

# Quarterly Trends for Consolidated U.S. Banking Organizations

## Third Quarter 2021

Federal Reserve Bank of New York

Research and Statistics Group

This report presents consolidated financial statistics for the U.S. commercial banking industry, including bank holding companies (BHCs) and banks. Statistics are based on quarterly regulatory filings and are inclusive of BHC nonbank subsidiaries<sup>1</sup>. Separate statistics are reported on a merger-adjusted basis for the subset of BHCs with >\$750bn<sup>2</sup> in total assets as of the current quarter, for BHCs with \$50bn-750bn in total assets, and for the remainder of the industry.

### Highlights

- Return on equity and return on assets both decreased from 13.53% and 1.32% in 2021:Q2 to 12.46% and 1.20% in 2021:Q3 respectively, reflecting an increase in quarterly loan loss provisions.
- Net interest margin, defined as net interest income as a percentage of interest earning assets, rose from last quarter, increasing from 2.09% to 2.12%. The current net interest margin of 2.12% is below its post-crisis (2009:Q1 – 2021:Q3) average of 2.63%.
- Noninterest income ratio, measured as noninterest income as a percentage of total assets, fell from last quarter from 2.09% in 2021:Q2 to 2.00% in 2021:Q3, which is below its post-crisis average of 2.17%.
- Asset growth increased from 8.87% in 2021:Q2 to 10.75% in 2021:Q3. Loan growth rose from 0.48% to 1.20%, and domestic deposit growth rose from 11.82% to 14.23%.
- Measures of industry capitalization remain high by historical standards. Common equity tier 1 (CET1) capital as a percentage of risk-weighted assets (RWA) stands at 13.14%, well above its pre-crisis (2001:Q1 – 2007:Q3) average of 8.25%.

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<sup>1</sup> Industry statistics are calculated by summing consolidated financial data across all reporting U.S. parent BHCs and intermediate holding companies (IHCs) (from the FR Y-9C report), plus values for “standalone” banks not controlled by a BHC, or whose parent BHC does not report on a consolidated basis (from the FFIEC 031/041 reports). The data exclude savings bank holding companies, branches and agencies of foreign banks, or nonbanks not held by a U.S. BHC or IHC.

<sup>2</sup> The threshold for the highest asset grouping was raised from \$500bn to \$750bn in the 2020Q1 Quarterly Trends report. Six BHCs exceed this \$750bn size threshold: J.P. Morgan Chase, Bank of America, Citigroup, Wells Fargo, Goldman Sachs, and Morgan Stanley. See Data Notes on page 42 for more details.

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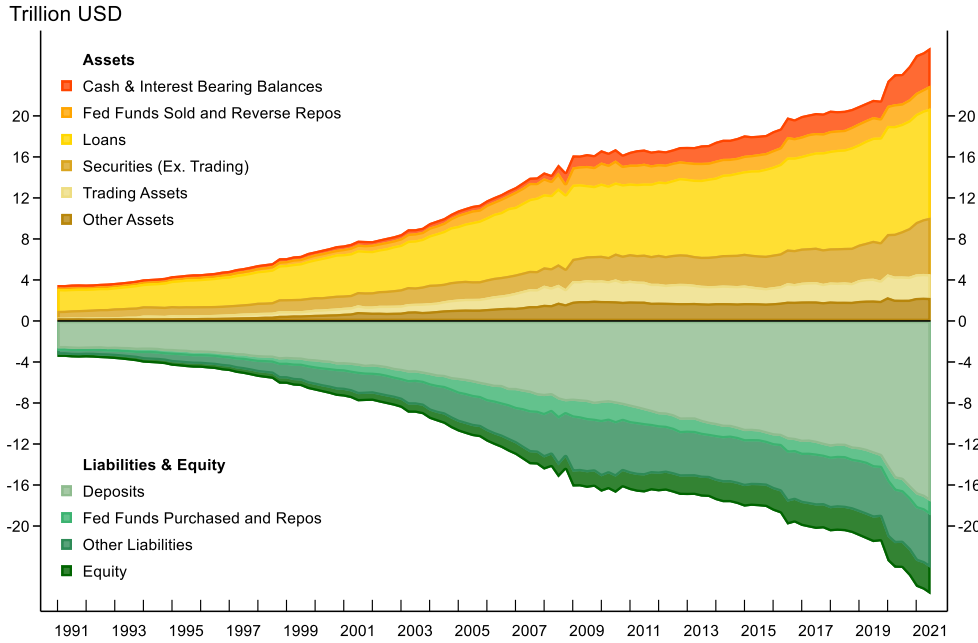
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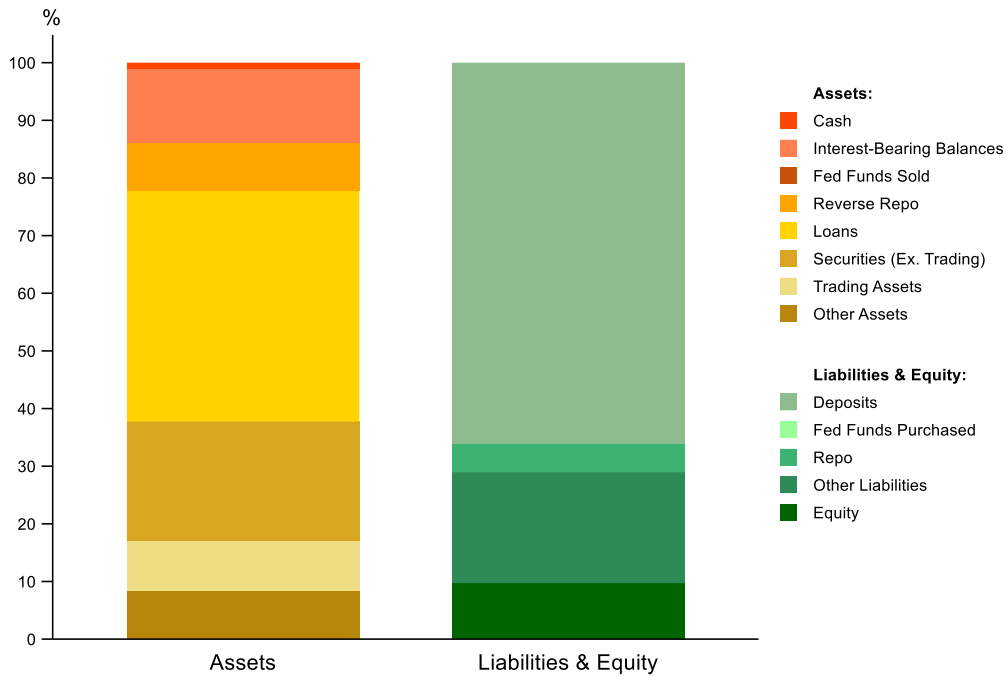
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# 1. Composition of Banking Industry Assets and Liabilities

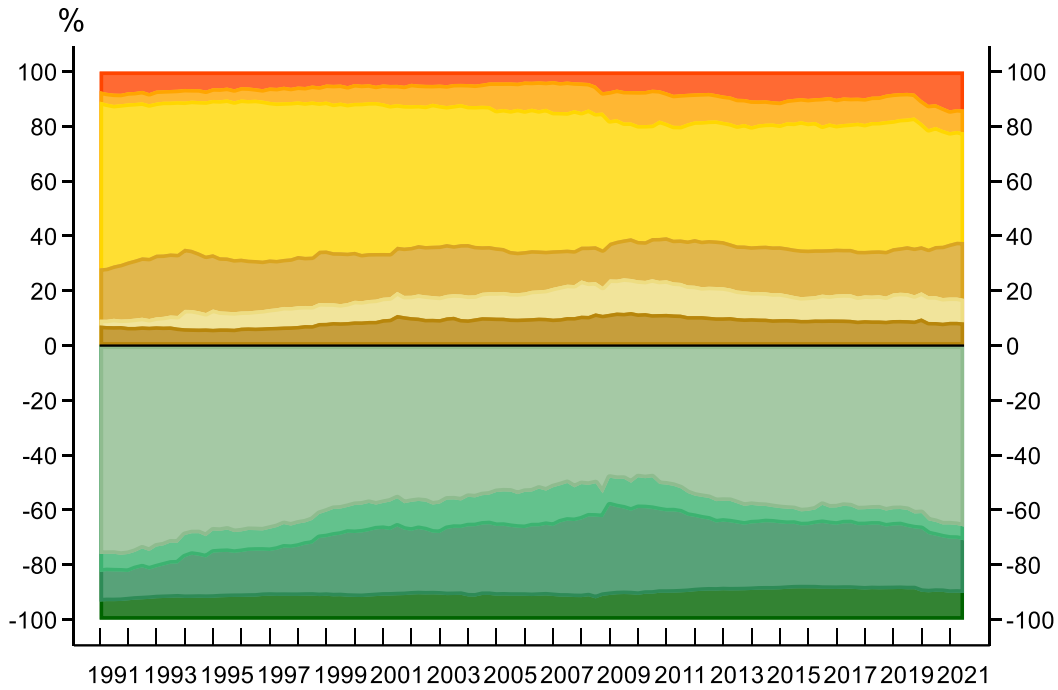
## Balance Sheet Composition



## Balance Sheet Composition, Percent of Assets, Current Quarter



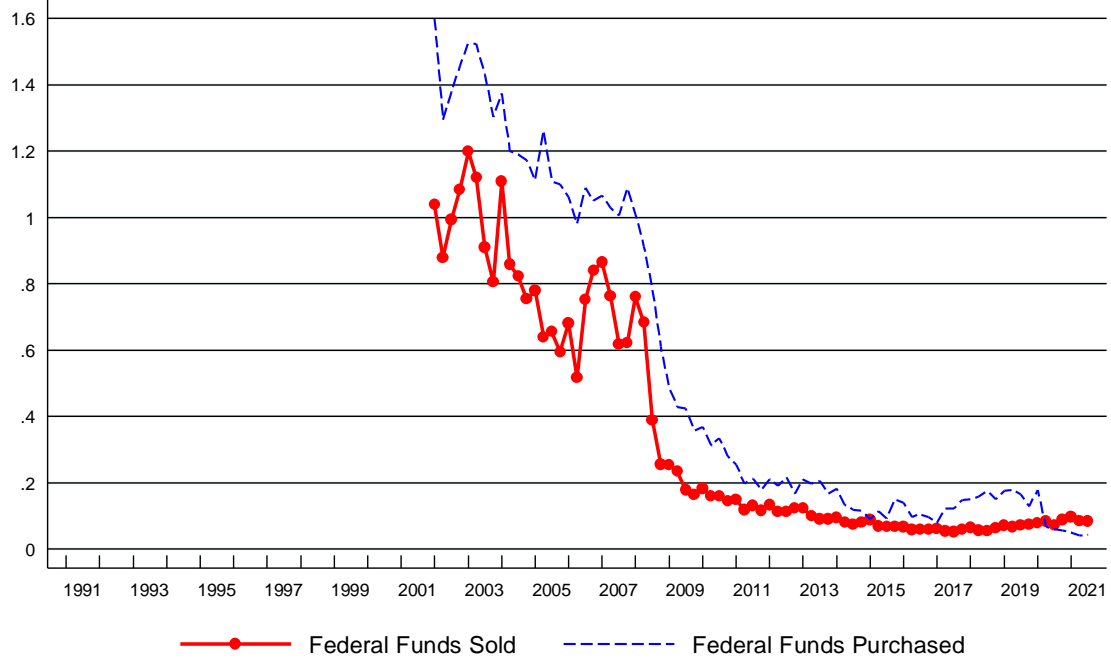
# Balance Sheet Composition, Percent of Assets



- | Assets   | Liabilities & Equity   |
|--|--|
| <span style="color: red;">■</span> Cash & Interest Bearing Balances    | <span style="color: lightgreen;">■</span> Deposits                       |
| <span style="color: orange;">■</span> Fed Funds Sold and Reverse Repos | <span style="color: mediumgreen;">■</span> Fed Funds Purchased and Repos |
| <span style="color: yellow;">■</span> Loans                            | <span style="color: darkgreen;">■</span> Other Liabilities               |
| <span style="color: lightbrown;">■</span> Securities (Ex. Trading)     | <span style="color: darkestgreen;">■</span> Equity                       |
| <span style="color: lightyellow;">■</span> Trading Assets              |  |
| <span style="color: darkbrown;">■</span> Other Assets                  |  |

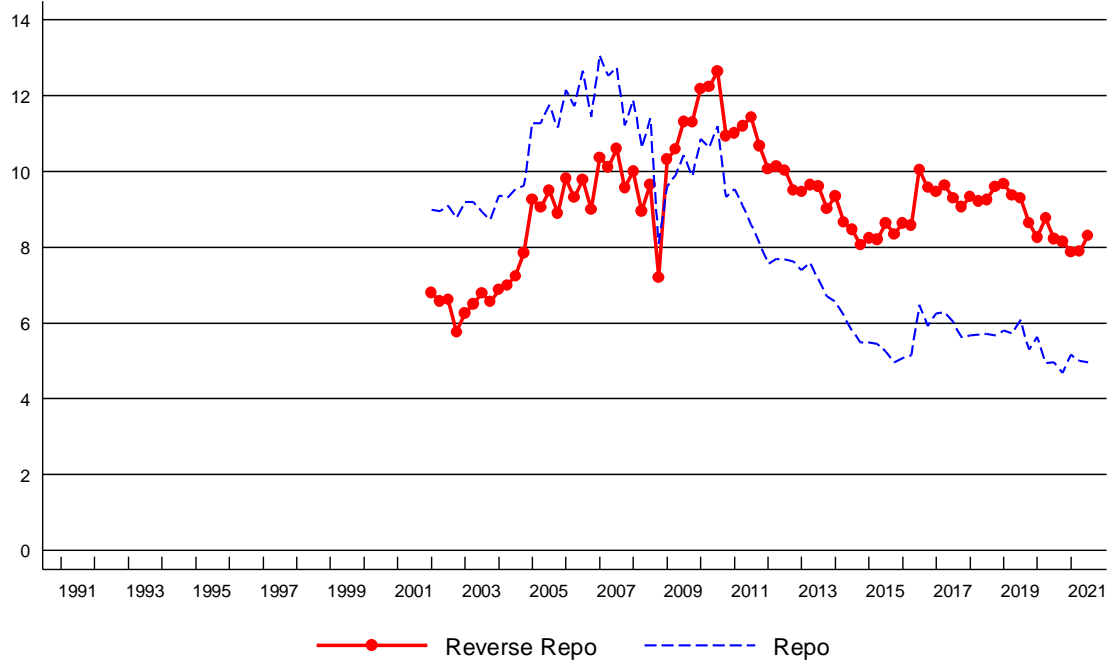
## Federal Funds Sold and Purchased

Federal funds sold and purchased in domestic offices as % of total assets



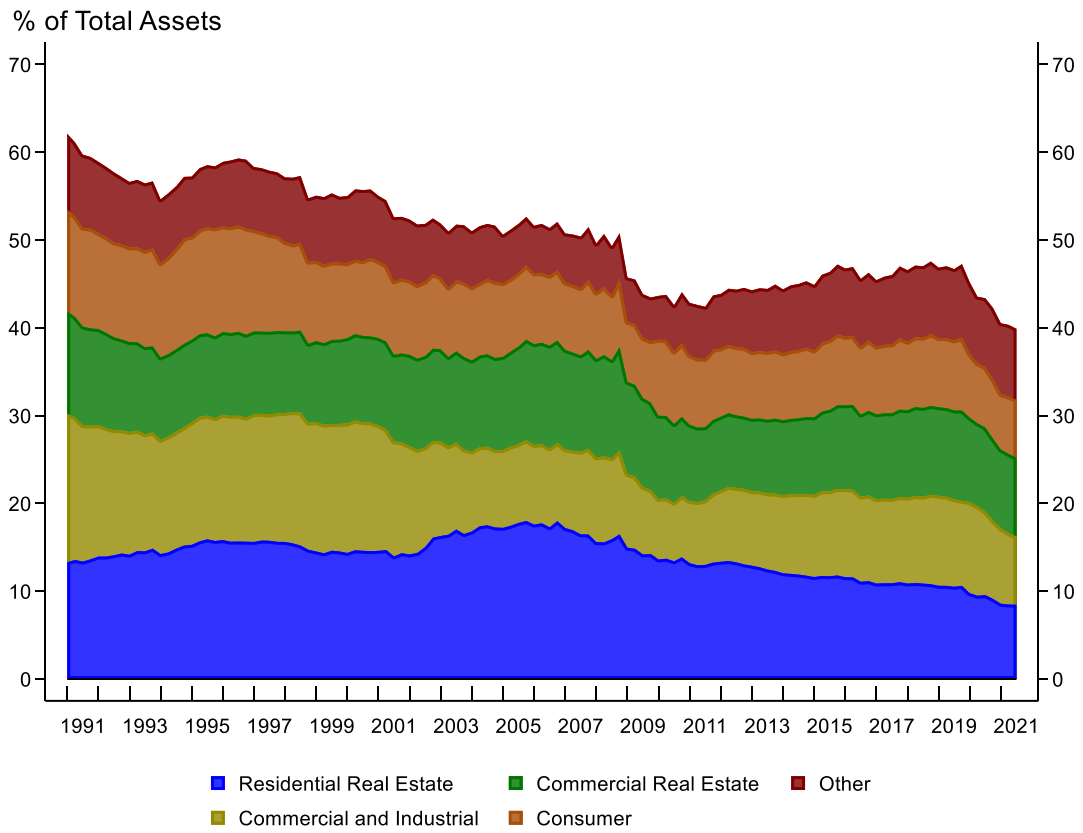
## Repurchase Agreements

Repurchase agreements as % of total assets

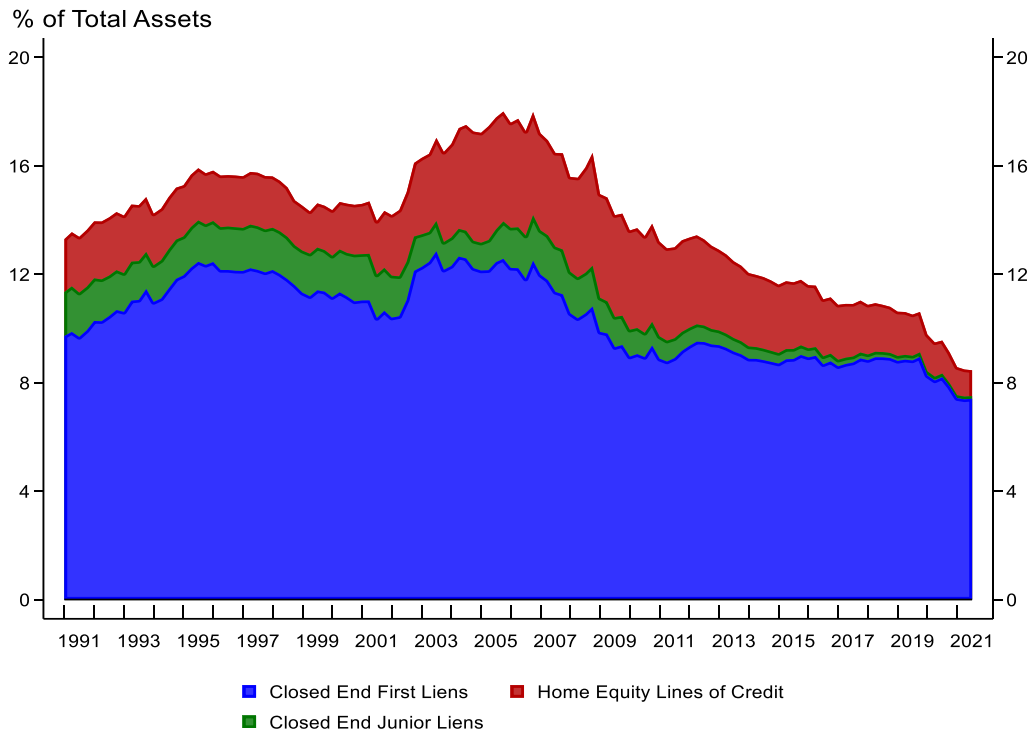


Note: These charts begin in 2002:Q1 because data for repurchase agreements and federal funds are not consistently reported separately prior to that date.

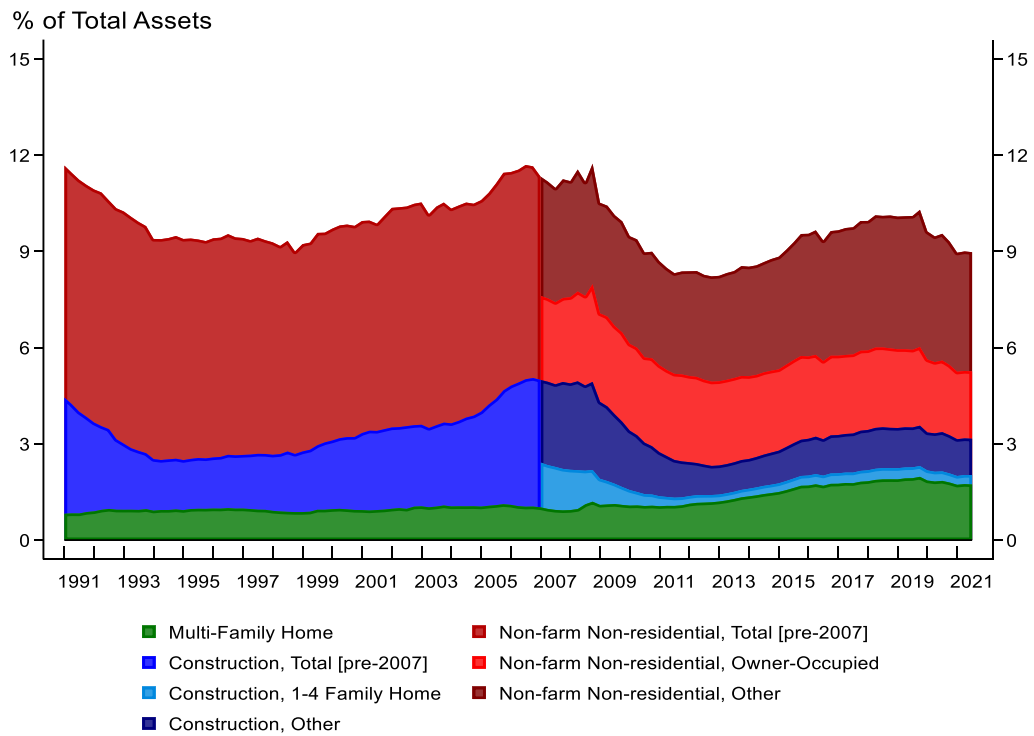
# Loans



## Residential Real Estate Loans

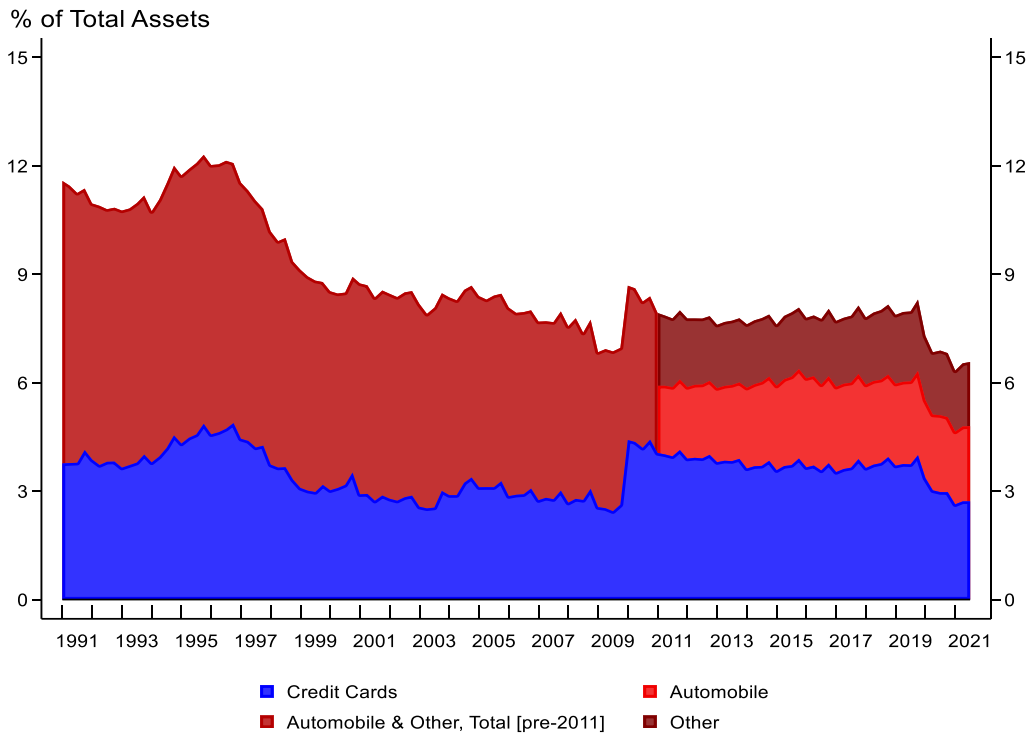


## Commercial Real Estate Loans

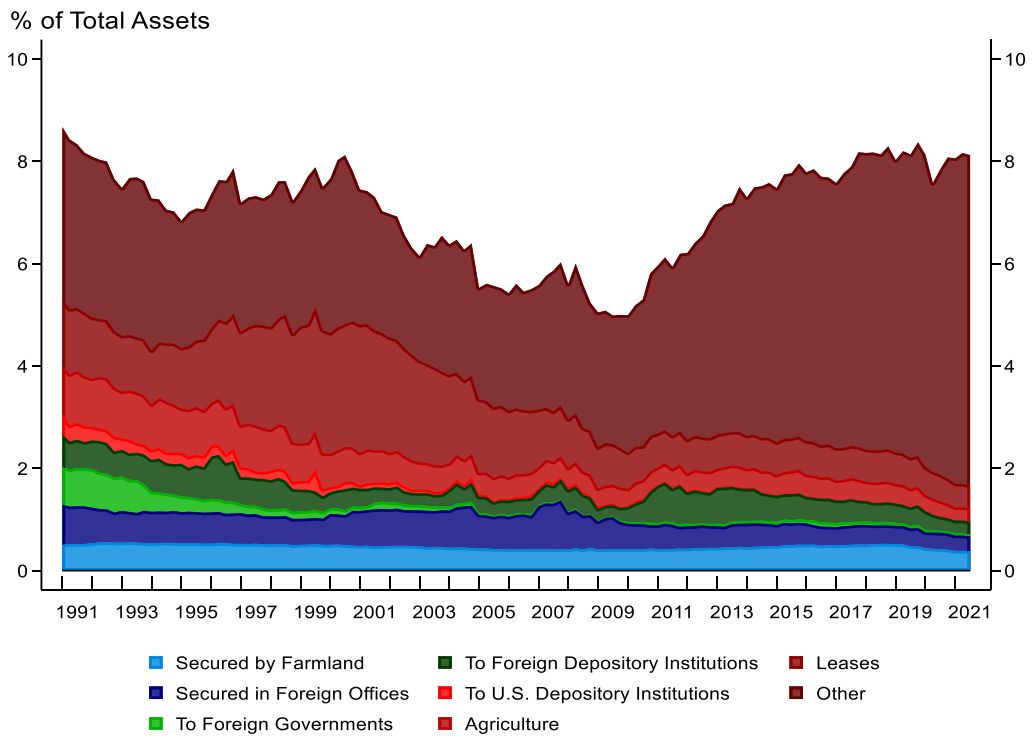




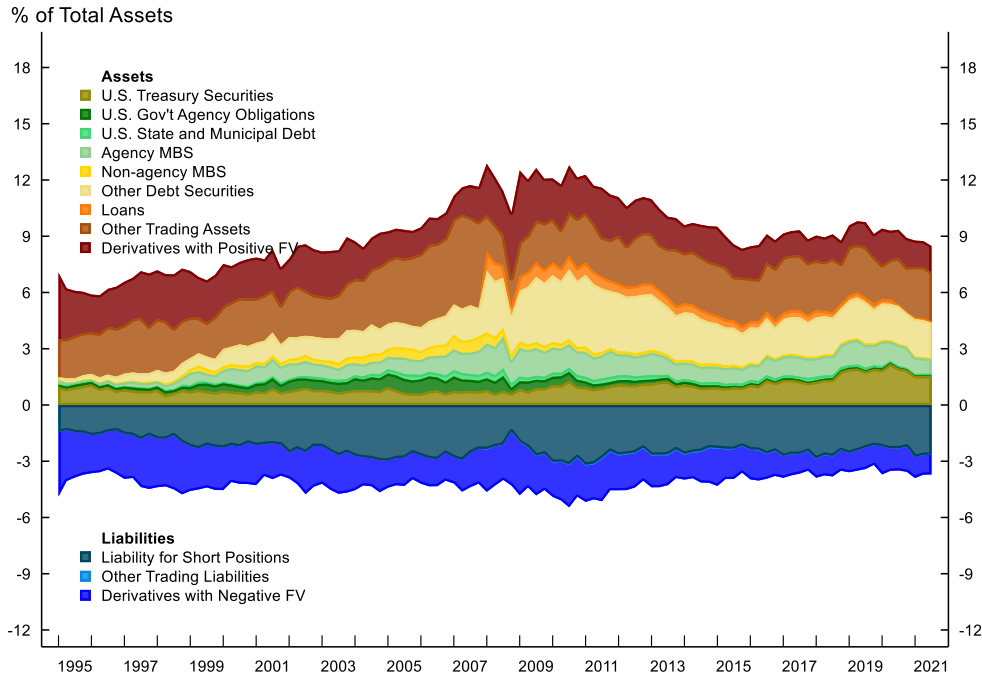
## Consumer Loans



## Other Loans

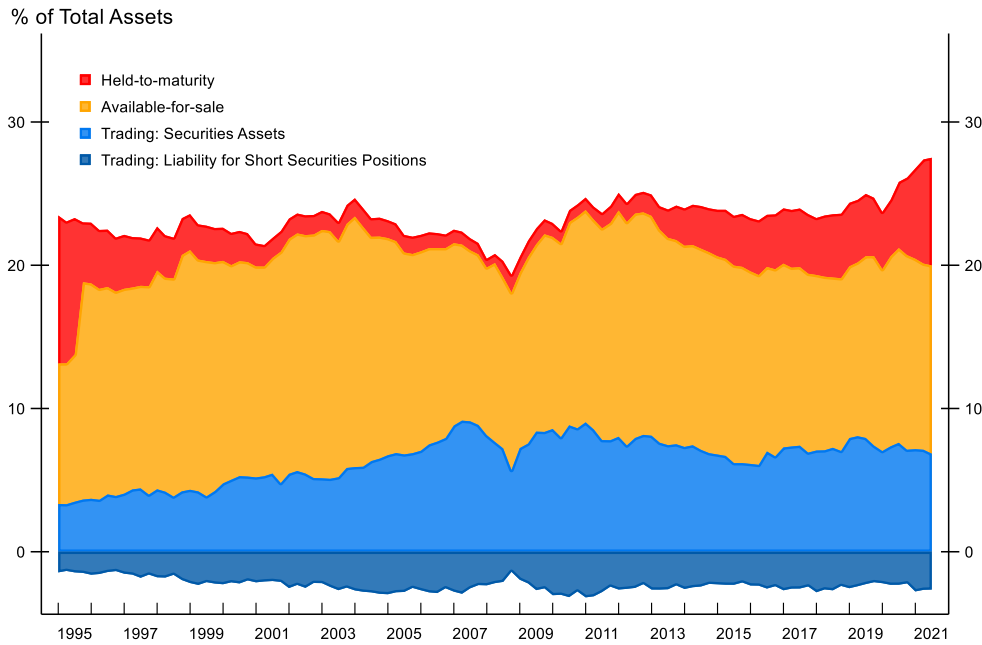


## Trading Assets and Liabilities



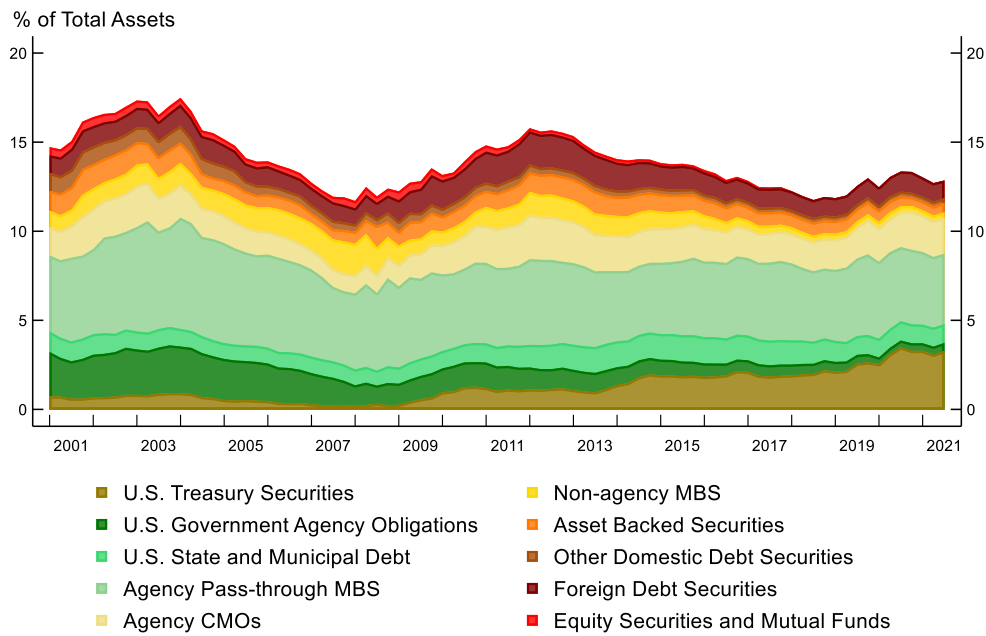
Note: The subcomponents of trading assets and liabilities in the above chart only represent banks and BHCs that reported total trading assets of \$10 million or more in any of the four preceding quarters, and \$2 million or more in average trading assets in any of the four preceding quarters prior to 2018:Q2.

## Securities Portfolios

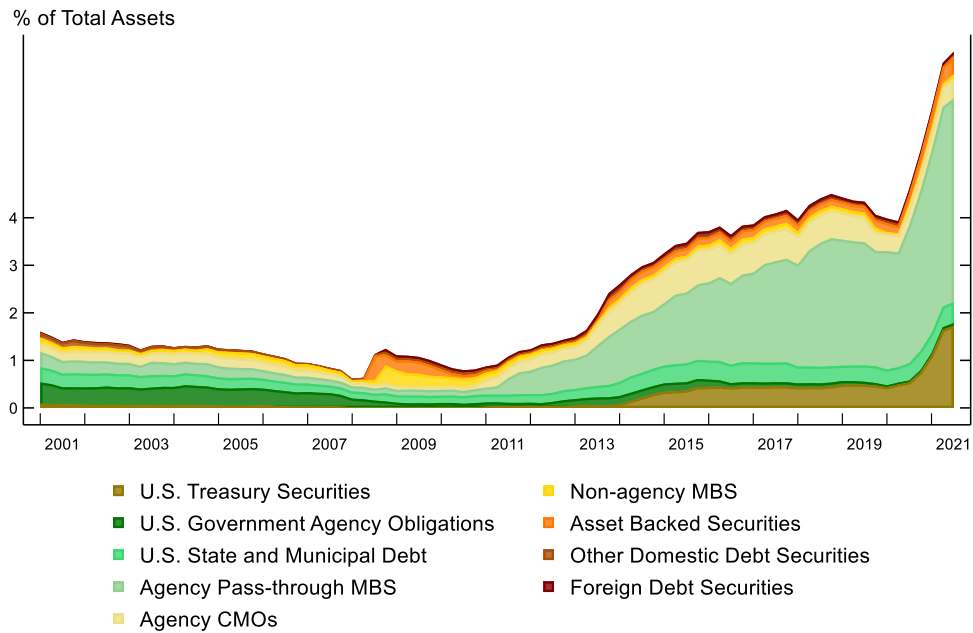


Note: Chart measures debt and equity securities portfolios. Thus, trading portfolio excludes other types of trading assets such as whole loans and derivatives.

## Available-for-Sale Securities

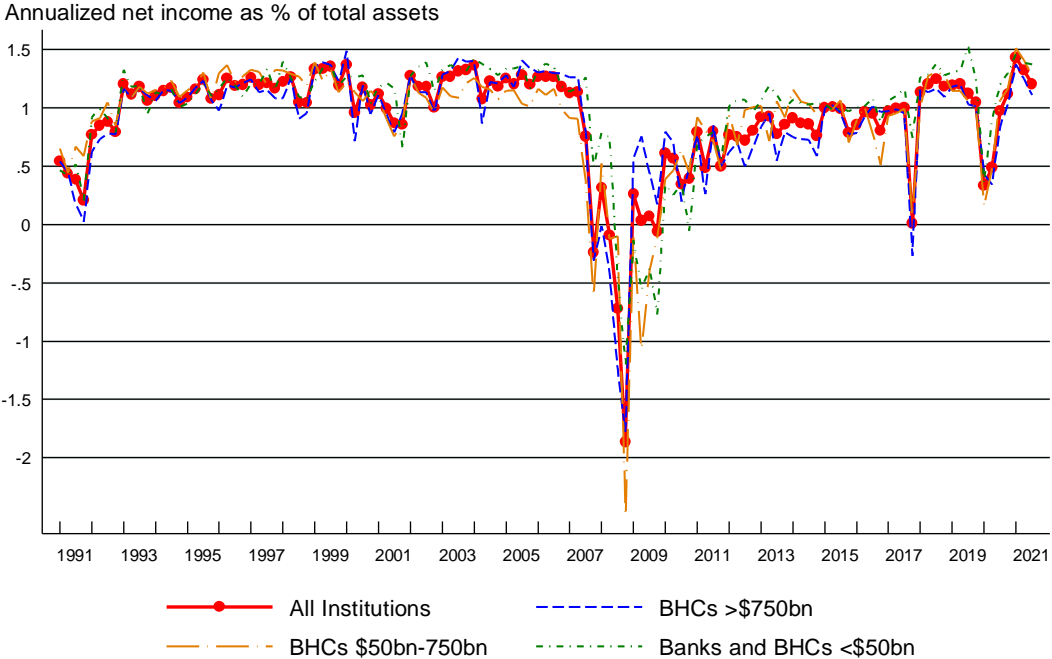


## Held-to-Maturity Securities

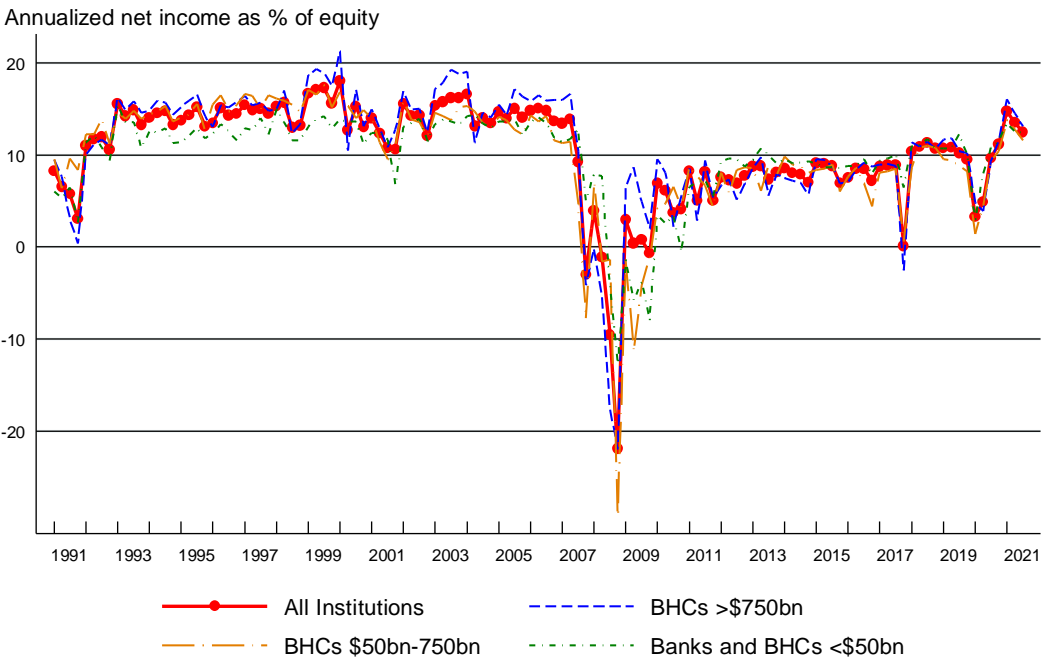


## 2. Earnings and Pre-Provision Net Revenue

### Return on Assets

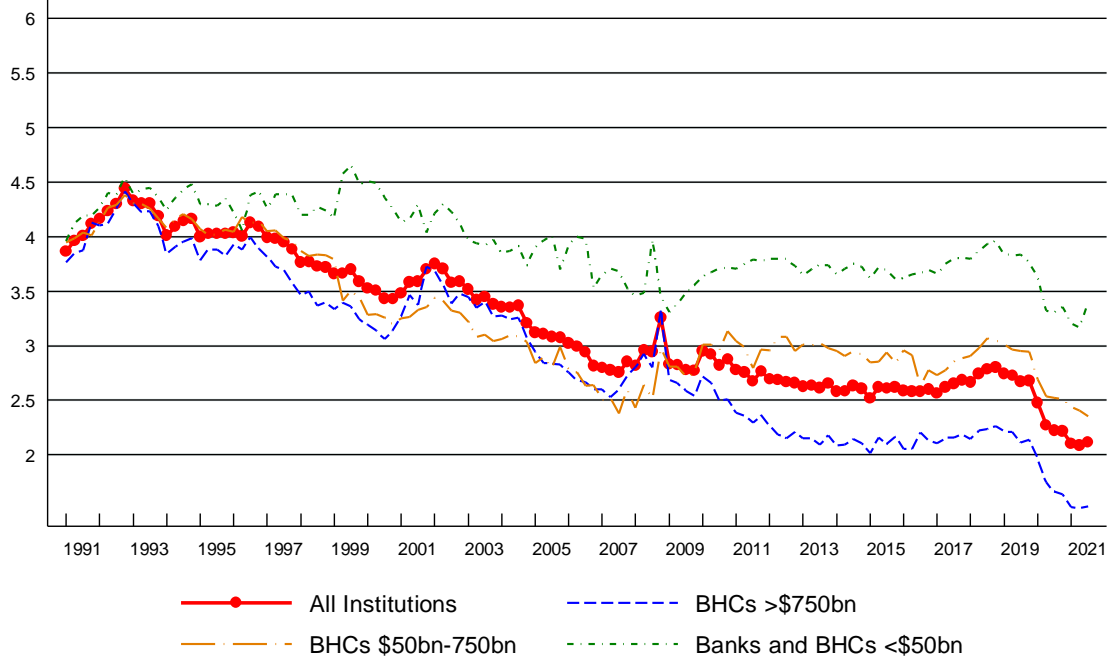


### Return on Equity



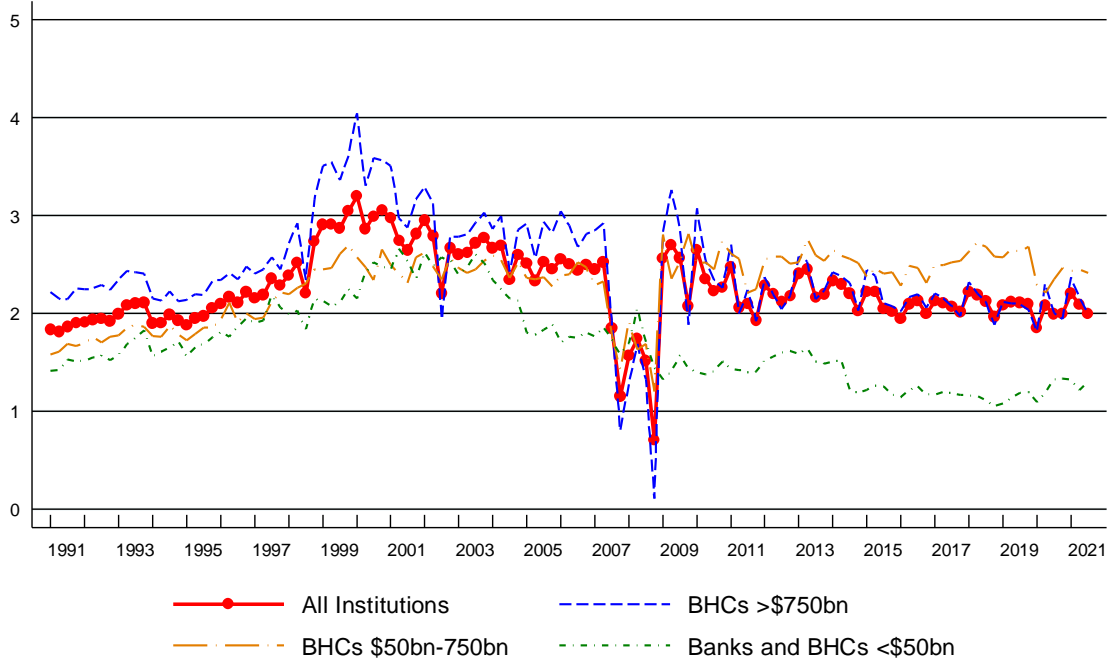
# Net Interest Margin

Annualized net interest income as % of interest-earning assets

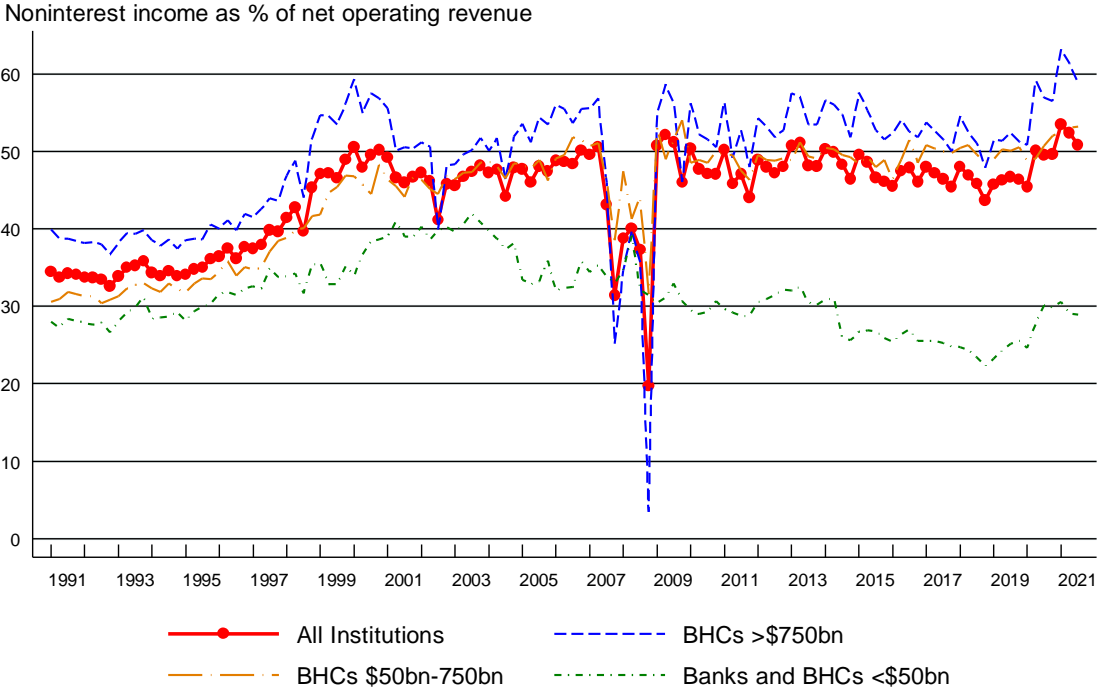


# Noninterest Income Ratio

Annualized noninterest income as % of total assets



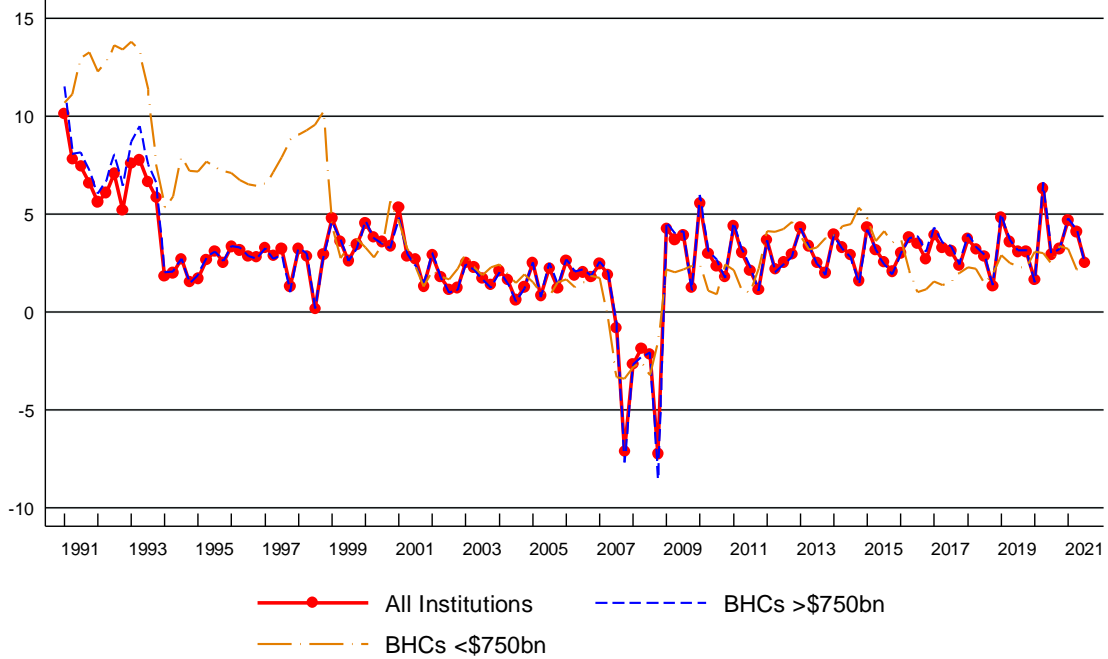
# Noninterest Income Share



Note: Net operating revenue is defined as net interest income plus noninterest income.

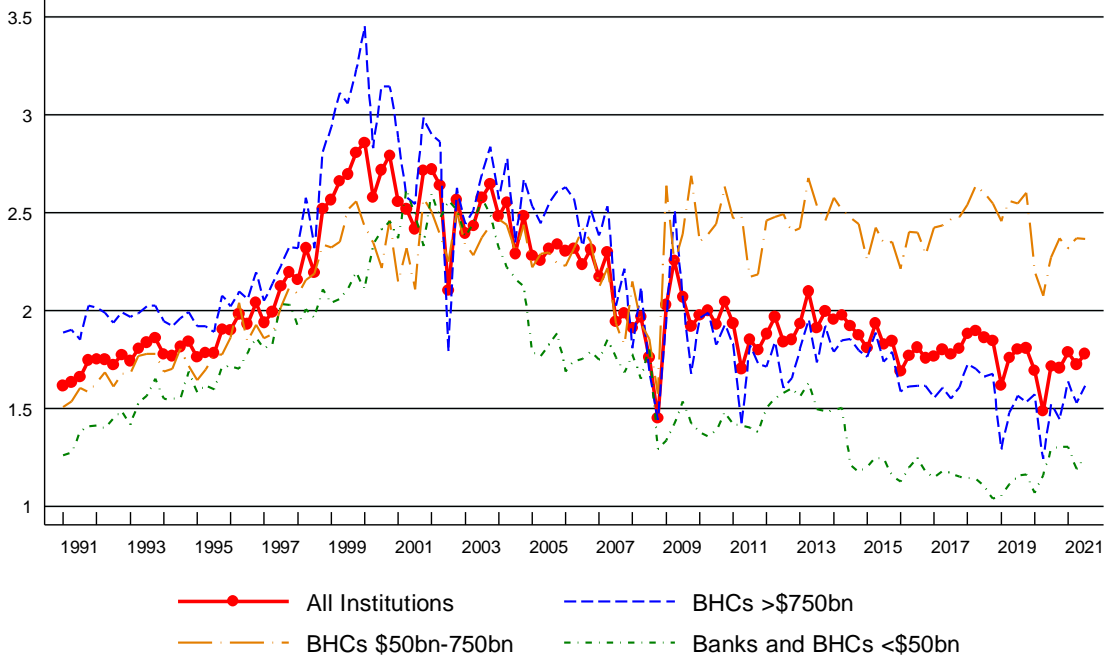
# Return on Trading Assets

Annualized trading income as % of trading assets

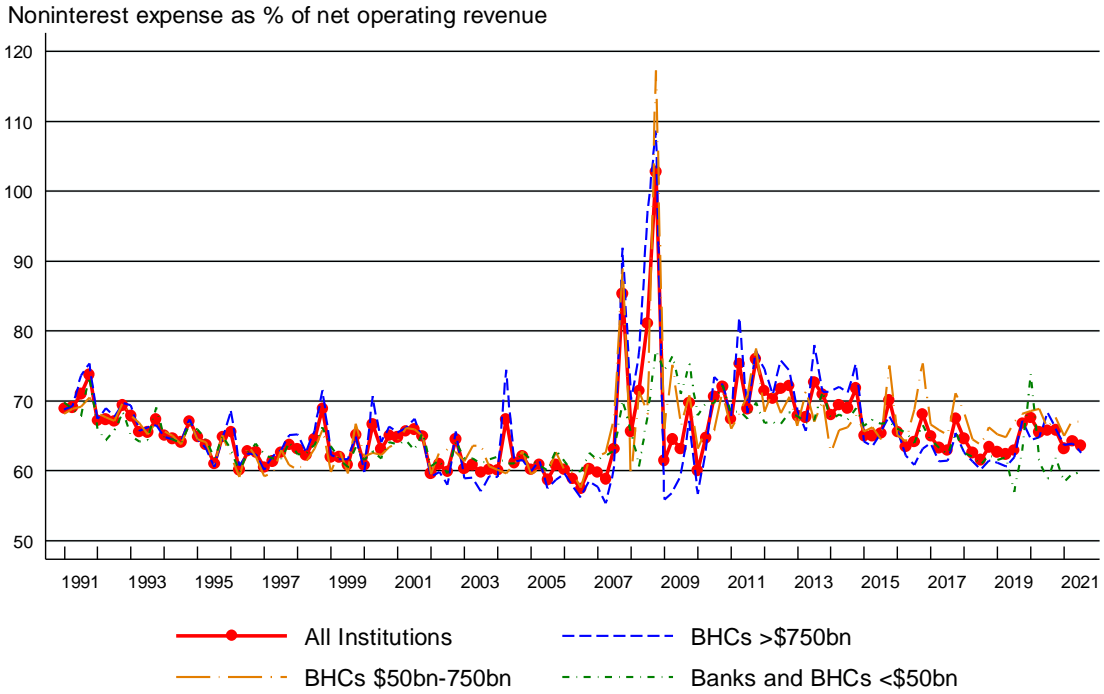


# Non-Trading Noninterest Income Ratio

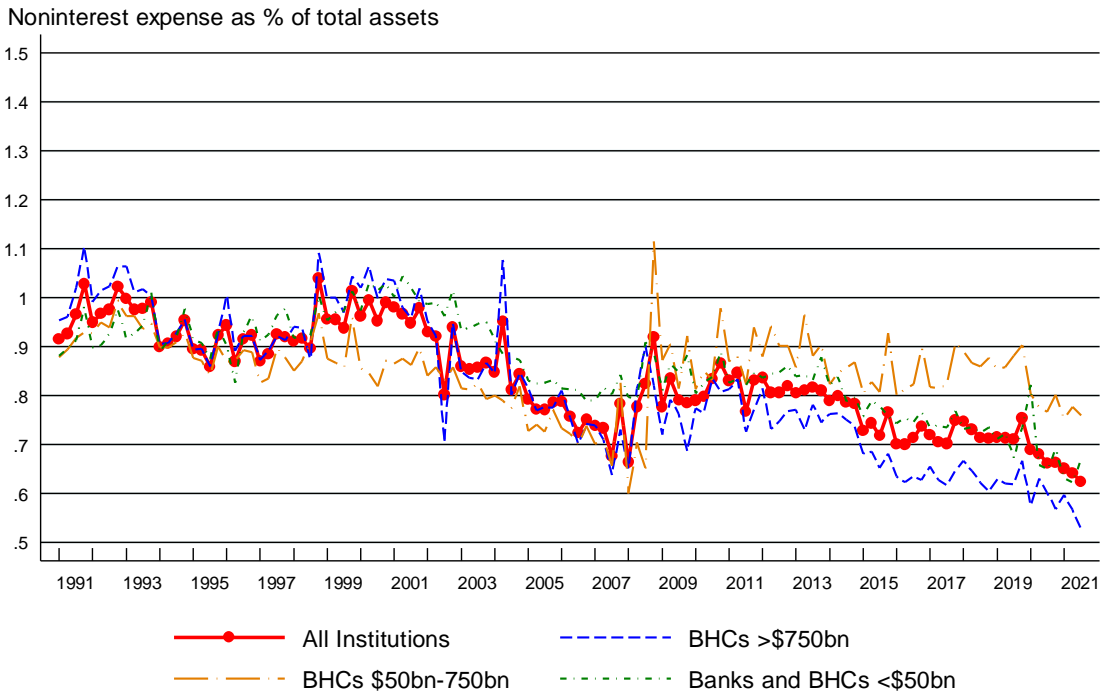
Annualized non-trading noninterest income as % of total assets



# Efficiency Ratio



# Noninterest Expense Ratio



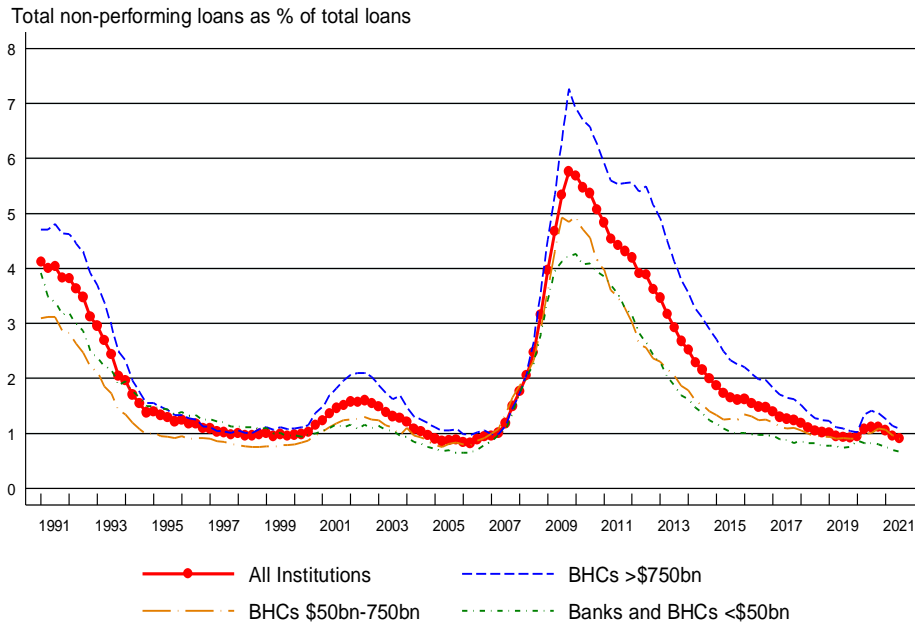
Note: Net operating revenue is defined as net interest income plus noninterest income.



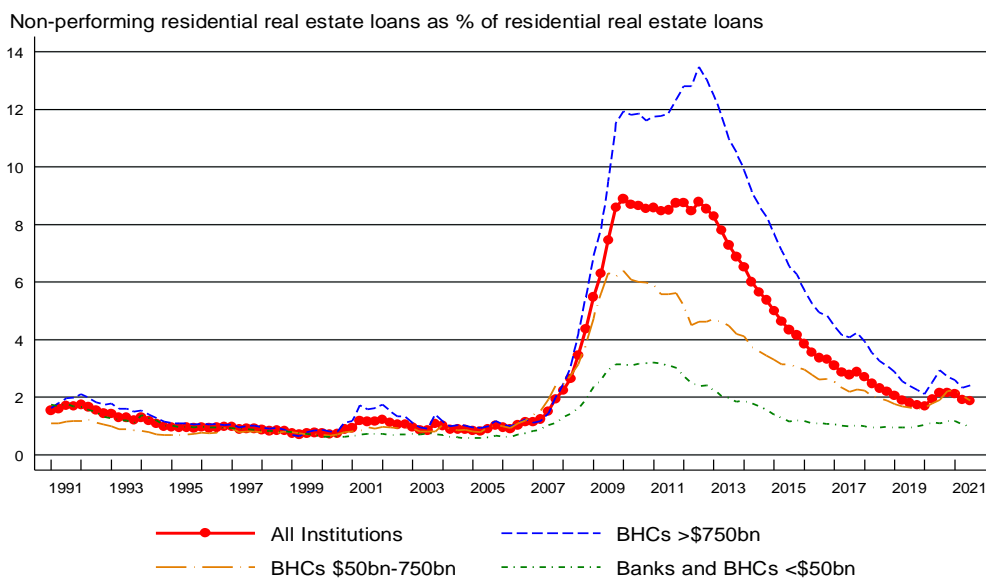
### 3. Loan Performance

Note: Non-performing loans include loans that are (1) 90 days or more past due and still accruing or (2) non-accrual. The adoption of the Financial Accounting Standards Board (FASB)'s new "current expected credit losses" (CECL) methodology for estimating allowances for credit losses may have influenced the calculation of loan loss provisions and loan loss reserves. In addition, Section 4013 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Interagency Statements on Loan Modifications issued on March 22 and April 7, 2020, may have impacted the calculation of loan loss provisions, loan loss reserves, non-performing loans and net charge-offs. See "Caveats and Limitations" for details.

#### Non-performing Loans

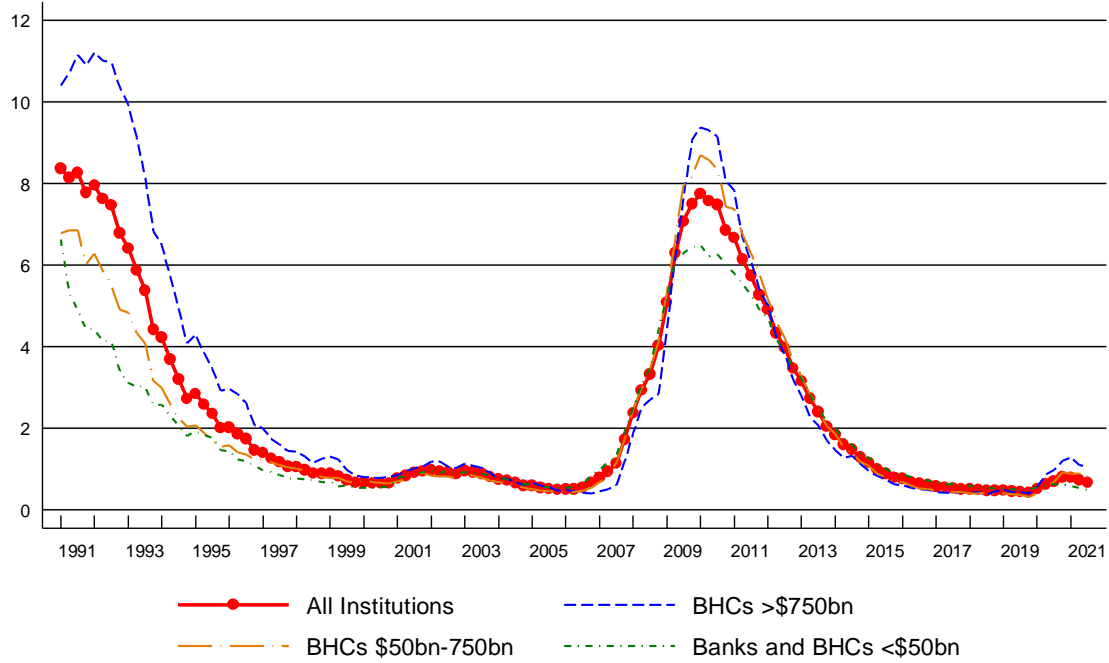


#### Non-performing Residential Real Estate Loans



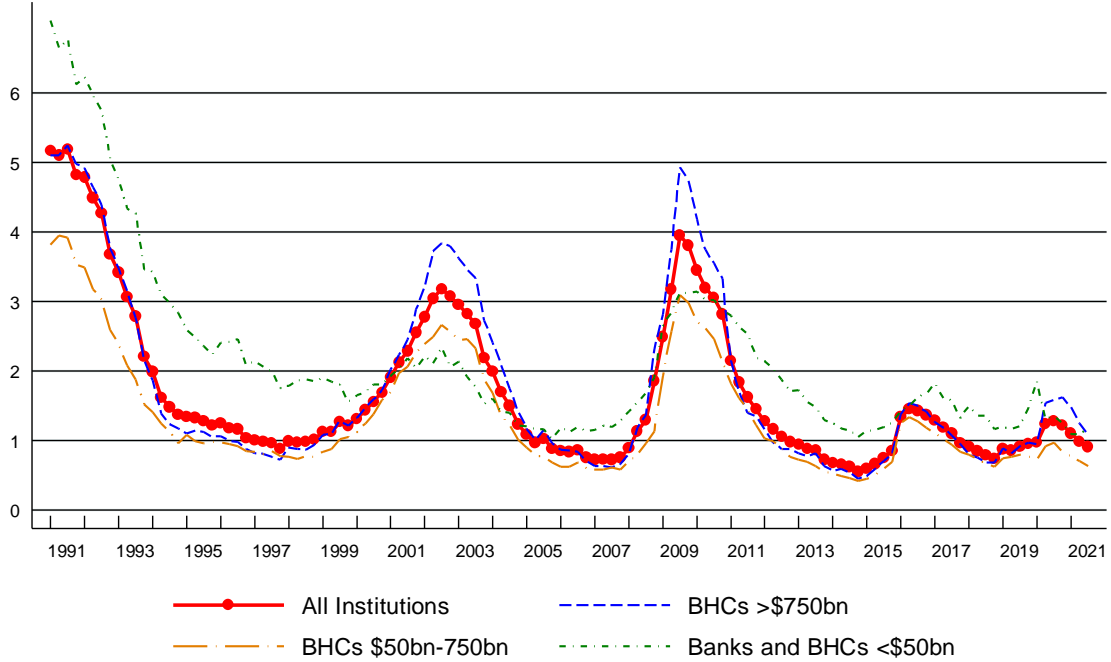
# Non-performing Commercial Real Estate Loans

Non-performing commercial real estate loans as % of commercial real estate loans



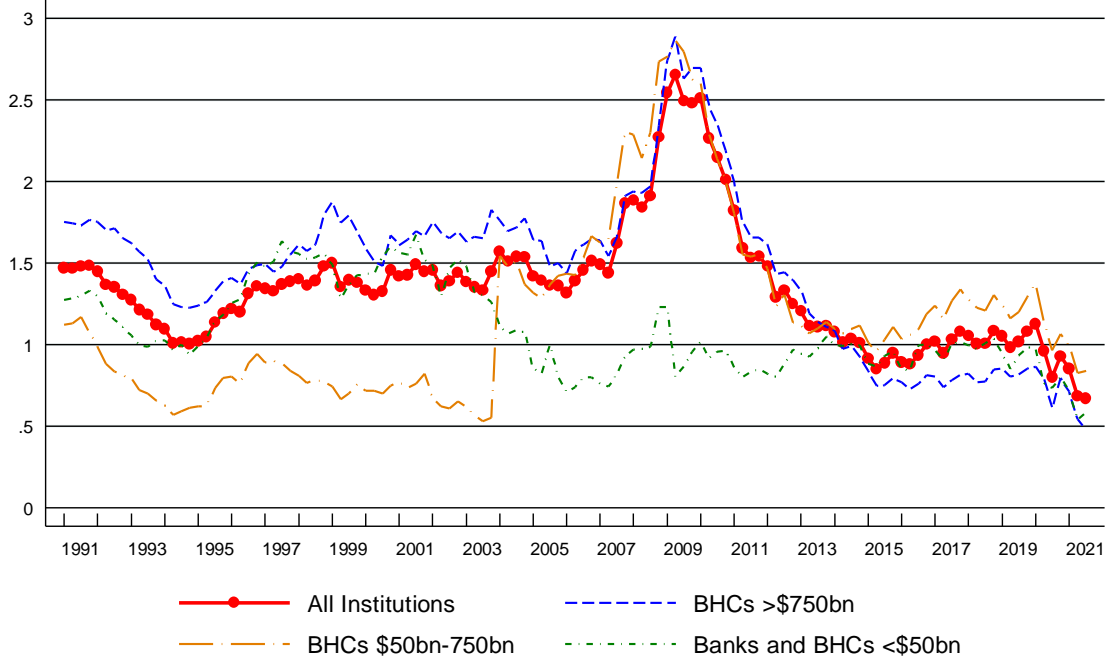
# Non-performing Commercial and Industrial (C&I) Loans

Non-performing C&I loans as % of C&I loans



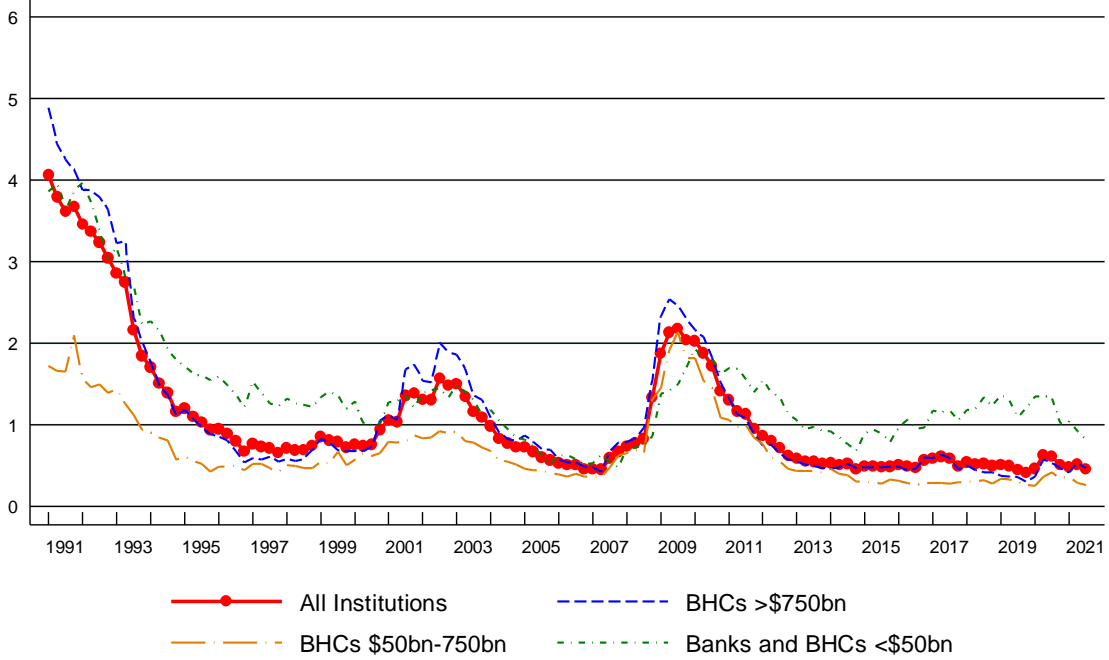
# Non-performing Consumer Loans

Non-performing consumer loans as % of consumer loans



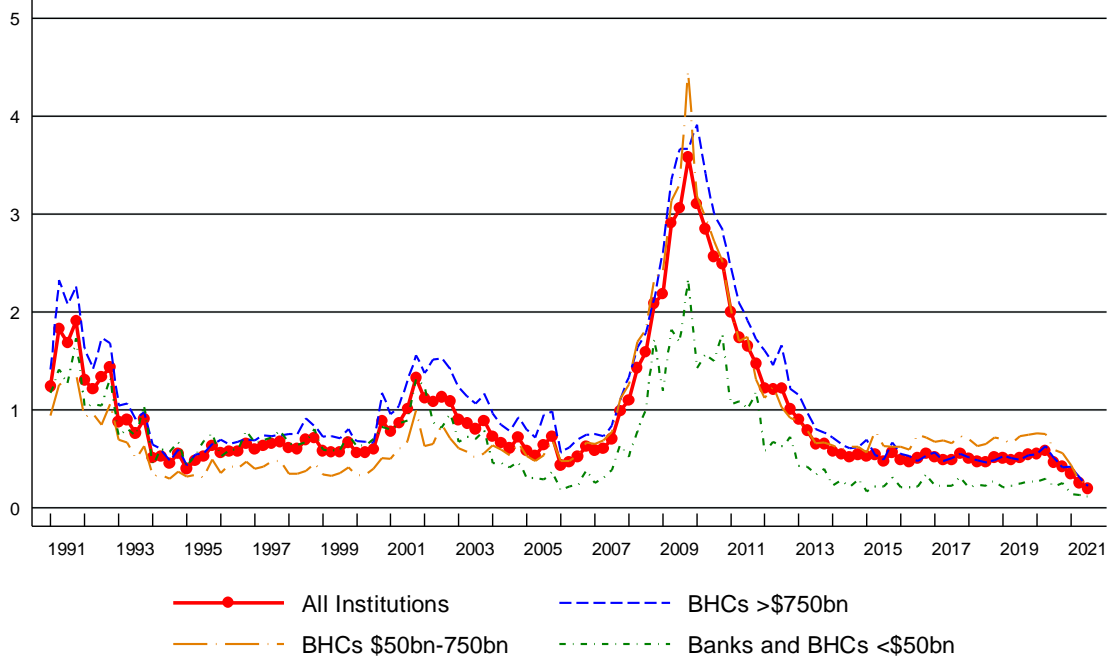
# Non-performing Other Loans

Non-performing other loans as % of other loans



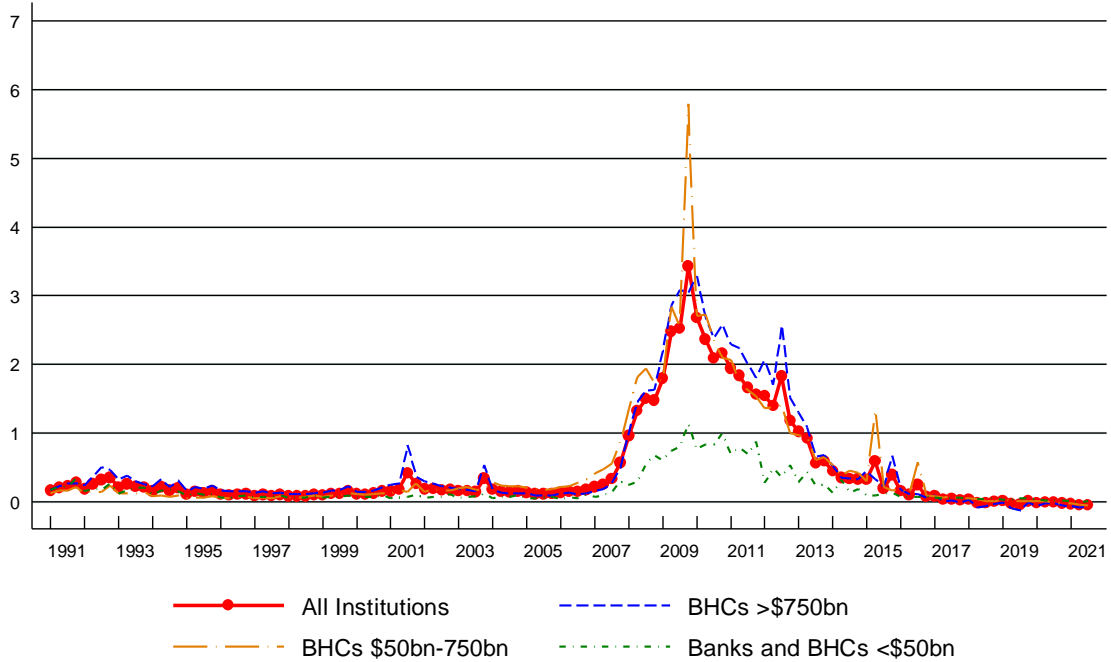
# Net Charge-offs

Annualized net charge-offs as % of total loans



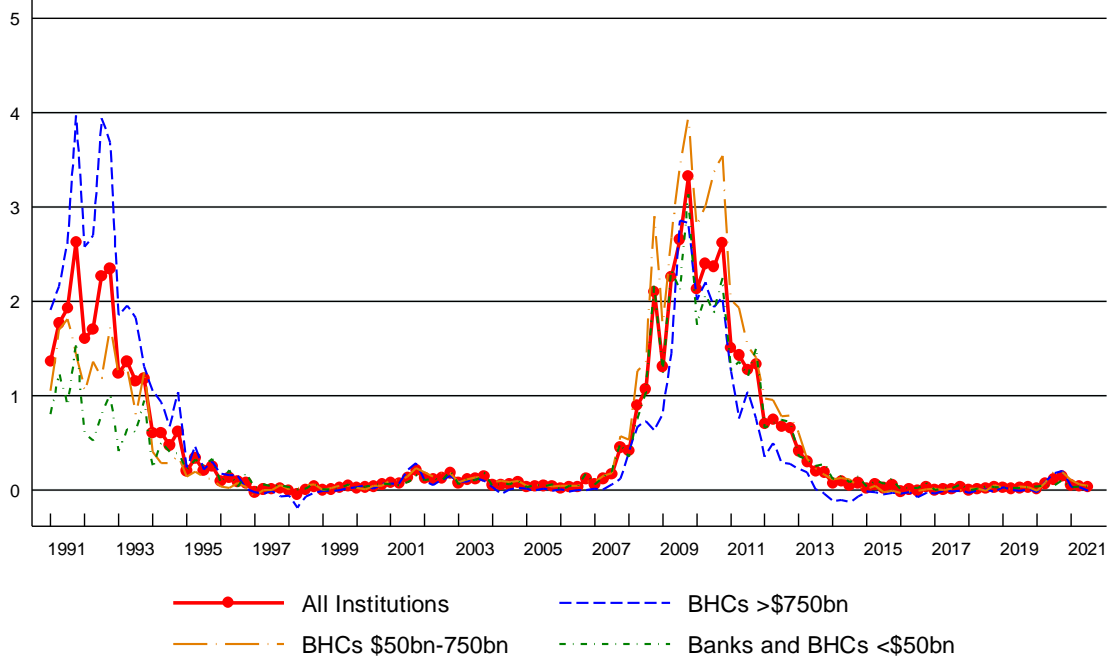
# Net Charge-offs on Residential Real Estate Loans

Annualized net charge-offs on residential real estate loans as % of residential real estate loans



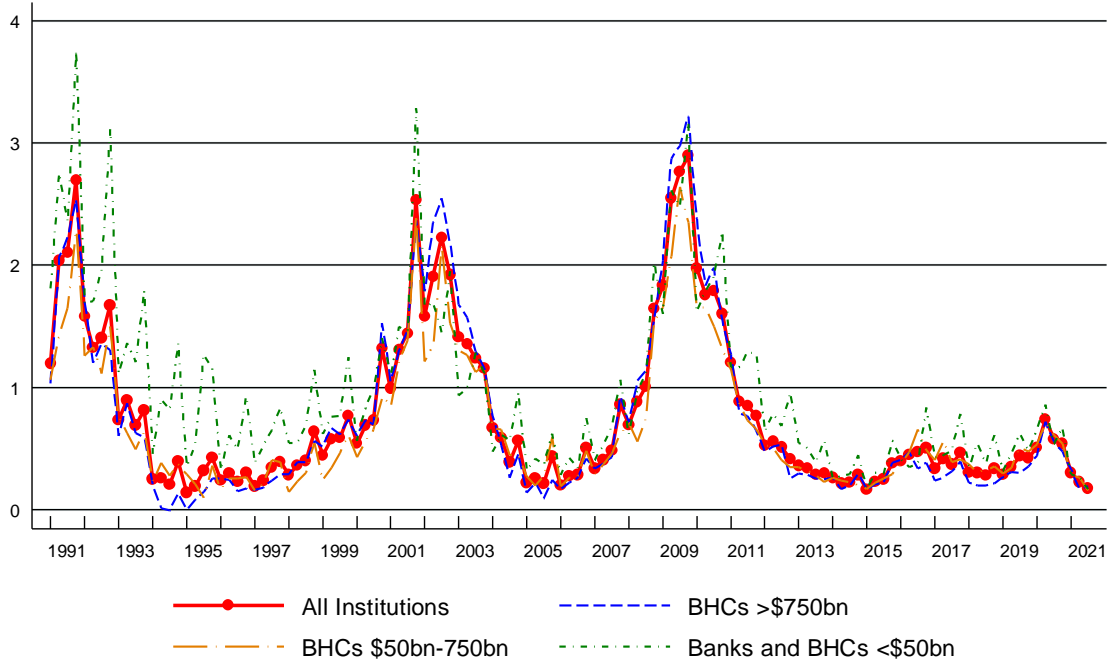
## Net Charge-offs on Commercial Real Estate Loans

Annualized net charge-offs on commercial real estate loans as % of commercial real estate loans



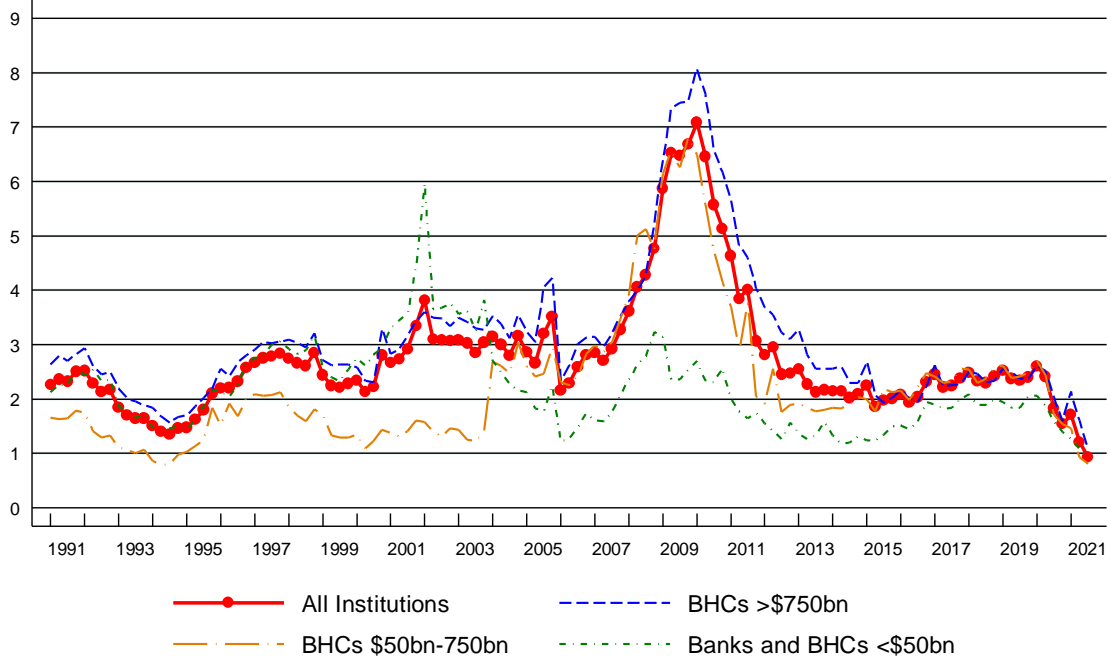
## Net Charge-offs on Commercial and Industrial (C&I) Loans

Annualized net charge-offs on C&I loans as % of C&I loans



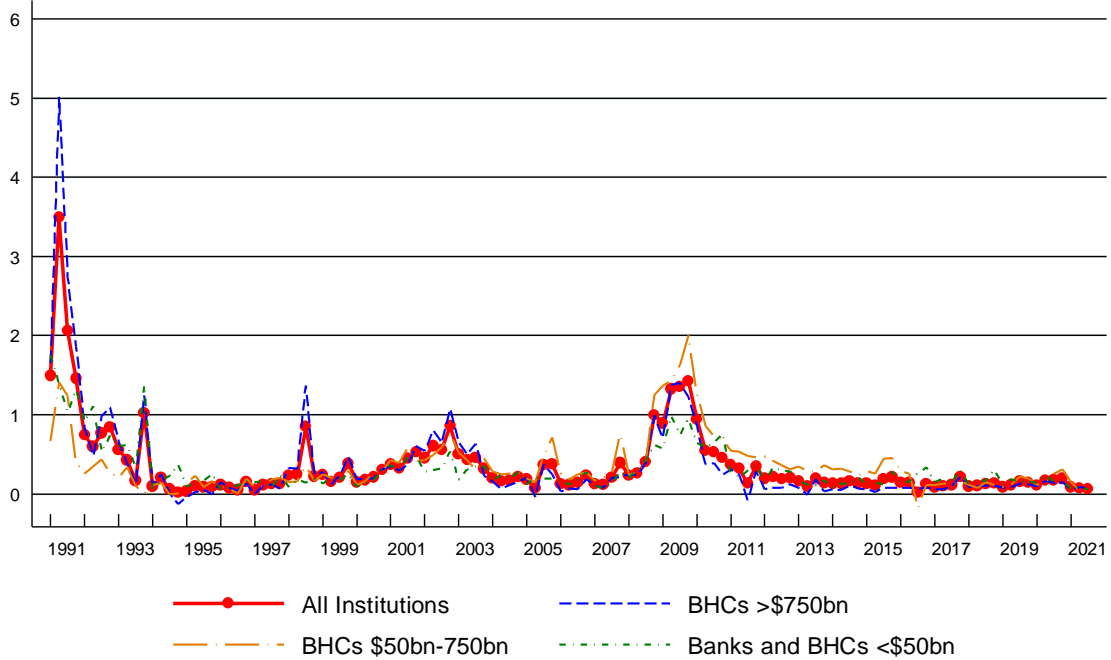
## Net Charge-offs on Consumer Loans

Annualized net charge-offs on consumer loans as % of consumer loans



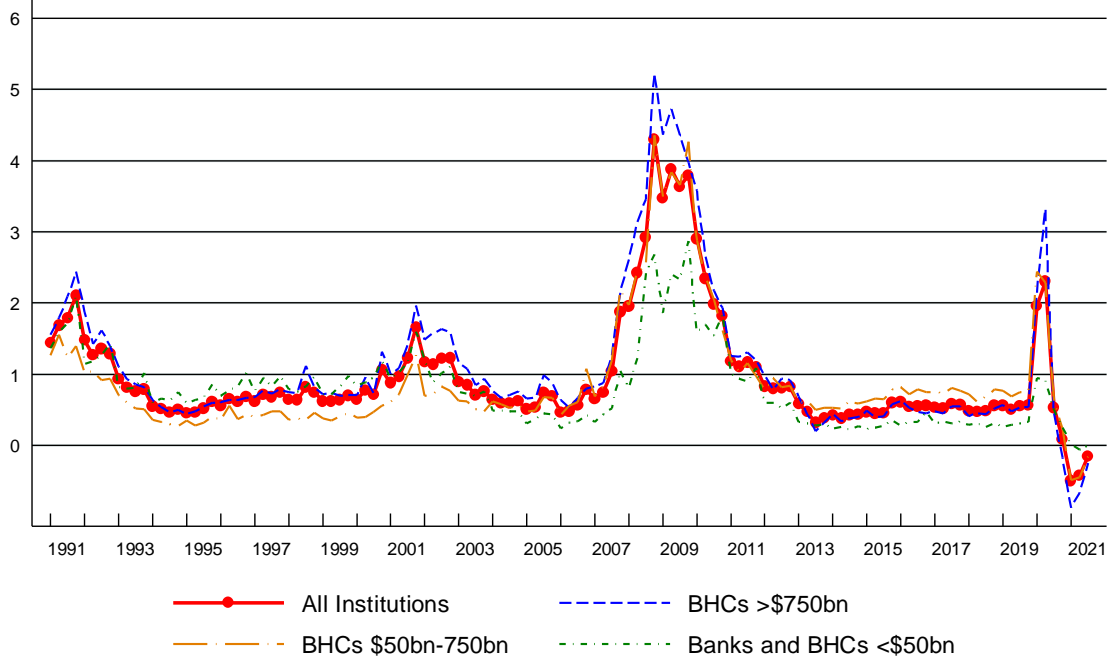
## Net Charge-offs on Other Loans

Annualized net charge-offs on other loans as % of other loans



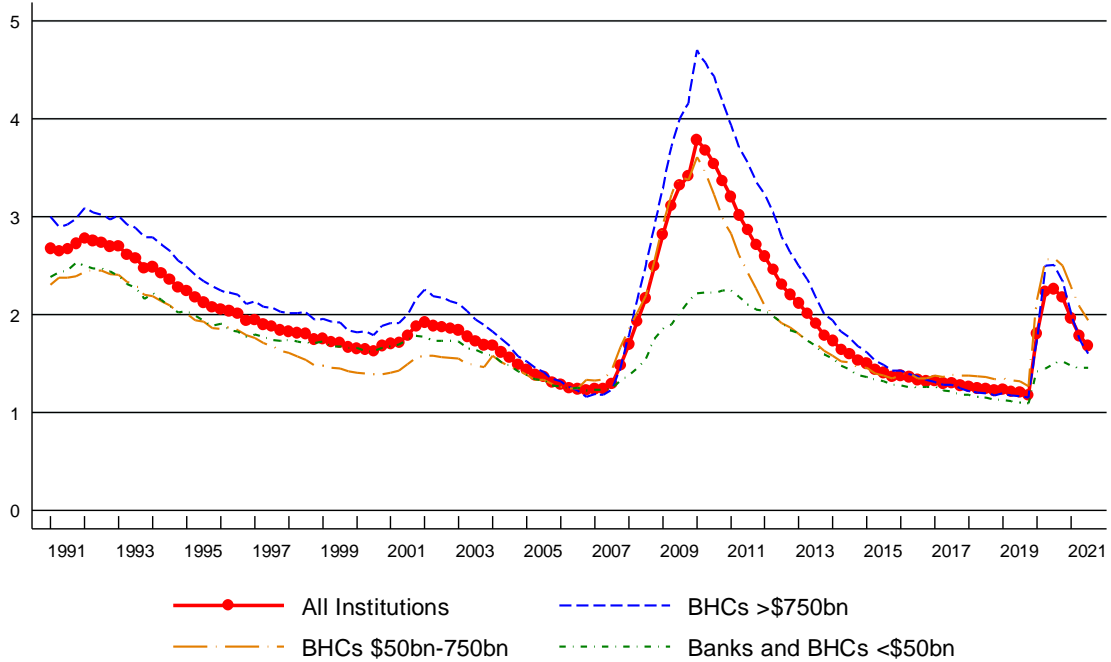
# Loan Loss Provisions

Annualized loan loss provisions as % of total loans

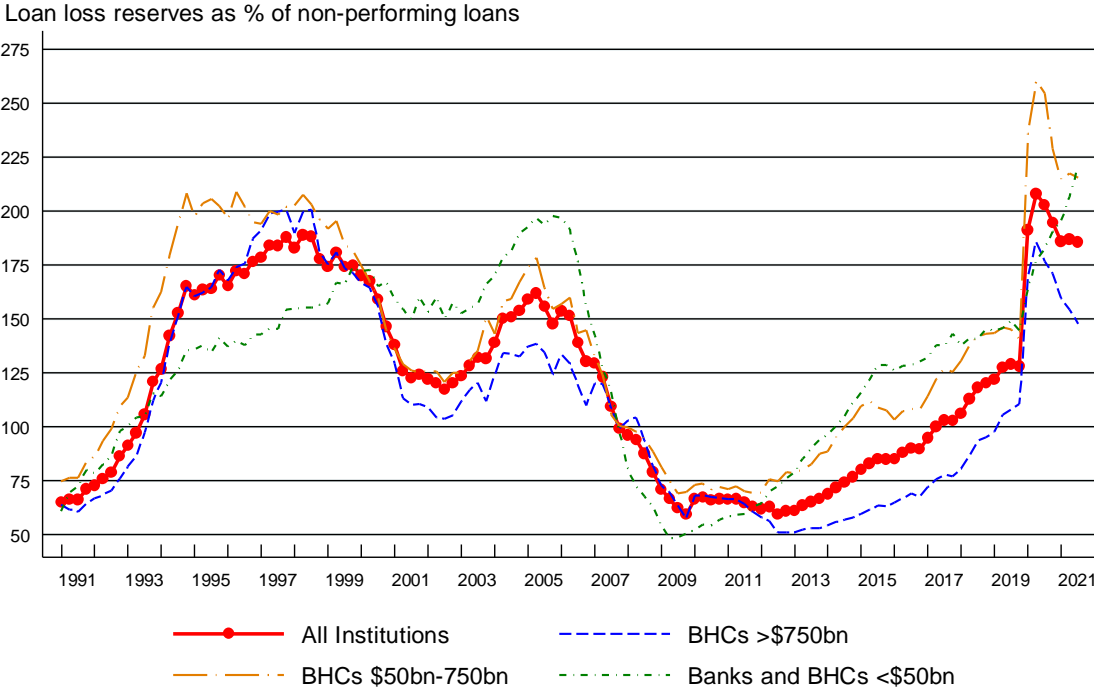


# Loan Loss Reserves

Loan Loss Reserves as % of total loans



# Loan Loss Reserves, Percent of Non-performing Loans

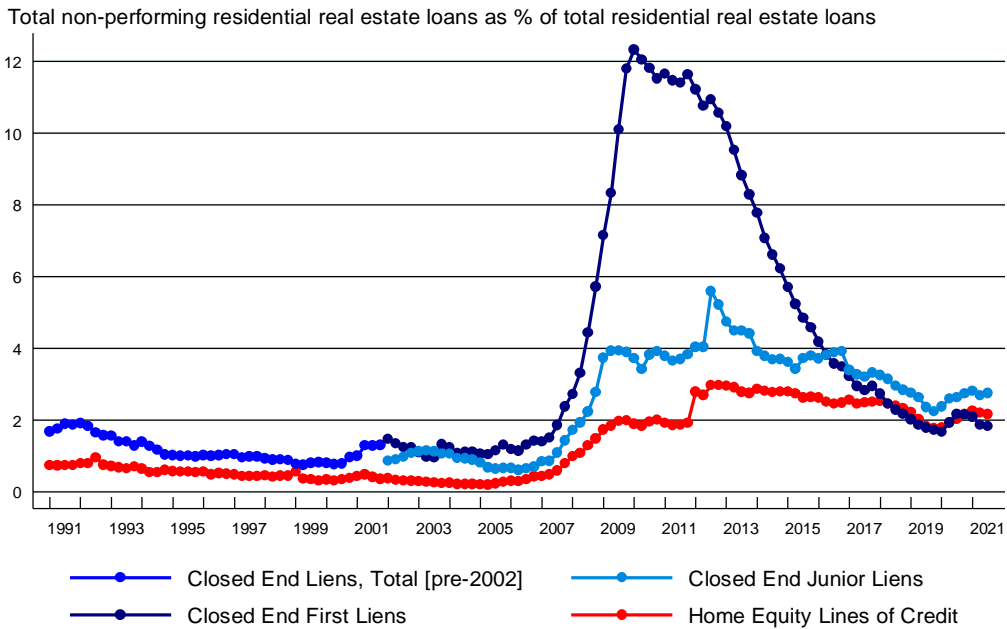




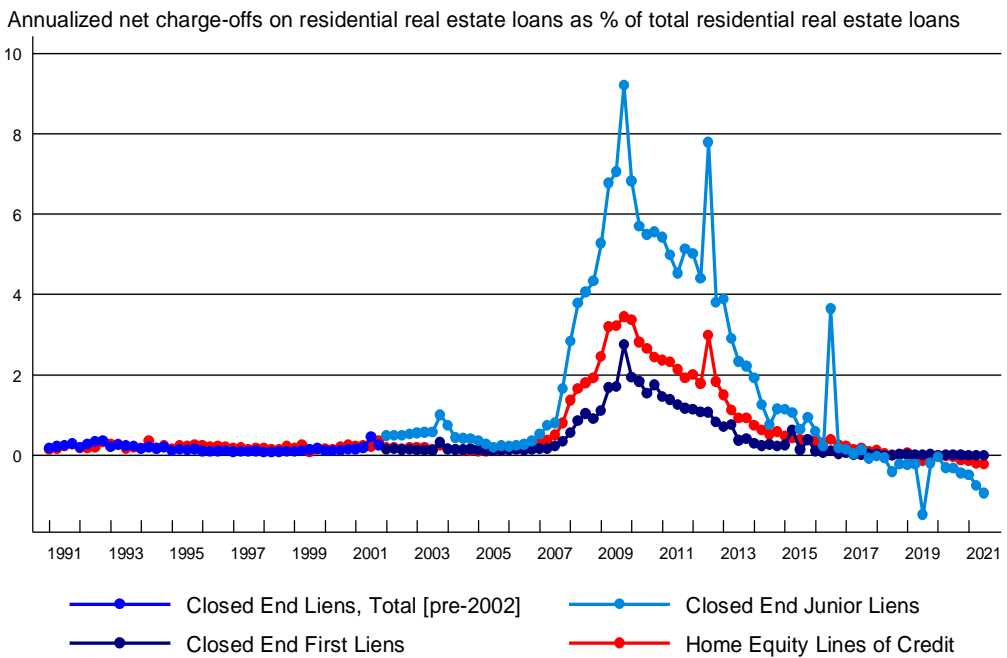
## 4. Loan Performance: Detail

### A. Residential Real Estate Loans

#### Non-performing Residential Real Estate Loans, Detail

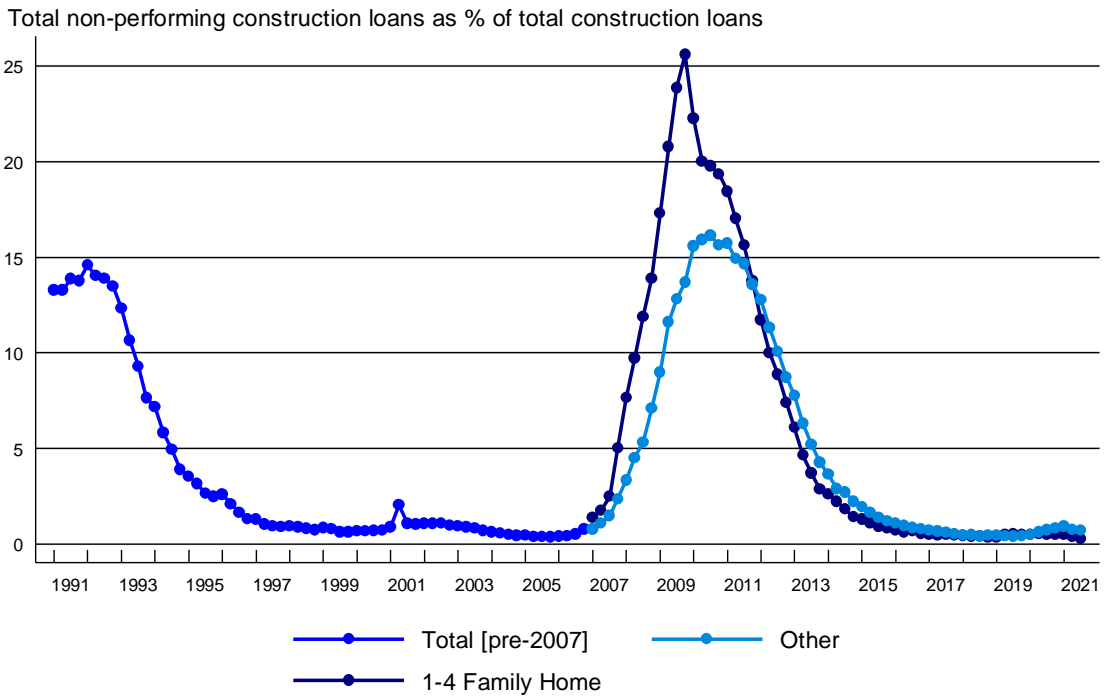


#### Net Charge-offs on Residential Real Estate Loans, Detail

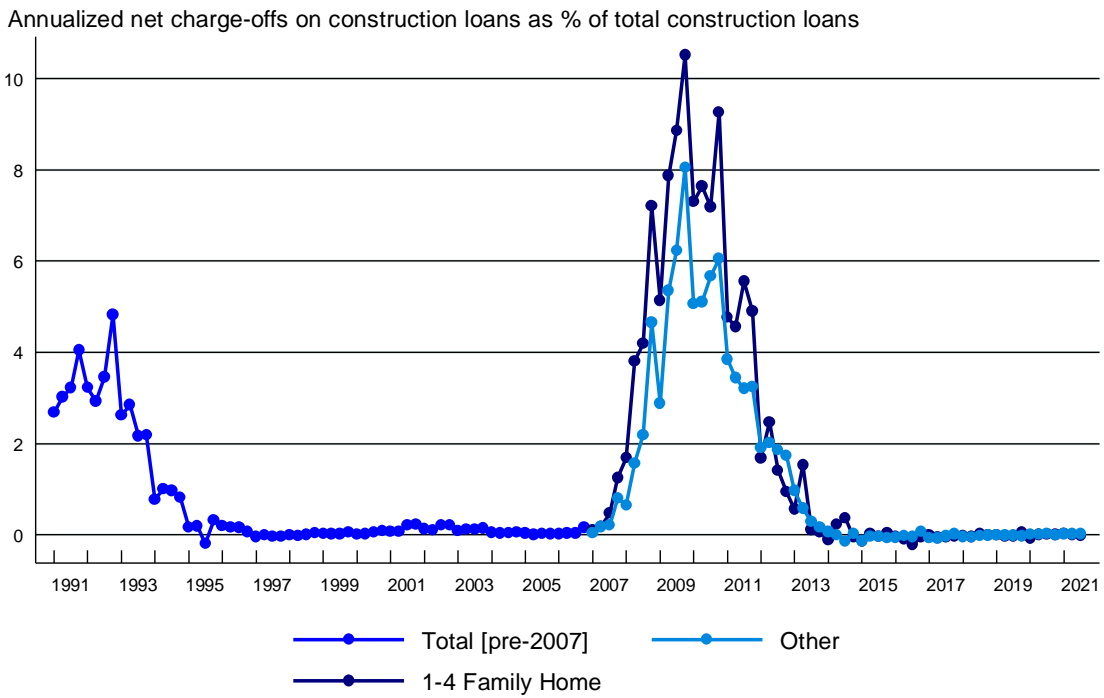


## B. Commercial Real Estate Loans

### Non-performing Construction Loans, Detail

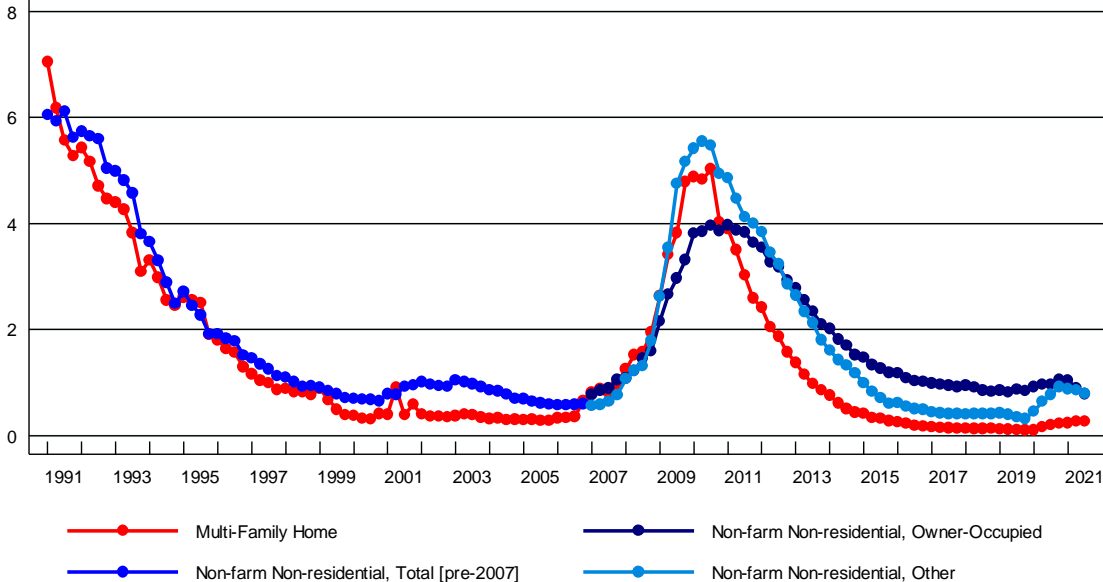


### Net Charge-offs on Construction Loans, Detail



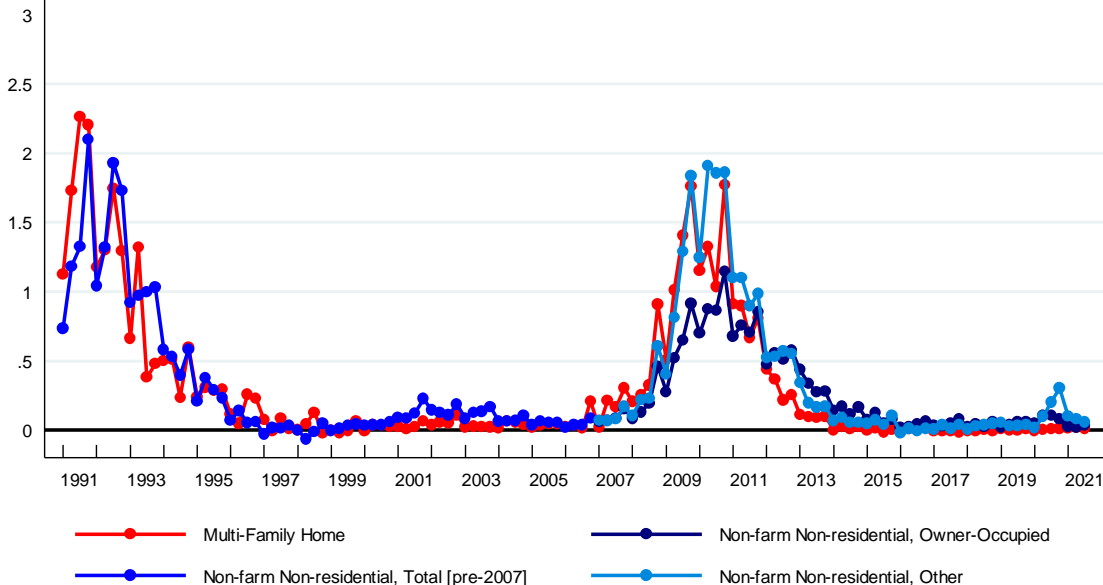
# Non-performing Non-Farm, Other Domestic Real Estate Loans, Detail

Total non-performing non-farm, other domestic real estate loans as % of total non-farm, other domestic real estate loans



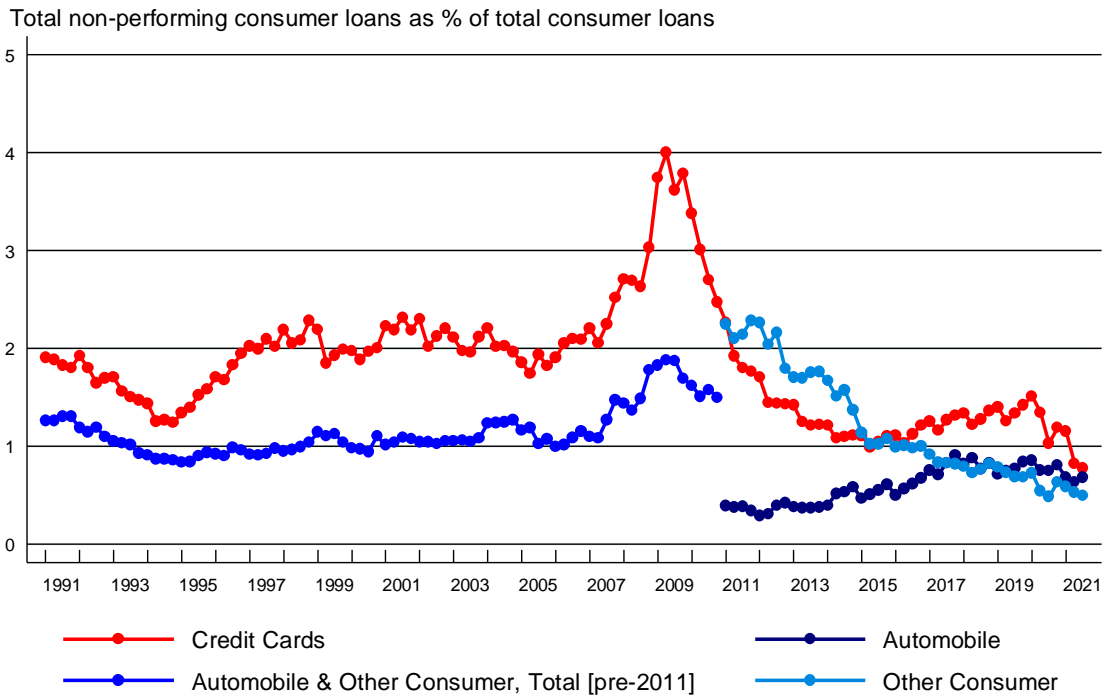
# Net Charge-offs on Non-Farm, Other Domestic Real Estate Loans, Detail

Annualized net charge-offs on non-farm, other domestic real estate loans as % of total non-farm, other domestic real estate loans

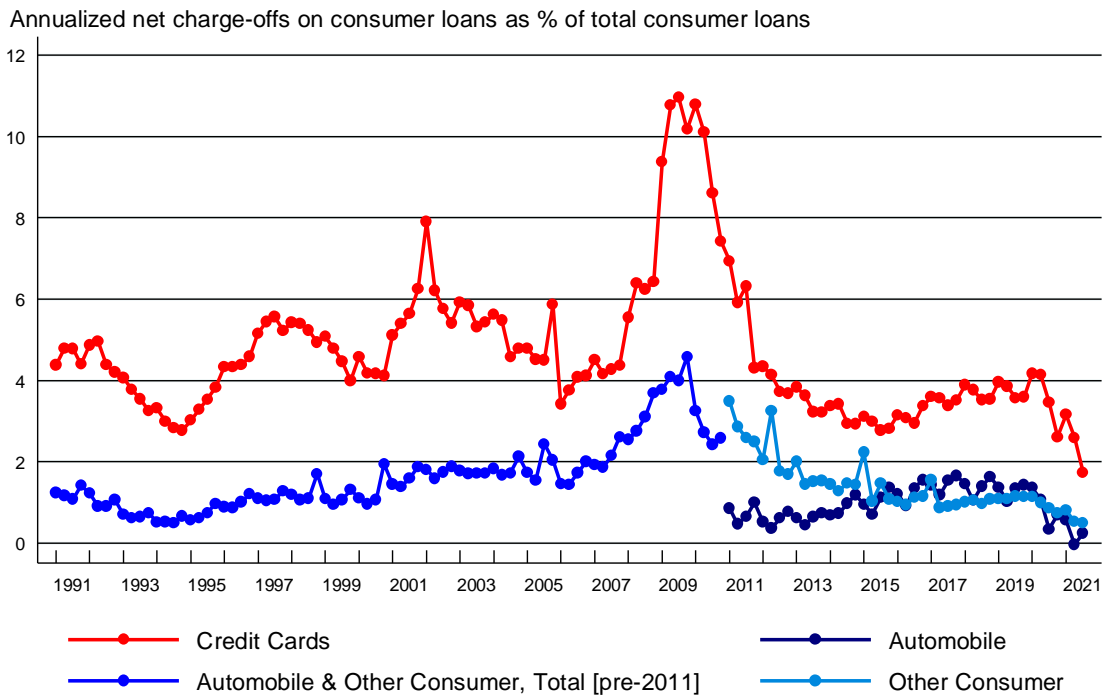


## C. Consumer Loans

### Non-performing Consumer Loans, Detail

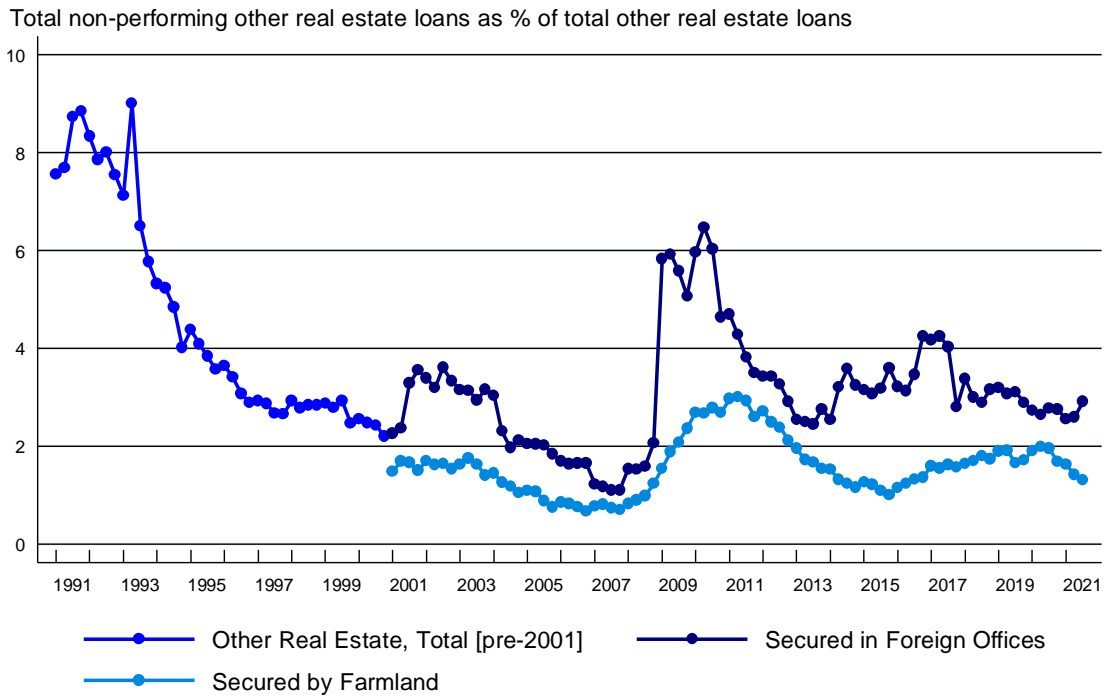


### Net Charge-offs on Consumer Loans, Detail

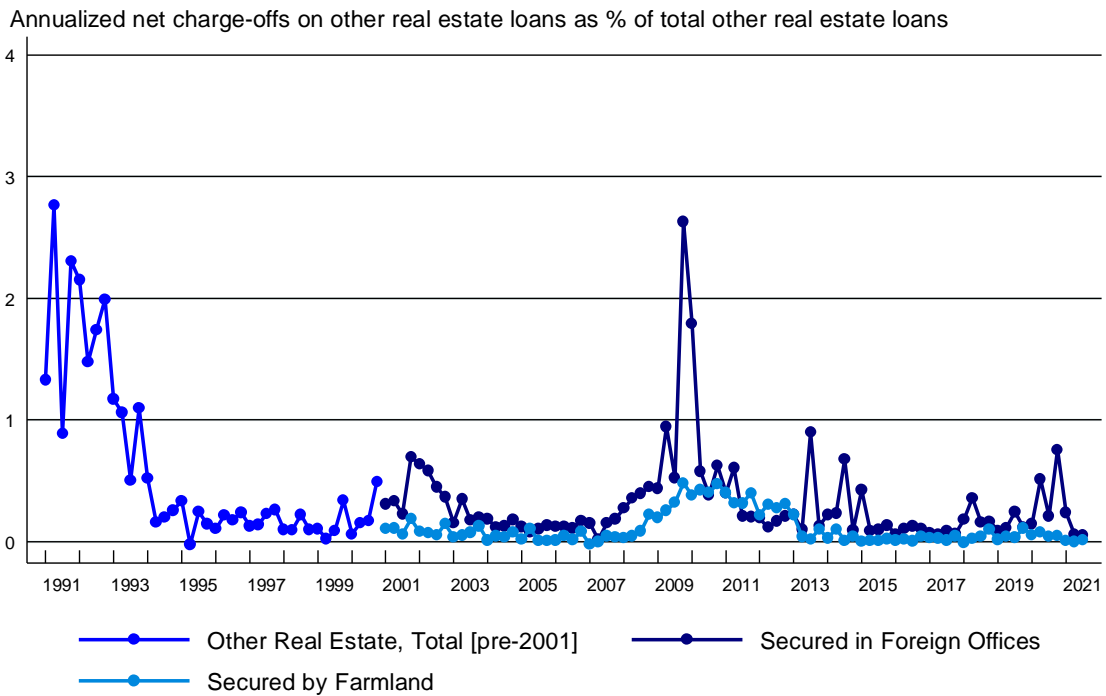


## D. All Other Loans

### Non-performing Other Real Estate Loans, Detail

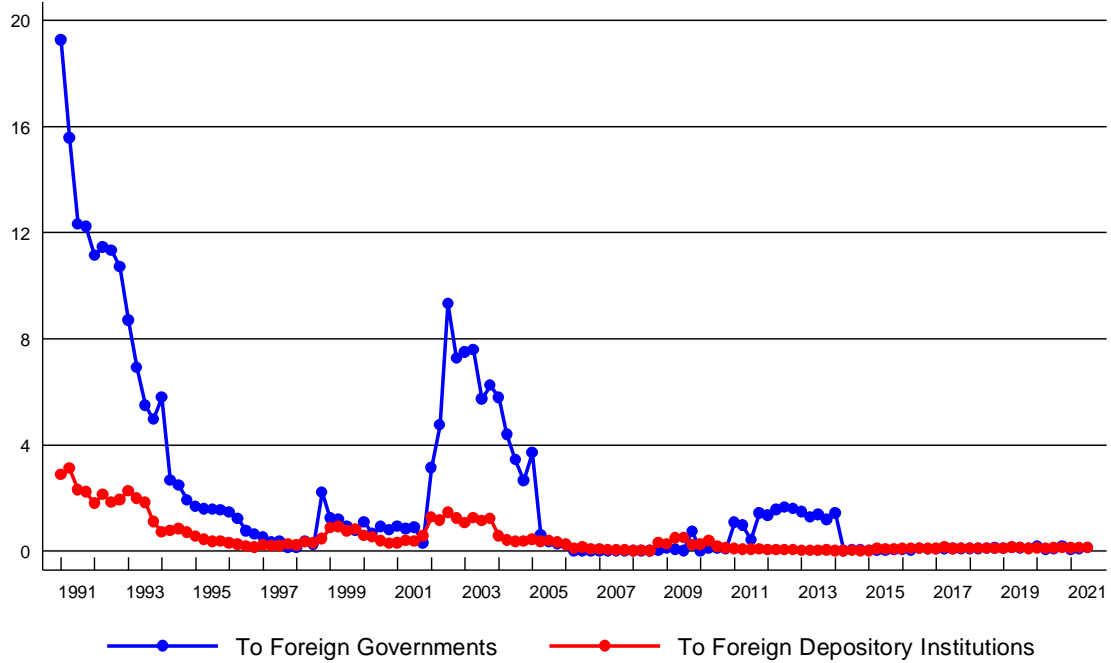


### Net Charge-offs on Other Real Estate Loans, Detail



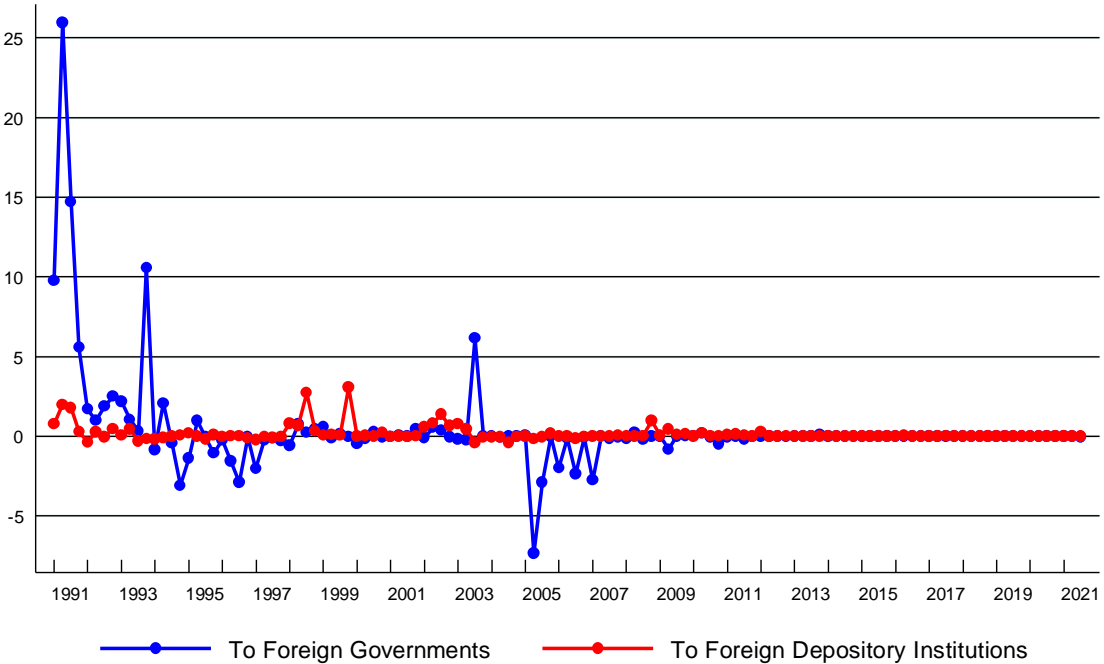
## Non-performing Loans to Foreign Institutions

Total non-performing loans to foreign institutions as % of total loans to foreign institutions

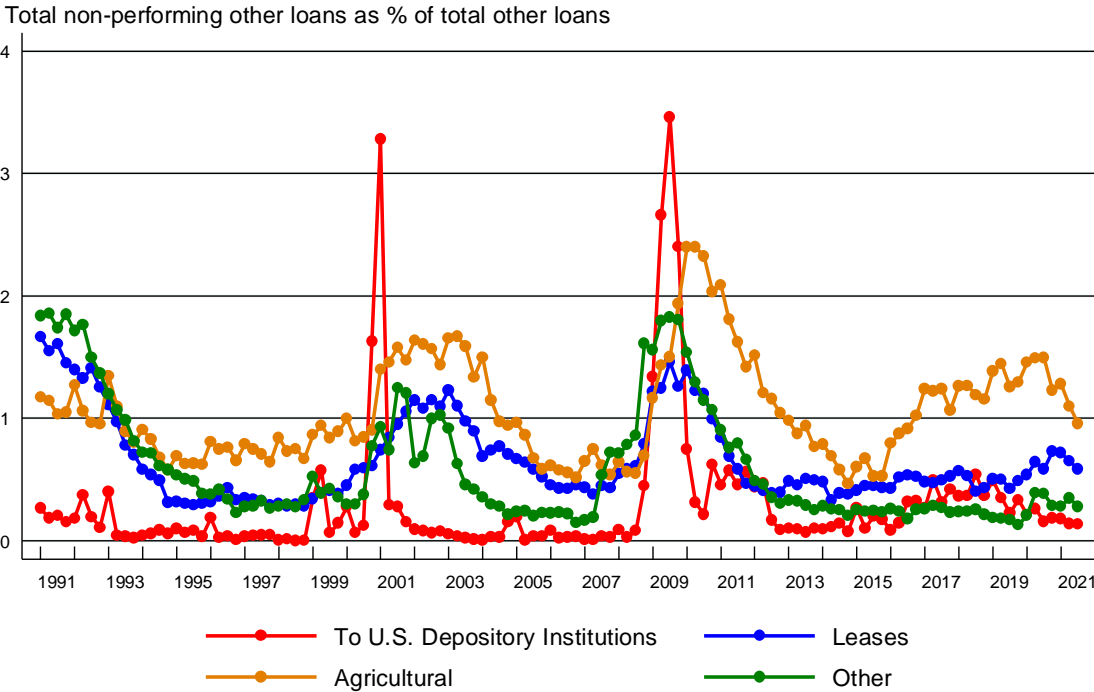


## Net Charge-offs on Loans to Foreign Institutions

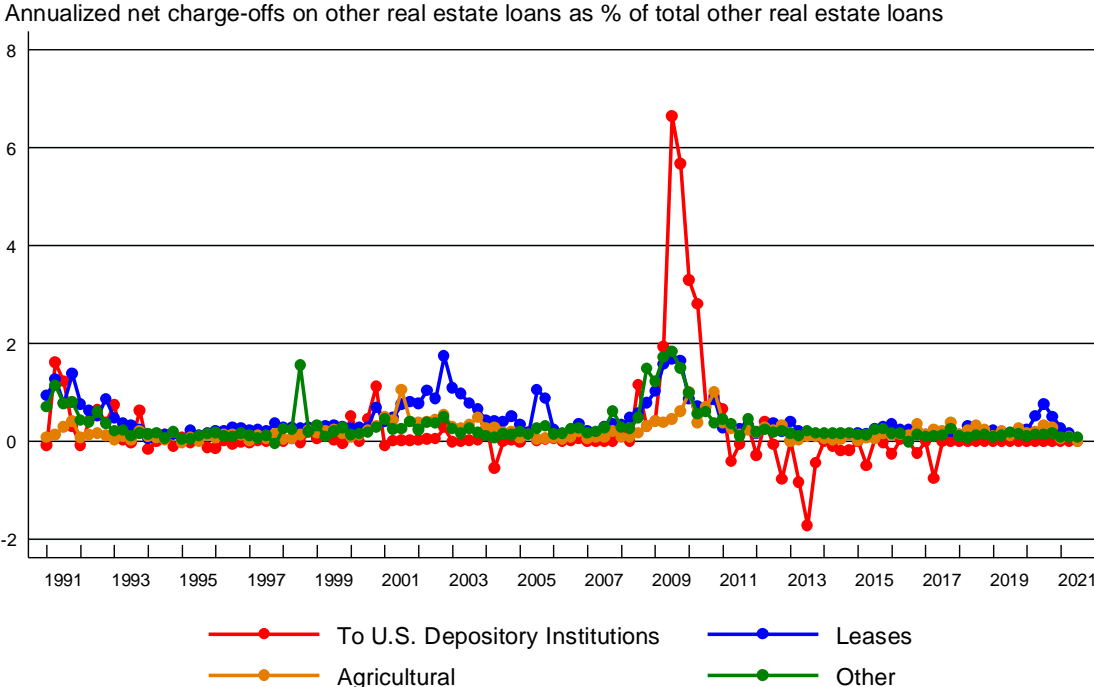
Annualized net charge-offs on loans to foreign institutions as % of total loans to foreign institutions



# Non-performing Other Loans, Detail



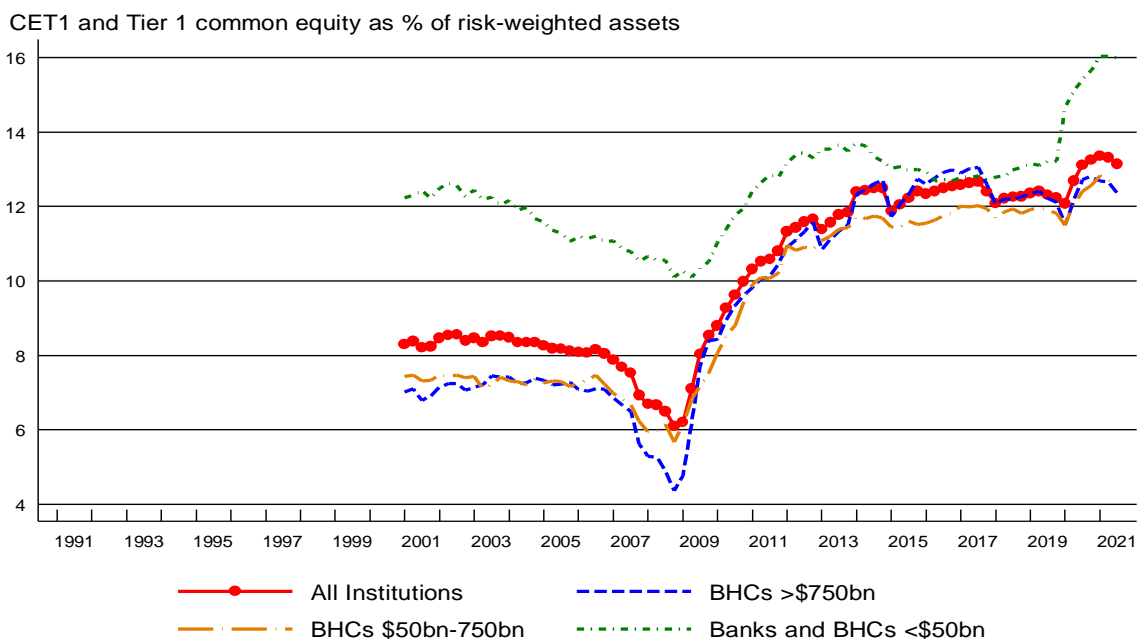
# Net Charge-offs on Other Loans, Detail



## 5. Capital Adequacy and Asset Growth

Note: CET1, tier 1 and total capital is reported instead of the components of tier 1 common equity and tier 1 and total risk-based capital by advanced approaches firms starting in 2014:Q1, and by all other firms starting in 2015:Q1, causing series breaks in some capital ratios in those quarters. Changes in the measurement of RWA starting in 2013:Q1 and 2015:Q1 also affect measurement of risk-weighted capital ratios and the ratio of RWA to total assets starting in those quarters. See "Caveats and Limitations" for details. See data notes for definition of tier 1 common equity. Section 4013 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Interagency Statements on Loan Modifications issued on March 22 and April 7, 2020, may have influenced the calculation of RWA. In addition, the interim final rules of March 23, 2020, and April 13, 2020, and the final rule of October 28, 2020, adopted by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation on the treatment of certain emergency facilities in the regulatory capital rule and the liquidity coverage ratio rule may have impacted the calculation of RWA and the leverage ratio. See "Caveats and Limitations" for details.

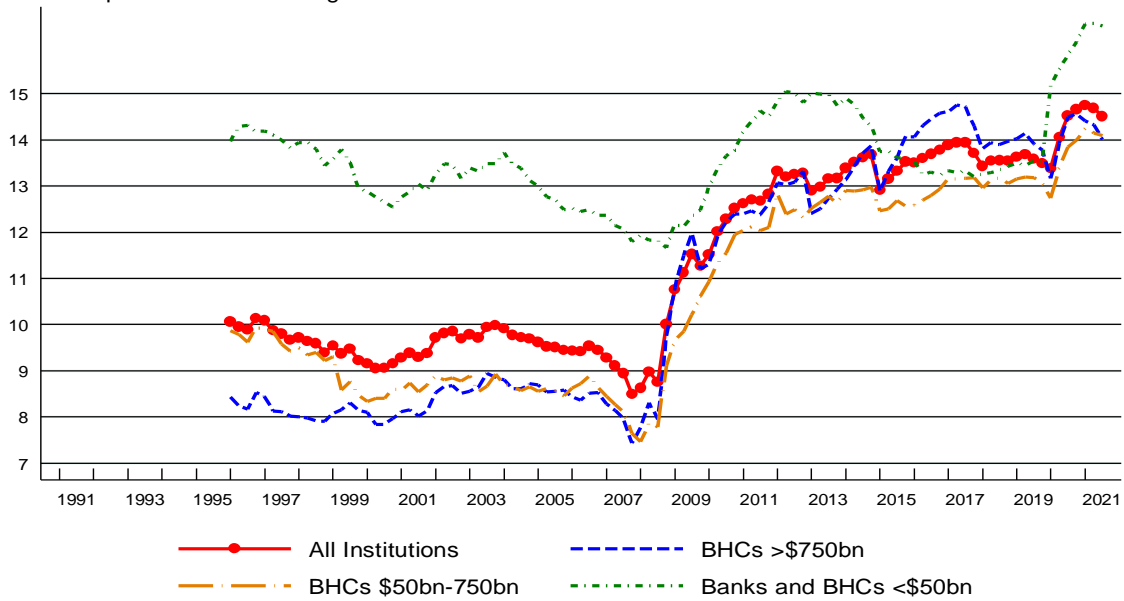
### CET1 and Tier 1 Common Equity Ratio





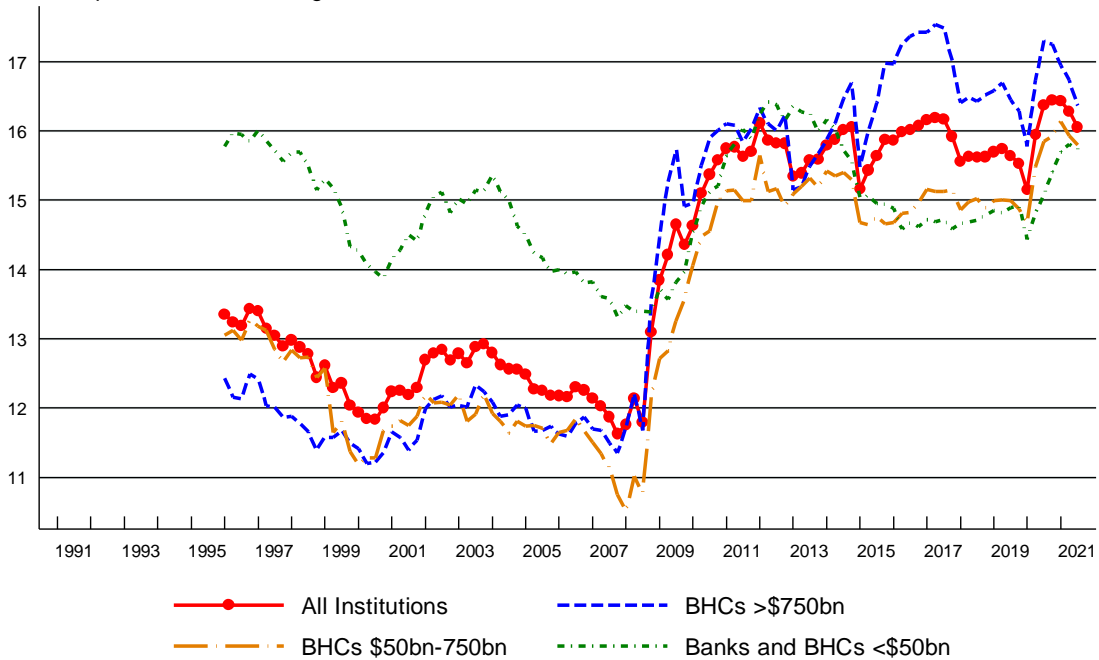
## Tier 1 Capital Ratio

Tier 1 capital as % of risk-weighted assets

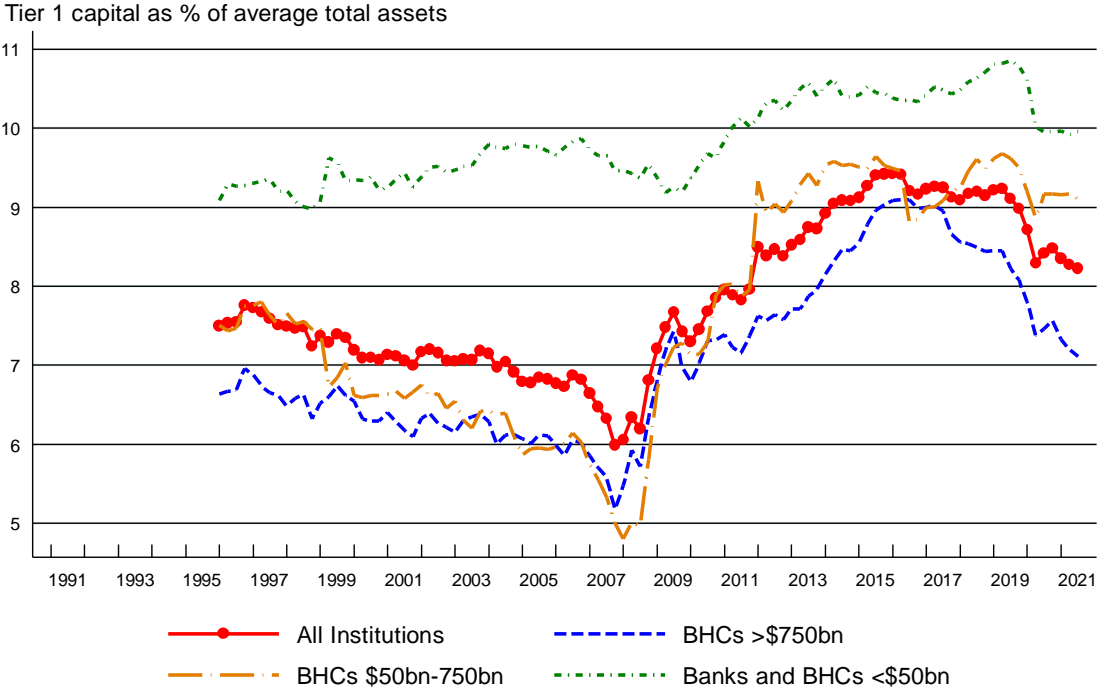


## Total Capital Ratio

Total capital as % of risk-weighted assets

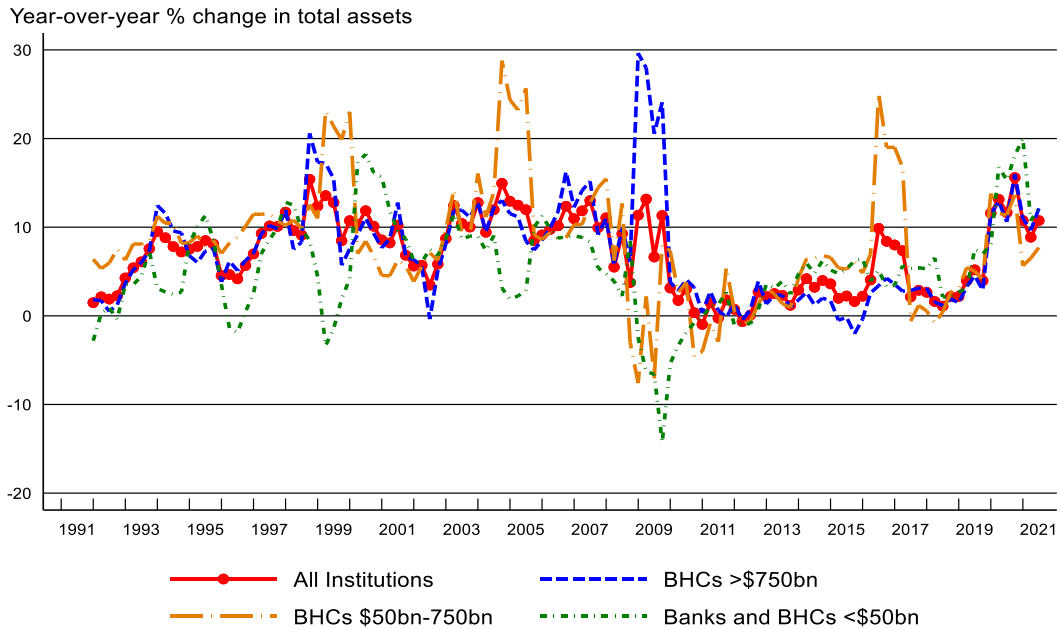


# Leverage Ratio

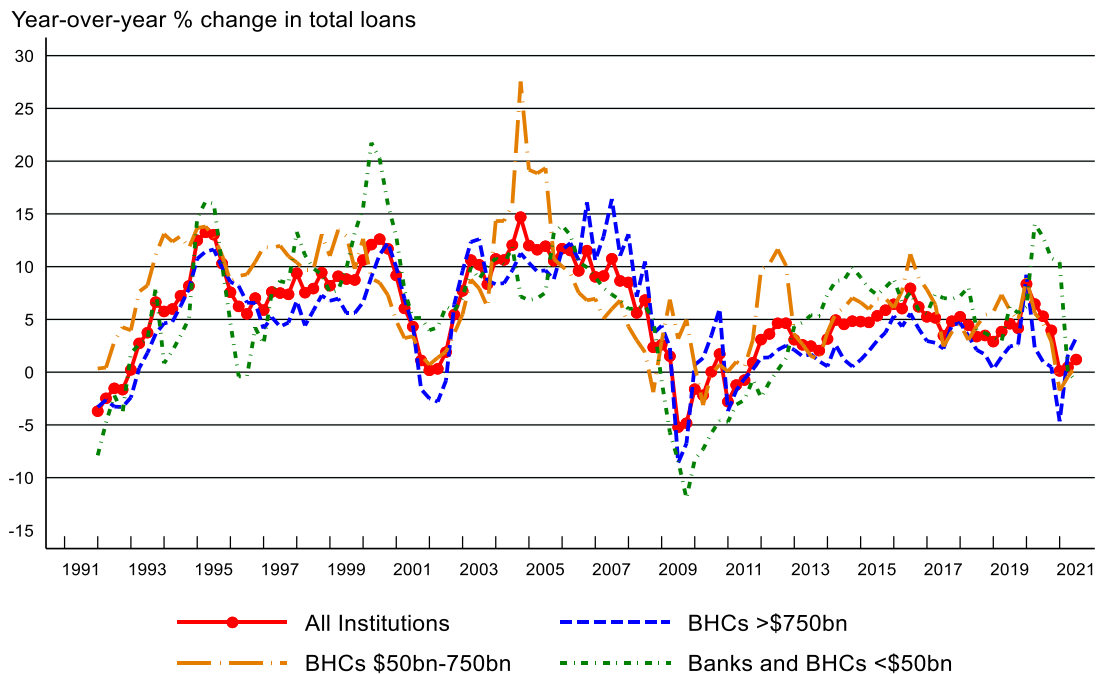


Note: Asset, loan and deposit growth rates presented below are affected by mergers with nonbanking firms and conversions to and from a BHC charter during the sample period. For example, this affects the year-over-year asset growth rate between 2009:Q1 and 2009:Q4 due to the entry of several new firms in 2009:Q1, and between 2016:Q3 and 2017:Q2 due to the introduction of several IHCs in 2016:Q3. See "Caveats and Limitations" for details.

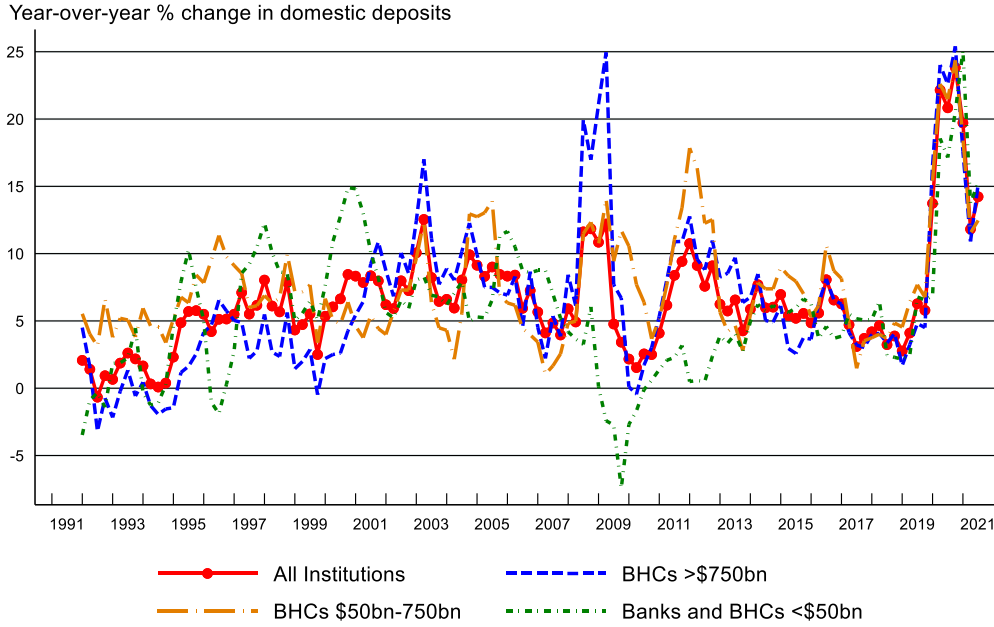
## Asset Growth Rate



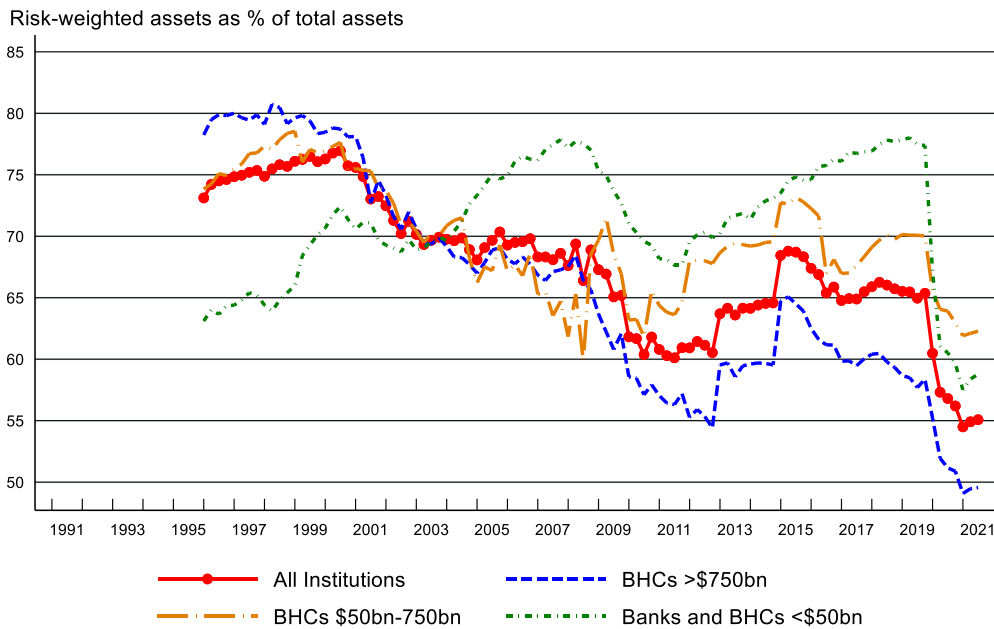
## Loan Growth Rate



## Domestic Deposit Growth Rate



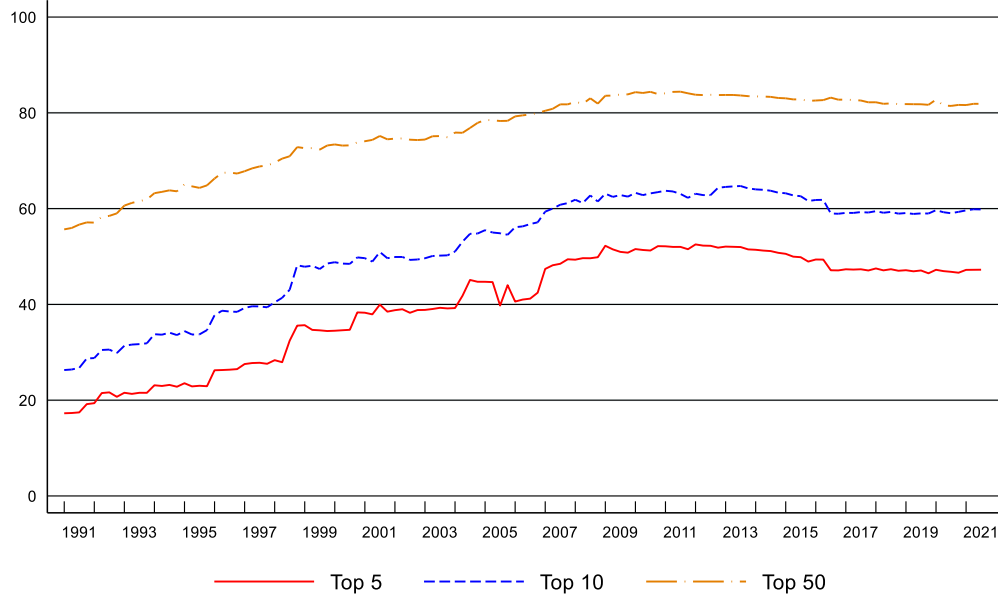
## Risk-Weighted Assets Ratio



Note: Chart starts in 1996:Q1 because data for risk-weighted assets are not reported prior to that date. Values of the ratio are affected by changes in the definition of risk weighted assets over time, particularly in 2013:Q1 and 2015:Q1. See "Caveats and Limitations" for details.

# Industry Concentration

Assets of the 5, 10, and 50 largest firms as % of total industry assets



**Financial Statistics for Large BHCs and Banks**  
2021Q3

| Rank  | Name of Institution     | Total Assets<br>(Bil USD) | Quarterly<br>Net Income<br>(Mil USD) | Profitability                     |                                   | Capital Adequacy Ratios (%) |                         |                        |
|---|-------------------------|---------------------------|--------------------------------------|-----------------------------------|-----------------------------------|-----------------------------|-------------------------|------------------------|
|   |                         |                           |                                      | Annualized<br>Return on<br>Assets | Annualized<br>Return on<br>Equity | CET1 Ratio                  | Tier 1<br>Capital Ratio | Total Capital<br>Ratio |
| 1   | JPMORGAN CHASE & CO     | 3757.58                   | 11687.00                             | 1.24                              | 16.12                             | 12.89                       | 15.00                   | 16.89                  |
| 2   | BANK OF AMER CORP       | 3085.45                   | 7691.00                              | 1.00                              | 11.29                             | 11.12                       | 12.62                   | 14.70                  |
| 3   | CITIGROUP               | 2361.88                   | 4644.00                              | 0.79                              | 9.25                              | 11.65                       | 13.15                   | 15.91                  |
| 4   | WELLS FARGO & CO        | 1954.90                   | 5122.00                              | 1.05                              | 10.84                             | 11.62                       | 13.18                   | 16.21                  |
| 5   | GOLDMAN SACHS GROUP THE | 1443.24                   | 5378.00                              | 1.49                              | 20.24                             | 14.05                       | 15.45                   | 17.71                  |
| 6   | MORGAN STANLEY          | 1190.48                   | 3707.00                              | 1.25                              | 14.00                             | 16.02                       | 17.64                   | 19.89                  |
| 7   | U S BC                  | 567.50                    | 2028.00                              | 1.43                              | 15.09                             | 10.15                       | 11.74                   | 13.41                  |
| 8   | PNC FNCL SVC GROUP      | 554.46                    | 1473.79                              | 1.06                              | 10.48                             | 10.27                       | 11.55                   | 13.59                  |
| 9   | TRUIST FC               | 529.88                    | 1704.00                              | 1.29                              | 9.89                              | 10.12                       | 11.86                   | 13.87                  |
| 10  | TD GRP US HOLDS LLC     | 514.44                    | 1003.22                              | 0.78                              | 6.89                              | 16.87                       | 16.87                   | 18.05                  |
| 11  | BANK OF NY MELLON CORP  | 470.53                    | 947.00                               | 0.81                              | 8.69                              | 11.73                       | 14.36                   | 15.26                  |
| 12  | CAPITAL ONE FC          | 425.38                    | 3103.44                              | 2.92                              | 19.54                             | 13.85                       | 15.70                   | 18.15                  |
| 13  | STATE STREET CORP       | 323.14                    | 714.00                               | 0.88                              | 10.46                             | 13.50                       | 15.19                   | 16.65                  |
| 14  | HSBC N AMER HOLDS       | 253.91                    | 145.94                               | 0.23                              | 2.89                              | 15.03                       | 17.08                   | 20.06                  |
| 15  | FIFTH THIRD BC          | 207.73                    | 704.12                               | 1.36                              | 12.50                             | 9.86                        | 11.28                   | 13.94                  |
| 16  | BMO FNCL CORP           | 195.15                    | 482.39                               | 0.99                              | 8.62                              | 13.90                       | 14.98                   | 16.73                  |
| 17  | SVB FNCL GRP            | 191.00                    | 387.95                               | 0.81                              | 10.85                             | 12.73                       | 15.37                   | 15.87                  |
| 18  | UBS AMERS HOLD LLC      | 188.40                    | 405.86                               | 0.86                              | 5.84                              | 20.72                       | 24.98                   | 25.83                  |
| 19  | CITIZENS FNCL GRP       | 187.55                    | 529.22                               | 1.13                              | 9.04                              | 10.27                       | 11.59                   | 13.37                  |
| 20  | KEYCORP                 | 187.20                    | 646.20                               | 1.38                              | 14.76                             | 9.56                        | 10.90                   | 12.71                  |
| 21  | AMERICAN EXPRESS CO     | 184.26                    | 1826.00                              | 3.96                              | 29.90                             | 12.64                       | 14.21                   | 15.70                  |
| 22  | ALLY FNCL               | 179.18                    | 712.00                               | 1.59                              | 16.47                             | 11.20                       | 12.81                   | 14.56                  |
| 23  | HUNTINGTON BSHRS        | 173.88                    | 377.33                               | 0.87                              | 7.75                              | 9.57                        | 11.35                   | 13.57                  |
| 24  | BARCLAYS US LLC         | 173.63                    | 537.00                               | 1.24                              | 11.59                             | 14.99                       | 17.61                   | 19.38                  |
| 25  | FIRST REPUBLIC BK       | 172.57                    | 369.69                               | 0.86                              | 9.99                              | 9.81                        | 12.25                   | 13.45                  |
| 26  | NORTHERN TR CORP        | 169.09                    | 395.61                               | 0.94                              | 13.30                             | 11.91                       | 12.92                   | 14.29                  |
| 27  | RBC US GRP HOLDS LLC    | 164.03                    | 253.84                               | 0.62                              | 5.34                              | 14.85                       | 14.85                   | 15.39                  |
| 28  | BNP PARIBAS USA         | 159.18                    | 180.20                               | 0.45                              | 3.89                              | 16.17                       | 16.19                   | 18.57                  |
| 29  | REGIONS FC              | 156.41                    | 651.00                               | 1.66                              | 14.00                             | 10.76                       | 12.30                   | 14.09                  |
| 30  | SANTANDER HOLDS USA     | 155.86                    | 706.70                               | 1.81                              | 12.80                             | 18.36                       | 20.19                   | 21.59                  |
| 31  | M&T BK CORP             | 151.90                    | 495.46                               | 1.30                              | 11.31                             | 11.15                       | 12.83                   | 15.06                  |
| 32  | DB USA CORP             | 124.72                    | 134.00                               | 0.43                              | 3.93                              | 26.74                       | 34.82                   | 34.86                  |
| 33  | DISCOVER FS             | 108.54                    | 1091.68                              | 4.02                              | 32.92                             | 15.52                       | 16.67                   | 18.52                  |
| 34  | SIGNATURE BK            | 107.85                    | 241.42                               | 0.90                              | 12.58                             | 10.49                       | 11.53                   | 12.96                  |
| 35  | CREDIT SUISSE HOLD USA  | 105.86                    | 252.98                               | 0.96                              | 4.03                              | 28.67                       | 29.45                   | 29.63                  |
| 36  | COMERICA                | 94.72                     | 262.00                               | 1.11                              | 13.43                             | 10.27                       | 10.85                   | 12.57                  |
| 37  | FIRST HORIZON CORP      | 88.54                     | 231.77                               | 1.05                              | 11.25                             | 10.09                       | 11.24                   | 12.64                  |
| 38  | ZIONS BC NA             | 88.31                     | 239.75                               | 1.09                              | 12.34                             | 10.85                       | 11.62                   | 13.57                  |
| 39  | POPULAR                 | 74.19                     | 248.00                               | 1.34                              | 16.58                             | 17.36                       | 17.43                   | 19.90                  |
| 40  | PEOPLES UNITED FNCL INC | 63.68                     | 139.69                               | 0.88                              | 7.18                              | 11.70                       | 12.27                   | 13.42                  |
| 41  | RAYMOND JAMES FNCL      | 61.89                     | 428.41                               | 2.77                              | 20.78                             | 25.00                       | 25.00                   | 26.18                  |
| 42  | EAST WEST BC            | 60.96                     | 225.45                               | 1.48                              | 15.85                             | 12.79                       | 12.79                   | 14.17                  |
| 43  | CIBC BC USA             | 60.56                     | 159.25                               | 1.05                              | 6.78                              | 14.27                       | 14.27                   | 15.46                  |
| 44  | NEW YORK CMNTY BC       | 57.89                     | 148.79                               | 1.03                              | 8.54                              | 9.92                        | 11.13                   | 13.11                  |
| 45  | FIRST CITIZENS BSHRS    | 56.90                     | 124.07                               | 0.87                              | 10.83                             | 11.34                       | 12.32                   | 14.30                  |
| 46  | SYNOVUS FC              | 55.51                     | 186.77                               | 1.35                              | 14.22                             | 9.58                        | 10.79                   | 12.92                  |
| 47  | CIT GROUP               | 54.42                     | 175.46                               | 1.29                              | 11.37                             | 11.93                       | 13.02                   | 15.29                  |
| 48  | WESTERN ALLI BC         | 52.78                     | 236.93                               | 1.80                              | 21.00                             | 8.72                        | 9.63                    | 12.56                  |
| 49  | MIZUHO AMERS LLC        | 48.82                     | 113.00                               | 0.93                              | 9.01                              | 16.85                       | 16.85                   | 16.88                  |
| 50  | CULLEN/FROST BKR        | 47.98                     | 107.98                               | 0.90                              | 9.88                              | 13.42                       | 14.01                   | 15.90                  |
| <b>TOTALS**</b> TOP 50 (BHCS AND BANKS)           |                         | 21843.86                  | 63756.34                             | 1.17                              | 12.48                             | 12.46                       | 14.04                   | 16.13                  |
| <b>TOTALS**</b> ALL INSTITUTIONS (BHCS AND BANKS) |                         | 26674.37                  | 80307.64                             | 1.20                              | 12.46                             | 13.14                       | 14.50                   | 16.05                  |

\* There are three non-BHCs in the Top 50: First Republic Bank, Zions Bancorporation National Association, and Signature Bank. The Top 50 excludes non-typical institutions (see Data Note 2).

\*\* For the industry net income and capital adequacy ratios, we sum the numerator and denominator across individual firms and then compute ratios.

# Notes and Caveats

## Methodology

The data used to construct the statistics in this report are drawn from the quarterly Consolidated Financial Statements for Bank Holding Companies (FR Y-9C), and Consolidated Reports of Condition and Income for commercial banks (FFIEC 031 and 041). Reported statistics are defined in a time-consistent way across reporting form vintages.

To calculate the “all institutions” quarterly series, we aggregate the data for top-tier holding companies, including US bank holding companies (BHCs), Intermediate Holding Company (IHC) subsidiaries of foreign banking organizations,<sup>3</sup> commercial banks owned by BHCs that are too small to file Y-9C reports (the current reporting threshold is \$3bn of total assets)<sup>4</sup>, and unaffiliated (stand-alone) commercial banks not owned by a BHC. We identify “top-tier” BHCs or IHCs (i.e. the U.S. parent entity) via the National Information Center (NIC, <http://www.ffiec.gov/nicpubweb/nicweb/nichome.aspx>), which provides data on firm attributes and structure. We identify commercial banks that are standalone firms or are owned by small BHCs by identifying all US commercial banks whose high holder does not submit a FR Y-9C report.

Separate statistics are also reported in the Quarterly Trends report for the subset of BHCs with greater than \$750 billion in total assets as of the current quarter, for the subset of BHCs or IHCs<sup>5</sup> with \$50 - \$750 billion in total assets in the current quarter, and for the remainder of the industry. For consistency, time-series graphs for the “>\$750bn” and “\$50-\$750bn” groups are in general prepared on a pro forma (merger-adjusted) basis; specifically, on the basis that all BHCs acquired by each of these firms over the sample period with US regulatory filings are part of the consolidated BHC from the start of the historical time period. Data values of acquired BHCs are then summed with acquirer data in the period before the acquisition. Merger events are identified using the NIC transformations table maintained by the Federal Reserve Board of Governors. After constructing the pro forma series for each firm, we aggregate the data to create the “BHCs >\$750bn” and the “BHCs \$50-\$750bn” series. Finally, the “all other banks and BHCs” quarterly series is constructed by subtracting the “BHCs > \$750bn” and “BHCs \$50-\$750bn” series from the “all institutions” series.

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<sup>3</sup> The term “foreign-banking organization” generally refers to a foreign bank that (1) operates a branch, agency, or commercial lending company subsidiary in the United States; (2) controls a bank in the United States; or (3) controls an Edge corporation acquired after March 5, 1987. The term also includes any company of which such a foreign bank is a subsidiary. See 12 C.F.R. § 211.11(o).

<sup>4</sup> The asset size threshold was increased from \$1bn to \$3bn effective September 2018 (2018Q3). Because we include both banks and BHCs in our aggregate calculations, this did not affect our report in a significant way.

## Caveats and Limitations

Statistics in this report are presented “as is,” based on calculations conducted by Federal Reserve Bank of New York research staff. While significant efforts have been made to ensure accuracy, the statistics presented here may be subject to future revisions, for example because of changes or improvements in the “pro forma” methodology used to calculate statistics for industry subgroups.

We highlight a number of important limitations of the statistics presented here:

- Statistics exclude financial firms that are not either commercial banks or part of a commercial bank holding company or IHC. This creates discontinuities in the time-series graphs when nonbanking firms are acquired or sold by banks or BHCs, or when firms switch to or from a bank or BHC charter. For example, in 2009:Q1, Goldman Sachs, Morgan Stanley, Ally Financial, and American Express each began filing a FR Y-9C due to the conversion of each of these firms to a commercial banking holding company charter. This largely accounts for the sharp 13% increase in total measured industry assets in 2009:Q1, and a corresponding discontinuous upward shift in the industry asset growth rate during 2009. Similarly, four large IHCs enter the data sample in 2016:Q3 (Credit Suisse Holdings, Deutsche Bank USA, UBS Americas, and Barclays US) and other firms consolidate nonbanking assets under their designated IHC over the course of 2016. This causes industry assets to rise by approximately 4% in 2016:Q3, and has smaller effects on industry assets in earlier quarters.
- For the same reason, only 4 of the 6 BHCs in the BHCs > \$750bn group exist in the data for the entire sample period from 1991:Q1 onwards: JPMorgan Chase, Bank of America, Wells Fargo, and Citigroup. Goldman Sachs and Morgan Stanley enter the sample in 2009:Q1.
- Flow variables in bank and BHC regulatory filings are reported on a year-to-date basis. Quarterly flow variables are derived by “quarterizing” the data, that is, by subtracting the variable at time  $t-1$  from the variable at time  $t$  for Q2, Q3, and Q4 of each calendar year. This quarterization procedure can create discontinuities when a bank or BHC enters the sample any time other than in Q1. To account for this, we average the value of flow variables for mid-year entrants using up to four subsequent consecutive quarters of data to generate a usable data point for the quarter of entry. If an institution is in the sample for only one quarter, we drop the flow variables from the firm’s quarter of entry from the sample.
- Due to data limitations, industry statistics exclude nonbank subsidiaries of small BHCs that do not file a FR Y-9C (currently the FR Y-9C is filed only by firms with \$3bn in total assets, although this reporting threshold has changed over time).



The effect of this exclusion on industry statistics is expected to be minor, however, since small BHCs generally do not have large nonbank subsidiaries.

- As part of the transition to the Basel III capital framework, during 2014, advanced approaches holding companies commenced filing Part 1.B of schedule HC-R of the Y-9C, and no longer filed Part 1.A of this schedule. (Part 1.A of schedule HC-R was still filed by non-advanced-approaches firms). One consequence of this reporting change was that advanced approaches firms no longer reported the components used to calculate tier 1 common equity, and instead reported common equity tier 1 (CET1). The change in reporting also affected other capitalization measures such as tier 1 capital. This report presents capital ratios that combine the capital reported by firms in Part 1.A and Part 1.B during 2014. It does not attempt to adjust measured capital ratios to account for the methodological differences between these two measures. Beginning in 2015:Q1, all remaining firms began reporting regulatory capital under the Basel III framework. Consequently, Part 1.A of the schedule HC-R has now been retired, and Part 1.B of this schedule has been renamed as Part 1.

In addition, in 2015:Q1 firms commenced reporting risk weighted assets according to Basel III definitions rather than Basel I definitions.

The relevant figures presented in this report represent a combination of Basel I and Basel III capital and risk weighted asset measures, depending on which measure is available for each firm at each point in time. No attempt is made to adjust these measures for comparability. As a result, these series are subject to structural breaks due to the changes in reporting definitions described above. This for example accounts for the sharp increase in the ratio of risk weighted assets to total assets observed in 2015:Q1.

- The implementation of the Basel II.5 US market risk rule in 2013:Q1 affects the measurement of risk-weighted assets beginning in that quarter.
- Starting on January 1, 2020, most firms that are public companies began to adopt the Financial Accounting Standards Board (FASB)'s new "current expected credit losses" (CECL) methodology for estimating allowances for credit losses. This affects the calculation of loan loss provisions and loan loss reserves. Firms also had the option of mitigating the effects of the adoption of CECL on their regulatory capital for 2 years, followed by a 3-year phase in period.

- In 2020:Q1, some non-advanced approaches firms began to implement a simplified capital rule to calculate CET1 in Schedule HC-R Part II. This is reflected in the calculation of aggregate CET1 and related ratios.
- Section 4013 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Interagency Statements on Loan Modifications issued on March 22 and April 7, 2020, allowed banks to suspend the recognition of certain loan modifications as troubled debt restructurings (TDRs) during the applicable period under the CARES Act as extended by the Consolidated Appropriations (CA) Act (i.e., between March 1, 2020 and the earlier of (i) 60 days after the National Emergency ends or (ii) January 1, 2022). This may have an impact on the calculation of loan loss provisions, loan loss reserves, non-performing loans, net charge-offs, and risk-weighted assets.
- The interim final rules of March 23, 2020, and April 13, 2020, and the final rule of October 28, 2020, adopted by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (together, the agencies), allowed banking organizations to neutralize the regulatory capital effects of participating in the Money Market Mutual Fund Liquidity Facility (MMLF) and the Paycheck Protection Program Liquidity Facility (PPPLF). In addition, Paycheck Protection Program loans receive a zero percent risk weight under the agencies' regulatory capital rules. This may have an impact on the calculation of risk-weighted assets and the leverage ratio.

## Data Notes

1. As of 2020Q1, the largest asset group used for statistics reported by BHC size was raised from a threshold of \$500bn to \$750bn to reflect the changing nature of the banking industry. The six BHCs previously reported in the >\$500bn group remain the same in the new >\$750bn set (J.P. Morgan Chase, Bank of America, Citigroup, Wells Fargo, Goldman Sachs, and Morgan Stanley). In general, the subsets of BHCs with statistics reported by asset totals remain consistent throughout time in this report.
2. The definition of tier 1 common equity for BHCs used for this report is: tier 1 common equity = tier 1 capital – perpetual preferred stock and related surplus + nonqualifying perpetual preferred stock – qualifying Class A noncontrolling (minority) interests in consolidated subsidiaries – qualifying restricted core capital elements (other than cumulative perpetual preferred stock) – qualifying mandatory convertible preferred securities of internationally active bank holding companies. The definition of tier 1 common equity for banks is: tier 1 common

equity = tier 1 capital – perpetual preferred stock and related surplus + nonqualifying perpetual preferred stock – qualifying noncontrolling (minority) interests in consolidated subsidiaries.

3. Some FR Y-9C and call report filers deemed to be non-typical of the US commercial banking industry are excluded from the historical data sample used to construct the Quarterly Trends report, including ICE Trust U.S. LLC, The Depository Trust Company, UBS Bank USA, Taunus Corporation, John Hancock and MetLife Inc.
4. In the first quarter of 2010, banking organizations were required to transfer certain off-balance sheet items onto their balance sheets under FASB 166 and 167. These guidelines substantially affected loan balances, as large amounts of securitized loans were transferred onto bank balance sheets for accounting purposes. This accounting change caused an increase in year-over-year growth rates of loans and total assets during this period.