.3                     | 16.1                         | 38.6                        | 99.5                          | 114.7                      | 72.7                | 57.3      | 68.0      | 28.7        | 21.1    | 21.3          |
| Other 1-4 family residential                  | 2,526.1                  | 8.2                     | 192.2                        | 345.1                       | 776.8                         | 1,203.8                    | 489.8               | 464.0     | 673.1     | 437.3       | 234.0   | 227.8         |
| Commercial and industrial loans               | 2,517.3                  | 2.9                     | 84.3                         | 247.8                       | 822.0                         | 1,360.3                    | 426.3               | 641.3     | 611.0     | 440.8       | 198.3   | 199.5         |
| Loans to individuals                          | 2,072.1                  | 1.6                     | 27.3                         | 98.0                        | 788.8                         | 1,156.5                    | 388.8               | 479.2     | 420.6     | 309.0       | 80.3    | 394.2         |
| Credit card loans                             | 1,027.8                  | 0.0                     | 0.8                          | 16.6                        | 353.4                         | 657.0                      | 172.2               | 233.0     | 200.1     | 213.2       | 17.7    | 191.6         |
| Other loans to individuals                    | 1,044.3                  | 1.6                     | 26.5                         | 81.4                        | 435.3                         | 499.5                      | 216.7               | 246.2     | 220.4     | 95.8        | 62.6    | 202.6         |
| All other loans and leases (including farm)   | 1,861.5                  | 3.0                     | 39.5                         | 71.4                        | 468.0                         | 1,279.4                    | 335.0               | 394.1     | 526.2     | 404.5       | 71.1    | 130.6         |
| Total loans and leases (plus unearned income) | 12,300.5                 | 24.3                    | 703.9                        | 1,601.7                     | 4,127.1                       | 5,843.5                    | 2,403.1             | 2,516.5   | 2,886.0   | 2,064.2     | 1,074.2 | 1,356.5       |
| Memo: Other Real Estate Owned (in millions)   |                          |                         |                              |                             |                               |                            |                     |           |           |             |         |               |
| All other real estate owned                   | 2,841.3                  | 15.7                    | 371.0                        | 685.0                       | 689.4                         | 1,080.1                    | 473.1               | 671.8     | 537.1     | 548.3       | 451.5   | 159.6         |
| Construction and development                  | 453.9                    | 3.8                     | 122.3                        | 193.7                       | 113.5                         | 20.6                       | 58.4                | 72.5      | 32.9      | 88.9        | 175.3   | 26.0          |
| Nonfarm nonresidential                        | 1,463.4                  | 5.7                     | 158.4                        | 338.1                       | 249.0                         | 712.3                      | 131.7               | 461.7     | 243.3     | 371.2       | 203.4   | 52.2          |
| Multifamily residential real estate           | 70.5                     | 0.4                     | 11.9                         | 47.2                        | 6.4                           | 4.6                        | 47.7                | 3.0       | 10.7      | 6.9         | 2.2     | 0.0           |
| 1-4 family residential                        | 794.0                    | 5.8                     | 62.4                         | 84.0                        | 305.1                         | 336.6                      | 235.3               | 133.1     | 242.4     | 66.2        | 53.5    | 63.4          |
| Farmland                                      | 56.3                     | 0.1                     | 16.0                         | 20.8                        | 15.4                          | 4.0                        | 0.0                 | 1.0       | 7.2       | 13.0        | 17.1    | 18.1          |

\* See Table IV-A for explanations.

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

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

|                                                                                      |                        |                        |                        |                        |                        |                              | Asset Size Distribution          |                                       |                                      |                                        |                                     |             |
|--------------------------------------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------------|----------------------------------|---------------------------------------|--------------------------------------|----------------------------------------|-------------------------------------|-------------|
|                                                                                      | 2nd<br>Quarter<br>2023 | 1st<br>Quarter<br>2023 | 4th<br>Quarter<br>2022 | 3rd<br>Quarter<br>2022 | 2nd<br>Quarter<br>2022 | %<br>Change<br>22Q2-<br>23Q2 | Less<br>Than<br>\$100<br>Million | \$100<br>Million<br>to \$1<br>Billion | \$1<br>Billion<br>to \$10<br>Billion | \$10<br>Billion<br>to \$250<br>Billion | Greater<br>Than<br>\$250<br>Billion |             |
| (dollar figures in millions;<br>notional amounts unless otherwise indicated)         |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |             |
| ALL DERIVATIVE HOLDERS                                                               |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |             |
| Number of institutions reporting derivatives                                         | 1,187                  | 1,178                  | 1,141                  | 1,212                  | 1,254                  | -5.3                         | 10                               | 506                                   | 526                                  | 131                                    | 14                                  |             |
| Total assets of institutions reporting derivatives                                   | \$21,524,691           | \$21,778,638           | \$21,631,677           | \$21,656,127           | \$21,873,051           | -1.6                         | \$657                            | \$262,110                             | \$1,649,964                          | \$6,043,034                            | \$13,568,926                        |             |
| Total deposits of institutions reporting derivatives                                 | 17,039,067             | 17,123,918             | 17,562,378             | 17,673,277             | 17,982,075             | -5.2                         | 492                              | 219,310                               | 1,350,936                            | 4,826,589                              | 10,641,740                          |             |
| Total derivatives                                                                    | 224,647,898            | 220,468,605            | 192,875,723            | 198,385,321            | 197,421,142            | 13.8                         | 125                              | 10,659                                | 205,991                              | 4,698,930                              | 219,732,192                         |             |
| Derivative Contracts by Underlying Risk Exposure                                     |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |             |
| Interest rate                                                                        | 164,098,782            | 160,283,100            | 139,774,359            | 141,989,523            | 142,884,741            | 14.8                         | 125                              | 10,149                                | 198,435                              | 2,791,496                              | 161,098,578                         |             |
| Foreign exchange*                                                                    | 49,083,326             | 48,529,675             | 43,001,986             | 45,988,455             | 44,459,158             | 10.4                         | 0                                | 0                                     | 3,051                                | 1,664,046                              | 47,416,230                          |             |
| Equity                                                                               | 5,471,018              | 5,001,131              | 4,423,904              | 4,409,702              | 4,330,864              | 26.3                         | 0                                | 30                                    | 32                                   | 53,963                                 | 5,416,993                           |             |
| Commodity & other (excluding credit derivatives)                                     | 1,519,658              | 1,574,689              | 1,432,977              | 1,606,776              | 1,779,436              | -14.6                        | 0                                | 0                                     | 141                                  | 126,787                                | 1,392,730                           |             |
| Credit                                                                               | 4,474,144              | 5,079,273              | 4,241,352              | 4,389,784              | 3,965,766              | 12.8                         | 0                                | 40                                    | 3,805                                | 62,638                                 | 4,407,661                           |             |
| Total                                                                                | 224,646,928            | 220,467,868            | 192,874,578            | 198,384,240            | 197,419,965            | 13.8                         | 125                              | 10,219                                | 205,464                              | 4,698,930                              | 219,732,192                         |             |
| Derivative Contracts by Transaction Type                                             |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |             |
| Swaps                                                                                | 143,242,708            | 137,729,743            | 118,597,662            | 121,132,626            | 121,285,181            | 18.1                         | 0                                | 1,653                                 | 142,142                              | 3,125,856                              | 139,973,058                         |             |
| Futures & forwards                                                                   | 33,317,054             | 34,502,393             | 28,748,693             | 31,661,060             | 32,045,336             | 4.0                          | 0                                | 1,000                                 | 9,449                                | 1,117,159                              | 32,189,446                          |             |
| Purchased options                                                                    | 20,127,902             | 20,067,871             | 19,695,467             | 19,118,334             | 18,596,675             | 8.2                          | 0                                | 234                                   | 20,121                               | 182,195                                | 19,925,352                          |             |
| Written options                                                                      | 20,751,678             | 20,222,587             | 19,693,855             | 18,780,453             | 18,958,408             | 9.5                          | 0                                | 983                                   | 10,009                               | 162,153                                | 20,578,533                          |             |
| Total                                                                                | 217,439,342            | 212,522,593            | 186,735,678            | 190,692,473            | 190,885,599            | 13.9                         | 0                                | 3,870                                 | 181,720                              | 4,587,362                              | 212,666,389                         |             |
| Fair Value of Derivative Contracts                                                   |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |             |
| Interest rate contracts                                                              | 54,259                 | 64,099                 | 72,856                 | 76,860                 | 76,672                 | -29.2                        | 0                                | 61                                    | 1,946                                | -2,338                                 | 54,589                              |             |
| Foreign exchange contracts                                                           | 9,782                  | 2,918                  | -14,980                | 15,025                 | 11,233                 | -12.9                        | 0                                | 0                                     | 1                                    | 1,287                                  | 8,493                               |             |
| Equity contracts                                                                     | -7,184                 | -5,957                 | 4,403                  | 16,949                 | 12,308                 | -158.4                       | 0                                | 0                                     | 8                                    | -559                                   | -6,634                              |             |
| Commodity & other (excluding credit derivatives)                                     | 1,819                  | 2,790                  | 8,892                  | 18,933                 | 22,615                 | -92.0                        | 0                                | 0                                     | 2                                    | 271                                    | 1,547                               |             |
| Credit derivatives as guarantor**                                                    | 15,417                 | 12,909                 | 5,346                  | -16,373                | -18,433                | -183.6                       | 0                                | 4                                     | 16                                   | -100                                   | 15,497                              |             |
| Credit derivatives as beneficiary**                                                  | -17,352                | -14,434                | -4,002                 | 23,163                 | 22,643                 | -176.6                       | 0                                | 0                                     | -3                                   | -483                                   | -16,867                             |             |
| Derivative Contracts by Maturity***                                                  |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |             |
| Interest rate contracts                                                              | < 1 year               | 112,943,731            | 109,261,325            | 92,694,359             | 97,477,065             | 96,672,591                   | 16.8                             | 0                                     | 1,484                                | 27,789                                 | 1,621,997                           | 111,292,461 |
|                                                                                      | 1-5 years              | 29,392,067             | 30,208,347             | 27,375,717             | 26,085,681             | 26,253,904                   | 12.0                             | 5                                     | 2,516                                | 83,241                                 | 619,090                             | 28,687,217  |
|                                                                                      | > 5 years              | 21,500,104             | 21,259,200             | 20,667,400             | 19,919,888             | 22,979,692                   | -6.4                             | 0                                     | 1,964                                | 66,583                                 | 343,076                             | 21,088,482  |
| Foreign exchange and gold contracts                                                  | < 1 year               | 35,713,887             | 36,896,856             | 33,156,693             | 34,753,442             | 33,883,174                   | 5.4                              | 0                                     | 0                                    | 1,794                                  | 1,533,849                           | 34,178,243  |
|                                                                                      | 1-5 years              | 5,264,822              | 4,979,588              | 4,811,621              | 4,481,609              | 4,545,526                    | 15.8                             | 0                                     | 0                                    | 312                                    | 103,351                             | 5,161,160   |
|                                                                                      | > 5 years              | 3,320,695              | 2,528,186              | 2,444,283              | 2,226,842              | 2,476,418                    | 34.1                             | 0                                     | 0                                    | 1                                      | 6,556                               | 3,314,138   |
| Equity contracts                                                                     | < 1 year               | 5,331,649              | 4,990,234              | 4,335,420              | 4,315,354              | 4,272,177                    | 24.8                             | 0                                     | 7                                    | 2                                      | 23,085                              | 5,308,555   |
|                                                                                      | 1-5 years              | 1,142,298              | 1,150,946              | 999,329                | 1,057,822              | 911,068                      | 25.4                             | 0                                     | 23                                   | 4                                      | 7,293                               | 1,134,980   |
|                                                                                      | > 5 years              | 132,964                | 106,507                | 98,766                 | 140,485                | 174,232                      | -23.7                            | 0                                     | 0                                    | 0                                      | 21,520                              | 111,444     |
| Commodity & other contracts (including credit derivatives, excluding gold contracts) | < 1 year               | 2,903,697              | 3,102,480              | 2,743,038              | 2,933,679              | 3,007,398                    | -3.4                             | 0                                     | 2                                    | 190                                    | 41,902                              | 2,861,603   |
|                                                                                      | 1-5 years              | 3,038,310              | 3,290,726              | 2,844,783              | 2,819,537              | 2,653,707                    | 14.5                             | 0                                     | 14                                   | 1,420                                  | 64,429                              | 2,972,448   |
|                                                                                      | > 5 years              | 270,488                | 487,503                | 272,418                | 468,669                | 680,264                      | -60.2                            | 0                                     | 66                                   | 2,269                                  | 7,668                               | 260,486     |
| Risk-Based Capital: Credit Equivalent Amount                                         |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |             |
| Total current exposure to tier 1 capital (%)                                         | 14.4                   | 13.0                   | 14.9                   | 21.0                   | 17.5                   |                              | 0.0                              | 0.7                                   | 2.8                                  | 4.7                                    | 21.2                                |             |
| Total potential future exposure to tier 1 capital (%)                                | 31.6                   | 32.0                   | 31.8                   | 32.2                   | 35.2                   |                              | 0.0                              | 0.2                                   | 0.9                                  | 5.2                                    | 49.9                                |             |
| Total exposure (credit equivalent amount) to tier 1 capital (%)                      | 45.9                   | 45.1                   | 46.7                   | 53.2                   | 52.7                   |                              | 0.0                              | 0.9                                   | 3.7                                  | 9.9                                    | 71.1                                |             |
| Credit losses on derivatives****                                                     | -12.8                  | -12.5                  | 101.1                  | 106.6                  | 104.6                  | -112.2                       | 0.0                              | 1.4                                   | 1.3                                  | -0.3                                   | -15.1                               |             |
| HELD FOR TRADING                                                                     |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |             |
| Number of institutions reporting derivatives                                         | 153                    | 158                    | 165                    | 173                    | 172                    | -11.0                        | 0                                | 12                                    | 73                                   | 56                                     | 12                                  |             |
| Total assets of institutions reporting derivatives                                   | 16,286,963             | 16,517,738             | 16,459,085             | 16,478,700             | 16,613,157             | -2.0                         | 0                                | 7,072                                 | 324,457                              | 3,090,110                              | 12,865,324                          |             |
| Total deposits of institutions reporting derivatives                                 | 12,811,834             | 12,895,162             | 13,224,437             | 13,290,145             | 13,518,784             | -5.2                         | 0                                | 5,891                                 | 266,472                              | 2,473,404                              | 10,066,067                          |             |
| Derivative Contracts by Underlying Risk Exposure                                     |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |             |
| Interest rate                                                                        | 157,949,351            | 155,617,896            | 135,502,495            | 137,555,249            | 138,592,472            | 14.0                         | 0                                | 314                                   | 43,560                               | 1,263,780                              | 156,641,697                         |             |
| Foreign exchange                                                                     | 45,798,549             | 45,123,349             | 40,604,230             | 42,216,283             | 41,401,741             | 10.6                         | 0                                | 0                                     | 2,718                                | 1,567,298                              | 44,228,533                          |             |
| Equity                                                                               | 5,417,476              | 4,948,378              | 4,375,929              | 4,363,822              | 4,283,905              | 26.5                         | 0                                | 0                                     | 0                                    | 44,555                                 | 5,372,920                           |             |
| Commodity & other                                                                    | 1,476,394              | 1,532,080              | 1,391,961              | 1,565,817              | 1,737,954              | -15.0                        | 0                                | 0                                     | 39                                   | 119,207                                | 1,357,148                           |             |
| Total                                                                                | 210,641,770            | 207,221,703            | 181,874,615            | 185,701,171            | 186,016,071            | 13.2                         | 0                                | 314                                   | 46,317                               | 2,994,840                              | 207,600,299                         |             |
| Trading Revenues: Cash & Derivative Instruments                                      |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |             |
| Interest rate**                                                                      | 3,479                  | 5,728                  | 4,623                  | -1,179                 | 894                    | 289.1                        | 0                                | 0                                     | 5                                    | 91                                     | 3,383                               |             |
| Foreign exchange**                                                                   | 5,173                  | 4,438                  | 1,168                  | 8,156                  | 6,366                  | -18.7                        | 0                                | 0                                     | 2                                    | 215                                    | 4,956                               |             |
| Equity**                                                                             | 3,995                  | 5,335                  | 3,099                  | 3,308                  | 777                    | 414.2                        | 0                                | 0                                     | 4                                    | 392                                    | 3,600                               |             |
| Commodity & other (including credit derivatives)**                                   | 1,027                  | 2,086                  | 785                    | 2,453                  | 2,363                  | -56.5                        | 0                                | 0                                     | 0                                    | 57                                     | 970                                 |             |
| Total trading revenues**                                                             | 13,674                 | 17,586                 | 9,675                  | 12,739                 | 10,401                 | 31.5                         | 0                                | 0                                     | 10                                   | 755                                    | 12,908                              |             |
| Share of Revenue                                                                     |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |             |
| Trading revenues to gross revenues (%)**                                             | 5.6                    | 7.6                    | 4.8                    | 7.1                    | 6.8                    |                              | 0.0                              | 0.0                                   | 0.2                                  | 1.7                                    | 6.6                                 |             |
| Trading revenues to net operating revenues (%)**                                     | 27.0                   | 33.5                   | 20.8                   | 27.7                   | 25.6                   |                              | 0.0                              | 0.0                                   | 1.0                                  | 8.5                                    | 31.6                                |             |
| HELD FOR PURPOSES OTHER THAN TRADING                                                 |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |             |
| Number of institutions reporting derivatives                                         | 547                    | 546                    | 528                    | 541                    | 553                    | -1.1                         | 0                                | 104                                   | 304                                  | 125                                    | 14                                  |             |
| Total assets of institutions reporting derivatives                                   | 20,738,050             | 20,871,019             | 20,707,301             | 20,730,909             | 20,822,169             | -0.4                         | 0                                | 56,282                                | 1,206,930                            | 5,905,913                              | 13,568,926                          |             |
| Total deposits of institutions reporting derivatives                                 | 16,387,383             | 16,454,728             | 16,786,145             | 16,882,713             | 17,089,251             | -4.1                         | 0                                | 46,745                                | 983,850                              | 4,715,049                              | 10,641,740                          |             |
| Derivative Contracts by Underlying Risk Exposure                                     |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |             |
| Interest rate                                                                        | 6,123,185              | 4,642,380              | 4,252,676              | 4,412,573              | 4,267,827              | 43.5                         | 0                                | 3,527                                 | 135,061                              | 1,527,716                              | 4,456,881                           |             |
| Foreign exchange                                                                     | 577,582                | 563,149                | 519,396                | 491,890                | 513,259                | 12.5                         | 0                                | 0                                     | 209                                  | 47,818                                 | 529,555                             |             |
| Equity                                                                               | 53,542                 | 52,752                 | 47,975                 | 45,880                 | 46,959                 | 14.0                         | 0                                | 30                                    | 31                                   | 9,408                                  | 44,073                              |             |
| Commodity & other                                                                    | 43,264                 | 42,609                 | 41,016                 | 40,959                 | 41,482                 | 4.3                          | 0                                | 0                                     | 102                                  | 7,580                                  | 35,582                              |             |
| Total notional amount                                                                | 6,797,573              | 5,300,890              | 4,861,062              | 4,991,302              | 4,869,528              | 39.6                         | 0                                | 3,556                                 | 135,403                              | 1,592,523                              | 5,066,091                           |             |

All line items are reported on a quarterly basis.

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

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

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

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

N/M - Not Meaningful

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

| (dollar figures in millions)                                                                                             | 2nd<br>Quarter<br>2023 | 1st<br>Quarter<br>2023 | 4th<br>Quarter<br>2022 | 3rd<br>Quarter<br>2022 | 2nd<br>Quarter<br>2022 | %<br>Change<br>22Q2-<br>23Q2 | Asset Size Distribution          |                                       |                                      |                                        |                                     |
|--------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------------|----------------------------------|---------------------------------------|--------------------------------------|----------------------------------------|-------------------------------------|
|                                                                                                                          |                        |                        |                        |                        |                        |                              | Less<br>Than<br>\$100<br>Million | \$100<br>Million<br>to \$1<br>Billion | \$1<br>Billion<br>to \$10<br>Billion | \$10<br>Billion to<br>\$250<br>Billion | Greater<br>Than<br>\$250<br>Billion |
| <b>Assets Securitized and Sold with Servicing Retained or with Recourse or Other Seller-Provided Credit Enhancements</b> |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |
| Number of institutions reporting securitization activities                                                               | 61                     | 62                     | 63                     | 64                     | 64                     | -4.7                         | 0                                | 4                                     | 11                                   | 36                                     | 10                                  |
| <b>Outstanding Principal Balance by Asset Type**</b>                                                                     |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |
| 1-4 family residential loans                                                                                             | \$251,654              | \$254,891              | \$257,043              | \$270,421              | \$278,414              | -9.6                         | \$0                              | \$4,864                               | \$11,865                             | \$60,704                               | \$174,220                           |
| Home equity loans                                                                                                        | 4                      | 4                      | 5                      | 5                      | 6                      | -33.3                        | 0                                | 0                                     | 0                                    | 4                                      | 0                                   |
| Credit card receivables                                                                                                  | 130                    | 118                    | 103                    | 76                     | 39                     | 233.3                        | 0                                | 0                                     | 0                                    | 130                                    | 0                                   |
| Auto loans                                                                                                               | 1,336                  | 1,237                  | 1,102                  | 541                    | 59                     | 2,164.4                      | 0                                | 0                                     | 0                                    | 974                                    | 362                                 |
| Other consumer loans                                                                                                     | 1,545                  | 1,654                  | 1,202                  | 1,277                  | 1,347                  | 14.7                         | 0                                | 0                                     | 0                                    | 613                                    | 932                                 |
| Commercial and industrial loans                                                                                          | 4,648                  | 4,703                  | 4,988                  | 4,626                  | 5,265                  | -11.7                        | 0                                | 0                                     | 0                                    | 0                                      | 4,648                               |
| All other loans, leases, and other assets                                                                                | 111,473                | 109,531                | 110,712                | 113,555                | 114,372                | -2.5                         | 0                                | 0                                     | 2,412                                | 11,708                                 | 97,354                              |
| Total securitized and sold                                                                                               | 370,790                | 372,138                | 375,155                | 390,501                | 399,502                | -7.2                         | 0                                | 4,864                                 | 14,277                               | 74,133                                 | 277,516                             |
| <b>Maximum Credit Exposure by Asset Type**</b>                                                                           |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |
| 1-4 family residential loans                                                                                             | 874                    | 648                    | 633                    | 650                    | 726                    | 20.4                         | 0                                | 0                                     | 0                                    | 385                                    | 489                                 |
| Home equity loans                                                                                                        | 0                      | 0                      | 0                      | 0                      | 0                      | 0.0                          | 0                                | 0                                     | 0                                    | 0                                      | 0                                   |
| Credit card receivables                                                                                                  | 0                      | 0                      | 0                      | 0                      | 0                      | 0.0                          | 0                                | 0                                     | 0                                    | 0                                      | 0                                   |
| Auto loans                                                                                                               | 12                     | 12                     | 19                     | 19                     | 0                      | 0.0                          | 0                                | 0                                     | 0                                    | 0                                      | 12                                  |
| Other consumer loans                                                                                                     | 0                      | 0                      | 0                      | 0                      | 0                      | 0.0                          | 0                                | 0                                     | 0                                    | 0                                      | 0                                   |
| Commercial and industrial loans                                                                                          | 210                    | 207                    | 219                    | 203                    | 226                    | -7.1                         | 0                                | 0                                     | 0                                    | 0                                      | 210                                 |
| All other loans, leases, and other assets                                                                                | 2,767                  | 2,783                  | 2,790                  | 2,975                  | 2,525                  | 9.6                          | 0                                | 0                                     | 63                                   | 342                                    | 2,363                               |
| Total credit exposure                                                                                                    | 3,863                  | 3,650                  | 3,661                  | 3,847                  | 3,477                  | 11.1                         | 0                                | 0                                     | 63                                   | 727                                    | 3,074                               |
| Total unused liquidity commitments provided to institution's own securitizations                                         | 229                    | 251                    | 236                    | 210                    | 187                    | 22.5                         | 0                                | 0                                     | 0                                    | 0                                      | 229                                 |
| <b>Securitized Loans, Leases, and Other Assets 30-89 Days Past Due (%)**</b>                                             |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |
| 1-4 family residential loans                                                                                             | 2.7                    | 2.3                    | 2.9                    | 2.5                    | 2.4                    |                              | 0.0                              | 1.8                                   | 2.5                                  | 2.8                                    | 2.7                                 |
| Home equity loans                                                                                                        | 6.3                    | 7.1                    | 5.5                    | 3.4                    | 9.3                    |                              | 0.0                              | 0.0                                   | 0.0                                  | 6.3                                    | 0.0                                 |
| Credit card receivables                                                                                                  | 6.2                    | 5.1                    | 5.8                    | 3.9                    | 2.6                    |                              | 0.0                              | 0.0                                   | 0.0                                  | 6.2                                    | 0.0                                 |
| Auto loans                                                                                                               | 4.5                    | 2.1                    | 1.2                    | 0.4                    | 0.0                    |                              | 0.0                              | 0.0                                   | 0.0                                  | 5.9                                    | 0.8                                 |
| Other consumer loans                                                                                                     | 2.2                    | 2.1                    | 3.3                    | 3.1                    | 2.9                    |                              | 0.0                              | 0.0                                   | 0.0                                  | 1.3                                    | 2.8                                 |
| 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                                                                                | 0.5                    | 0.6                    | 0.3                    | 0.3                    | 0.3                    |                              | 0.0                              | 0.0                                   | 0.5                                  | 2.1                                    | 0.4                                 |
| Total loans, leases, and other assets                                                                                    | 2.0                    | 1.7                    | 2.0                    | 1.8                    | 1.8                    |                              | 0.0                              | 0.0                                   | 0.0                                  | 3.1                                    | 1.9                                 |
| <b>Securitized Loans, Leases, and Other Assets 90 Days or More Past Due (%)**</b>                                        |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |
| 1-4 family residential loans                                                                                             | 0.8                    | 0.8                    | 0.8                    | 1.0                    | 1.1                    |                              | 0.0                              | 1.0                                   | 1.0                                  | 1.8                                    | 0.4                                 |
| Home equity loans                                                                                                        | 27.0                   | 28.6                   | 28.1                   | 27.5                   | 26.0                   |                              | 0.0                              | 0.0                                   | 0.0                                  | 27.0                                   | 0.0                                 |
| Credit card receivables                                                                                                  | 6.2                    | 6.8                    | 5.8                    | 2.6                    | 0.0                    |                              | 0.0                              | 0.0                                   | 0.0                                  | 6.2                                    | 0.0                                 |
| Auto loans                                                                                                               | 0.3                    | 0.2                    | 0.0                    | 0.0                    | 0.0                    |                              | 0.0                              | 0.0                                   | 0.0                                  | 0.4                                    | 0.0                                 |
| Other consumer loans                                                                                                     | 1.5                    | 1.7                    | 2.8                    | 2.8                    | 2.5                    |                              | 0.0                              | 0.0                                   | 0.0                                  | 0.7                                    | 2.0                                 |
| Commercial and industrial loans                                                                                          | 0.0                    | 0.0                    | 0.0                    | 0.0                    | 0.0                    |                              | 0.0                              | 0.0                                   | 0.0                                  | 0.0                                    | 0.0                                 |
| All other loans, leases, and other assets                                                                                | 0.9                    | 0.6                    | 0.6                    | 0.9                    | 0.7                    |                              | 0.0                              | 0.0                                   | 0.8                                  | 0.7                                    | 0.9                                 |
| Total loans, leases, and other assets                                                                                    | 0.6                    | 0.5                    | 0.5                    | 0.8                    | 0.9                    |                              | 0.0                              | 0.0                                   | 0.0                                  | 0.9                                    | 0.6                                 |
| <b>Securitized Loans, Leases, and Other Assets Charged-Off (net, YTD, annualized, %)**</b>                               |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |
| 1-4 family residential loans                                                                                             | 0.0                    | 0.0                    | 0.0                    | 0.0                    | 0.0                    |                              | 0.0                              | 0.0                                   | 0.0                                  | 0.0                                    | 0.0                                 |
| Home equity loans                                                                                                        | 1.2                    | 0.1                    | 4.0                    | 2.1                    | 2.3                    |                              | 0.0                              | 0.0                                   | 0.0                                  | 1.2                                    | 0.0                                 |
| Credit card receivables                                                                                                  | 10.0                   | 4.2                    | 1.9                    | 0.0                    | 0.0                    |                              | 0.0                              | 0.0                                   | 0.0                                  | 10.0                                   | 0.0                                 |
| Auto loans                                                                                                               | 0.4                    | 0.2                    | 0.0                    | 0.0                    | 0.0                    |                              | 0.0                              | 0.0                                   | 0.0                                  | 0.6                                    | 0.0                                 |
| Other consumer loans                                                                                                     | 0.8                    | 0.4                    | 0.6                    | 0.4                    | 0.3                    |                              | 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                                                                                | 0.1                    | 0.1                    | 0.2                    | 0.1                    | 0.1                    |                              | 0.0                              | 0.0                                   | 0.0                                  | 0.8                                    | 0.1                                 |
| Total loans, leases, and other assets                                                                                    | 0.0                    | 0.0                    | 0.0                    | 0.0                    | 0.0                    |                              | 0.0                              | 0.0                                   | 0.0                                  | 0.1                                    | 0.0                                 |
| <b>Seller's Interests in Institution's Own Securitizations - Carried as Securities or Loans***</b>                       |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |
| Home equity loans                                                                                                        | 0                      | 0                      | 0                      | 0                      | 0                      | 0.0                          | 0                                | 0                                     | 0                                    | 0                                      | 0                                   |
| Credit card receivables                                                                                                  | 0                      | 0                      | 0                      | 0                      | 0                      | 0.0                          | 0                                | 0                                     | 0                                    | 0                                      | 0                                   |
| Commercial and industrial loans                                                                                          | 0                      | 0                      | 0                      | 0                      | 0                      | 0.0                          | 0                                | 0                                     | 0                                    | 0                                      | 0                                   |
| <b>Assets Sold with Recourse and Not Securitized</b>                                                                     |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |
| Number of institutions reporting asset sales                                                                             | 307                    | 307                    | 311                    | 316                    | 308                    | -0.3                         | 3                                | 92                                    | 139                                  | 63                                     | 10                                  |
| <b>Outstanding Principal Balance by Asset Type</b>                                                                       |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |
| 1-4 family residential loans                                                                                             | 20,352                 | 20,297                 | 24,182                 | 27,018                 | 27,429                 | -25.8                        | 19                               | 2,706                                 | 8,861                                | 7,660                                  | 1,105                               |
| All other loans, leases, and other assets                                                                                | 146,945                | 144,741                | 144,016                | 142,239                | 141,862                | 3.6                          | 0                                | 31                                    | 136                                  | 41,553                                 | 105,225                             |
| Total sold and not securitized                                                                                           | 167,297                | 165,038                | 168,198                | 169,257                | 169,291                | -1.2                         | 19                               | 2,737                                 | 8,997                                | 49,214                                 | 106,331                             |
| <b>Maximum Credit Exposure by Asset Type</b>                                                                             |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |
| 1-4 family residential loans                                                                                             | 6,487                  | 6,349                  | 8,620                  | 9,015                  | 9,893                  | -34.4                        | 1                                | 260                                   | 2,766                                | 2,779                                  | 682                                 |
| All other loans, leases, and other assets                                                                                | 43,182                 | 41,996                 | 41,742                 | 41,221                 | 41,203                 | 4.8                          | 0                                | 30                                    | 392                                  | 12,869                                 | 29,891                              |
| Total credit exposure                                                                                                    | 49,669                 | 48,344                 | 50,362                 | 50,235                 | 51,095                 | -2.8                         | 1                                | 290                                   | 3,158                                | 15,648                                 | 30,572                              |
| <b>Support for Securitization Facilities Sponsored by Other Institutions</b>                                             |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |
| Number of institutions reporting securitization facilities sponsored by others                                           | 33                     | 34                     | 36                     | 36                     | 36                     | -8.3                         | 0                                | 11                                    | 11                                   | 4                                      | 7                                   |
| Total credit exposure                                                                                                    | 19,524                 | 20,213                 | 20,092                 | 21,922                 | 22,526                 | -13.3                        | 0                                | 0                                     | 0                                    | 0                                      | 19,524                              |
| Total unused liquidity commitments                                                                                       | 2,722                  | 3,049                  | 3,165                  | 3,576                  | 1,995                  | 36.4                         | 0                                | 0                                     | 0                                    | 295                                    | 2,427                               |
| <b>Other</b>                                                                                                             |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |
| Assets serviced for others****                                                                                           | 6,238,594              | 6,226,181              | 6,329,175              | 6,178,078              | 6,111,536              | 2.1                          | 2,560                            | 208,279                               | 417,395                              | 1,449,693                              | 4,160,667                           |
| <b>Asset-backed commercial paper conduits</b>                                                                            |                        |                        |                        |                        |                        |                              |                                  |                                       |                                      |                                        |                                     |
| Credit exposure to conduits sponsored by institutions and others                                                         | 4,920                  | 4,090                  | 4,128                  | 3,803                  | 5,836                  | -15.7                        | 0                                | 0                                     | 0                                    | 28                                     | 4,892                               |
| Unused liquidity commitments to conduits sponsored by institutions and others                                            | 69,682                 | 59,759                 | 60,714                 | 59,659                 | 61,747                 | 12.9                         | 0                                | 0                                     | 0                                    | 33                                     | 69,649                              |
| Net servicing income (for the quarter)                                                                                   | 2,392                  | 1,755                  | 1,412                  | 3,224                  | 3,489                  | -31.4                        | 6                                | 117                                   | 481                                  | 799                                    | 990                                 |
| Net securitization income (for the quarter)                                                                              | 30                     | 29                     | 38                     | -11                    | -2                     | N/M                          | 0                                | 1                                     | 4                                    | 9                                      | 16                                  |
| Total credit exposure to Tier 1 capital (%)*****                                                                         | 3.2                    | 3.2                    | 3.1                    | 3.3                    | 3.3                    | -3.0                         | 0.0                              | 0.0                                   | 0.1                                  | 2.3                                    | 4.7                                 |

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

\*\* Beginning in June 2018, for banks that file the FFIEC 041 report form, all other loans include home equity loans, credit card receivables, auto loans, other consumer loans, and commercial and industrial loans.

\*\*\* Beginning in June 2018, only includes banks that file the FFIEC 031 report form.

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

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

N/M- Not Meaningful

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# COMMUNITY BANK PERFORMANCE

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

## Net Income Increased Quarter Over Quarter

## The Net Interest Margin Declined for the Second Straight Quarter

## Unrealized Losses on Securities Increased Quarter Over Quarter

## Loan Growth Continued and Was Broad-Based Across Most Portfolio Segments

## Total Deposits Were Flat Quarter Over Quarter

## Asset Quality Remained Favorable Overall

## NET INCOME INCREASED FROM FIRST QUARTER

Net income for the 4,198 community banks rose \$236.2 million (3.4 percent) from one quarter ago to \$7.1 billion in second quarter 2023. Higher noninterest income and lower losses on the sale of securities exceeded lower net interest income and higher noninterest expense. Less than half (42.5 percent) of all community banks reported higher net income compared with first quarter 2023. The share of unprofitable community banks rose slightly to 5.1 percent. The pretax return on assets (ROA) ratio rose 1 basis point from one quarter ago to 1.28 percent.

Net income increased \$50.6 million (0.7 percent) from second quarter 2022, driven by higher net interest income that was largely offset by higher noninterest expense. Pretax ROA fell 7 basis points from the year-ago quarter.

Chart 1

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

FDIC-Insured Community Banks

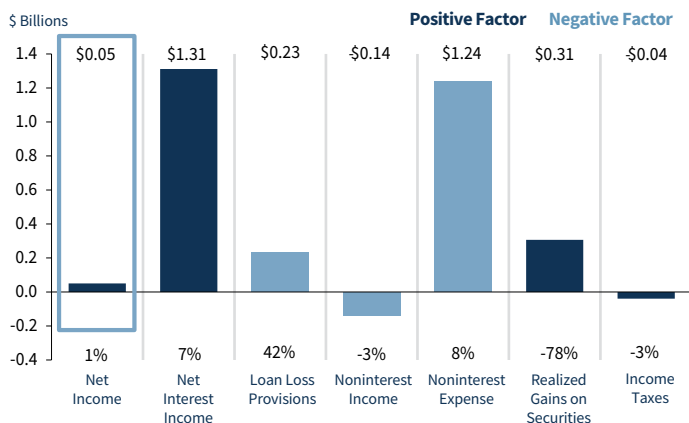
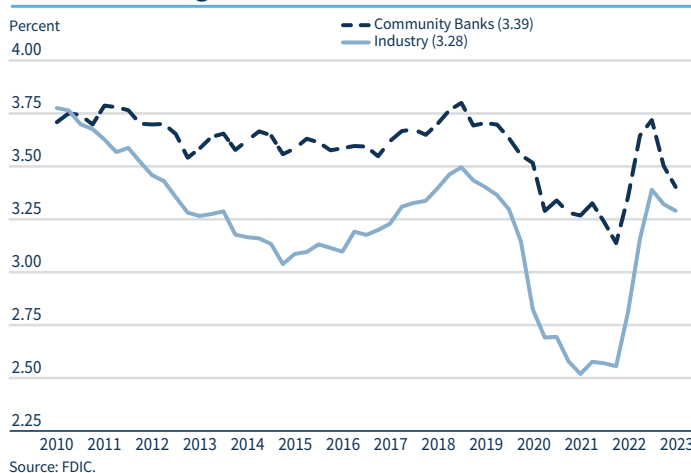


Chart 2

### Net Interest Margin



## THE NET INTEREST MARGIN DECLINED FOR THE SECOND STRAIGHT QUARTER

Following a decline of 22 basis points in the first quarter, the community bank NIM declined 10 basis points in the second quarter. The NIM increased 5 basis points from the year-ago quarter. The quarterly decrease in the NIM was due mainly to the increase in cost of deposits outpacing the increase in yield on loans. The yield on earning assets rose 27 basis points quarter over quarter and 136 basis points year over year, while cost of funds rose 37 basis points quarter over quarter and 131 basis points year over year.

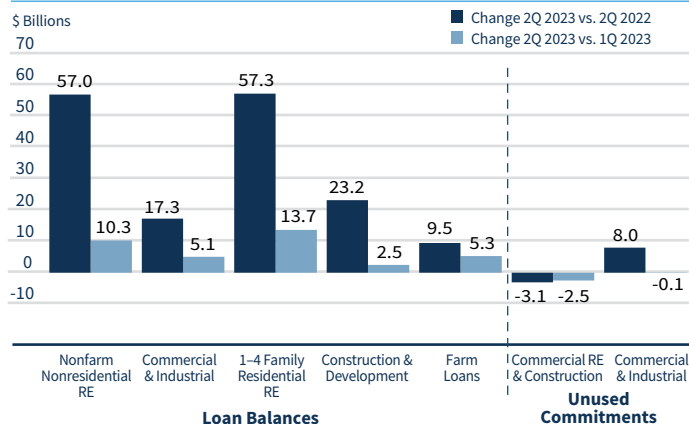
## NET OPERATING REVENUE INCREASED QUARTER OVER QUARTER ON HIGHER NONINTEREST INCOME

Community bank net operating revenue (net interest income plus noninterest income) increased \$975 million (0.4 percent) from first quarter 2023. Higher interest expense, mainly on domestic deposits, drove the quarterly decline in net interest income. Noninterest income increased \$428.4 million (9.2 percent) from the prior quarter due to higher net gains on sales of other assets, “all other noninterest income,” and net gains on loan sales.<sup>1</sup> More than 56 percent of community banks reported lower net interest income in the second quarter.

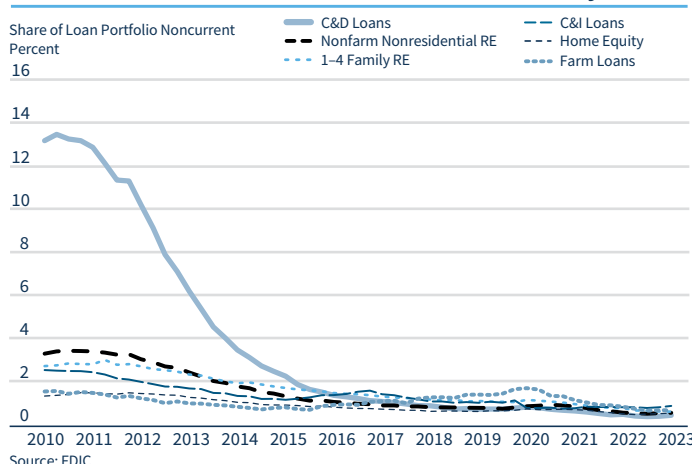
From the year-ago quarter, a \$1.3 billion increase in net interest income was only partially offset by a \$140.1 million decline in noninterest income, resulting in a \$1.2 billion (4.6 percent) increase in net operating revenue. Higher interest income on loans secured by farmland and nonfarm, nonresidential commercial real estate (CRE) and 1–4 family residential real estate loans drove the annual growth in net interest income, while lower net gains on loan sales drove the annual decline in noninterest income.

**Chart 3**  
**Change in Loan Balances and Unused Commitments**

FDIC-Insured Community Banks



**Chart 4**  
**Noncurrent Loan Rates for FDIC-Insured Community Banks**



<sup>1</sup> “All other noninterest income” includes material write-in items as well as income related to wire transfers and ATM fees, bank card and credit card interchange fees, safe deposit box rent, printing and sale of checks, earnings on/increase in value of cash surrender value of life insurance, and other noninterest sources.



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**NONINTEREST EXPENSE INCREASED  
QUARTER OVER QUARTER AND YEAR  
OVER YEAR**

Noninterest expense of \$17.0 billion was \$245.4 million (1.5 percent) higher than a quarter ago and \$1.2 billion (7.8 percent) higher than a year ago. The quarterly increase was attributed to “all other noninterest expense,” while the annual increase was attributed to “all other noninterest expense” and salaries and benefits expense.<sup>2</sup> Noninterest expense as a share of average assets rose 3 basis points to 2.52 percent from one quarter ago as the increase in noninterest expense outpaced the increase in average assets. The community bank efficiency ratio (noninterest expense as a share of net operating revenue) rose 95 basis points from one quarter ago to 63.8 percent, as the increase in noninterest expense outpaced the increase in net operating revenue. The higher efficiency ratio indicates that banks were less efficient at generating revenue.

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**PROVISION EXPENSE INCREASED  
MODESTLY FROM THE PRIOR  
QUARTER**

Quarterly provision expense of \$779.5 million was \$23.6 million (3.1 percent) higher than one quarter ago and \$232.0 million higher than one year ago.<sup>3</sup> As of second quarter 2023, only 169 community banks had not yet adopted current expected credit loss (CECL) accounting.

The reserve coverage ratio (the ratio of the allowance for credit losses to noncurrent loans) decreased 13.4 percentage points from the previous quarter, but increased 15.6 percentage points from the year-ago quarter to 259.6 percent. The reserve coverage ratio for community banks was 38.4 percentage points above the reserve coverage ratio for noncommunity banks.

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**COMMUNITY BANK ASSETS ROSE ON  
STRONGER QUARTERLY LOAN  
GROWTH**

Total assets increased \$23.6 billion (0.9 percent) from first quarter 2023 and \$123.4 billion (4.8 percent) from the previous year. Growth in total loans and leases rose from the prior quarter, increasing \$47.1 billion (2.6 percent) in second quarter 2023 compared with \$32.1 billion (1.8 percent) in first quarter 2023. Total loans and leases grew \$206.0 billion (12.5 percent) from one year ago. The balance of securities fell \$18.4 billion (3.1 percent) from first quarter 2023 and \$45.1 billion (7.4 percent) from one year ago. Cash and balances due from depository institutions declined \$8.1 billion (4.7 percent) from the previous quarter and \$45.4 billion (21.8 percent) from the previous year.

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<sup>2</sup> “All other noninterest expense” includes material write-in items as well as expense related to data processing, advertising and marketing, legal fees, and consulting and advisory fees.

<sup>3</sup> Provisions for credit losses include both losses for loans and securities for CECL adopters but only loan losses for non-adopters.

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## UNREALIZED LOSSES ON SECURITIES INCREASED QUARTER OVER QUARTER<sup>4</sup>

Unrealized losses on securities totaled \$64.4 billion in the second quarter, up \$5.5 billion (9.3 percent) from the prior quarter. Unrealized losses on held-to-maturity securities totaled \$10.4 billion in second quarter 2023, while unrealized losses on available-for-sale securities totaled \$54.0 billion.

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## LOAN GROWTH WAS STEADY AND BROAD-BASED

Total loan and lease balances in all major portfolios increased from one quarter ago. The majority of community banks (81.1 percent) reported quarterly loan growth. Growth in 1–4 family residential real estate loan balances (\$13.7 billion, or 3.2 percent) and nonfarm, nonresidential CRE loan balances (\$10.3 billion, or 1.8 percent) drove the quarterly increase.

Loan balances in all major portfolios also grew from one year ago, and 89.9 percent of community banks reported annual loan growth. Growth in 1–4 family residential real estate loan balances (\$57.3 billion, or 14.9 percent) and nonfarm, nonresidential CRE loan balances (\$57.0 billion, or 11.2 percent) drove the annual increase.

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## DEPOSITS WERE FLAT FROM THE PREVIOUS QUARTER

Community banks reported a slight decline in total deposits of 0.1 percent (\$1.5 billion) during second quarter 2023, down from growth of 0.5 percent reported in first quarter 2023. More than half of all community banks (60.3 percent) reported a decrease in deposit balances from the prior quarter. Growth in insured deposit accounts (\$13.5 billion, 0.9 percent) was offset by a decline in uninsured balances (\$14.2 billion, 2.1 percent). In the second quarter, growth in interest-bearing deposit balances (\$16.1 billion, or 1.0 percent) was offset by a decline in noninterest-bearing deposits (\$17.6 billion, 3.1 percent). Total deposits rose 1.0 percent (\$22.5 billion) from one year ago.

Wholesale funds increased \$39.0 billion (6.8 percent) in the quarter.<sup>5</sup> This increase largely consisted of growth in total borrowings of \$19.2 billion (15.5 percent) and reciprocal deposits (net of brokered) of \$16.4 billion (19.6 percent) from one quarter ago. The share of wholesale funds to total assets was 22.6 percent in second quarter, up from 21.1 percent in first quarter 2023.

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<sup>4</sup>Unrealized losses on securities reflect the difference between the market value as of quarter end and the book value of non-equity securities.

<sup>5</sup> Wholesale funding includes federal funds purchased and securities sold under agreement to repurchase, Federal Home Loan Bank and other borrowings, brokered and reciprocal deposits, listing service deposits, municipal and state deposits, and foreign deposits (which are not FDIC insured).

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**THE NONCURRENT LOAN RATE  
INCREASED SLIGHTLY FROM THE  
PRIOR QUARTER**

The share of loans and leases 90 days or more past due or in nonaccrual status increased 2 basis points from first quarter 2023 to 0.47 percent. Slightly less than half of community banks (45.8 percent) reported quarter-over-quarter reductions in noncurrent loan balances. Noncurrent loan balances for most of the major portfolios increased from one quarter ago.

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**THE NET CHARGE-OFF RATE  
REMAINED UNCHANGED**

The community bank net charge-off rate remained unchanged from one quarter ago but increased 5 basis points from one year ago to 0.09 percent. This ratio remains low compared to the average rate of the past decade. In addition, most annual increases in charge-off rates occurred in relatively small loan portfolio segments. The net charge-off rate for consumer loans (which account for 4.7 percent of total loan balances) increased 41 basis points from one year ago to 1.06 percent.

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**CAPITAL RATIOS REMAINED STABLE**

The tier one risk-based capital ratio for community banks that did not file the community bank leverage ratio (CBLR) was 13.74 percent, up 3 basis points from the prior quarter, as reductions in higher risk-weighted assets outpaced tier 1 capital declines. The average CBLR for the 1,632 community banks that elected to use the CBLR framework was 12.06 percent, up 13 basis points from first quarter 2023. The leverage capital ratio for community banks increased 12 basis points to 10.68 percent in second quarter 2023.

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**NO COMMUNITY BANKS OPENED OR  
FAILED IN SECOND QUARTER 2023**

The number of community banks declined to 4,198 in the second quarter, down 32 from the previous quarter. No community banks opened or failed, several transitioned from community to noncommunity banks or vice versa, and 24 merged out of existence during the quarter.

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Author:

**Dorothy G. Miranda**  
Senior Financial Analyst  
Division of Insurance and Research

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

|                                                              | 2023* | 2022* | 2022  | 2021  | 2020  | 2019  | 2018  |
|--------------------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Return on assets (%)                                         | 1.05  | 1.07  | 1.15  | 1.26  | 1.09  | 1.20  | 1.19  |
| Return on equity (%)                                         | 11.12 | 10.84 | 12.00 | 11.70 | 9.72  | 10.24 | 10.51 |
| Core capital (leverage) ratio (%)                            | 10.68 | 10.30 | 10.50 | 10.16 | 10.32 | 11.14 | 11.13 |
| Noncurrent assets plus other real estate owned to assets (%) | 0.36  | 0.37  | 0.33  | 0.40  | 0.60  | 0.65  | 0.71  |
| Net charge-offs to loans (%)                                 | 0.09  | 0.04  | 0.07  | 0.07  | 0.12  | 0.13  | 0.12  |
| Asset growth rate (%)                                        | -1.63 | 3.29  | -1.62 | 8.86  | 12.15 | 2.55  | 0.23  |
| Net interest margin (%)                                      | 3.44  | 3.23  | 3.45  | 3.28  | 3.39  | 3.66  | 3.73  |
| Net operating income growth (%)                              | -3.66 | -6.89 | -3.77 | 29.70 | -2.07 | 0.13  | 25.30 |
| Number of institutions reporting                             | 4,198 | 4,328 | 4,258 | 4,386 | 4,556 | 4,750 | 4,978 |
| Percentage of unprofitable institutions (%)                  | 4.14  | 4.94  | 3.57  | 3.26  | 4.52  | 3.96  | 3.66  |

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

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

| (dollar figures in millions)                       |          | 2nd Quarter<br>2023 | 1st Quarter<br>2023 | 2nd Quarter<br>2022 | % Change<br>22Q2-23Q2 |                     |                       |
|----------------------------------------------------|----------|---------------------|---------------------|---------------------|-----------------------|---------------------|-----------------------|
| Number of institutions reporting                   |          | 4,198               | 4,230               | 4,328               | -3.0                  |                     |                       |
| Total employees (full-time equivalent)             |          | 373,279             | 372,883             | 387,196             | -3.6                  |                     |                       |
| CONDITION DATA                                     |          |                     |                     |                     |                       |                     |                       |
| Total assets                                       |          | \$2,713,202         | \$2,715,072         | \$2,758,087         | -1.6                  |                     |                       |
| Loans secured by real estate                       |          | 1,430,459           | 1,416,364           | 1,362,302           | 5.0                   |                     |                       |
| 1-4 Family residential mortgages                   |          | 441,928             | 431,164             | 412,653             | 7.1                   |                     |                       |
| Nonfarm nonresidential                             |          | 568,195             | 567,723             | 551,964             | 2.9                   |                     |                       |
| Construction and development                       |          | 152,765             | 152,450             | 141,343             | 8.1                   |                     |                       |
| Home equity lines                                  |          | 44,422              | 43,460              | 42,097              | 5.5                   |                     |                       |
| Commercial & industrial loans                      |          | 239,791             | 237,324             | 239,910             | -0.0                  |                     |                       |
| Loans to individuals                               |          | 87,854              | 83,770              | 76,585              | 14.7                  |                     |                       |
| Credit cards                                       |          | 2,882               | 2,721               | 2,621               | 10.0                  |                     |                       |
| Farm loans                                         |          | 47,346              | 43,409              | 44,480              | 6.4                   |                     |                       |
| Other loans & leases                               |          | 49,456              | 47,004              | 50,884              | -2.8                  |                     |                       |
| Less: Unearned income                              |          | 751                 | 686                 | 712                 | 5.5                   |                     |                       |
| Total loans & leases                               |          | 1,854,156           | 1,827,186           | 1,773,450           | 4.6                   |                     |                       |
| Less: Reserve for losses*                          |          | 22,666              | 22,565              | 22,118              | 2.5                   |                     |                       |
| Net loans and leases                               |          | 1,831,491           | 1,804,621           | 1,751,333           | 4.6                   |                     |                       |
| Securities**                                       |          | 564,829             | 586,168             | 628,958             | -10.2                 |                     |                       |
| Other real estate owned                            |          | 789                 | 784                 | 953                 | -17.2                 |                     |                       |
| Goodwill and other intangibles                     |          | 17,900              | 18,058              | 19,783              | -9.5                  |                     |                       |
| All other assets                                   |          | 298,193             | 305,442             | 357,061             | -16.5                 |                     |                       |
| Total liabilities and capital                      |          | 2,713,202           | 2,715,072           | 2,758,087           | -1.6                  |                     |                       |
| Deposits                                           |          | 2,263,366           | 2,287,433           | 2,383,601           | -5.0                  |                     |                       |
| Domestic office deposits                           |          | 2,262,571           | 2,286,708           | 2,380,478           | -5.0                  |                     |                       |
| Foreign office deposits                            |          | 795                 | 726                 | 3,123               | -74.5                 |                     |                       |
| Brokered deposits                                  |          | 112,290             | 105,959             | 60,913              | 84.3                  |                     |                       |
| Estimated insured deposits                         |          | 1,597,938           | 1,601,662           | 1,590,625           | 0.5                   |                     |                       |
| Other borrowed funds                               |          | 164,577             | 144,155             | 91,360              | 80.1                  |                     |                       |
| Subordinated debt                                  |          | 315                 | 315                 | 368                 | -14.4                 |                     |                       |
| All other liabilities                              |          | 27,291              | 25,636              | 23,264              | 17.3                  |                     |                       |
| Total equity capital (includes minority interests) |          | 257,653             | 257,532             | 259,490             | -0.7                  |                     |                       |
| Bank equity capital                                |          | 257,540             | 257,406             | 259,355             | -0.7                  |                     |                       |
| Loans and leases 30-89 days past due               |          | 6,220               | 6,740               | 5,484               | 13.4                  |                     |                       |
| Noncurrent loans and leases                        |          | 8,732               | 8,268               | 9,068               | -3.7                  |                     |                       |
| Restructured loans and leases                      |          | 2,654               | 2,617               | 4,309               | -38.4                 |                     |                       |
| Mortgage-backed securities                         |          | 230,212             | 238,856             | 266,219             | -13.5                 |                     |                       |
| Earning assets                                     |          | 2,537,324           | 2,543,863           | 2,582,718           | -1.8                  |                     |                       |
| FHLB Advances                                      |          | 116,750             | 109,368             | 65,461              | 78.4                  |                     |                       |
| Unused loan commitments                            |          | 417,560             | 422,376             | 436,827             | -4.4                  |                     |                       |
| Trust assets                                       |          | 347,667             | 301,038             | 401,058             | -13.3                 |                     |                       |
| Assets securitized and sold                        |          | 26,144              | 25,473              | 29,834              | -12.4                 |                     |                       |
| Notional amount of derivatives                     |          | 123,646             | 112,999             | 125,179             | -1.2                  |                     |                       |
| INCOME DATA                                        |          | First Half<br>2023  | First Half<br>2022  | % Change            | 2nd Quarter<br>2023   | 2nd Quarter<br>2022 | % Change<br>22Q2-23Q2 |
| Total interest income                              | \$60,803 | \$44,676            | 36.1                | \$31,464            | \$23,276              | 35.2                |                       |
| Total interest expense                             | 17,643   | 3,324               | 430.8               | 10,044              | 1,776                 | 465.5               |                       |
| Net interest income                                | 43,159   | 41,353              | 4.4                 | 21,420              | 21,499                | -0.4                |                       |
| Provision for credit losses***                     | 1,535    | 901                 | 70.3                | 779                 | 599                   | 30.1                |                       |
| Total noninterest income                           | 9,689    | 11,129              | -12.9               | 5,060               | 5,528                 | -8.5                |                       |
| Total noninterest expense                          | 33,722   | 33,159              | 1.7                 | 16,989              | 16,713                | 1.7                 |                       |
| Securities gains (losses)                          | -524     | -538                | -2.4                | -85                 | -430                  | -80.2               |                       |
| Applicable income taxes                            | 3,008    | 3,211               | -6.3                | 1,475               | 1,666                 | -11.5               |                       |
| Extraordinary gains, net****                       | 4        | 1                   | N/M                 | -0                  | 1                     | N/M                 |                       |
| Total net income (includes minority interests)     | 14,064   | 14,674              | -4.2                | 7,151               | 7,620                 | -6.2                |                       |
| Bank net income                                    | 14,060   | 14,666              | -4.1                | 7,148               | 7,615                 | -6.1                |                       |
| Net charge-offs                                    | 839      | 327                 | 156.7               | 421                 | 194                   | 116.8               |                       |
| Cash dividends                                     | 6,136    | 6,160               | -0.4                | 3,330               | 3,194                 | 4.3                 |                       |
| Retained earnings                                  | 7,924    | 8,506               | -6.8                | 3,818               | 4,422                 | -13.7               |                       |
| Net operating income                               | 14,558   | 15,111              | -3.7                | 7,235               | 7,964                 | -9.2                |                       |

\* For institutions that have adopted ASU 2016-13, this item represents the allowance for credit losses on loans and leases held for investment and allocated transfer risk.

\*\* For institutions that have adopted ASU 2016-13, securities are reported net of allowances for credit losses.

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

\*\*\*\* See Notes to Users for explanation.

N/M - Not Meaningful

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

|                                                    | 2nd Quarter<br>2023 | 1st Quarter<br>2023 | 2nd Quarter<br>2022 | % Change<br>22Q2-23Q2 |                     |                       |
|----------------------------------------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|-----------------------|
| (dollar figures in millions)                       |                     |                     |                     |                       |                     |                       |
| Number of institutions reporting                   | 4,198               | 4,198               | 4,191               | 0.2                   |                     |                       |
| Total employees (full-time equivalent)             | 373,279             | 370,258             | 369,932             | 0.9                   |                     |                       |
| CONDITION DATA                                     |                     |                     |                     |                       |                     |                       |
| Total assets                                       | \$2,713,202         | \$2,689,631         | \$2,589,830         | 4.8                   |                     |                       |
| Loans secured by real estate                       | 1,430,459           | 1,398,518           | 1,263,768           | 13.2                  |                     |                       |
| 1-4 Family residential mortgages                   | 441,928             | 428,217             | 384,603             | 14.9                  |                     |                       |
| Nonfarm nonresidential                             | 568,195             | 557,894             | 511,190             | 11.2                  |                     |                       |
| Construction and development                       | 152,765             | 150,302             | 129,571             | 17.9                  |                     |                       |
| Home equity lines                                  | 44,422              | 43,178              | 39,295              | 13.0                  |                     |                       |
| Commercial & industrial loans                      | 239,791             | 234,709             | 222,538             | 7.8                   |                     |                       |
| Loans to individuals                               | 87,854              | 82,995              | 71,129              | 23.5                  |                     |                       |
| Credit cards                                       | 2,882               | 2,716               | 2,400               | 20.1                  |                     |                       |
| Farm loans                                         | 47,346              | 43,257              | 43,613              | 8.6                   |                     |                       |
| Other loans & leases                               | 49,456              | 48,297              | 47,694              | 3.7                   |                     |                       |
| Less: Unearned income                              | 751                 | 686                 | 636                 | 18.1                  |                     |                       |
| Total loans & leases                               | 1,854,156           | 1,807,089           | 1,648,107           | 12.5                  |                     |                       |
| Less: Reserve for losses*                          | 22,666              | 22,294              | 20,743              | 9.3                   |                     |                       |
| Net loans and leases                               | 1,831,491           | 1,784,795           | 1,627,364           | 12.5                  |                     |                       |
| Securities**                                       | 564,829             | 583,185             | 609,950             | -7.4                  |                     |                       |
| Other real estate owned                            | 789                 | 776                 | 902                 | -12.5                 |                     |                       |
| Goodwill and other intangibles                     | 17,900              | 17,813              | 16,885              | 6.0                   |                     |                       |
| All other assets                                   | 298,193             | 303,062             | 334,729             | -10.9                 |                     |                       |
| Total liabilities and capital                      | 2,713,202           | 2,689,631           | 2,589,830           | 4.8                   |                     |                       |
| Deposits                                           | 2,263,366           | 2,264,850           | 2,240,915           | 1.0                   |                     |                       |
| Domestic office deposits                           | 2,262,571           | 2,264,124           | 2,240,167           | 1.0                   |                     |                       |
| Foreign office deposits                            | 795                 | 726                 | 747                 | 6.4                   |                     |                       |
| Brokered deposits                                  | 112,290             | 103,567             | 48,834              | 129.9                 |                     |                       |
| Estimated insured deposits                         | 1,597,938           | 1,584,439           | 1,496,397           | 6.8                   |                     |                       |
| Other borrowed funds                               | 164,577             | 143,146             | 84,886              | 93.9                  |                     |                       |
| Subordinated debt                                  | 315                 | 315                 | 330                 | -4.5                  |                     |                       |
| All other liabilities                              | 27,291              | 25,396              | 21,049              | 29.7                  |                     |                       |
| Total equity capital (includes minority interests) | 257,653             | 255,924             | 242,646             | 6.2                   |                     |                       |
| Bank equity capital                                | 257,540             | 255,798             | 242,521             | 6.2                   |                     |                       |
| Loans and leases 30-89 days past due               | 6,220               | 6,653               | 5,210               | 19.4                  |                     |                       |
| Noncurrent loans and leases                        | 8,732               | 8,154               | 8,269               | 5.6                   |                     |                       |
| Restructured loans and leases                      | 2,654               | 2,544               | 4,077               | -34.9                 |                     |                       |
| Mortgage-backed securities                         | 230,212             | 237,777             | 254,143             | -9.4                  |                     |                       |
| Earning assets                                     | 2,537,324           | 2,519,460           | 2,426,489           | 4.6                   |                     |                       |
| FHLB Advances                                      | 116,750             | 107,547             | 58,793              | 98.6                  |                     |                       |
| Unused loan commitments                            | 417,560             | 422,920             | 409,523             | 2.0                   |                     |                       |
| Trust assets                                       | 347,667             | 307,058             | 319,963             | 8.7                   |                     |                       |
| Assets securitized and sold                        | 26,144              | 25,473              | 24,919              | 4.9                   |                     |                       |
| Notional amount of derivatives                     | 123,646             | 111,600             | 106,109             | 16.5                  |                     |                       |
|                                                    | First Half<br>2023  | First Half<br>2022  | % Change            | 2nd Quarter<br>2023   | 2nd Quarter<br>2022 | % Change<br>22Q2-23Q2 |
| INCOME DATA                                        |                     |                     |                     |                       |                     |                       |
| Total interest income                              | \$60,803            | \$41,738            | 45.7                | \$31,464              | \$21,740            | 44.7                  |
| Total interest expense                             | 17,643              | 3,075               | 473.8               | 10,044                | 1,632               | 515.6                 |
| Net interest income                                | 43,159              | 38,663              | 11.6                | 21,420                | 20,108              | 6.5                   |
| Provision for credit losses***                     | 1,535               | 830                 | 85.0                | 779                   | 548                 | 42.4                  |
| Total noninterest income                           | 9,689               | 10,380              | -6.7                | 5,060                 | 5,200               | -2.7                  |
| Total noninterest expense                          | 33,722              | 31,147              | 8.3                 | 16,989                | 15,753              | 7.8                   |
| Securities gains (losses)                          | -524                | -545                | -3.8                | -85                   | -392                | -78.3                 |
| Applicable income taxes                            | 3,008               | 2,911               | 3.3                 | 1,475                 | 1,514               | -2.6                  |
| Extraordinary gains, net****                       | 4                   | 1                   | N/M                 | -0                    | 1                   | N/M                   |
| Total net income (includes minority interests)     | 14,064              | 13,610              | 3.3                 | 7,151                 | 7,102               | 0.7                   |
| Bank net income                                    | 14,060              | 13,603              | 3.4                 | 7,148                 | 7,098               | 0.7                   |
| Net charge-offs                                    | 839                 | 298                 | 182.1               | 421                   | 177                 | 137.6                 |
| Cash dividends                                     | 6,136               | 5,788               | 6.0                 | 3,330                 | 3,001               | 11.0                  |
| Retained earnings                                  | 7,924               | 7,815               | 1.4                 | 3,818                 | 4,097               | -6.8                  |
| Net operating income                               | 14,558              | 14,052              | 3.6                 | 7,235                 | 7,416               | -2.4                  |

\* For institutions that have adopted ASU 2016-13, this item represents the allowance for credit losses on loans and leases held for investment and allocated transfer risk.

\*\* For institutions that have adopted ASU 2016-13, securities are reported net of allowances for credit losses.

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

\*\*\*\* See Notes to Users for explanation.

N/M - Not Meaningful

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

| Second Quarter 2023<br>(dollar figures in millions) | All Community<br>Banks | Geographic Regions* |           |           |             |           |               |
|-----------------------------------------------------|------------------------|---------------------|-----------|-----------|-------------|-----------|---------------|
|                                                     |                        | New York            | Atlanta   | Chicago   | Kansas City | Dallas    | San Francisco |
| Number of institutions reporting                    | 4,198                  | 455                 | 473       | 921       | 1,143       | 950       | 256           |
| Total employees (full-time equivalent)              | 373,279                | 72,225              | 38,893    | 78,196    | 71,732      | 82,118    | 30,115        |
| <b>CONDITION DATA</b>                               |                        |                     |           |           |             |           |               |
| Total assets                                        | \$2,713,202            | \$634,037           | \$286,284 | \$511,305 | \$501,937   | \$525,552 | \$254,087     |
| Loans secured by real estate                        | 1,430,459              | 377,245             | 151,342   | 263,303   | 248,342     | 265,140   | 125,087       |
| 1-4 Family residential mortgages                    | 441,928                | 142,864             | 45,522    | 76,814    | 71,610      | 77,703    | 27,414        |
| Nonfarm nonresidential                              | 568,195                | 137,358             | 69,135    | 102,986   | 86,239      | 110,415   | 62,061        |
| Construction and development                        | 152,765                | 26,302              | 18,361    | 24,422    | 27,381      | 45,319    | 10,979        |
| Home equity lines                                   | 44,422                 | 11,071              | 5,858     | 10,982    | 5,825       | 5,503     | 5,184         |
| Commercial & industrial loans                       | 239,791                | 47,390              | 23,270    | 51,947    | 52,295      | 47,228    | 17,661        |
| Loans to individuals                                | 87,854                 | 17,630              | 7,583     | 13,908    | 13,966      | 13,637    | 21,131        |
| Credit cards                                        | 2,882                  | 407                 | 117       | 189       | 1,041       | 249       | 880           |
| Farm loans                                          | 47,346                 | 507                 | 1,440     | 7,630     | 27,123      | 7,939     | 2,707         |
| Other loans & leases                                | 49,456                 | 14,593              | 3,057     | 12,991    | 8,028       | 7,671     | 3,116         |
| Less: Unearned income                               | 751                    | 127                 | 98        | 73        | 131         | 189       | 133           |
| Total loans & leases                                | 1,854,156              | 457,238             | 186,595   | 349,706   | 349,622     | 341,426   | 169,569       |
| Less: Reserve for losses**                          | 22,666                 | 4,682               | 2,288     | 4,332     | 4,515       | 4,486     | 2,363         |
| Net loans and leases                                | 1,831,491              | 452,555             | 184,306   | 345,375   | 345,107     | 336,941   | 167,206       |
| Securities***                                       | 564,829                | 110,562             | 63,238    | 110,822   | 106,302     | 121,333   | 52,571        |
| Other real estate owned                             | 789                    | 187                 | 100       | 125       | 180         | 161       | 36            |
| Goodwill and other intangibles                      | 17,900                 | 4,450               | 783       | 4,488     | 3,501       | 3,518     | 1,161         |
| All other assets                                    | 298,193                | 66,282              | 37,856    | 50,496    | 46,846      | 63,599    | 33,113        |
| Total liabilities and capital                       | 2,713,202              | 634,037             | 286,284   | 511,305   | 501,937     | 525,552   | 254,087       |
| Deposits                                            | 2,263,366              | 515,331             | 247,754   | 426,574   | 416,362     | 448,998   | 208,347       |
| Domestic office deposits                            | 2,262,571              | 514,561             | 247,753   | 426,574   | 416,362     | 448,998   | 208,323       |
| Foreign office deposits                             | 795                    | 770                 | 1         | 0         | 0           | 0         | 24            |
| Brokered deposits                                   | 112,290                | 34,158              | 11,874    | 21,770    | 18,707      | 15,139    | 10,642        |
| Estimated insured deposits                          | 1,597,938              | 365,157             | 168,181   | 312,979   | 311,078     | 301,147   | 139,397       |
| Other borrowed funds                                | 164,577                | 46,982              | 10,642    | 32,484    | 35,352      | 23,252    | 15,865        |
| Subordinated debt                                   | 315                    | 148                 | 0         | 16        | 1           | 139       | 10            |
| All other liabilities                               | 27,291                 | 8,512               | 2,596     | 4,600     | 4,279       | 4,012     | 3,292         |
| Total equity capital (includes minority interests)  | 257,653                | 63,064              | 25,292    | 47,631    | 45,943      | 49,151    | 26,572        |
| Bank equity capital                                 | 257,540                | 63,051              | 25,294    | 47,540    | 45,942      | 49,142    | 26,572        |
| Loans and leases 30-89 days past due                | 6,220                  | 1,326               | 592       | 1,026     | 1,227       | 1,619     | 430           |
| Noncurrent loans and leases                         | 8,732                  | 2,398               | 703       | 1,686     | 1,353       | 1,848     | 744           |
| Restructured loans and leases                       | 2,654                  | 663                 | 230       | 692       | 464         | 466       | 138           |
| Mortgage-backed securities                          | 230,212                | 56,898              | 28,792    | 41,054    | 34,811      | 44,412    | 24,244        |
| Earning assets                                      | 2,537,324              | 592,328             | 268,288   | 476,747   | 470,182     | 490,570   | 239,209       |
| FHLB Advances                                       | 116,750                | 37,838              | 7,949     | 24,636    | 24,131      | 14,514    | 7,682         |
| Unused loan commitments                             | 417,560                | 93,716              | 37,890    | 82,991    | 90,148      | 75,537    | 37,279        |
| Trust assets                                        | 347,667                | 72,388              | 13,585    | 71,769    | 134,155     | 44,676    | 11,093        |
| Assets securitized and sold                         | 26,144                 | 11,152              | 10        | 3,815     | 5,969       | 4,647     | 553           |
| Notional amount of derivatives                      | 123,646                | 47,969              | 14,277    | 16,765    | 26,215      | 8,683     | 9,737         |
| <b>INCOME DATA</b>                                  |                        |                     |           |           |             |           |               |
| Total interest income                               | \$31,464               | \$7,066             | \$3,363   | \$5,777   | \$5,717     | \$6,385   | \$3,156       |
| Total interest expense                              | 10,044                 | 2,577               | 1,004     | 1,827     | 1,931       | 1,846     | 859           |
| Net interest income                                 | 21,420                 | 4,489               | 2,359     | 3,950     | 3,787       | 4,539     | 2,297         |
| Provision for credit losses****                     | 779                    | 163                 | 87        | 117       | 135         | 148       | 129           |
| Total noninterest income                            | 5,060                  | 1,019               | 467       | 1,132     | 965         | 960       | 516           |
| Total noninterest expense                           | 16,989                 | 3,738               | 1,770     | 3,135     | 3,065       | 3,424     | 1,856         |
| Securities gains (losses)                           | -85                    | 30                  | -4        | -76       | -12         | -14       | -8            |
| Applicable income taxes                             | 1,475                  | 363                 | 176       | 308       | 209         | 232       | 187           |
| Extraordinary gains, net*****                       | -0                     | 0                   | -0        | 0         | -0          | 0         | 0             |
| Total net income (includes minority interests)      | 7,151                  | 1,274               | 787       | 1,446     | 1,332       | 1,681     | 631           |
| Bank net income                                     | 7,148                  | 1,273               | 788       | 1,445     | 1,332       | 1,680     | 631           |
| Net charge-offs                                     | 421                    | 111                 | 36        | 43        | 66          | 89        | 76            |
| Cash dividends                                      | 3,330                  | 833                 | 172       | 755       | 616         | 715       | 239           |
| Retained earnings                                   | 3,818                  | 440                 | 615       | 690       | 715         | 965       | 393           |
| Net operating income                                | 7,235                  | 1,247               | 790       | 1,520     | 1,342       | 1,694     | 641           |

\* See Table V-A for explanation.

\*\* For institutions that have adopted ASU 2016-13, this item represents the allowance for credit losses on loans and leases held for investment and allocated transfer risk.

\*\*\* For institutions that have adopted ASU 2016-13, securities are reported net of allowances for credit losses.

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

\*\*\*\*\* See Notes to Users for explanation.



**Table IV-B. Second Quarter 2023, FDIC-Insured Community Banks**

| Performance ratios (annualized, %)               | All Community Banks |                  | Second Quarter 2023, Geographic Regions* |         |         |             |        |               |
|--------------------------------------------------|---------------------|------------------|------------------------------------------|---------|---------|-------------|--------|---------------|
|                                                  | 2nd Quarter 2023    | 1st Quarter 2023 | New York                                 | Atlanta | Chicago | Kansas City | Dallas | San Francisco |
| Yield on earning assets                          | 4.98                | 4.71             | 4.78                                     | 5.03    | 4.88    | 4.89        | 5.22   | 5.31          |
| Cost of funding earning assets                   | 1.59                | 1.22             | 1.74                                     | 1.50    | 1.54    | 1.65        | 1.51   | 1.45          |
| Net interest margin                              | 3.39                | 3.49             | 3.03                                     | 3.53    | 3.34    | 3.24        | 3.71   | 3.87          |
| Noninterest income to assets                     | 0.75                | 0.68             | 0.64                                     | 0.66    | 0.89    | 0.77        | 0.73   | 0.82          |
| Noninterest expense to assets                    | 2.52                | 2.49             | 2.36                                     | 2.48    | 2.47    | 2.46        | 2.61   | 2.94          |
| Loan and lease loss provision to assets          | 0.12                | 0.11             | 0.10                                     | 0.12    | 0.09    | 0.11        | 0.11   | 0.20          |
| Net operating income to assets                   | 1.07                | 1.10             | 0.79                                     | 1.11    | 1.20    | 1.08        | 1.29   | 1.02          |
| Pretax return on assets                          | 1.28                | 1.27             | 1.03                                     | 1.35    | 1.38    | 1.24        | 1.46   | 1.30          |
| Return on assets                                 | 1.06                | 1.04             | 0.80                                     | 1.10    | 1.14    | 1.07        | 1.28   | 1.00          |
| Return on equity                                 | 11.15               | 11.13            | 8.06                                     | 12.52   | 12.18   | 11.62       | 13.75  | 9.71          |
| Net charge-offs to loans and leases              | 0.09                | 0.09             | 0.10                                     | 0.08    | 0.05    | 0.08        | 0.11   | 0.18          |
| Loan and lease loss provision to net charge-offs | 187.87              | 167.15           | 147.54                                   | 247.57  | 278.06  | 207.04      | 172.05 | 169.41        |
| Efficiency ratio                                 | 63.78               | 62.83            | 67.60                                    | 62.22   | 61.25   | 64.06       | 61.85  | 65.72         |
| Net interest income to operating revenue         | 80.89               | 82.83            | 81.49                                    | 83.47   | 77.72   | 79.68       | 82.54  | 81.67         |
| % of unprofitable institutions                   | 5.15                | 4.42             | 8.35                                     | 7.19    | 5.10    | 3.41        | 3.68   | 8.98          |
| % of institutions with earnings gains            | 52.33               | 67.45            | 43.30                                    | 61.10   | 51.03   | 49.08       | 56.53  | 55.86         |

\*See Table IV-A for explanation.

**Table V-B. First Half 2023, FDIC-Insured Community Banks**

| Performance ratios (%)                           | All Community Banks |                 | First Half 2023, Geographic Regions* |         |         |             |        |               |
|--------------------------------------------------|---------------------|-----------------|--------------------------------------|---------|---------|-------------|--------|---------------|
|                                                  | First Half 2023     | First Half 2022 | New York                             | Atlanta | Chicago | Kansas City | Dallas | San Francisco |
| Yield on earning assets                          | 4.84                | 3.49            | 4.67                                 | 4.90    | 4.74    | 4.75        | 5.06   | 5.16          |
| Cost of funding earning assets                   | 1.41                | 0.26            | 1.56                                 | 1.30    | 1.36    | 1.46        | 1.32   | 1.29          |
| Net interest margin                              | 3.44                | 3.23            | 3.11                                 | 3.60    | 3.37    | 3.29        | 3.75   | 3.87          |
| Noninterest income to assets                     | 0.72                | 0.82            | 0.63                                 | 0.63    | 0.85    | 0.77        | 0.71   | 0.73          |
| Noninterest expense to assets                    | 2.51                | 2.43            | 2.36                                 | 2.47    | 2.46    | 2.46        | 2.60   | 2.96          |
| Loan and lease loss provision to assets          | 0.11                | 0.07            | 0.09                                 | 0.12    | 0.09    | 0.10        | 0.11   | 0.24          |
| Net operating income to assets                   | 1.08                | 1.11            | 0.84                                 | 1.15    | 1.20    | 1.12        | 1.32   | 0.85          |
| Pretax return on assets                          | 1.27                | 1.31            | 1.08                                 | 1.40    | 1.39    | 1.27        | 1.48   | 0.95          |
| Return on assets                                 | 1.05                | 1.07            | 0.84                                 | 1.14    | 1.14    | 1.10        | 1.30   | 0.63          |
| Return on equity                                 | 11.12               | 10.84           | 8.43                                 | 13.05   | 12.32   | 12.13       | 14.12  | 6.24          |
| Net charge-offs to loans and leases              | 0.09                | 0.04            | 0.09                                 | 0.07    | 0.05    | 0.08        | 0.09   | 0.27          |
| Loan and lease loss provision to net charge-offs | 176.23              | 269.83          | 133.24                               | 250.74  | 288.69  | 179.70      | 198.94 | 135.96        |
| Efficiency ratio                                 | 63.43               | 62.82           | 66.59                                | 61.41   | 61.07   | 63.54       | 61.32  | 67.49         |
| Net interest income to operating revenue         | 81.67               | 78.80           | 82.15                                | 84.30   | 78.72   | 80.09       | 83.10  | 83.26         |
| % of unprofitable institutions                   | 4.14                | 4.94            | 6.59                                 | 5.92    | 3.91    | 2.36        | 3.26   | 8.59          |
| % of institutions with earnings gains            | 60.48               | 40.27           | 49.67                                | 71.04   | 58.31   | 59.76       | 63.47  | 60.16         |

\*See Table IV-A for explanation.

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

| June 30, 2023                                        | All Community Banks | Geographic Regions* |         |         |             |         |               |
|------------------------------------------------------|---------------------|---------------------|---------|---------|-------------|---------|---------------|
|                                                      |                     | New York            | Atlanta | Chicago | Kansas City | Dallas  | San Francisco |
| <b>Percent of Loans 30-89 Days Past Due</b>          |                     |                     |         |         |             |         |               |
| All loans secured by real estate                     | 0.27                | 0.23                | 0.24    | 0.28    | 0.30        | 0.37    | 0.15          |
| Construction and development                         | 0.34                | 0.35                | 0.18    | 0.23    | 0.47        | 0.41    | 0.25          |
| Nonfarm nonresidential                               | 0.18                | 0.17                | 0.12    | 0.19    | 0.21        | 0.22    | 0.09          |
| Multifamily residential real estate                  | 0.09                | 0.07                | 0.03    | 0.15    | 0.15        | 0.11    | 0.05          |
| Home equity loans                                    | 0.37                | 0.43                | 0.32    | 0.33    | 0.36        | 0.45    | 0.32          |
| Other 1-4 family residential                         | 0.40                | 0.30                | 0.45    | 0.45    | 0.38        | 0.58    | 0.26          |
| Commercial and industrial loans                      | 0.39                | 0.28                | 0.58    | 0.29    | 0.41        | 0.44    | 0.56          |
| Loans to individuals                                 | 1.29                | 1.77                | 1.10    | 0.72    | 1.12        | 2.57    | 0.60          |
| Credit card loans                                    | 3.44                | 1.99                | 1.39    | 1.05    | 5.30        | 1.38    | 3.26          |
| Other loans to individuals                           | 1.21                | 1.77                | 1.10    | 0.72    | 0.79        | 2.59    | 0.48          |
| All other loans and leases (including farm)          | 0.28                | 0.18                | 0.21    | 0.21    | 0.31        | 0.45    | 0.26          |
| Total loans and leases                               | 0.34                | 0.29                | 0.32    | 0.29    | 0.35        | 0.47    | 0.25          |
| <b>Percent of Loans Noncurrent</b>                   |                     |                     |         |         |             |         |               |
| All loans secured by real estate                     | 0.43                | 0.48                | 0.35    | 0.49    | 0.35        | 0.43    | 0.36          |
| Construction and development                         | 0.31                | 0.52                | 0.13    | 0.32    | 0.32        | 0.16    | 0.62          |
| Nonfarm nonresidential                               | 0.43                | 0.46                | 0.38    | 0.57    | 0.37        | 0.43    | 0.24          |
| Multifamily residential real estate                  | 0.25                | 0.31                | 0.35    | 0.29    | 0.15        | 0.14    | 0.10          |
| Home equity loans                                    | 0.42                | 0.48                | 0.23    | 0.30    | 0.34        | 0.35    | 0.91          |
| Other 1-4 family residential                         | 0.48                | 0.56                | 0.37    | 0.53    | 0.32        | 0.54    | 0.42          |
| Commercial and industrial loans                      | 0.75                | 1.02                | 0.60    | 0.57    | 0.57        | 0.91    | 0.87          |
| Loans to individuals                                 | 0.47                | 0.45                | 0.33    | 0.23    | 0.43        | 1.14    | 0.29          |
| Credit card loans                                    | 2.29                | 1.64                | 0.54    | 0.39    | 2.15        | 1.70    | 3.56          |
| Other loans to individuals                           | 0.41                | 0.42                | 0.32    | 0.23    | 0.29        | 1.13    | 0.15          |
| All other loans and leases (including farm)          | 0.44                | 0.08                | 0.34    | 0.33    | 0.37        | 0.77    | 1.43          |
| Total loans and leases                               | 0.47                | 0.52                | 0.38    | 0.48    | 0.39        | 0.54    | 0.44          |
| <b>Percent of Loans Charged-Off (net, YTD)</b>       |                     |                     |         |         |             |         |               |
| All loans secured by real estate                     | 0.01                | 0.01                | -0.01   | 0.01    | 0.00        | 0.01    | 0.02          |
| Construction and development                         | 0.00                | 0.00                | -0.02   | -0.01   | 0.01        | 0.00    | 0.00          |
| Nonfarm nonresidential                               | 0.02                | 0.02                | -0.01   | 0.02    | 0.00        | 0.03    | 0.03          |
| Multifamily residential real estate                  | 0.01                | 0.00                | 0.00    | 0.05    | -0.01       | 0.00    | 0.01          |
| Home equity loans                                    | 0.01                | -0.02               | -0.01   | -0.01   | 0.00        | 0.00    | 0.13          |
| Other 1-4 family residential                         | 0.00                | 0.00                | 0.00    | 0.00    | 0.00        | 0.01    | 0.02          |
| Commercial and industrial loans                      | 0.23                | 0.33                | 0.23    | 0.10    | 0.12        | 0.17    | 0.74          |
| Loans to individuals                                 | 1.13                | 1.11                | 1.01    | 0.32    | 1.49        | 1.24    | 1.46          |
| Credit card loans                                    | 9.92                | 4.30                | 1.74    | 1.28    | 15.19       | 1.33    | 11.90         |
| Other loans to individuals                           | 0.83                | 1.04                | 1.00    | 0.31    | 0.38        | 1.24    | 0.96          |
| All other loans and leases (including farm)          | 0.10                | 0.11                | 0.37    | 0.13    | 0.00        | 0.09    | 0.39          |
| Total loans and leases                               | 0.09                | 0.09                | 0.07    | 0.05    | 0.08        | 0.09    | 0.27          |
| <b>Loans Outstanding (in billions)</b>               |                     |                     |         |         |             |         |               |
| All real estate loans                                | \$1,430.5           | \$377.2             | \$151.3 | \$263.3 | \$248.3     | \$265.1 | \$125.1       |
| Construction and development                         | 152.8               | 26.3                | 18.4    | 24.4    | 27.4        | 45.3    | 11.0          |
| Nonfarm nonresidential                               | 568.2               | 137.4               | 69.1    | 103.0   | 86.2        | 110.4   | 62.1          |
| Multifamily residential real estate                  | 137.6               | 57.5                | 7.8     | 28.5    | 18.3        | 9.8     | 15.9          |
| Home equity loans                                    | 44.4                | 11.1                | 5.9     | 11.0    | 5.8         | 5.5     | 5.2           |
| Other 1-4 family residential                         | 441.9               | 142.9               | 45.5    | 76.8    | 71.6        | 77.7    | 27.4          |
| Commercial and industrial loans                      | 239.8               | 47.4                | 23.3    | 51.9    | 52.3        | 47.2    | 17.7          |
| Loans to individuals                                 | 87.9                | 17.6                | 7.6     | 13.9    | 14.0        | 13.6    | 21.1          |
| Credit card loans                                    | 2.9                 | 0.4                 | 0.1     | 0.2     | 1.0         | 0.2     | 0.9           |
| Other loans to individuals                           | 85.0                | 17.2                | 7.5     | 13.7    | 12.9        | 13.4    | 20.3          |
| All other loans and leases (including farm)          | 96.8                | 15.1                | 4.5     | 20.6    | 35.2        | 15.6    | 5.8           |
| Total loans and leases (plus unearned income)        | 1,854.9             | 457.4               | 186.7   | 349.8   | 349.8       | 341.6   | 169.7         |
| <b>Memo: Unfunded Commitments (in millions)</b>      |                     |                     |         |         |             |         |               |
| Total Unfunded Commitments                           | 417,560             | 93,716              | 37,890  | 82,991  | 90,148      | 75,537  | 37,279        |
| Construction and development: 1-4 family residential | 34,900              | 5,710               | 5,209   | 4,451   | 5,697       | 11,424  | 2,410         |
| Construction and development: CRE and other          | 97,019              | 20,708              | 9,570   | 18,982  | 17,521      | 23,133  | 7,105         |
| Commercial and industrial                            | 127,161             | 31,954              | 10,210  | 28,368  | 25,246      | 20,633  | 10,751        |

\* See Table IV-A for explanation.

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

# INSURANCE FUND INDICATORS

**Deposit Insurance Fund Increases by \$0.9 Billion**

**DIF Reserve Ratio Falls 1 Basis Point, Ends Second Quarter at 1.10 Percent**

**One Institution Fails During the Second Quarter**

During the second quarter, the Deposit Insurance Fund (DIF) balance increased by \$897 million to \$117.0 billion. The rise in the DIF was primarily driven by assessment income of \$3.1 billion. Net investment income (including the effect of unrealized and realized gains and losses) added \$0.3 billion. These gains were partially offset by additional provisions for insurance losses of \$2.0 billion, and operating expenses of \$0.5 billion. One insured institution, First Republic Bank, failed during the second quarter at an estimated cost to the Fund of \$15.6 billion.

The deposit insurance assessment base—average consolidated total assets minus average tangible equity—increased by 0.7 percent in the second quarter and fell by 1.0 percent over the last 12 months.<sup>1,2</sup>

The FDIC recognized a substantial portion of the estimated loss to the Fund associated with First Republic Bank as part of the \$16.4 billion in loss provisions recorded for first quarter 2023. As a result, the \$2.0 billion in loss provisions recorded for second quarter 2023 is considerably below the expected loss for that institution.

Total estimated insured deposits increased by 0.8 percent in the second quarter, bringing year-over-year insured deposit growth to 4.7 percent. The DIF's reserve ratio (the fund balance as a percent of insured deposits) was 1.10 percent on June 30, 2023, down 1 basis point from the previous quarter and 13 basis points lower than the previous year.

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

Author:

**Charles James**

Financial Economist

Division of Insurance and Research

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

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

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

| (dollar figures in millions)                               | Deposit Insurance Fund** |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
|------------------------------------------------------------|--------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|                                                            | 2nd<br>Quarter<br>2023   | 1st<br>Quarter<br>2023 | 4th<br>Quarter<br>2022 | 3rd<br>Quarter<br>2022 | 2nd<br>Quarter<br>2022 | 1st<br>Quarter<br>2022 | 4th<br>Quarter<br>2021 | 3rd<br>Quarter<br>2021 | 2nd<br>Quarter<br>2021 | 1st<br>Quarter<br>2021 | 4th<br>Quarter<br>2020 | 3rd<br>Quarter<br>2020 | 2nd<br>Quarter<br>2020 |
| <b>Beginning Fund Balance</b>                              | \$116,071                | \$128,218              | \$125,457              | \$124,458              | \$123,039              | \$123,141              | \$121,935              | \$120,547              | \$119,362              | \$117,897              | \$116,434              | \$114,651              | \$113,206              |
| <b>Changes in Fund Balance:</b>                            |                          |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Assessments earned                                         | 3,127                    | 3,306                  | 2,142                  | 2,145                  | 2,086                  | 1,938                  | 1,967                  | 1,662                  | 1,589                  | 1,862                  | 1,884                  | 2,047                  | 1,790                  |
| Interest earned on investment securities                   | 673                      | 661                    | 498                    | 332                    | 225                    | 191                    | 197                    | 221                    | 251                    | 284                    | 330                    | 392                    | 454                    |
| Realized gain on sale of investments                       | 96                       | -1,666                 | 0                      | 0                      | 0                      | 0                      | 0                      | 0                      | 0                      | 0                      | 0                      | 0                      | 0                      |
| Operating expenses                                         | 497                      | 508                    | 515                    | 456                    | 460                    | 453                    | 475                    | 448                    | 466                    | 454                    | 470                    | 451                    | 465                    |
| Provision for insurance losses                             | 2,033                    | 16,402                 | -48                    | -49                    | -86                    | 100                    | 8                      | -53                    | -42                    | -57                    | -48                    | -74                    | -47                    |
| All other income, net of expenses                          | 3                        | 12                     | 114                    | 6                      | 29                     | 8                      | 61                     | 65                     | 2                      | 1                      | 9                      | 5                      | 2                      |
| Unrealized gain/(loss) on available-for-sale securities*** | -472                     | 2,450                  | 474                    | -1,077                 | -547                   | -1,686                 | -536                   | -165                   | -233                   | -285                   | -338                   | -284                   | -383                   |
| Total fund balance change                                  | 897                      | -12,147                | 2,761                  | 999                    | 1,419                  | -102                   | 1,206                  | 1,388                  | 1,185                  | 1,465                  | 1,463                  | 1,783                  | 1,445                  |
| <b>Ending Fund Balance</b>                                 | 116,968                  | 116,071                | 128,218                | 125,457                | 124,458                | 123,039                | 123,141                | 121,935                | 120,547                | 119,362                | 117,897                | 116,434                | 114,651                |
| Percent change from four quarters earlier                  | -6.02                    | -5.66                  | 4.12                   | 2.89                   | 3.24                   | 3.08                   | 4.45                   | 4.72                   | 5.14                   | 5.44                   | 6.84                   | 6.88                   | 6.71                   |
| <b>Reserve Ratio (%)</b>                                   | 1.10                     | 1.11                   | 1.25                   | 1.23                   | 1.23                   | 1.21                   | 1.24                   | 1.25                   | 1.27                   | 1.26                   | 1.29                   | 1.31                   | 1.30                   |
| <b>Estimated Insured Deposits</b>                          | 10,586,340               | 10,500,158             | 10,277,910             | 10,177,105             | 10,106,822             | 10,165,899             | 9,928,576              | 9,760,577              | 9,485,856              | 9,510,760              | 9,120,806              | 8,919,069              | 8,833,508              |
| Percent change from four quarters earlier                  | 4.74                     | 3.29                   | 3.52                   | 4.27                   | 6.55                   | 6.89                   | 8.86                   | 9.43                   | 7.38                   | 16.53                  | 16.78                  | 15.39                  | 14.93                  |
| Percent of Total Deposit Liabilities After Exclusions      | 59.74                    | 58.94                  | 56.39                  | 55.31                  | 54.49                  | 53.86                  | 53.12                  | 53.79                  | 53.67                  | 54.55                  | 54.35                  | 55.13                  | 55.20                  |
| <b>Estimated Uninsured Deposits</b>                        | 7,134,119                | 7,313,616              | 7,948,806              | 8,224,040              | 8,441,148              | 8,707,077              | 8,760,646              | 8,384,394              | 8,189,845              | 7,923,389              | 7,661,187              | 7,260,002              | 7,169,617              |
| Percent change from four quarters earlier                  | -15.48                   | -16.00                 | -9.27                  | -1.91                  | 3.07                   | 9.89                   | 14.35                  | 15.49                  | 14.23                  | 19.75                  | 30.43                  | 27.32                  | 30.53                  |
| Percent of Total Deposit Liabilities After Exclusions      | 40.26                    | 41.06                  | 43.61                  | 44.69                  | 45.51                  | 46.14                  | 46.88                  | 46.21                  | 46.33                  | 45.45                  | 45.65                  | 44.87                  | 44.80                  |
| <b>Total Deposit Liabilities After Exclusions****</b>      | 17,720,459               | 17,813,774             | 18,226,716             | 18,401,145             | 18,547,971             | 18,872,976             | 18,689,222             | 18,144,972             | 17,675,701             | 17,434,148             | 16,781,993             | 16,179,071             | 16,003,125             |
| Percent change from four quarters earlier                  | -4.46                    | -5.61                  | -2.47                  | 1.41                   | 4.93                   | 8.25                   | 11.36                  | 12.15                  | 10.45                  | 17.97                  | 22.64                  | 20.46                  | 21.43                  |
| <b>Assessment Base*****</b>                                | 20,846,656               | 20,709,839             | 21,012,144             | 21,027,114             | 21,059,588             | 20,942,681             | 20,683,058             | 20,128,425             | 19,776,253             | 19,310,353             | 18,909,418             | 18,575,113             | 18,267,307             |
| Percent change from four quarters earlier                  | -1.01                    | -1.11                  | 1.59                   | 4.46                   | 6.49                   | 8.45                   | 9.38                   | 8.36                   | 8.26                   | 16.43                  | 16.23                  | 15.93                  | 15.71                  |
| <b>Number of Institutions Reporting</b>                    | 4,654                    | 4,681                  | 4,715                  | 4,755                  | 4,780                  | 4,805                  | 4,848                  | 4,923                  | 4,959                  | 4,987                  | 5,011                  | 5,042                  | 5,075                  |

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

| (dollar figures in millions) | 2023***** | 2022***** | 2022     | 2021      | 2020     | 2019     | 2018     | 2017     |
|------------------------------|-----------|-----------|----------|-----------|----------|----------|----------|----------|
| <b>Problem Institutions</b>  |           |           |          |           |          |          |          |          |
| Number of institutions       | 43        | 40        | 39       | 44        | 56       | 51       | 60       | 95       |
| Total assets*****            | \$46,014  | \$170,387 | \$47,463 | \$170,172 | \$55,830 | \$46,190 | \$48,481 | \$13,939 |
| <b>Failed Institutions</b>   |           |           |          |           |          |          |          |          |
| Number of institutions       | 3         | 0         | 0        | 0         | 4        | 4        | 0        | 8        |
| Total assets*****            | \$532,029 | \$0       | \$0      | \$0       | \$455    | \$209    | \$0      | \$5,082  |

\* Includes insured branches of foreign banks (IBAs) and any revisions to prior quarter data.

\*\* Quarterly financial statement results are unaudited.

\*\*\* Includes unrealized postretirement benefit gain (loss).

\*\*\*\* Does not equal total deposits and domestic office deposits in the tables above due to adjustments to align with the determination of deposit insurance coverage in the event of a bank failure.

\*\*\*\*\* Average consolidated total assets minus tangible equity, with adjustments for banker's banks and custodial banks.

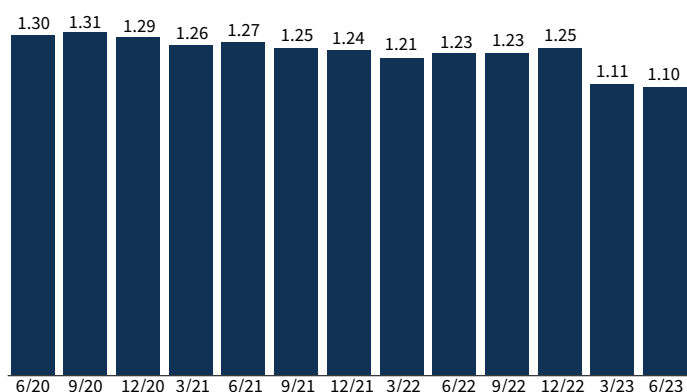
\*\*\*\*\* Through June 30.

\*\*\*\*\* Assets shown are what were on record as of the last day of the quarter.

\*\*\*\*\* Total assets are based on final Call Reports submitted by failed institutions.

## DIF Reserve Ratios

Percent of Insured Deposits



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

|       | DIF Balance | DIF-Insured Deposits |
|-------|-------------|----------------------|
| 6/20  | \$114,651   | \$8,833,508          |
| 9/20  | 116,434     | 8,919,069            |
| 12/20 | 117,897     | 9,120,806            |
| 3/21  | 119,362     | 9,510,760            |
| 6/21  | 120,547     | 9,485,856            |
| 9/21  | 121,935     | 9,760,577            |
| 12/21 | 123,141     | 9,928,576            |
| 3/22  | 123,039     | 10,165,899           |
| 6/22  | 124,458     | 10,106,822           |
| 9/22  | 125,457     | 10,177,105           |
| 12/22 | 128,218     | 10,277,910           |
| 3/23  | 116,071     | 10,500,158           |
| 6/23  | 116,968     | 10,586,340           |

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

(dollar figures in millions)  
June 30, 2023

|                                                        | Number of Institutions | Total Assets      | Domestic Deposits* | Est. Insured Deposits |
|--------------------------------------------------------|------------------------|-------------------|--------------------|-----------------------|
| <b>Commercial Banks and Savings Institutions</b>       |                        |                   |                    |                       |
| FDIC-Insured Commercial Banks                          | 4,071                  | \$22,191,409      | \$16,179,508       | \$9,692,086           |
| FDIC-Supervised                                        | 2,697                  | 3,874,594         | 3,093,975          | 2,106,435             |
| OCC-Supervised                                         | 712                    | 14,868,595        | 10,592,720         | 6,183,419             |
| Federal Reserve-Supervised                             | 662                    | 3,448,220         | 2,492,812          | 1,402,233             |
| FDIC-Insured Savings Institutions                      | 574                    | 1,273,681         | 1,018,411          | 848,168               |
| OCC-Supervised                                         | 251                    | 551,843           | 434,715            | 369,916               |
| FDIC-Supervised                                        | 286                    | 309,569           | 244,941            | 183,993               |
| Federal Reserve-Supervised                             | 37                     | 412,270           | 338,755            | 294,260               |
| <b>Total Commercial Banks and Savings Institutions</b> | <b>4,645</b>           | <b>23,465,090</b> | <b>17,197,919</b>  | <b>10,540,254</b>     |
| <b>Other FDIC-Insured Institutions</b>                 |                        |                   |                    |                       |
| U.S. Branches of Foreign Banks                         | 9                      | 94,813            | 52,811             | 46,085                |
| <b>Total FDIC-Insured Institutions</b>                 | <b>4,654</b>           | <b>23,559,904</b> | <b>17,250,730</b>  | <b>10,586,340</b>     |

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

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

Quarter Ending March 31, 2023 (dollar figures in billions)

| Annual Rate in Basis Points | Number of Institutions | Percent of Total Institutions | Amount of Assessment Base | Percent of Total Assessment Base |
|-----------------------------|------------------------|-------------------------------|---------------------------|----------------------------------|
| 2.50 - 5.00                 | 2,875                  | 61.4                          | \$7,222.0                 | 34.87                            |
| 5.01 - 8.00                 | 1,266                  | 27.0                          | 11,605.7                  | 56.04                            |
| 8.01 - 12.00                | 428                    | 9.1                           | 1,498.8                   | 7.24                             |
| 12.01 - 17.00               | 57                     | 1.2                           | 303.1                     | 1.46                             |
| 17.01 - 22.00               | 55                     | 1.2                           | 80.1                      | 0.39                             |
| 22.01 - 27.00               | 0                      | 0.0                           | 0.0                       | 0.00                             |
| > 27.00                     | 0                      | 0.0                           | 0.0                       | 0.00                             |

# 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.

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## 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.

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## TABLES I-B THROUGH VI-B.

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

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

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

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

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

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

number of and deposits per office are adjusted upward quarterly. For banking offices, banks must have more than one office, and the maximum number of offices is 40 in 1985 and reached 104 in 2023. The maximum level of deposits for any one office is \$1.25 billion in deposits in 1985 and reached \$10.28 billion in deposits in 2023. The remaining geographic limitations are also based on maximums for the number of states (fixed at 3) and large metropolitan areas (fixed at 2) in which the organization maintains offices. Branch office data are based on the most recent data from the annual June 30 *Summary of Deposits Survey* that are available at the time of publication.

Finally, the definition establishes an asset-size limit, also adjusted upward quarterly and below which the limits on banking activities and geographic scope are waived. The asset-size limit is \$250 million in 1985 and reached \$2.06 billion in 2023. This final step acknowledges the fact that most of those small banks that are not excluded as specialty banks meet the requirements for banking activities and geographic limits in any event.

## SUMMARY OF FDIC RESEARCH DEFINITION OF COMMUNITY BANKING ORGANIZATIONS

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

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

**Exclude:** Any organization with:

- No loans or no core deposits
- Assets held in foreign branches  $\geq 10\%$  of total assets
- More than 50% of assets in certain specialty banks, including:
  - credit card specialists
  - consumer nonbank banks<sup>1</sup>
  - industrial loan companies
  - trust companies
  - bankers' banks

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

- Total assets < indexed size threshold<sup>2</sup>
- Total assets  $\geq$  indexed size threshold, where:
  - Loan to assets > 33%
  - Core deposits to assets > 50%
  - More than 1 office but no more than the indexed maximum number of offices.<sup>3</sup>
  - Number of large MSAs with offices  $\leq 2$
  - Number of states with offices  $\leq 3$
  - No single office with deposits > indexed maximum branch deposit size.<sup>4</sup>

## TABLES I-C THROUGH IV-C.

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

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

<sup>2</sup>Asset size threshold indexed to equal \$250 million in 1985 and \$2.06 billion in 2023.

<sup>3</sup>Maximum number of offices indexed to equal 40 in 1985 and 104 in 2023.

<sup>4</sup>Maximum branch deposit size indexed to equal \$1.25 billion in 1985 and \$10.28 billion in 2023.



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

## DATA SOURCES

The financial information appearing in this publication is obtained primarily from the Federal Financial Institutions Examination Council (FFIEC) *Consolidated Reports of Condition and Income (Call Reports)* and the OTS *Thrift Financial Reports (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.



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## ACCOUNTING CHANGES

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

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

<https://www.fdic.gov/news/financial-institution-letters/2023/fil23033.html>

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

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

<https://www.fasb.org/page/index?pageId=standards/index.html>

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## DEFINITIONS (IN ALPHABETICAL ORDER)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Derivatives transaction types:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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



# BANKING SECTOR PERFORMANCE DURING TWO PERIODS OF SHARPLY HIGHER INTEREST RATES: 2022 AND 2004 TO 2006

## OVERVIEW

Interest rates rose dramatically in 2022, causing an abrupt shift in banking conditions. The increase in the federal funds target rate in 2022 was the largest and fastest since the 1980s and followed an extended period of low interest rates. Intermediate and longer-term rates also rose but at a slower pace, causing the yield curve to rise and invert. Interest rates affect banks through earnings, lending, funding costs, and the fair value of assets. This article examines the increase in interest rates in 2022 and compares the resulting changes in banking outcomes with changes that occurred during 2004 to 2006 (2004 cycle), when interest rates rose by nearly the same magnitude.

In 2022, banks benefited from an initial boost to net interest income provided by increasing interest rates, but challenges relative to decelerating loan growth, increased funding costs, and decreased liquidity became more evident by first quarter 2023. Banks benefited from higher rates in the 2004 cycle but to a smaller degree, and were also challenged by decelerating growth of loans and deposits and decreased fair value of assets and liquidity. While the effects of higher interest rates on banking outcomes generally followed a similar pattern in both cycles, the effects have been somewhat more pronounced in the current cycle, for reasons described in this article. The sharply higher interest rates in 2022 strained certain banks, as highlighted by severe liquidity strains and the bank failures in March and May of 2023.

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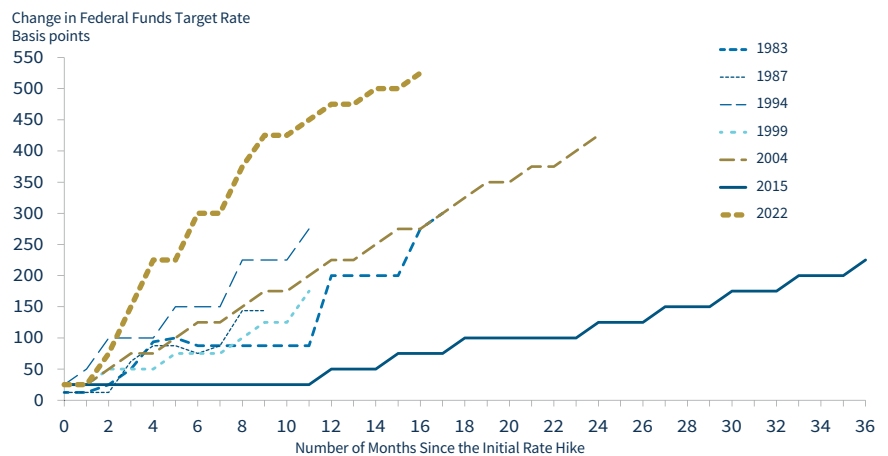
## INTEREST RATE DEVELOPMENTS

After a prolonged period of historically low interest rates, interest rates rose dramatically in 2022. From March to December 2022, the Federal Open Market Committee (FOMC) raised the federal funds target rate 425 basis points, the fastest pace of tightening since the early 1980s. Medium- and longer-term rates also rose. The ten-year Treasury yield rose from 1.63 percent to 3.88 percent in 2022. Short-term rates rose faster than longer-term rates, causing the yield curve to invert, with the two-year yield exceeding the ten-year yield by the widest margin since 1981.

The 2004 cycle was the most recent cycle with a relatively large increase in interest rates and offers a basis for comparing interest rate effects on bank performance over time. In the 2004 cycle, the federal funds target rate increased by a similar magnitude but more gradually, over a period of 24 months. Like the 2022 cycle, the 2004 cycle also followed a period of low interest rates.<sup>1</sup> After the sharp increases in interest rates in the 2004 cycle, interest rates fell to historically low levels and the 2015 rate hike cycle that followed was lower and more gradual (Chart 1).

**Chart 1**

### Interest Rates Rose More Sharply in 2022 Than in Previous Cycles



Source: Federal Reserve Board (Haver Analytics).

Note: Data as of July 2023. The cumulative change in the federal funds target rate is the difference between the rate at a given month compared to the month before the rate hike.

<sup>1</sup>In July 2003, the effective federal funds rate declined to 1.01 percent, its lowest level in 45 years. In June 2003, the Federal Home Loan Mortgage Corporation 30-year conventional mortgage rate fell to 5.21 percent, the lowest rate up until June 2003 in the history of the Primary Mortgage Market Survey. See FDIC, *Crisis and Response: An FDIC History, 2008–2013*, November 30, 2017, <https://www.fdic.gov/bank/historical/crisis/crisis-complete.pdf>.

Higher interest rates affect bank loan growth, revenue, funding costs, deposit growth, and the fair value of assets.<sup>2</sup> This article examines trends in these variables during two periods of rising rate cycles: the one that began in 2022, and the 2004 cycle, the rate hike cycle most comparable to 2022 in magnitude.<sup>3</sup> Banking outcomes in the two periods were compared with outcomes in the year before, 2003 and 2021. The analysis also includes comparisons to ten-year averages through 2021 to provide a longer-term comparison of the value of these variables during a period of lower interest rates.<sup>4</sup> The trends reflect medians of the values banks reported in Consolidated Reports of Condition and Income (Call Reports), unless otherwise noted, to understand effects on a “typical” bank not captured in averages and to understand aggregates that are skewed by larger banks and outliers.

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## LOAN GROWTH

Loan growth reflects a variety of factors, including economic conditions, interest rates, and bank underwriting standards. The relative importance of these factors, and the effects on loan supply and demand, are difficult to determine separately.<sup>5</sup> Interest rate tightening cycles are generally a response to inflationary pressures that may be associated with especially strong economic conditions. Strong economic conditions are also generally supportive of loan growth and may contribute to loan growth even as interest rates begin to rise, at least initially. Eventually, higher interest rates tend to slow economic conditions and reduce loan affordability, which lowers demand for loans and leads to tighter underwriting standards that reduce the supply of loans.

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<sup>2</sup> “Banks” are all FDIC-insured filers of Consolidated Reports of Condition and Income (Call Reports), both commercial banks and savings institutions.

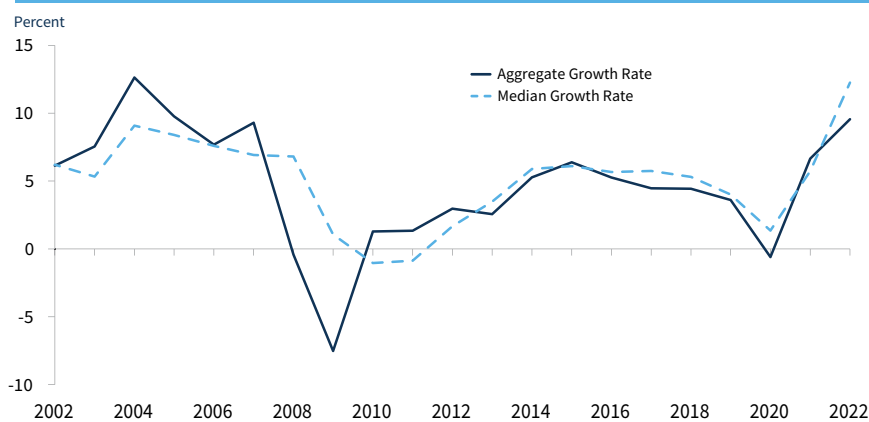
<sup>3</sup> The federal funds target rate rose 425 basis points in 2022 and in the 2004 cycle.

<sup>4</sup> Unless otherwise noted, balances or ratios are as of December 31 of each year. Banking outcomes expressed as year-over-year growth rates or changes for median banks are based on bank level data adjusted for mergers over the one-year period. Banking outcomes expressed as ratios for median banks do not need merger adjustment. Share counts include only banks that existed in both reporting periods. The ten-year average refers to the period 2012 to 2021.

<sup>5</sup> Kenneth N. Kuttner and Patricia C. Mosser, “The Monetary Transmission Mechanism: Some Answers and Further Questions,” FRBNY Economic Policy Review, May 2002, <https://www.newyorkfed.org/medialibrary/media/research/epr/02v08n1/0205kutt.pdf>.

Loan growth was initially resilient during both periods of rising interest rates, even after adjusting for loans made under the Paycheck Protection Program (Chart 2).<sup>6</sup> Despite the larger increase in short-term interest rates, the median loan growth rate was significantly higher in 2022 than in 2021 and the ten-year average (Table 1). The median loan growth rate was 12.3 percent in 2022, the second-highest median loan growth rate since 1984. The 2022 median loan growth was more than double the median loan growth rate of 5.7 percent in 2021 and the ten-year average median loan growth rate of 4.5 percent. All but the largest banks had higher median loan growth rates in 2022 than in 2021, and only 10.0 percent of banks reported no loan growth in 2022.

**Chart 2**  
**Loan Growth Was Resilient During the 2004 to 2006 and 2022 Rising Interest Rate Cycles**



Source: FDIC.  
Note: Data as of fourth quarter 2022. Total loans excludes balances from the Paycheck Protection Program. Growth rate is calculated as the annual change in balance as of December 31 of each year. Median growth is adjusted for mergers.

**Table 1**

**Loan Growth Strengthened During 2004 to 2006 and in 2022**

Median Annual Total Loan Growth (Percent)

|                               | 2003 | 2004 to 2006 | 2012 to 2021 | 2021 | 2022 |
|-------------------------------|------|--------------|--------------|------|------|
| Industry                      | 5.3  | 8.4          | 4.5          | 5.7  | 12.3 |
| Asset Size Groups             |      |              |              |      |      |
| Greater Than \$250 Billion    | 5.1  | 7.9          | 3.7          | 7.5  | 6.8  |
| \$10 Billion to \$250 Billion | 8.1  | 10.7         | 6.5          | 5.6  | 13.0 |
| \$1 Billion to \$10 Billion   | 8.3  | 11.8         | 7.5          | 8.3  | 15.6 |
| \$100 Million to \$1 Billion  | 7.1  | 9.9          | 4.8          | 6.1  | 12.4 |
| Less Than \$100 Million       | 3.2  | 6.0          | 1.8          | 1.3  | 6.4  |

Source: FDIC.

Note: Total loans excludes balances from the Paycheck Protection Program. Growth rate is calculated as the annual change in balance as of December 31 of each year, adjusted for mergers. Simple average is calculated for multiple years.

<sup>6</sup>Total loans and commercial and industrial (C&I) loans exclude balances from the Paycheck Protection Program (PPP) which temporarily boosted loan growth. The PPP was implemented in 2020 and ended in 2021 and provided low-cost, forgivable loans to qualifying small businesses to help cover payroll costs, interest on mortgages, rent, and utilities during economic dislocation caused by the COVID-19 pandemic. Including PPP loan balances, the median total loan growth rate was 6.2 percent in 2020, 2.0 percent in 2021, and 11.1 percent in 2022. Excluding PPP loan balances, the median total loan growth rate was 1.4 percent in 2020, 5.7 percent in 2021, and 12.3 percent in 2022.

Strong labor markets and high inflation in 2022 may have helped support loan growth. Despite an economic slowdown and higher interest rates in 2022, inflation continued to rise and reached multi-decade highs. Higher prices for items that typically are financed by banks may increase the amount that the customer needs to borrow. The labor market remained strong and personal incomes continued to grow, even as other sectors of the economy such as housing began to slow. Loan growth remained strong over the year, even as loan demand started to weaken later in 2022, according to the Federal Reserve Senior Loan Officer Opinion Survey on Bank Lending Practices (loan officer survey).<sup>7</sup>

As the economy grew at a slower pace and the lagged effects of higher interest rates further dampened economic conditions, loan growth began to soften in 2023. In aggregate, loans grew 0.4 percent between fourth quarter 2022 and first quarter 2023, though loan growth was more resilient for the median bank.<sup>8</sup> The slowdown in lending may reflect caution from banks.<sup>9</sup> In the April 2023 loan officer survey, banks reported tightening lending standards and noted concerns about funding costs, liquidity positions, and deposit outflows as reasons for expecting to tighten lending standards over the rest of 2023.<sup>10</sup>

Similar to the 2022 rate hike cycle, loans grew during the initial stage of the 2004 cycle and then decelerated toward the end. Economic conditions strengthened in 2004 from the previous year, with stronger economic growth and a lower unemployment rate. With these strong economic conditions, median loan growth strengthened. Economic conditions and loan growth early in the 2004 cycle reflected a housing boom during the mid-2000s, characterized by rapid credit expansion. Lending conditions cooled as interest rates rose and the housing market began to slow as house prices, as measured by the S&P CoreLogic Case-Shiller Home Price Index, declined.<sup>11</sup>

<sup>7</sup> Board of Governors of the Federal Reserve System, October 2022 loan officer survey, November 7, 2022, <https://www.federalreserve.gov/data/sloos/sloos-202210.htm>.

<sup>8</sup> This figure represents aggregate loan growth after adjusting for loans transferred out of the banking system to the FDIC resulting from two bank failures. See the *FDIC Quarterly* vol. 17 no. 2 for more details, <https://www.fdic.gov/analysis/quarterly-banking-profile/qbp/2023mar/qbp.pdf#page=1>.

<sup>9</sup> "Loan Growth Accelerates as Bankers Note Caution for Rest of 2022," Federal Reserve Bank of San Francisco SF Fed Blog, October 6, 2022, <https://www.frbsf.org/our-district/about/sf-fed-blog/loan-growth-accelerates-bankers-note-caution-for-2022/>.

<sup>10</sup> Board of Governors of the Federal Reserve System, April 2023 loan officer survey, May 8, 2023, <https://www.federalreserve.gov/data/sloos/sloos-202304.htm>.

<sup>11</sup> Home prices, as measured by the S&P CoreLogic Case-Shiller Home Price Index, peaked in July 2006 and then began to decline. S&P Dow Jones Indices LLC, S&P/Case-Shiller U.S. National Home Price Index, retrieved from FRED, Federal Reserve Bank of St. Louis, July 12, 2023, <https://fred.stlouisfed.org/series/CSUSHPINSA>; Board of Governors of the Federal Reserve System, "FOMC Statement," press release, August 8, 2006, <https://www.federalreserve.gov/newsevents/pressreleases/monetary20060808a.htm>.

Loan growth varied by loan category during both interest rate cycles, and business loans demonstrated higher growth. In 2022, median loan growth in commercial and industrial (C&I) loans was higher than in other categories (Table 2). Median consumer loan growth was led by credit card lending despite higher interest rates as consumer spending grew, in part reflecting higher expenditures from high inflation. With the exception of agricultural loans, loan growth was robust across all major loan portfolios.

In contrast, median growth in consumer loans declined in the 2004 cycle. High consumer debt burdens potentially weighed on consumer loan growth, which was much weaker during the 2004 cycle, while recovering business conditions early in 2004 may have helped C&I and nonfarm nonresidential lending.<sup>12</sup> Holdings of 1–4 family residential mortgages grew despite the declines in mortgage markets in both periods (box on page 51).

**Table 2**
**While Business and Residential Real Estate Loans Led Growth in 2004 to 2006, Loan Growth Was Broad Based Across Industries in 2022**

Median Annual Loan Growth Across Industry Loan Portfolios (Percent)

|                           | 2003 | 2004 to 2006 | 2012 to 2021 | 2021 | 2022 |
|---------------------------|------|--------------|--------------|------|------|
| Commercial and Industrial | 5.1  | 8.1          | 3.9          | 7.0  | 13.1 |
| 1–4 Family Residential    | –0.5 | 4.9          | 2.0          | 1.4  | 12.7 |
| Nonfarm Nonresidential    | 12.0 | 10.5         | 4.6          | 6.8  | 10.4 |
| Agricultural              | –4.2 | 2.4          | 0.8          | –3.6 | 0.4  |
| Consumer                  | –5.0 | –1.1         | –1.4         | 0.5  | 5.9  |
| Credit Card               | –1.3 | 0.0          | –0.7         | 3.6  | 5.8  |
| Other Consumer            | –5.6 | –1.4         | –2.8         | –2.9 | 3.9  |

Source: FDIC.

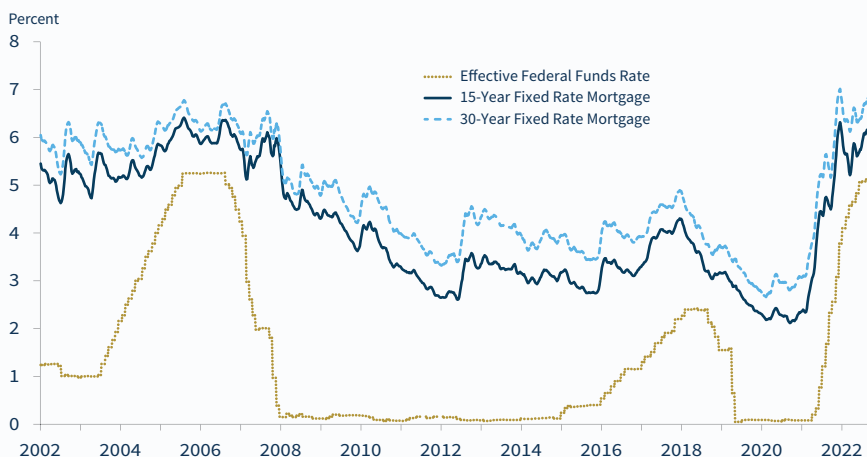
Note: Commercial and Industrial loans excludes balances from the Paycheck Protection Program. Growth rate is calculated as the annual change in balance as of December 31 of each year, adjusted for mergers. Simple average is calculated for multiple years.

<sup>12</sup> Sally Kearney, “A Market Perspective on Banks’ 2004 Outlook,” FDIC, March 8, 2004, [https://www.fdic.gov/news/events/roundtables/bioutlook\\_summary.html](https://www.fdic.gov/news/events/roundtables/bioutlook_summary.html).

### HIGHER INTEREST RATES WEAKENED HOUSING MARKET CONDITIONS DURING BOTH CYCLES

Housing is highly sensitive to interest rates, and higher interest rates slowed housing markets during both interest rate cycles. Mortgage rates rose substantially in 2022, with fixed-rate mortgages increasing more than market interest rates. According to the Federal Home Loan Mortgage Corporation, mortgage rates for 1–4 family homes more than doubled between 2021 and 2022 (Chart 3).

**Chart 3**  
**Mortgage Rates Rose Sharply in 2022**



Sources: Federal Home Loan Mortgage Corporation and Federal Reserve Board (Haver Analytics).

Note: Mortgage rate data are weekly as of August 31, 2023, and are calculated as a four-week moving average. Effective federal funds rate data are monthly as of August 2023.

While mortgage interest rates were generally higher in 2004 than in early 2022, the increase during the 2004 cycle was much less pronounced. Mortgage rates entering 2004 were above 5 percent for both 15- and 30-year mortgages, more than 2 percentage points higher than early 2022 levels. In contrast to the rapid increase in mortgage interest rates in 2022, mortgage rates generally did not increase more than a percentage point by 2006, at the end of the 2004 cycle.

Higher mortgage rates in 2022 may reflect several factors. In addition to raising policy rates, the Federal Reserve began to reduce purchases of mortgage-related securities in 2022, which further tightened conditions in the market.<sup>13</sup> This contrasts to the monetary policy tightening during the 2004 cycle, when the Federal Reserve's balance sheet did not contain agency mortgage-backed securities. In addition, the spread between mortgage rates and long-term Treasuries have risen from the historic range, in part reflecting higher economic uncertainty.<sup>14</sup>

As mortgage rates rose, mortgage originations fell 50.1 percent for both banks and nonbanks in 2022 and bank originations declined 51.6 percent, according to Inside Mortgage Finance.<sup>15</sup> Despite the decline in originations, banks reported growth in 1–4 family residential mortgage balances. The strong rise in mortgage loans may reflect that banks may be holding more residential loans.<sup>16</sup> Mortgages originated when interest rates were low would have a lower value when interest rates rose, reducing the incentive for banks to sell them. Mortgage sales declined 65.9 percent in 2022.

Similarly, the mortgage market slowed and mortgage originations declined in the mid-2000s after a period of strong growth. Mortgage originations were down 22.3 percent between year-end 2003 and 2006, according to Inside Mortgage Finance.<sup>17</sup> More broadly, the decline in the mortgage market during the mid-2000s followed a period of unusually strong market growth and reflected factors other than higher interest rates that contributed to a housing market correction.<sup>18</sup> These factors did not contribute to housing market conditions in 2022.

<sup>13</sup> Federal Reserve Board of Governors, "Plans for Reducing the Size of the Federal Reserve's Balance Sheet," news release, May 4, 2022, <https://www.federalreserve.gov/newsevents/pressreleases/monetary20220504b.htm>.

<sup>14</sup> Wendy Edelberg and Noadia Steinmetz-Silber, "High Mortgage Rates Are Probably Here for a While," Brookings Institution Commentary, June 8, 2023, <https://www.brookings.edu/articles/high-mortgage-rates-are-probably-here-for-a-while/#:~:text=Nonetheless%2C%20to%20compensate%20investors%20for,rates%20have%20risen%20as%20well>.

<sup>15</sup> Inside Mortgage Finance, 2023. Used with permission, <https://www.insidemortgagefinance.com/>.

<sup>16</sup> See the Housing Section of the 2023 Risk Review, FDIC, August 14, 2023, <https://www.fdic.gov/analysis/risk-review/2023-risk-review.html>.

<sup>17</sup> Inside Mortgage Finance.

<sup>18</sup> Factors include excess inventory, loose credit, high leverage, and more market speculation. See *Crisis and Response*.

## INCOME

Higher interest rates in the 2004 cycle and in 2022 contributed to sharply higher net interest income. In 2022, strong loan growth and a sharp rise in interest rates caused median net interest income growth to rise to 10.2 percent, the fourth-largest median net interest income growth since 1984 (Table 3). This growth was nearly double the median growth of 6.1 percent in 2021 and more than double the ten-year average median growth of 3.7 percent. All asset size groups reported robust growth greater than in 2021 and greater than the ten-year average. Only 17.6 percent of banks did not report net interest income growth in 2022. Larger banks had higher net interest income growth likely due to their lower share of longer-term loans with contractual interest rates that did not reprice upward as market interest rates increased.<sup>19</sup> The median net interest income growth continued to increase and the year-over-year growth rate increased to 17.9 percent in first quarter 2023. Similarly, net interest income growth rose during the 2004 rising rate cycle. The median growth rate of net interest income was 6.2 percent during that cycle, more than double the median growth rate of 2.5 percent in 2003.

Table 3

**Net Interest Income Rose for Banks Across Asset Size Groups in 2004 to 2006 and in 2022**

Median Annual Growth in Net Interest Income (Percent)

|                               | 2003 | 2004 to 2006 | 2012 to 2021 | 2021 | 2022 |
|-------------------------------|------|--------------|--------------|------|------|
| Industry                      | 2.5  | 6.2          | 3.7          | 6.1  | 10.2 |
| Asset Size Groups             |      |              |              |      |      |
| Greater Than \$250 Billion    | 2.8  | 7.0          | 0.8          | -4.2 | 25.7 |
| \$10 Billion to \$250 Billion | 1.4  | 7.2          | 5.5          | 2.6  | 18.8 |
| \$1 Billion to \$10 Billion   | 2.8  | 9.3          | 6.2          | 8.7  | 13.7 |
| \$100 Million to \$1 Billion  | 3.5  | 7.5          | 4.0          | 6.7  | 9.3  |
| Less Than \$100 Million       | 1.5  | 4.4          | 1.3          | 1.5  | 6.9  |

Source: FDIC.

Note: Net interest income is the difference between interest income and interest expense. Growth rate is calculated as the annual change in balance as of December 31 of each year, adjusted for mergers. Simple average is calculated for multiple years.

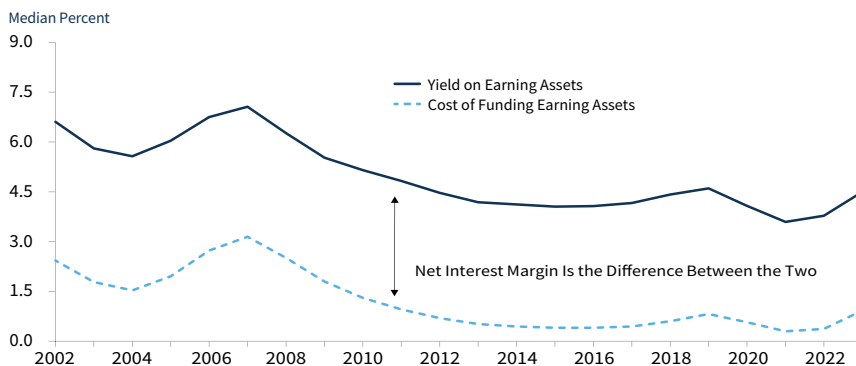
<sup>19</sup> Longer-term loans for purposes of this discussion are those with maturities greater than three years. Banks in the largest asset size group had a median longer-term-loans-to-assets ratio of 13.0 percent in 2021, significantly lower than the median ratio of 31.6 percent for all banks. Conversely, banks in the largest asset size group had a median longer-term-loans-to-assets ratio of 15.7 percent in 2003, similar to the median ratio of 17.0 percent for all banks.



While higher interest rates support interest income, the effects of higher interest rates on Net Interest Margin (NIM), which represent bank earnings from asset yields net of funding costs, are theoretically ambiguous. NIM tends to follow the direction of short-term interest rates, but NIM is influenced by many factors including asset maturity and repricing, balance sheet composition, and prevailing interest rates.<sup>20</sup> Both asset yields and cost of funds typically rise as interest rates rise, and typically follow the same pattern (Chart 4).

**Chart 4**

**Yield on Assets and Cost of Funds Increased in Both the 2004 to 2006 and 2022 Rising Rate Cycles**



Source: FDIC.

Note: Data as of first quarter 2023. For 2002 to 2022, yield on assets is calculated as the full-year interest income divided by the five-quarter average earning assets; cost of funds is calculated as the full-year interest expense divided by the five-quarter average earning assets. For 2023, yield on assets is calculated as the quarterly annualized interest income divided by the two-quarter average earning assets; cost of funds is calculated as the quarterly annualized interest expense divided by the two-quarter average earning assets.

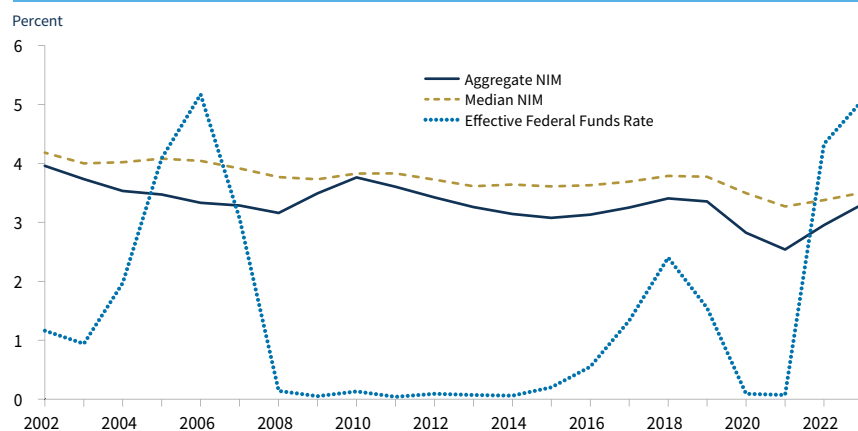
Net interest income is the primary revenue source for most banks, and banks tend to increase interest rates for loans faster than they increase the interest rates paid on deposits. Higher rates may support bank NIM in the short run, but banks may eventually have to pay more to retain deposits. An inverted yield curve could weigh on NIM over time as higher short-term interest rates drive up funding costs while lower longer-term rates keep yields on loans and other longer-term assets down. Higher rates could also weigh on net interest income and NIM if funding costs rise but banks are unable to extend loans at higher rates due to weak loan demand.

<sup>20</sup> For a discussion of other determinants of bank profitability, see Angela Hinton and Chester Polson, "The Historic Relationship Between Bank Net Interest Margins and Short-Term Interest Rates," *FDIC Quarterly* 15 no. 2 (2021): 31–41, <https://www.fdic.gov/analysis/quarterly-banking-profile/fdic-quarterly/2021-vol15-2/article1.pdf>.

The trends for NIM varied between the two rate hike cycles. NIM for the industry as a whole was higher in the 2004 cycle than in 2022 (Chart 5). However, NIM generally decreased during the 2004 cycle, as the increase in funding costs generally outweighed the increase in yield on assets. The relatively large increase in NIM in 2022 reflects sharply higher interest rates and follows a period during which NIM was much lower. NIM had generally been on the decline for years before reaching record lows in 2021.<sup>21</sup> Since interest rates remained generally low and deposits were relatively stable, bank funding costs remained stable, while low rates kept asset yields low. Toward the end of 2022, bank deposit rates fell farther below market rates than in previous periods, as discussed in more detail later in this article. As interest rates rose sharply in 2022, NIM grew at a relatively fast pace (Chart 6). Relatively low deposit rates enabled NIM to rise even as short-term market interest rates rose sharply and the yield curve inversion steepened. Funding costs started to rise later in 2022 and continued in 2023, and contributed to the contraction of NIM at some banks.

**Chart 5**

**Net Interest Margins Rebounded in 2022 After Reaching a Record Low**



Sources: FDIC and Federal Reserve Board (Haver Analytics).

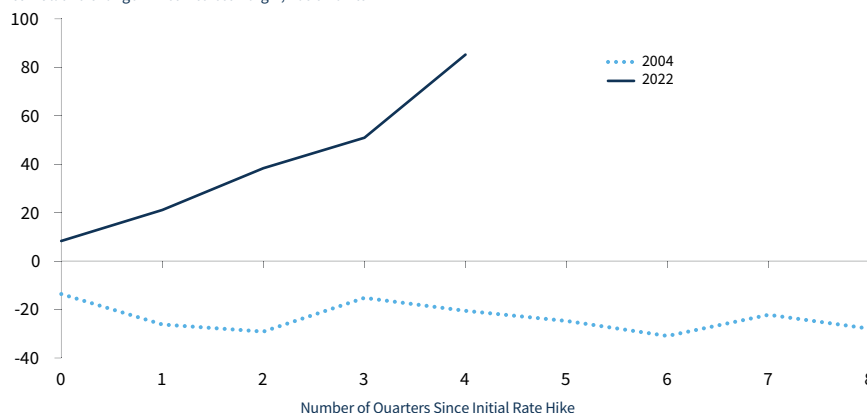
Note: Data as of first quarter 2023. For 2002 to 2022, NIM is calculated as the full-year net interest income divided by the five-quarter average earning assets. For 2023, NIM is calculated as the quarterly annualized net interest income divided by the two-quarter average earning assets. Effective federal funds rate data represent end-of-period values (annual through 2022 and quarterly for 2023).

<sup>21</sup>Data collection began in 1984.

Chart 6

### The Cumulative Change in Net Interest Margin for the Industry Was Significantly Greater in 2022 Than in 2004 to 2006

Cumulative Change in Net Interest Margin, Basis Points



Source: FDIC.

Note: Data as of first quarter 2023. The two years (2004 and 2022) depict the beginning of interest rate hike cycles. The cumulative change in NIM is the difference between the NIM at a given quarter compared to the quarter before the rate hike. NIM is annualized and reflective of the aggregate NIM for all banks.

Median NIM followed a similar pattern as aggregate NIM with a slightly larger increase in 2022 than in the 2004 cycle.<sup>22</sup> In 2022, the majority of bank asset size groups reported growth in NIM relative to their 2021 ratios, with the increase being more pronounced for larger banks (Table 4). NIM at more than 65 percent of banks increased in 2022 in varying amounts (Chart 7). The median NIM continued to trend upward in first quarter 2023 to 3.51 percent as the rise in median yield on earning assets was larger than the rise in the median cost of funding earning assets.

By comparison, in the 2004 cycle, both the median yield on earning assets and the median cost of funds rose more than in 2022, in part reflecting differences in the maturities of assets versus liabilities.<sup>23</sup> Banks held more shorter-term assets during the 2004 cycle. When interest rates started to rise, the loans that were made at higher interest rates represented a larger share of portfolios, which contributed to the notable rise in asset yields. Banks also paid more for deposits, which moderated the median increase in NIM.

<sup>22</sup>The difference between the median yield on earning assets and the median cost of funding earning assets will not tie to the median NIM or change in NIM as the median figures may represent different banks.

<sup>23</sup>Huberto M. Ennis, Helen Fessenden, and John R. Walter, "Do Net Interest Margins and Interest Rates Move Together?" Federal Reserve Bank of Richmond Economic Brief, May 2016, [https://www.richmondfed.org/publications/research/economic\\_brief/2016/eb\\_16-05](https://www.richmondfed.org/publications/research/economic_brief/2016/eb_16-05).

**Table 4**
**Net Interest Margins for Larger Banks Rose Sharply in 2022 and Declined in 2004 to 2006**

Median Annual Net Interest Margin (Percent)

|                               | 2003 | 2004 to 2006 | 2012 to 2021 | 2021 | 2022 |
|-------------------------------|------|--------------|--------------|------|------|
| Industry                      | 4.00 | 4.05         | 3.62         | 3.27 | 3.38 |
| Asset Size Groups             |      |              |              |      |      |
| Greater Than \$250 Billion    | 3.71 | 3.20         | 2.97         | 1.99 | 2.43 |
| \$10 Billion to \$250 Billion | 3.66 | 3.40         | 3.28         | 2.91 | 3.29 |
| \$1 Billion to \$10 Billion   | 3.76 | 3.78         | 3.52         | 3.24 | 3.42 |
| \$100 Million to \$1 Billion  | 3.98 | 4.03         | 3.66         | 3.32 | 3.41 |
| Less Than \$100 Million       | 4.05 | 4.12         | 3.60         | 3.18 | 3.20 |

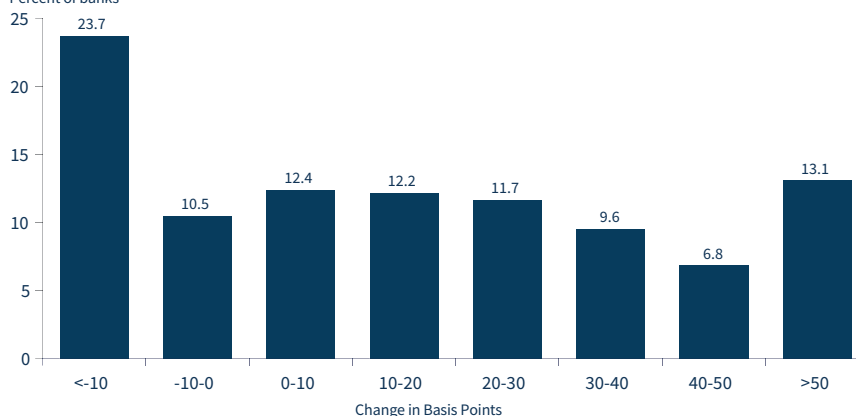
Source: FDIC.

Note: NIM is calculated as the full-year net interest income divided by the five-quarter average earning assets. Simple average is calculated for multiple years.

**Chart 7**
**Net Interest Margin Increased From 2021 to 2022 for Most Banks**

Distribution of the Change in Net Interest Margin From 2021 to 2022

Percent of banks



Source: FDIC.

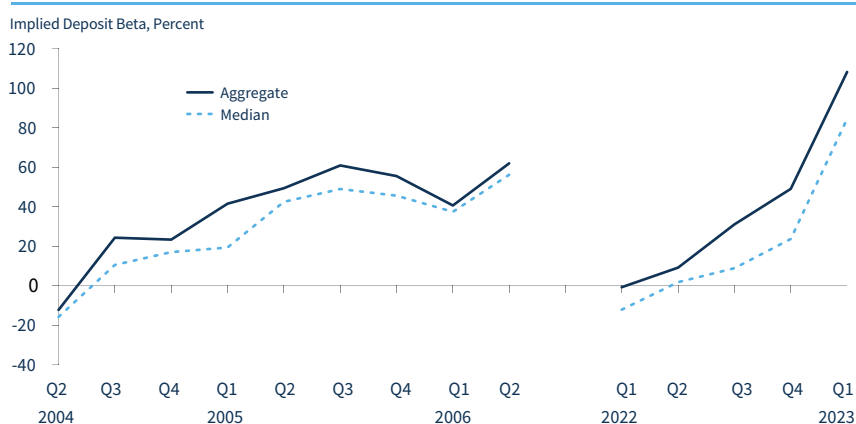
Note: Data as of fourth quarter 2022. Change in NIM is calculated as the difference between the full-year NIM in 2021 and 2022. The population includes only banks that existed in both 2021 and 2022.

## DEPOSITS AND FUNDING COSTS

Bank deposit rates tend to increase more gradually than do market interest rates. Bank deposit rates in 2022 did not begin to rise appreciably with market rates at first, as deposits were generally at high levels, reducing the need to raise deposit rates quickly.<sup>24</sup> Later in 2022 and into 2023, however, deposit interest rates began to be more responsive to changes in market rates. Implied deposit betas, which measure sensitivity to market rates, started to increase (Chart 8).<sup>25</sup>

**Chart 8**

**The Increase in the Implied Deposit Beta Was Larger and Faster in 2022 Than in 2004 to 2006**



Source: FDIC.

Note: Data as of first quarter 2023. Implied deposit beta represents the change in the estimated quarterly average deposit rate divided by the change in the federal funds target rate. Average deposit rates represent quarterly average interest expense divided by average interest-bearing deposit levels, which are an average between current and prior quarter-end balances.

The increase in deposit betas was more pronounced later in 2022 than earlier in the year. While the federal funds target rate increased by the same degree in both second and fourth quarter 2022 (125 basis points), the aggregate implied deposit beta for the banking industry increased from 9 percent in second quarter 2022 to 49 percent in fourth quarter 2022. The increase reflects higher quarterly cost of interest-bearing deposits, which rose 11 basis points in second quarter 2022 and 61 basis points in fourth quarter 2022. Banks tend to delay passing on rate

<sup>24</sup> Bank deposits rose to unusually high levels in 2020 and 2021 reflecting changes in consumer savings during onset of the COVID-19 pandemic in 2020 and expanded government support programs. For a discussion on the expansion of the deposit base and the implications for banks, see Caitlyn R. Kasper and Benjamin Tikvina, "Implications of Record Deposit Inflows for Banks During the Pandemic," *FDIC Quarterly* 15 no. 4 (2021): 45–54, <https://www.fdic.gov/analysis/quarterly-banking-profile/fdic-quarterly/2021-vol15-4/article2.pdf>.

<sup>25</sup> Implied deposit beta represents the change in the estimated quarterly average deposit rate divided by the change in the quarterly federal funds target rate. For example, if the federal funds target rate increases by 50 basis points and the average cost of interest-bearing deposits increases by 25 basis points, then the implied deposit beta is 50 percent.

hike increases to depositors in order to maximize NIM, as reflected initially in low deposit betas. However, as depositors reach for greater yields, deposit competition later in the cycle increases the pressure for banks to increase deposit rates to retain depositors, and deposit betas increase.<sup>26</sup>

As bank deposit rates remained below market rates, deposit growth weakened during both the 2004 and the 2022 rate hike cycles. In particular, banking industry aggregate deposit growth slowed during both cycles and turned negative in 2022 (Chart 9). The decline in total deposits for the banking industry in 2022 followed a period of high deposit growth. The decline may reflect a normalization after reaching high levels during the pandemic. Bank deposit rates remaining below market rates also may have contributed to declines in deposits at some banks as depositors shifted to higher-yielding investments.<sup>27</sup> The decline in total deposits was led by large declines in uninsured deposits, as these may reflect larger deposits that may be more sensitive to higher interest rates. Although insured deposits increased, the decline in uninsured deposits led to the largest quarterly decline in total deposits in first quarter 2023 since data collection began in 1984.

The median deposit growth rates in Table 5 reflect the experience of typical small banks. Similar to the aggregate deposit growth in Chart 9, effects on median deposit growth in the 2004 cycle were more muted than in the 2022 cycle. Median deposit growth remained steady (compared to the year-earlier level) at 5.2 percent during the 2004 cycle. In contrast, median deposit growth in 2022 of 2.6 percent was low relative to the ten-year average and much lower than in 2021. The relatively slow median deposit growth in 2022 reflects a normalization from strong growth in 2021. The slowdown in deposit growth continued, as median deposit growth was flat in first quarter of 2023.<sup>28</sup>

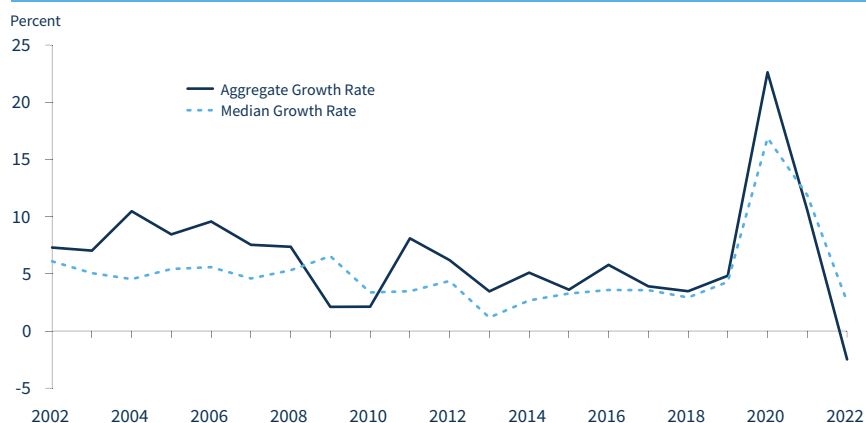
<sup>26</sup> Alena Kang-Landsberg, Stephan Luck, and Matthew Plosser, “Deposit Betas: Up, Up, and Away?” Federal Reserve Bank of New York Liberty Street Economics, April 11, 2023, <https://libertystreeteconomics.newyorkfed.org/2023/04/deposit-betas-up-up-and-away/>.

<sup>27</sup> Gara Afonso, Marco Cipriani, Catherine Huang, Abdulwahab Hussein, and Gabriele La Spada, “Monetary Policy Transmission and the Size of the Money Market Fund Industry: An Update,” Federal Reserve Bank of New York Liberty Street Economics, April 3, 2023, <https://libertystreeteconomics.newyorkfed.org/2023/04/monetary-policy-transmission-and-the-size-of-the-money-market-fund-industry-an-update/>.

<sup>28</sup> The banking stress in early March 2023 also contributed to deposit outflows at many banks. On March 8, 2023, Silvergate Bank announced its intent to self-liquidate. On March 10, 2023, the California Department of Financial Protection and Innovation (CADFPI) closed Silicon Valley Bank (SVB). Contagion effects from SVB’s failure began to spread through traditional media, social media, and short sellers to other banks with perceived similar risk characteristics, notably, those with high levels of uninsured deposits, concentrations of customers in the venture capital and tech industries, and high levels of unrealized losses on securities. Contagion effects initially manifested in large declines in stock prices and then in deposit outflows at certain other banks. For two of these banks—Signature Bank and First Republic Bank—deposit outflows became deposit runs and exposed other weaknesses that could not be overcome, leading to their failures. On March 12, 2023, the New York State Department of Financial Services closed Signature Bank of New York. On May 1, 2023, CADFPI closed First Republic Bank.

**Chart 9**

**Total Deposits Began to Decline in 2022, in Part Reflecting Normalization From Unusually High Levels in 2020 and 2021**



Source: FDIC.  
Note: Data as of fourth quarter 2022. Growth rate is calculated as the annual change in balance as of December 31 of each year. Median growth is adjusted for mergers.

Deposit trends varied across banks in 2022, with more than half of banks reporting deposit growth. The largest banks had the greatest median deposit outflow in 2022, despite increasing deposit interest rates at a faster rate.<sup>29</sup> Smaller banks had positive median growth in deposits (Table 5). During the 2004 cycle, larger banks reported faster deposit growth than small banks.

**Table 5**

**Deposit Growth Moderated in 2022 After Strong Gains in 2021, While Deposit Growth Was More Stable in 2004 to 2006**

Median Annual Growth in Total Deposits (Percent)

|                               | 2003 | 2004 to 2006 | 2012 to 2021 | 2021 | 2022 |
|-------------------------------|------|--------------|--------------|------|------|
| Industry                      | 5.1  | 5.2          | 5.5          | 11.9 | 2.6  |
| Asset Size Groups             |      |              |              |      |      |
| Greater Than \$250 Billion    | 11.5 | 12.8         | 7.5          | 5.5  | -4.8 |
| \$10 Billion to \$250 Billion | 5.4  | 8.7          | 8.7          | 11.4 | -0.6 |
| \$1 Billion to \$10 Billion   | 6.6  | 8.8          | 8.3          | 13.9 | 2.6  |
| \$100 Million to \$1 Billion  | 6.1  | 6.7          | 5.7          | 12.3 | 3.0  |
| Less Than \$100 Million       | 3.8  | 2.9          | 3.1          | 8.3  | 1.3  |

Source: FDIC.

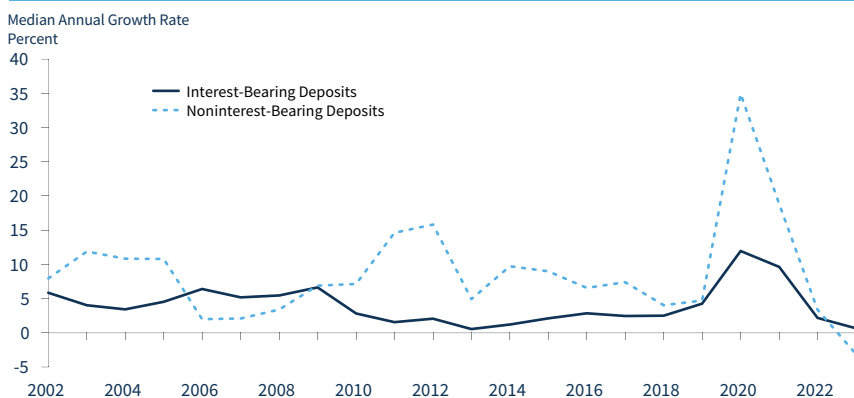
Note: Growth rate is calculated as the annual change in balance as of December 31 of each year, adjusted for mergers. Simple average is calculated for multiple years.

<sup>29</sup> Banks in the largest asset size group had the highest median increase in the cost of interest-bearing deposits—up 50 basis points in 2022 and 130 basis points between fourth quarter 2022 and first quarter 2023. This is significantly higher than the median increase for all banks—up 8 basis points in 2022 and 70 basis points between fourth quarter 2022 and first quarter 2023.

Deposit costs rose in 2022 as depositors shifted funds to interest-bearing accounts. The median cost of interest-bearing deposits rose 8 basis points in 2022 to 0.48 percent, with more than 60 percent of banks reporting an increase, albeit mostly small. Banks in the largest asset size group reported the highest median cost of interest-bearing deposits (0.54 percent) while banks in the smallest asset size group reported the lowest median cost of interest-bearing deposits (0.42 percent). Banks for which NIM decreased in 2022 tended to pay higher interest on deposits compared to banks for which NIM increased.<sup>30</sup> The median annualized cost of interest-bearing deposits rose 70 basis points in first quarter 2023 to 1.18 percent as banks continued to compete for business and depositors shifted funds from noninterest-bearing to interest-bearing products (Chart 10).<sup>31</sup> These values reflect each bank's average funding costs for the quarter and therefore understate the increase in funding costs for marginal deposits, as deposit rates for new deposits would be higher.

**Chart 10**

**Deposit Composition Shifted More Toward Interest-Bearing Deposits in 2022**



Source: FDIC.

Note: Data as of first quarter 2023. For 2002 to 2022, growth rate is calculated as the annual change in balance as of December 31 of each year. For 2023, growth rate is calculated as the annual change in balance as of March 31. Median growth is adjusted for mergers.

<sup>30</sup> At banks for which NIM decreased, the median increase in cost of interest-bearing deposits was 6 basis points compared to 2 basis points at banks for which NIM increased. The median increase was 3 basis points for the 4,691 banks that filed Call Reports in both 2021 and 2022. Note that this calculation reflects the median change in cost of interest-bearing deposits by calculating the median value of the difference in the cost of interest-bearing deposits in 2021 and 2022 for each bank. This is different from the 8 basis points change in median cost of interest-bearing deposits, which calculates the median cost of interest-bearing deposits in 2021 and 2022 and takes the difference between the two median values (the median values in 2021 and 2022 may reflect values for different banks).

<sup>31</sup> In first quarter 2023, some deposits within banks shifted from noninterest-bearing deposits, which declined at a median rate of 3.1 percent, to interest-bearing deposits, which increased at a median rate of 0.7 percent. Banks that had the largest annual growth (top 25<sup>th</sup> percentile) in interest-bearing deposits in first quarter 2023 reported a median annual increase in cost of interest-bearing deposits of 26 basis points, compared to 15 basis points at banks in the bottom 75<sup>th</sup> percentile.



Banks facing deposit outflows in 2022 turned to other borrowings for liquidity and funding sources to finance loan growth during the year. The median wholesale-funds-to-assets ratio increased from 12.3 percent in 2021 to 14.7 percent in 2022 and to 15.6 percent in first quarter 2023.<sup>32</sup> The largest banks reported the largest increase in their median wholesale-funds-to-assets ratio, from 10.4 percent in 2021 to 17.4 percent in 2022. The increase was broad based, as 68.1 percent of banks reported an increase in their wholesale-funds-to-assets ratio. This trend is similar to the 2004 to 2006 cycle when the median wholesale-funds-to-assets ratio increased from 11.8 percent in 2003 to 13.2 percent in 2006.

## UNREALIZED LOSSES ON SECURITIES

Rising interest rates reduce the value of securities that yield a fixed interest rate. These valuation declines would result in unrealized losses on securities but do not necessarily result in losses for banks as long as they hold these securities.<sup>33</sup> Bank investment securities for which management has the positive intent and ability to hold to maturity are classified as held-to-maturity, while securities that may be sold before maturity are classified as available-for-sale. Available-for-sale securities are reported at fair (market) value, with unrealized gains or losses (i.e., changes in market values) reflected in equity (and regulatory capital for some banks).<sup>34</sup> In contrast, held-to-maturity securities are reported at amortized cost and unrealized losses are not generally reflected in equity or regulatory capital.<sup>35</sup>

Unrealized losses may reduce liquidity, reduce the level of tangible equity, and weigh on future earnings.<sup>36</sup> Investment securities often represent a large proportion of an institution's on-balance sheet liquidity because they can be sold for cash or pledged to obtain additional funding. Securities with lower values would be a less-favorable source of liquidity since losses would have to be realized in the event of their sale, and banks' ability to pledge collateral or meet margin requirements when seeking access to wholesale or other sources of alternative funding may be reduced. Since depreciated securities earn below-market interest rates, holding large amounts of them also tends to depress earnings.

<sup>32</sup> Wholesale funding includes federal funds purchased and securities sold under agreement to repurchase; Federal Home Loan Bank borrowings; brokered deposits (net of reciprocal deposits); municipal, state, and foreign deposits (foreign deposits are not FDIC-insured); other borrowings; and listing services.

<sup>33</sup> Unrealized gains (losses) on securities solely reflect the difference between the market value as of quarter end and the book value of non-equity securities.

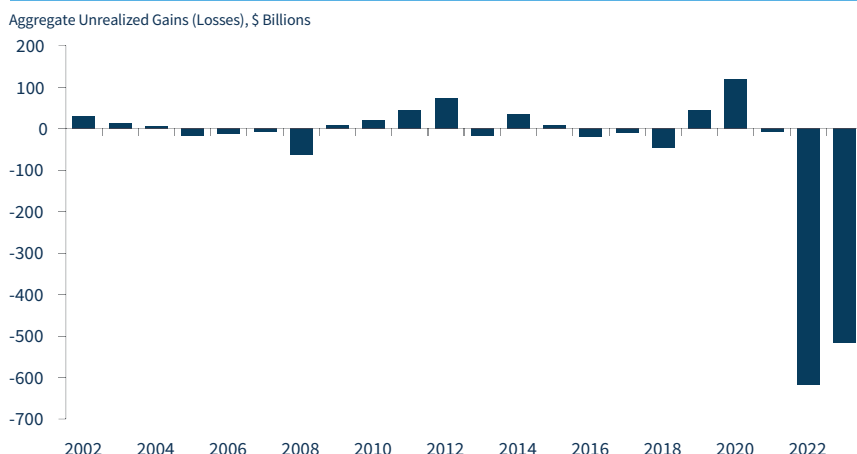
<sup>34</sup> Unrealized gains (losses) on available-for-sale securities are reported in equity as part of accumulated other comprehensive income (AOCI) and may affect capital (advanced approaches banks and those that opt-in to the AOCI-related adjustments must report AOCI as part of regulatory capital). On July 27, 2023, the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the FDIC issued a notice of proposed rulemaking that, among other proposed changes, would require banks with total assets of \$100 billion or more to include unrealized gains and losses on available-for-sale debt securities in their capital ratios, resulting in a measure that better reflects institutions' actual loss absorption capacity at a specific point in time and in a consistent set of capital requirements across large banks. See FDIC, "Agencies Request Comment on Proposed Rules to Strengthen Capital Requirements for Large Banks," news release no. PR-55-2023, July 27, 2023, <https://www.fdic.gov/news/press-releases/2023/pr23055.html>.

<sup>35</sup> Exceptions can exist if a bank reclassifies a security from available-for-sale to held-to-maturity.

<sup>36</sup> W. Blake Marsh and Brendan Laliberte, "The Implications of Unrealized Losses for Banks," Federal Reserve Bank of Kansas City Economic Review, Second Quarter 2023, <https://www.kansascityfed.org/Economic%20Review/documents/9473/EconomicReviewV108N2MarshLaliberte.pdf>.

Higher rates significantly increased unrealized losses on available-for-sale and held-to-maturity securities in 2022, and unrealized losses remained elevated in 2023 (Chart 11). Continued depreciation of bank investment portfolios could increase liquidity risk, particularly for banks with higher shares of longer-dated securities, should banks have to sell investments and realize losses to meet their liquidity needs (box on page 64).<sup>37</sup> This vulnerability was highlighted in early 2023, when deposit outflows at banks with high levels of uninsured deposits became deposit runs and exposed other weaknesses that could not be overcome, leading to the failures of three banks.<sup>38</sup>

**Chart 11**  
**Unrealized Losses Remained Elevated Through First Quarter 2023**



Source: FDIC.  
Note: Data as of first quarter 2023. Data for 2002 to 2022 are as of December 31. Data for 2023 are as of March 31. Unrealized gains (losses) on securities solely reflect the difference between the market value as of quarter end and the book value of non-equity securities.

The unrealized losses in 2022 were significantly higher than during the previous two decades, including during the 2004 cycle, in part due to larger securities holdings. Banks responded to the surge in liquidity from higher deposits in 2020 and 2021 primarily by increasing their investment in longer-term securities rather than loans. Loan growth was tepid in 2020, and interest rates were low through 2021.<sup>39</sup> The share of securities with maturities greater than three years was much higher in 2022 than in 2004 (Chart 12). When interest rates rose sharply in 2022, the market value of securities holdings depreciated significantly. The median unrealized losses as a percent of total assets grew to

<sup>37</sup> A bank's risk profile varies depending on the duration, maturity, differential, and composition of assets (loans and investments) and liabilities (deposits and other borrowings). Carl White, "Rising Interest Rates Complicate Banks' Investment Portfolios," On the Economy Blog, Federal Reserve Bank of St. Louis, February 9, 2023, <https://www.stlouisfed.org/on-the-economy/2023/feb/rising-rates-complicate-banks-investment-portfolios#:~:text=While%20rising%20interest%20rates%20give,investment%20securities%20held%20as%20assets>.

<sup>38</sup> For more information, see "Remarks by Chairman Martin J. Gruenberg on Oversight of Financial Regulators: Financial Stability, Supervision, and Consumer Protection in the Wake of Recent Bank Failures Before the Committee on Banking, Housing, and Urban Affairs, United States Senate," May 2023, <https://www.fdic.gov/news/speeches/2023/spmay1723.html>.

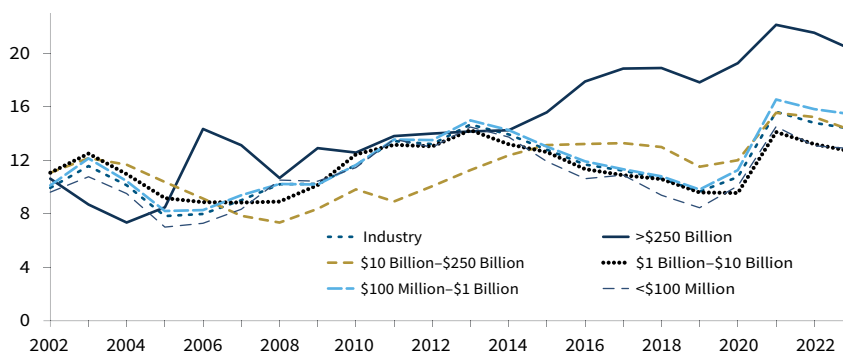
<sup>39</sup> The median loan growth rate was 1.4 percent in 2020. The median deposit growth was 16.9 percent in 2020 and 11.9 percent in 2021. The median securities growth was 15.3 percent in 2020 and 31.4 percent in 2021.

–2.2 percent in 2022 and slightly shrank to –1.9 percent in first quarter 2023 (Chart 13). Banks that held a higher share of longer-term loans and securities at the beginning of 2022 fared worse than banks that held a lower share. The largest asset size group reported the largest median unrealized losses to total assets ratio, likely because those banks had the highest median ratio of longer-term securities to assets in 2021 before the interest rate increase cycle in 2022 (Chart 12).<sup>40</sup> Conversely, the largest asset size group had the lowest exposure to unrealized losses on securities in 2004 to 2006, likely because they had the lowest median ratio of longer-term securities to assets in 2003.

**Chart 12**

**Banks Held a Greater Share of Longer-Term Securities in 2022 Than in 2004**

Median Longer-Term Securities as a Percent of Total Assets



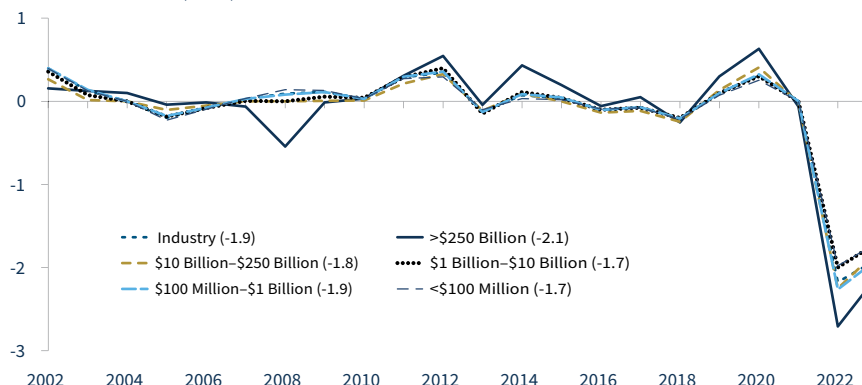
Source: FDIC.

Note: Data as of first quarter 2023. Data for 2002 to 2022 are as of December 31. Data for 2023 are as of March 31. Longer-term securities have maturities greater than three years.

**Chart 13**

**Unrealized Losses Were the Largest for Banks With Assets Greater Than \$250 Billion**

Median Unrealized Gains (Losses) as a Percent of Total Assets



Source: FDIC.

Note: Data as of first quarter 2023. Data for 2002 to 2022 are as of December 31. Data for 2023 are as of March 31. Unrealized gains (losses) on securities solely reflect the difference between the market value as of quarter end and the book value of non-equity securities.

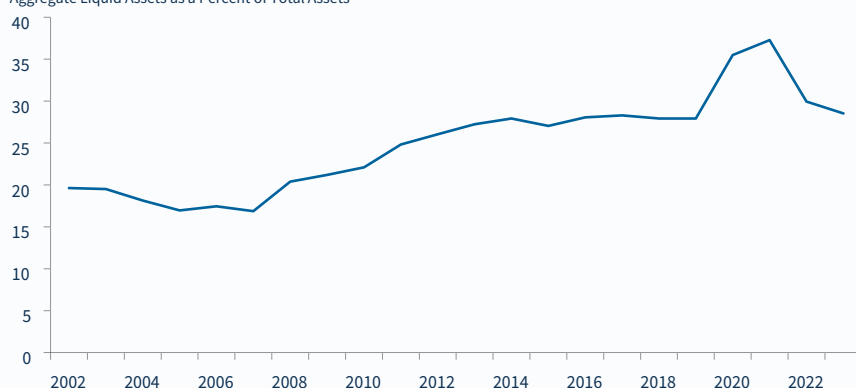
<sup>40</sup> Longer-term securities have maturities greater than three years. Banks in the largest asset size group had the highest median longer-term-securities-to-assets ratio of 22.1 percent in 2021, significantly higher than the median ratio of 15.6 percent for all banks. Conversely, banks in the largest asset size group had the lowest median-longer-term-securities-to-assets ratio of 8.7 percent in 2003, lower than the median ratio of 11.6 percent for all banks.

## LIQUIDITY DECLINED DURING THE TWO INTEREST RATE CYCLES

Deposit outflows, rapid loan growth, unrealized losses on securities, and growth of secured wholesale funding all contributed to the decline in the liquid assets to total assets ratio in 2022.<sup>41</sup> For the industry as a whole, bank liquidity, as measured by the ratio of liquid assets to total assets, declined but remained above pre-pandemic levels (Chart 14). The ratio of liquid assets to total deposits, a measure of a bank's ability to meet an outflow of deposits, also declined as lower deposits and higher cash and balances due from depository institutions were offset by declines in securities. Liquidity also declined for the banking industry during the 2004 cycle but to a smaller degree.

**Chart 14**  
**Bank Liquidity Began to Decline in 2022 but Normalized Above Its 2019 Level**

Aggregate Liquid Assets as a Percent of Total Assets



Source: FDIC.

Note: Data as of first quarter 2023. Data for 2002 to 2022 are as of December 31. Data for 2023 are as of March 31. Liquid assets are defined as cash, federal funds sold, securities purchased under agreements to resell, and securities (including unrealized gains/losses on securities) less pledged securities.

Liquid assets for the median bank also declined. The median liquid assets to total assets ratio fell from 30.3 percent in 2021 to 22.2 percent in 2022 and to 21.4 percent in first quarter 2023. The largest banks reported the largest decline in their median liquid assets to total assets ratio, from 45.3 percent in 2021 to 36.2 percent in 2022. The decrease was broad based, as 86.4 percent of banks reported a decrease in their liquid assets to total assets ratio. This trend is similar to the 2004 cycle, when the median liquid assets to total assets ratio decreased from 22.5 percent in 2003 to 17.3 percent in 2006.

<sup>41</sup> Liquid assets are defined as cash, federal funds sold, securities purchased under agreements to resell, and securities (including unrealized gains/losses on securities) less pledged securities.

## CONCLUSION

The sharp increase in interest rates in 2022 resulted in shifting conditions for the banking industry. This rate hike came after an earlier pandemic-related surge in deposits—with proceeds often invested in longer-term securities—and amid rapid loan growth and general price inflation in 2022. With loans growing rapidly, higher interest rates initially supported growth in net interest income and NIM. More recently, higher market interest rates have resulted in deposit outflows and higher funding costs, along with high levels of unrealized losses on securities. Challenges relative to decelerating loan growth, increased funding costs, and decreased liquidity became more evident by first quarter 2023. Some of these trends were apparent in the 2004 cycle. Banks benefited from higher rates at the beginning of the 2004 cycle, but to a more limited extent. Banks were also challenged in the 2004 cycle by decelerating growth of loans and deposits and decreased fair value of assets and liquidity. While the effects of higher interest rates on banking outcomes generally followed a similar pattern between the two cycles, many factors were at play, including economic and financial market conditions, asset and liability composition, and asset maturity structures.

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### Authors:

**Nafij Ahmed**

Economic Analyst

Division of Insurance and Research

**Dorothy G. Miranda**

Senior Financial Analyst

Division of Insurance and Research

**Krishna Patel**

Economic Analysis Section Chief

Division of Insurance and Research

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