Supervision and Regulation Report

November 2024

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

The Federal Reserve System is the central bank of the United States. It performs five key functions to promote the effective operation of the U.S. economy and, more generally, the public interest.

The Federal Reserve

- **conducts the nation's monetary policy** to promote maximum employment and stable prices in the U.S. economy;
- **promotes the stability of the financial system** and seeks to minimize and contain systemic risks through active monitoring and engagement in the U.S. and abroad;
- **promotes the safety and soundness of individual financial institutions** and monitors their impact on the financial system as a whole;
- **fosters payment and settlement system safety and efficiency** through services to the banking industry and U.S. government that facilitate U.S.-dollar transactions and payments; and
- **promotes consumer protection and community development** through consumer-focused supervision and examination, research and analysis of emerging consumer issues and trends, community economic development activities, and administration of consumer laws and regulations.

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Preface

The Federal Reserve promotes the safety and soundness of individual financial institutions and monitors their impact on the financial system. It is responsible for supervising—monitoring, inspecting, and examining—certain financial institutions of varying size and complexity to ensure that they comply with rules and regulations, and that they operate in a safe and sound manner. The Federal Reserve supervises bank holding companies, savings and loan holding companies, the U.S. operations of foreign banking organizations, and state member banks.

The Federal Reserve Board publishes its semiannual *Supervision and Regulation Report* to inform the public and provide transparency about its supervisory and regulatory policies and actions, as well as current banking conditions. Previous reports are available at https://www.federalreserve.gov/publications/supervision-and-regulation-report.htm.

For more information on how the Federal Reserve promotes the safety and soundness of individual financial institutions and the financial system, see *The Fed Explained*: *What the Central Bank Does* at https://www.federalreserve.gov/aboutthefed/the-fed-explained.htm and visit the Supervision and Regulation webpage on the Board's public website at https://www.federalreserve.gov/supervisionreg.htm.

Abbreviations

AML	anti-money laundering
BHC	bank holding company
BSA	Bank Secrecy Act
CA	Consumer Affairs
CAMELS ratings	Capital, Asset quality, Management, Earnings, Liquidity, and Sensitivity to market risk ratings
CBLR	community bank leverage ratio
CBO	community banking organization
CDS	credit default swap
CET1	common equity tier 1
CRE	commercial real estate
FBO	foreign banking organization
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
Fintech	financial technology company
G-SIB	global systemically important bank
IHC	intermediate holding company
IT	information technology
LBO	large banking organization
LFBO	large and foreign banking organization
LFI	large financial institution
LISCC	Large Institution Supervision Coordinating Committee
NBA	nonbank assets
RBO	regional banking organization
SHC	securities holding company
SLHC	savings and loan holding company
SMB	state member bank
SR	Supervision and Regulation
TCE	tangible common equity
wSTWF	weighted short-term wholesale funding

Executive Summary

The banking system remains sound and resilient overall. Most banks continue to report strong capital levels above applicable regulatory requirements. Liquidity and funding conditions remain stable compared to 2023. Asset quality generally remains sound. However, credit performance in commercial real estate (CRE) lending and some consumer lending sectors continues to show signs of weakness. Banks are adding to credit loss reserves to protect against potential credit losses.

The Federal Reserve remains committed to improving the speed, force, and agility of supervision, as appropriate. The Federal Reserve continues to closely monitor risks to the banking sector, including credit, liquidity, and interest-rate risks.

This report focuses on developments in three areas:

1. Banking System Conditions provides an overview of the financial condition of the banking sector.
2. Regulatory Developments outlines the Federal Reserve's recent regulatory policy work.
3. Supervisory Developments highlights the Federal Reserve's current supervisory programs and priorities.

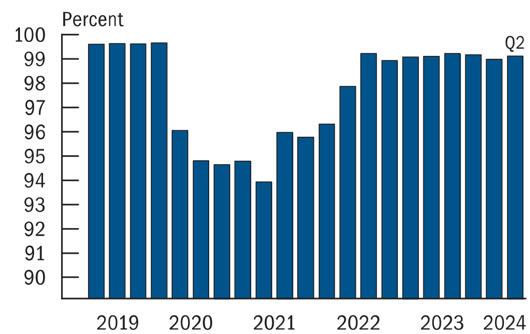
Banking System Conditions

The banking system remains sound and resilient. Asset quality remains sound overall and earnings are solid. Pockets of elevated risk pose challenges for some banks. Credit performance in CRE lending and some consumer lending sectors remains an area of concern.

Capital Levels Continue to Rise

Regulatory capital increased in the first half of 2024, and most banks continued to report capital levels well above applicable regulatory requirements. As of the second quarter, over 99 percent of banks were well capitalized (figure 1). Further, 2024 stress test results showed that while large banks would endure greater losses than last year's test, they are well positioned to weather the severe recession they were tested against and stay above minimum capital requirements.[1] Banks with less than $100 billion in total assets also continued to report strong regulatory capital levels.

Figure 1. Share of well-capitalized banks



Note: Banks that met the capital ratio requirements for the "well capitalized" designation according to the Prompt Corrective Action guidelines. See the appendix for further information.

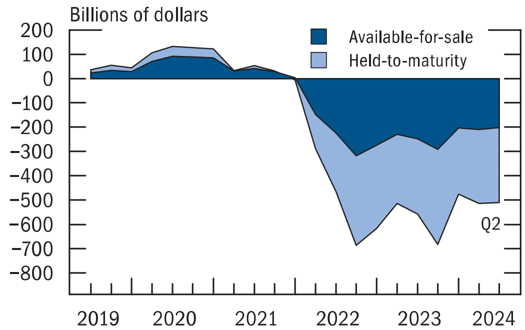
Source: Call Report and FR Y-9C.

Tangible common equity (TCE), an alternate measure of bank capital, also increased in the first half of 2024.[2] As of the second quarter, banks reported $2.0 trillion in aggregate TCE, compared with $1.8 trillion a year earlier. The increase in TCE was partially attributed to an improvement in the fair value of available-for-sale securities. Banks reported $203 billion in fair value losses on available-for-sale securities as of the second quarter of 2024, down from $248 billion a

[1] See Board of Governors of the Federal Reserve System, "Federal Reserve Board annual bank stress test showed that while large banks would endure greater losses than last year's test, they are well positioned to weather a severe recession and stay above minimum capital requirements," news release, June 26, 2024, https://www.federalreserve.gov/newsevents/pressreleases/bcreg20240626a.htm.

[2] Although TCE is similar to common equity tier 1 (CET1) capital in that both measures exclude intangible items such as goodwill, TCE includes changes in the fair value of available-for-sale securities for all banks. In contrast, only the largest banks are required to include changes in the fair value of available-for-sale securities in CET1 capital.

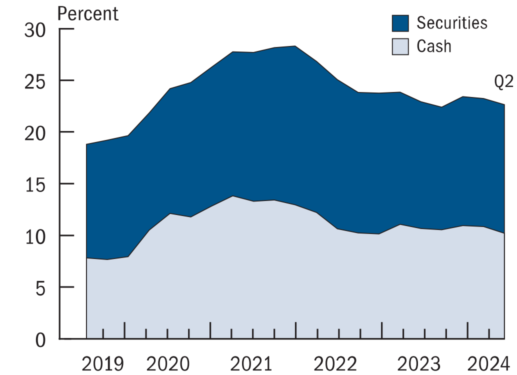
Figure 2. Net fair value gains (losses) on investment securities



Note: Net fair value gains (losses) are computed as fair value less amortized cost.

Source: Call Report and FR Y-9C.

Figure 3. Liquid assets as a share of total assets



Note: Liquid assets are cash plus estimates of securities that qualify as high-quality liquid assets as defined by the Basel III liquidity coverage ratio requirement.

Source: FR Y-9C.

year earlier. Banks also reported $308 billion in fair value losses on held-to-maturity securities as of the second quarter of 2024, compared with $310 billion a year earlier (figure 2).[3]

Liquidity and Funding Conditions Remain Stable

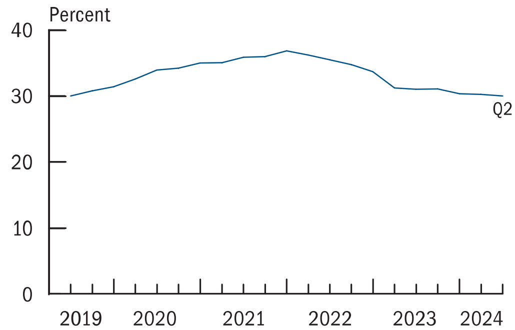
Funding risk for banks was generally unchanged in the first half of 2024. Aggregate deposit and liquid asset levels remained relatively stable over this period. Liquid assets' share of total assets declined slightly in the first half of this year (figure 3). Deposits at commercial banks have grown slightly since the end of 2023.[4]

Uninsured deposits' share of total assets continued to decline in the first half of 2024 and fell to levels last seen in 2019 (figure 4). Lower levels of uninsured deposits helped reduce funding vulnerabilities for banks. Still, some banks continued to face challenges managing their funding needs, particularly those with high levels of uninsured deposits and significant fair value losses.

[3] Accounting standards do not require banks to reflect declines in the fair value of held-to-maturity securities within equity capital. However, for held-to-maturity securities that were transferred from the available-for-sale category, declines in fair value that existed at the date of the transfer are reported within equity capital.

[4] Table 1. Selected Assets and Liabilities of Commercial Banks in the United States; data shown as percent change at break adjusted, seasonally adjusted, annual rate. Board of Governors of the Federal Reserve System, H.8, "Assets and Liabilities of Commercial Banks in the United States," September 20, 2024, https://www.federalreserve.gov/releases/h8/20240920/.

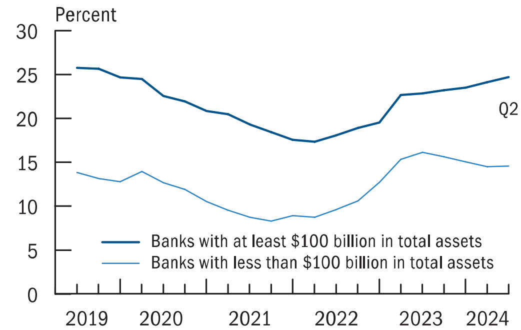
Figure 4. Uninsured deposits as a share of total assets



Note: Uninsured deposits are as reported or calculated using schedule RC-O Memoranda items of the Call Report.

Source: Call Report.

Figure 5. Wholesale funding as a share of total assets



Note: Wholesale funding is defined as the sum of brokered deposits under $250,000, federal funds purchased, securities sold under agreement to repurchase, subordinated notes and debentures, and other borrowed money.

Source: Call Report and FR Y-9C.

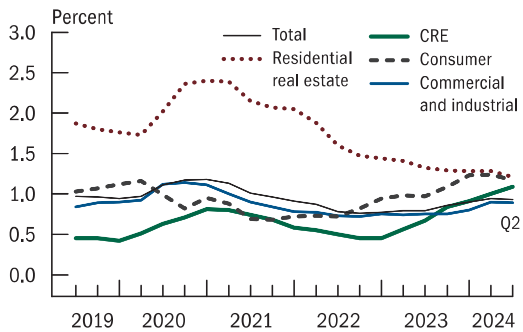
Larger banks increased their use of wholesale funding sources during the first half of 2024. By contrast, smaller banks reduced their reliance on wholesale funding during the same period (figure 5).

CRE and Consumer Loan Delinquencies Continue to Show Signs of Weakness

Loan delinquency rates generally remained low. The total loan delinquency rate remained below 1 percent in the first half of 2024. However, delinquency rates for CRE loans and consumer loans are elevated (figure 6).

The delinquency rate for CRE loans has increased to its highest level since 2014. Looking closer at the CRE sector, loans secured by offices, especially those in major cities, remained the top concern. At the large banks, the delinquency rate for office loans increased to 11.0 percent in the second quarter of 2024 (figure 7). The deterioration in CRE loans has so far been mostly concentrated at large banks. However, the delinquency rate for CRE loans held by smaller banks also increased during the first half of 2024. Smaller banks generally hold a higher share of their assets in CRE loans compared to large banks.

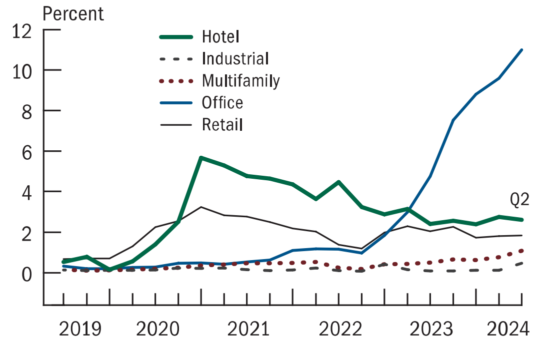
Figure 6. Loan delinquency rates



Note: Delinquent loans are those 90+ days past due or in nonaccrual status.

Source: Call Report and FR Y-9C.

Figure 7. Income-producing CRE loan delinquency rates by property type

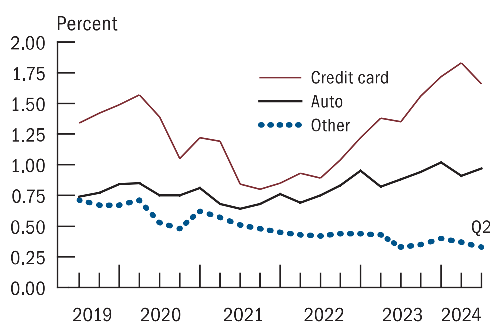


Note: Delinquent loans are those 30+ days past due or in nonaccrual status.

Source: FR Y-14Q.

Also within the CRE sector, the multifamily segment has come under some stress. Revenue growth has slowed, operating costs have risen, and valuations have declined for certain multifamily properties. As a result, the delinquency rate for multifamily loans held by large banks has increased steadily, from a low level.

Figure 8. Consumer loan delinquency rates



Note: Delinquent loans are those 90+ days past due or in nonaccrual status.

Source: Call Report and FR Y-9C.

The delinquency rate for consumer loans remained elevated in the first half of 2024 despite a decline in the second quarter. The second quarter improvement was mostly due to a decline in credit card delinquencies. Still, the credit card loan delinquency rate was notably higher than a year earlier. The delinquency rate for auto loans also increased from a year earlier and was just below its five-year high as of the second quarter of 2024 (figure 8).

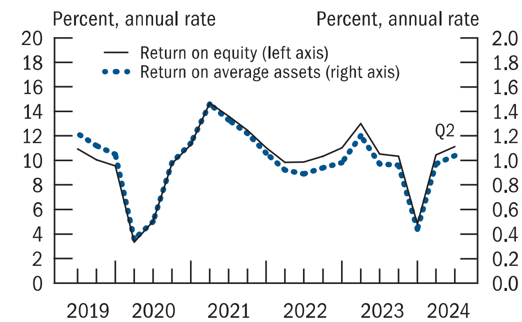
Banks have continued to provision against potential credit losses amid elevated delinquencies in CRE and consumer lending.

Earnings Have Rebounded despite Modest Loan Growth

Loan growth was modest in the first half of 2024. Loan balances at commercial banks grew at a slower pace in the first half of this year compared to the same period in 2023.[5] Both weaker loan demand and tighter lending standards contributed to the lending slowdown.[6]

Return on average assets and return on equity improved in the first half of 2024 (figure 9). Both metrics rebounded from their fourth quarter 2023 declines, which were in part due to certain large nonrecurring expenses, including the Federal Deposit Insurance Corporation (FDIC) special assessment.[7]

Figure 9. Bank return on average assets and return on equity



Note: Return on equity is net income divided by average equity capital, and return on average assets is net income divided by average assets.

Source: Call Report and FR Y-9C.

After declining slightly in the first quarter of 2024, aggregate net interest margin was flat in the second quarter (figure 10).[8] This reflected smaller increases in the cost of deposits, even as noninterest-bearing deposits continued to convert to interest-bearing deposits. Over the first half of this year, net interest margin for smaller banks remained relatively flat, while net interest margin for large banks fell slightly. Smaller banks generally rely more on net interest income to generate their revenue, as compared to the large banks with their more diversified revenue sources.

Higher noninterest income in the first half of 2024 also contributed to the earnings improvement.

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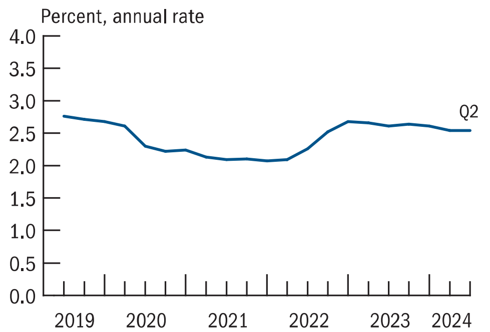
5 See Table 1, Selected Assets and Liabilities of Commercial Banks in the United States; data shown as percent change at break adjusted, seasonally adjusted, annual rate. Board of Governors of the Federal Reserve System, H.8, "Assets and Liabilities of Commercial Banks in the United States," September 20, 2024, https://www.federalreserve.gov/releases/h8/20240920/.

6 Board of Governors of the Federal Reserve System, "The April 2024 Senior Loan Officer Opinion Survey on Bank Lending Practices" (Washington: Board of Governors, 2024), https://www.federalreserve.gov/data/sloos/sloos-202404.htm; and "The July 2024 Senior Loan Officer Opinion Survey on Bank Lending Practices" (Washington: Board of Governors, 2024), https://www.federalreserve.gov/data/sloos/sloos-202407.htm.

7 See Federal Deposit Insurance Corporation, "Special Assessment Pursuant to Systemic Risk Determination," (Washington: FDIC, December 2023), https://www.fdic.gov/deposit/insurance/assessments/specialassessment-psrd.html. Other nonrecurring expenses included goodwill impairments, Bloomberg Short-term Bank Yield Index cessation charges, foreign exchange devaluations, and severance costs.

8 Net interest margin measures the difference between interest income and interest expense, relative to interest-earning assets.

Figure 10. Aggregate net interest margin



Note: Net interest margin is net interest income divided by average earning assets.

Source: Call Report and FR Y-9C.

Market Indicators Have Moved Consistent with Improved Investor Sentiment

Market assessments of bank risk, including the market leverage ratio and credit default swap (CDS) spreads, provide a forward-looking assessment of a bank's financial strength. The market leverage ratio measures a bank's financial position based on the ratio of its market capitalization to the sum of market capitalization and the book value of liabilities. A lower stock price reduces the market leverage ratio, while a higher price increases the ratio. The greater the market leverage ratio, the higher the degree of market confidence in a bank's financial strength. As a complement to the market leverage ratio, CDS spreads track the price of insurance against a default by a given bank. If a bank's CDS spread increases, it means the market has lower confidence in the bank's creditworthiness. Conversely, lower CDS spreads indicate higher market confidence in a bank's creditworthiness.[9]

The average market leverage ratio and the average CDS spread for the largest banks generally improved during 2024. As of early October, both metrics have improved from their 2023 levels (figure 11).

Third Quarter 2024 Financial Results at Large Firms

This section provides a recap of banking conditions at large banking firms ("large banks") for the third quarter of 2024, based on financial results reported by a sample of 23 large banks.[10]

In the third quarter of 2024, aggregate return on equity for large banks was 12 percent, compared to 13 percent in the second quarter of 2024. The quarter-over-quarter decline in large banks' return on equity was due to seasonal declines in capital market revenues and lower nonrecurring gains, which were partially offset by growth in other sources of noninterest income and higher net

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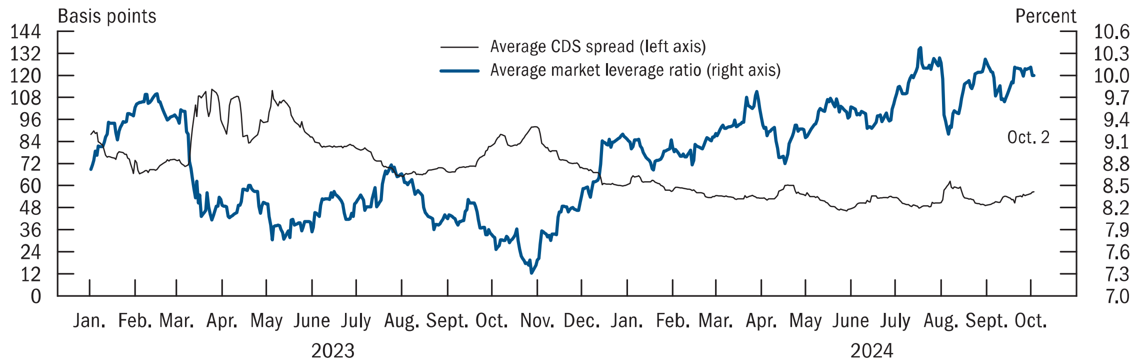
[9] See the appendix for additional information on the market indicators.

[10] The sample includes Ally Financial Inc.; American Express Company; Bank of America Corporation; The Bank of New York Mellon Corporation; Capital One Financial Corporation; The Charles Schwab Corporation; Citigroup Inc.; Citizens Financial Group, Inc.; Discover Financial Services; Fifth Third Bancorp; The Goldman Sachs Group, Inc.; Huntington Bancshares Incorporated; JPMorgan Chase & Co.; KeyCorp; M&T Bank Corporation; Morgan Stanley; Northern Trust Corporation; The PNC Financial Services Group, Inc.; Regions Financial Corporation; State Street Corporation; Truist Financial Corporation; U.S. Bancorp; and Wells Fargo & Company. Data are unadjusted for mergers and acquisitions.

Figure 11. Average market leverage ratio and average credit default swap (CDS) spread (daily)



Note: The average market leverage ratio and the average CDS spread are calculated as simple averages from available observations for the eight LISCC firms (Bank of America Corporation; The Bank of New York Mellon Corporation; Citigroup Inc.; The Goldman Sachs Group, Inc.; JPMorgan Chase & Co.; Morgan Stanley; State Street Corporation; and Wells Fargo & Company). See the appendix for further information on the market leverage ratio and CDS spreads.

Source: Federal Reserve staff calculations using Bloomberg data.

interest income. A majority of large banks reported slightly higher provisions and operating expenses compared to the second quarter of 2024.

Large banks generally reported that deposit costs continued to increase but at the slowest pace since the first quarter of 2022. Several large banks highlighted that the shift from noninterest-bearing deposits to interest-bearing deposits appears to be reaching its peak. Most large banks also reported that deposit balances increased during the third quarter of 2024.

Loan growth was modest in the third quarter of 2024, and credit loss reserves' share of total loans remained relatively stable. In the third quarter of 2024, nonperforming loans' share of total loans at large banks was generally stable and loan loss rates declined quarter-over-quarter at a majority of large banks for the first time in three years.

The aggregate common equity tier 1 (CET1) capital ratio for large banks at the end of the third quarter of 2024 remained in line with its level at the end of the second quarter of 2024 at approximately 13 percent.

Regulatory Developments

The Federal Reserve has taken several policy actions since the publication of the May 2024 *Supervision and Regulation Report*. Significant actions are detailed in table 1. All Supervision and Regulation (SR) and Consumer Affairs (CA) letters are available on the Federal Reserve Board's public website.[11]

Table 1. Federal Reserve or interagency rulemakings/statements (proposed and final)

From 5/4/2024–10/31/2024	
Date issued	**Rule/guidance**
5/9/2024	Federal Reserve Board releases summary of the exploratory pilot Climate Scenario Analysis exercise that it conducted with six of the nation's largest banks. Joint press release: https://www.federalreserve.gov/newsevents/pressreleases/other20240509a.htm
6/21/2024	Agencies announce results of resolution plan review for largest and most complex banks. Joint press release: https://www.federalreserve.gov/newsevents/pressreleases/bcreg20240621a.htm
7/17/2024	Agencies issue final rule to help ensure credibility and integrity of automated valuation models. Joint press release: https://www.federalreserve.gov/newsevents/pressreleases/bcreg20240717a.htm
7/18/2024	Agencies finalize interagency guidance on reconsiderations of value for residential real estate valuations. Joint press release: https://www.federalreserve.gov/newsevents/pressreleases/bcreg20240718a.htm
7/19/2024	Agencies request comment on anti-money laundering/countering the financing of terrorism proposed rule. Joint press release: https://www.federalreserve.gov/newsevents/pressreleases/bcreg20240719a.htm
7/25/2024	Federal bank regulatory agencies seek comment on interagency effort to reduce regulatory burden. Joint press release: https://www.federalreserve.gov/newsevents/pressreleases/bcreg20240725a.htm
7/25/2024	Agencies remind banks of potential risks associated with third-party deposit arrangements and request additional information on bank–fintech arrangements. Joint press release: https://www.federalreserve.gov/newsevents/pressreleases/bcreg20240725c.htm
8/5/2024	Federal Reserve Board issues final joint guidance to help certain large banks further develop their resolution plans. Press release: https://www.federalreserve.gov/newsevents/pressreleases/bcreg20240805a.htm
8/28/2024	Federal Reserve Board announces final individual capital requirements for all large banks, effective on October 1. Press release: https://www.federalreserve.gov/newsevents/pressreleases/bcreg20240828a.htm

Resolution Plan Guidance for Certain Large Banks

In August 2024, the Federal Reserve Board and the FDIC issued final joint guidance to help certain large banks further develop their resolution plans. These resolution plans, also known as living wills, describe a bank's strategy for orderly resolution under bankruptcy in the event of material financial distress or failure. The guidance generally applies to domestic and foreign banks with more than $250 billion in total assets that are not the largest and most complex banks, for which guidance is already in place. The guidance is organized around key areas of potential risk to

[11] The Federal Reserve publishes SR and CA letters to address significant policy and procedural matters related to the Federal Reserve System's safety-and-soundness and consumer compliance supervisory responsibilities, respectively. SR letters are available on the Board's public website at https://www.federalreserve.gov/supervisionreg/srletters/srletters.htm, and CA letters are available on the Board's public website at https://www.federalreserve.gov/supervisionreg/caletters/caletters.htm.

resolvability, such as capital, liquidity, and operational capabilities that could be needed in resolution.

Automated Valuation Model Final Rule

In July 2024, federal regulatory agencies issued both a final rule and separate final guidance related to real estate valuation. The final rule is designed to help ensure the credibility and integrity of models used in valuations for certain mortgages secured by a consumer's principal dwelling. In particular, the rule will implement quality control standards for automated valuation models used by mortgage originators and secondary market issuers in valuing those homes.

Box 1. The Novel Activities Supervision Program and Third-Party Fintech Relationships

The Novel Activities Supervision Program continues to help foster responsible innovation at banking organizations supervised by the Federal Reserve and to help ensure associated risks are appropriately addressed.[1] One area of novel activities relates to arrangements between banks and financial technology companies (fintechs), where fintechs provide consumers and businesses access to banking products and services. While these arrangements can provide benefits, supervisory experience has identified a range of safety and soundness, compliance, and consumer-related concerns with the management of these arrangements. Supervisors are engaging with institutions to assess such arrangements, their associated benefits and risks, and the effectiveness of controls to manage these risks. In addition, supervisors are engaging with a range of stakeholders to deepen the Federal Reserve's understanding of such arrangements and to inform the enhancement of the regulatory and supervisory frameworks to support responsible innovation. Furthermore, supervisors are also sharing information on risks and effective risk-management practices.

For example, in July 2024, the Federal Reserve Board, along with the Office of the Comptroller of the Currency and the FDIC, issued a joint statement on arrangements between banks and fintechs to deliver deposit products and services. The joint statement seeks to further responsible innovation by highlighting the key risks the agencies have seen with these arrangements, suggesting effective risk-management practices, and reminding banks of applicable rules and guidance.

Contemporaneously, the agencies published a request for information on bank-fintech arrangements more broadly. The request for information seeks to confirm and augment the agencies' understanding of arrangements involving deposits, payments, and loans. The request for information also asks commenters to describe how banks manage various risks of these arrangements.

The Novel Activities Supervision Program will continue to promote responsible innovation that benefits the communities and businesses banks serve, while prioritizing safety and soundness and consumer protections.

[1] Federal Reserve Board, "Novel Activities Supervision Program," https://www.federalreserve.gov/supervisionreg/novel-activities-supervision-program.htm.

Supervisory Developments

This section provides an overview of recent supervisory efforts to assess institutions' safety and soundness and compliance with laws and regulations. Supervisory approaches and priorities differ by a financial institution's size and complexity. The subsections below discuss developments separately for large financial institutions with assets of $100 billion or more, and community and regional banking organizations with assets of less than $100 billion.

The Federal Reserve is responsible for overseeing the implementation of certain laws and regulations relating to consumer protection and community reinvestment. The scope of the Federal Reserve's supervisory jurisdiction varies based on the consumer law or regulation and on the asset size of the state member bank (SMB). Consumer-focused supervisory work is designed to promote a fair and transparent marketplace for financial services and to ensure supervised institutions comply with applicable federal consumer protection laws and regulations.

More information about the Federal Reserve's consumer-focused supervisory program can be found in the Federal Reserve's *110th Annual Report 2023*.[12]

Federal Reserve Supervision

The Federal Reserve conducts examinations to evaluate a banking organization's activities, risk management, and financial condition.[13] Examinations include assessments of capital adequacy, asset quality, earnings strength and quality, liquidity position and funding sources, sensitivity to interest rate risks, and the quality of board and management oversight. The Federal Reserve may also decide whether to further focus examinations on a bank's known and potential risks.

If supervisors find a bank's risk management or financial condition to be deficient, they provide direction and require the bank to correct its weaknesses.[14] This direction takes the form of confidential supervisory findings called "Matters Requiring Attention" and, for more significant issues that must be corrected on a priority basis, "Matters Requiring Immediate Attention." These findings are communicated to a banking organization's management and board of directors in a written report. If a bank does not address these supervisory findings or if the findings are signifi-

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[12] See Board of Governors of the Federal Reserve System, *110th Annual Report of the Board of Governors of the Federal Reserve System* (Washington: Board of Governors, July 2024), https://www.federalreserve.gov/publications/files/2023-annual-report.pdf.

[13] See "Understanding Federal Reserve Supervision," https://www.federalreserve.gov/supervisionreg/how-federal-reserve-supervisors-do-their-jobs.htm.

[14] Supervisors include both commissioned examiners (Federal Reserve staff who have been commissioned as an examiner) and subject matter experts that provide support during examinations and off-site monitoring.

cant enough to pose a threat to a bank's safety and soundness, supervisors may lower the bank's supervisory rating or pursue an enforcement action against the bank.

Supervisory ratings, which are confidential, provide an assessment of a bank's risk management and financial condition based on examination results, supervisory findings, and other information gathered throughout the year. These ratings reflect supervisors' overall judgment of a bank's safety and soundness. Supervisory ratings are generally issued once every 12 to 18 months for banks that remain in satisfactory condition but may also be issued on an interim basis if circumstances warrant.[15]

Supervised Institutions

The Federal Reserve supervises bank holding companies (BHCs), savings and loan holding companies (SLHCs), SMBs, and foreign banking organizations (FBOs) operating in the United States. The Federal Reserve follows a risk-focused approach by scaling supervisory work to the asset size and complexity of an institution:

- The Large Institution Supervision Coordinating Committee (LISCC) program supervises firms that pose elevated risk to U.S. financial stability.
- The Large and Foreign Banking Organization (LFBO) program supervises non-LISCC U.S. firms with total assets of $100 billion or more and all non-LISCC FBOs operating in the United States regardless of asset size.
- The Regional Banking Organization (RBO) program supervises U.S. firms with total assets between $10 billion and $100 billion.
- The Community Banking Organization (CBO) program supervises U.S. firms with less than $10 billion in total assets.

Table 2 provides an overview of Federal Reserve supervised organizations by portfolio, including the number of institutions and total assets in each portfolio.

Current Supervisory Priorities

Credit risk remains a supervisory priority for the Federal Reserve. Supervisors are closely monitoring CRE and certain consumer loan sectors, which have shown signs of weakness in credit quality. Supervisors are closely monitoring underwriting standards, loan quality, and credit loss reserves levels.

[15] See Board of Governors of the Federal Reserve System, "Supervisory Ratings for State Member Banks, Bank Holding Companies and Foreign Banking Organizations, and Related Requirements for the National Examination Data System," SR letter 99-17 (June 24, 1999), https://www.federalreserve.gov/boarddocs/srletters/1999/SR9917.htm.

Table 2. Summary of organizations supervised by the Federal Reserve (as of 6/30/2024)			
Portfolio	Definition	Number of institutions	Total assets ($ trillions)
Large Institution Supervision Coordinating Committee (LISCC)	Eight U.S. global systemically important banks (G-SIBs)	8	15.4
State member banks (SMBs)	SMBs within LISCC organizations	4	1.2
Large and foreign banking organizations (LFBOs)	Non-LISCC U.S. firms with total assets $100 billion and greater and foreign banking organizations (FBOs)	170	10.6
Large banking organizations (LBOs)	Non-LISCC U.S. firms with total assets $100 billion and greater	18	5.1
Large FBOs (with intermediate holding company)	FBOs with combined U.S. assets $100 billion and greater	10	3.0
Large FBOs (without intermediate holding company)	FBOs with combined U.S. assets $100 billion and greater	7	1.3
Small FBOs (excluding rep offices)	FBOs with combined assets less than $100 billion	103	1.2
Small FBOs (rep offices)	FBO U.S. representative offices	32	0.0
State member banks	SMBs within LFBO organizations	9	1.1
Regional banking organizations (RBOs)	Total assets between $10 billion and $100 billion	105*	2.9
State member banks	SMBs within RBO organizations	42	1.1
Community banking organizations (CBOs)	Total assets less than $10 billion	3,430**	2.9
State member banks	SMBs within CBO organizations	650	0.6
Insurance and commercial savings and loan holding companies (SLHCs)	SLHCs primarily engaged in insurance or commercial activities	5 insurance 4 commercial	0.5

* Includes 104 holding companies and 1 SMB that does not have a holding company.

** Includes 3,382 holding companies and 48 SMBs that do not have holding companies.

The Federal Reserve continues to focus its supervisory efforts on assessing banks' preparedness for managing liquidity risk. Banks are expected to have prudent liquidity risk-management practices and to regularly test their ability to access multiple sources of contingent funding. Supervisors are closely monitoring a limited number of firms with risk profiles vulnerable to funding pressures.

Cybersecurity risk continues to be a supervisory priority. Supervisors are assessing whether banks have adequate risk management, governance, and controls to protect their data and operations against cybersecurity threats. Supervisors are also examining and monitoring, pursuant to the Board's authority under the Bank Service Company Act, certain services performed on behalf of financial institutions by their service providers.[16] The Federal Reserve's supervisory activities in this area promote financial institutions' ability to protect against cyber incidents, safeguard critical infrastructure, and address emerging technology risks. More information about the Federal

[16] 12 U.S.C. §§ 1861-67.

Reserve's supervisory activities to address cybersecurity risks can be found in the Federal Reserve's *Cybersecurity and Financial System Resilience Report*.[17]

Large Financial Institutions

This section of the report discusses the supervisory approach and outcomes for large financial institutions—namely, U.S. firms with total assets of $100 billion or more and FBOs with combined U.S. assets of $100 billion or more. These firms are either within the LISCC portfolio or the LFBO portfolio. Large financial institutions are subject to regulatory requirements that are tiered to the risk profiles of these firms.[18]

Supervisory efforts for large financial institutions focus on four components:[19]

1. capital planning and positions
2. liquidity risk management and positions
3. governance and controls
4. recovery and resolution planning

Trends in Supervisory Ratings and Findings

Federal Reserve supervisors summarize their assessments of large financial institutions using the large financial institution rating system, also known as the LFI rating system.[20] The LFI rating system evaluates whether a firm possesses sufficient financial and operational strength and resilience to maintain safe-and-sound operations and comply with laws and regulations, including those related to consumer protection, through a range of conditions. It includes three components: (1) capital planning and positions; (2) liquidity risk management and positions; and (3) governance and controls.

In the first half of 2024, about one-third of large financial institutions maintained satisfactory ratings across all three LFI rating components. The remaining large financial institutions were rated less-than-satisfactory in at least one component (figure 12). Most large financial institutions met supervisory expectations with respect to capital planning and liquidity risk management. However,

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[17] See the "Supervisory Activities" section of the July 2024 *Cybersecurity and Financial System Resilience Report* for additional discussion. Board of Governors of the Federal Reserve System, *Cybersecurity and Financial System Resilience Report* (Washington: Board of Governors, July 2024), https://www.federalreserve.gov/publications/files/cybersecurity-report-202407.pdf.

[18] See the appendix for additional information on tiering of regulation.

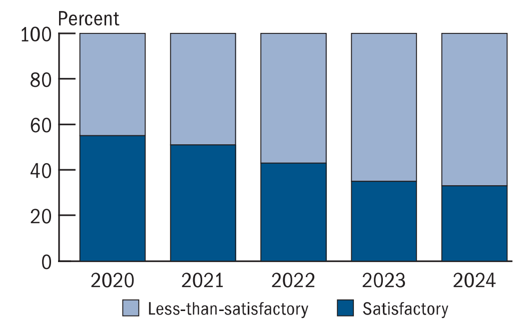
[19] For more information regarding the framework for supervision of large financial institutions, see Board of Governors of the Federal Reserve System, "Consolidated Supervision Framework for Large Financial Institutions," SR letter 12-17/CA letter 12-14 (December 17, 2012), https://www.federalreserve.gov/supervisionreg/srletters/sr1217.htm; and box 4 in the Board of Governors of the Federal Reserve System, Supervision and Regulation Report 2018 (Washington: Board of Governors, 2018), https://www.federalreserve.gov/publications/files/201811-supervision-and-regulation-report.pdf.

[20] See Board of Governors of the Federal Reserve System, "Large Financial Institution (LFI) Rating System," SR letter 19-3/CA letter 19-2 (February 26, 2019), https://www.federalreserve.gov/supervisionreg/srletters/sr1903.htm.

supervisors identified continued weaknesses in risk-management practices for interest rate risk and liquidity risk. Supervisors also identified weaknesses related to governance and controls, in areas such as operational resilience, cybersecurity, and Bank Secrecy Act (BSA) and anti-money laundering (AML) compliance.

The total number of outstanding supervisory findings at large financial institutions was stable over the first half of 2024 (figure 13). The distribution of supervisory findings by category also remained stable during this period, with two-thirds of outstanding issues related to firms' governance and controls (figure 14).

Figure 12. Ratings for large financial institutions



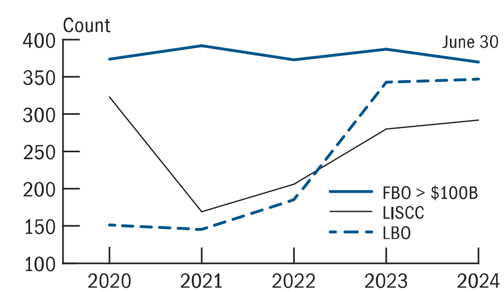
Note: Large financial institutions are rated according to three components: Capital Planning and Positions; Liquidity Risk Management and Positions; and Governance and Controls. Bars show the percentage of satisfactory and less-than-satisfactory ratings across all components. The 2024 value is as of the end of 2024:Q2. Key identifies bars in order from top to bottom. Data are revised since the publication of the May 2024 *Supervision and Regulation Report*.

Source: Internal Federal Reserve supervisory databases.

Supervisory Focus

Supervisors remain focused on credit risk-management practices at large firms, particularly with respect to credit card and CRE lending. Supervisors are assessing how firms actively manage the risk in their loan portfolios and the adequacy of credit loss reserves. In addition, supervisors continue to evaluate the quality of large firms' counterparty credit risk-management practices, given weaknesses have been identified in some firms' practices.

Figure 13. Outstanding number of supervisory findings, large financial institutions

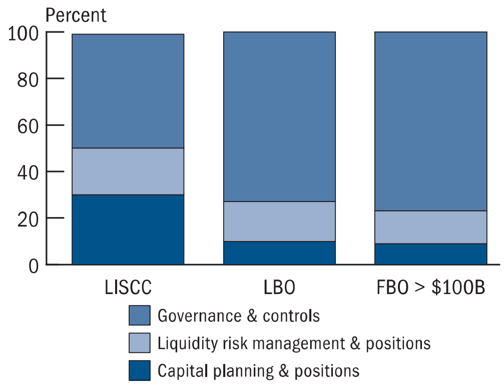


Note: Values prior to 2024 are as of year-end. The 2024 value is as of the end of 2024:Q2. The findings count data are subject to revisions as issues are reviewed, updated, and finalized; this could result in minor historical count fluctuations.

Source: Internal Federal Reserve supervisory databases.

Supervisors conduct horizontal reviews, which are a series of examinations across multiple firms, to assess risk-management practices, identify gaps in practices, and promote sound practices across large firms. During the first half of 2024, the Federal Reserve conducted horizontal reviews of liquidity and capital planning. Capital planning and risk management examinations included assessments of firms' capital stress testing, pre-provision net revenue,

Figure 14. Outstanding supervisory findings by category, large financial institutions



Note: As of 2024:Q2, total supervisory findings by portfolio were: LISCC—292; LBO—347; and FBO > $100B—370. Key identifies bars in order from top to bottom.

Source: Internal Federal Reserve supervisory databases.

secured funding transactions, and contingent capital planning.[21] Liquidity examinations focused on firms' recent deposit trends, funding strategies, liquidity risk-management practices, liquidity stress testing, and liquidity buffer composition.

Supervisors view cybersecurity as a high priority given the increasing and evolving nature of cybersecurity threats. Supervisors are reviewing and monitoring large firms' cybersecurity risk management and information technology (IT) programs through joint examinations or coordinated reviews with the Office of the Comptroller of the Currency and the FDIC and through horizontal reviews.

Supervisors also completed joint examinations with the FDIC to review LISCC firms' resolution plans. During these examinations, supervisors reviewed the firms' corporate structure, ability to forecast financial obligations, and oversight of resolution planning.

See below for additional detail on large financial institutions' supervisory priorities for the coming months.

Large Financial Institution Supervisory Priorities

Capital Planning and Positions

- interest rate risk
- market and counterparty risk
- consumer and commercial credit, including CRE
- firm remediation efforts on previous supervisory findings

Liquidity Risk Management and Positions

- internal liquidity stress tests, including changes to deposit runoff and other key assumptions
- firm remediation efforts on previous supervisory findings
- risk-management practices and governance, including senior management oversight

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[21] Pre-provision net revenue is net interest income plus noninterest income minus noninterest expenses.

Governance and Controls

- IT risk and operational resilience, including cybersecurity
- third-party vendor management
- firm remediation efforts on previous supervisory findings

Recovery and Resolution Planning

- recovery and resolution planning for LISCC firms
- international coordination among global supervisors
- firm remediation efforts on previous supervisory findings

Community and Regional Banking Organizations

This section of the report discusses the supervisory conditions and approach for banking organizations with assets of less than $100 billion, including CBOs, which have less than $10 billion in total assets, and RBOs, which have total assets between $10 billion and $100 billion.

Trends in Supervisory Ratings and Findings

Federal Reserve supervisors use the RFI rating system to summarize their assessments of holdings companies with consolidated assets less than $100 billion.[22] In addition, the Federal Reserve and the other federal and state bank regulatory agencies utilize the Uniform Financial Institution Rating system, also known as the CAMELS rating system, to summarize supervisors' assessments of banks.[23]

Most CBOs and RBOs remain in satisfactory condition with effective risk-management practices (figure 15). However, some banks were downgraded in 2024 because of weaknesses in their financial performance or risk-management practices.

The number of outstanding supervisory findings at CBOs and RBOs increased in the first half of 2024 (figure 16). For CBOs, IT/operational risk findings were the most cited category of outstanding issues. Management/risk management and credit risk findings increased notably over this period (figure 17). The increase in credit risk and management/risk management findings was mostly due to concerns in credit administration practices, asset concentration levels, and credit loss reserves adequacy. For RBOs, management/risk management findings were the most cited category of outstanding issues. IT/operational risk findings remained elevated (figure 18).

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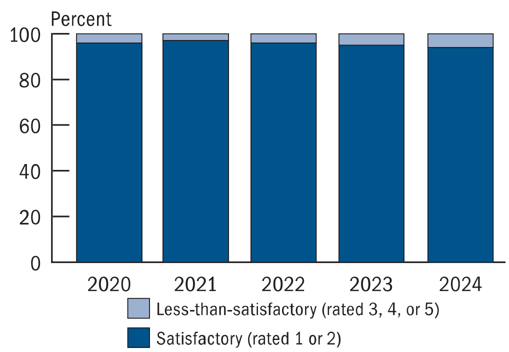
[22] See Board of Governors of the Federal Reserve System, "Supervisory Rating System for Holding Companies with Total Consolidated Assets Less Than $100 billion," SR letter 19-4/CA letter 19-3 (February 26, 2019), https://www.federalreserve.gov/supervisionreg/srletters/sr1904.htm.

[23] See the appendix for additional information on the RFI and CAMELS rating systems.

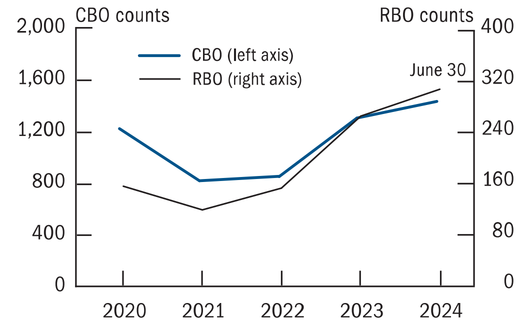
Figure 15. Top-tier ratings for CBO and RBO firms



Note: Includes composite ratings for consolidated top-tier holding companies and SMBs without holding companies for CBO and RBO firms. The 2024 value is as of the end of 2024:Q2. Key identifies bars in order from top to bottom.

Source: Internal Federal Reserve supervisory databases.

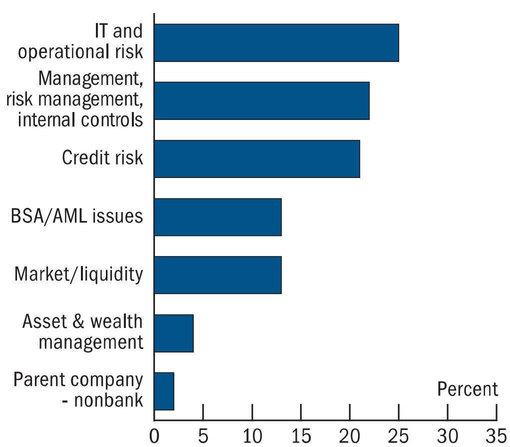
Figure 16. Outstanding number of supervisory findings, CBO and RBO firms



Note: Values prior to 2024 are as of year-end. The 2024 value is as of the end of 2024:Q2. The findings count data are subject to revisions as issues are reviewed, updated, and finalized; this could result in minor historical count fluctuations.

Source: Internal Federal Reserve supervisory databases.

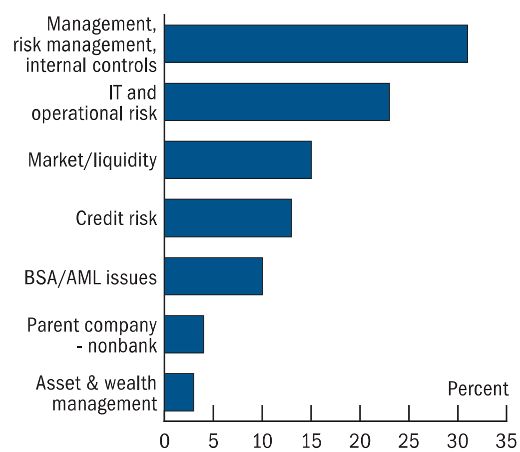
Figure 17. Outstanding supervisory findings by category, CBO firms



Note: As of 2024:Q2, there were 1,407 total supervisory findings for CBO firms.

Source: Internal Federal Reserve supervisory databases.

Figure 18. Outstanding supervisory findings by category, RBO firms



Note: As of 2024:Q2, there were 306 total supervisory findings for RBO firms.

Source: Internal Federal Reserve supervisory databases.

Supervisory Focus

Federal Reserve supervisors are closely monitoring credit conditions at CBOs and RBOs. While the credit quality of loans held by CBOs and RBOs are generally sound, some banks have experienced an increase in classified loans, which are loans that exhibit well-defined weaknesses and a distinct possibility of loss.[24] In addition, supervisors remain focused on CBOs and RBOs that are concentrated in office and multifamily lending. Higher interest rates and lower property values may affect borrowers' ability to refinance or pay off these loans. Federal Reserve supervisors are closely reviewing CBOs' and RBOs' credit loss reserves levels.

Federal Reserve supervisors continue to maintain a heightened focus on CBOs and RBOs that may be particularly vulnerable to funding pressures based on their risk profiles. Supervisors are assessing banks' ability to manage their liquidity positions.

Federal Reserve supervisors remain focused on IT, cybersecurity, and operational risks at CBOs and RBOs. Reliance on third-party service providers and other technology solutions can pose operational risks, especially for smaller banks. While supervisors have found that banks have taken steps to strengthen their operations and IT systems, vulnerabilities still exist. Federal Reserve supervisors are assessing banks' policies and preparedness for operational issues and cybersecurity threats.

See below for additional detail on CBO and RBO supervisory priorities for the coming months.

CBO and RBO Supervisory Priorities

Credit Risk

- high-risk credit concentrations and credit risk management
- refinancing risk for certain CRE loan segments
- credit loss reserves levels

Liquidity Risk

- contingency funding plans
- replacing maturing funding sources
- liquidity coverage of uninsured deposits

[24] See the Commercial Bank Examination Manual, section 2008.1, "Classification of Credits" at https://www.federalreserve.gov/publications/files/cbem.pdf for additional information on classified loans.

Other Financial Risks

- capital adequacy
- interest rate risk and sensitivity risk
- declines in the fair value of securities and low TCE levels

Operational risk

- IT and cybersecurity preparedness
- fintech and banking-as-a-service activities
- third-party risk management

Appendix: Data Sources and Terms

Data Sources

The Supervision and Regulation Report includes data both on institutions supervised by the Federal Reserve System and for some institutions outside Federal Reserve supervision. The report reflects data through October 2, 2024. This section of the appendix provides information on select data sources in the report.

FFIEC Call Reports

The Federal Financial Institutions Examination Council (FFIEC) Consolidated Reports of Condition and Income, also known as the Call Report, is a periodic report that is required to be completed by every national bank, SMB, insured state nonmember bank, and savings association as of the close of business on the last calendar day of each calendar quarter. The specific reporting requirements for an institution depend on its size, whether it has any foreign offices, and applicable capital standards. The Call Report is a widely used source of timely and accurate financial data regarding an institution's financial condition and the results of its operations. Call Report data are used to monitor the condition, performance, and risk profiles of reporting institutions individually and collectively.

FR Y-9C

The Consolidated Financial Statements for Holding Companies, also known as the FR Y-9C report, collects basic financial data from domestic BHCs, SLHCs, U.S. intermediate holding companies (IHCs), and securities holding companies (SHCs) on a consolidated basis in the form of a balance sheet, income statement, and supporting schedules, including a schedule of off-balance-sheet items. The report is filed by such holding companies with total consolidated assets of $3 billion or more. Additional such holding companies meeting certain other criteria may also be required to file the report, regardless of their size. However, in a case where such holding companies own or control other such holding companies, generally only one top-tier report is required for the entire consolidated organization. The information contained in the report is as of the last calendar day of each calendar quarter.

FR Y-14Q

The Capital Assessments and Stress Testing information collection, also known as the FR Y-14 collection, is used to assess the capital adequacy of large firms based on forward-looking projections of revenue and losses, to support supervisory stress test models, and for continuous monitoring efforts, as well as to inform the Federal Reserve's operational decisionmaking as it continues to implement the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. As part of the FR-14 collection, the FR Y-14Q collects detailed data on BHCs', SLHCs', and IHCs' various asset classes, capital components, and categories of pre-provision net revenue on a quarterly basis.

H.8 Assets and Liabilities of Commercial Banks in the United States

The H.8 release provides an estimated weekly aggregate balance sheet for all commercial banks in the United States. The H.8 estimates are primarily based on data reported weekly by a voluntary authorized panel of 850 domestically chartered banks and foreign-related institutions, along with quarterly Call Report data for commercial banks that are not included in the voluntary authorized panel.

Notes on Data Sources and Terms

CAMELS Ratings

Following an examination of a commercial bank, the examiner's conclusions regarding the overall condition of the bank are summarized in a "composite" rating assigned in accordance with guidelines provided under the Uniform Financial Institution Rating System. The composite rating represents an overall appraisal of six key assessment areas: Capital, Asset quality, Management, Earnings, Liquidity, and Sensitivity to market risk. Each assessment area also receives its own "component" rating, resulting in the bank's "CAMELS" ratings.

In addition to and separate from the interagency Uniform Financial Institutions Rating System, the Federal Reserve assigns a risk management rating to all SMBs. The CAMELS composite and component ratings, as well as the risk management rating, are assigned on a numeric scale of '1' to '5', with '1' being the highest, or best, possible rating. Thus, a bank with a composite rating of '1' requires the lowest level of supervisory attention while a 5-rated bank has the most critically deficient level of performance and therefore requires the highest degree of supervisory attention.

When appraising the six key assessment areas and assigning a composite rating, the examiner weighs and evaluates all relevant factors for downgrades and upgrades of supervisory ratings.

Commercial Real Estate Loans

CRE loans are the sum of construction, land development, and other land loans; loans secured by multifamily residential properties; and loans secured by nonfarm nonresidential properties.

Note: H.8 CRE data include loans secured by farmland.

Common Equity Tier 1 Capital Ratio

The CET1 capital ratio is defined as CET1 capital, which consists primarily of common stock and retained earnings, as a percent of risk-weighted assets. Advanced approaches institutions are required to report risk-weighted assets using an internal model-based approach and a standardized approach. An advanced approaches institution is subject to the lower of the ratios. CBOs that have opted into the community bank leverage ratio (CBLR) framework are not required to report a CET1 capital ratio nor risk-weighted assets.

Community Bank Leverage Ratio Framework

The CBLR framework, which became effective January 1, 2020, allows qualifying CBOs to adopt a simple leverage ratio to measure capital adequacy. To qualify for the framework, a CBO must have less than $10 billion in total consolidated assets, have limited trading activity and off-balance-sheet exposure, meet the leverage ratio requirement, and not be part of an advanced approaches banking organization. The leverage ratio requirement for the CBLR framework was temporarily lowered to 8 percent beginning in the second quarter of 2020 through the remainder of calendar year 2020. The requirement was set at 8.5 percent for calendar year 2021 and returned to its previous 9 percent level beginning January 1, 2022.

The leverage ratio requirement for the CBLR framework is defined with respect to tier 1 capital as a percent of average total consolidated assets for the quarter as reported on Schedule RC-K on the Call Report or Schedule HC-K on Form FR Y-9C, as applicable. A CBLR banking organization with a ratio above the requirement will not be subject to other capital and leverage requirements.

Consumer Loans

Consumer loans include credit cards, other revolving credit lines, automobile loans, and other consumer loans (including single-payment loans, installment loans excluding automobile loans, and student loans).

Contingency Funding Plan

A contingency funding plan is a bank's strategy for addressing contingent liquidity events. Contingent liquidity events are unexpected situations or business conditions that may increase liquidity risk. These events may be institution-specific or arise from external factors. A contingency funding plan should contain policies to manage a range of stress environments, establish clear lines of responsibility, and articulate clear implementation and escalation procedures. Contingency funding plans should be commensurate with an institution's complexity, risk profile, and scope of operations. Contingency funding plans should address both the severity and duration of contingent liquidity events. Contingency funding plans should be regularly tested and updated to ensure that they are operationally sound.

Credit Default Swap Spread

The five-year credit default swap spread is the premium payment expressed as a proportion of the notional value of the debt that is being insured against default (typically $10 million in senior debt) in basis points. Data are based on daily polls of individual broker-dealers worldwide. Note that these broker quotes are typically not transaction prices. Data provided are for LISCC firms only.

Credit Loss Reserves

Credit loss reserves represent the allowance for credit losses on a bank's portfolio of financial instruments carried at amortized cost (including loans held for investment, held-to-maturity debt securities, trade receivables, reinsurance receivables, and receivables that relate to repurchase agreements and securities lending agreements), net investment in leases as a lessor, and off-balance-sheet credit exposures not accounted for as insurance or derivatives. Credit loss reserves are recorded on a bank's balance sheet.

Delinquent Loans

Delinquent loans are the sum of 90+ days past due loans and nonaccrual loans.

Note: FR Y-14Q delinquent loans are the sum of 30+ days past due loans and nonaccrual loans.

LFI Ratings

The LFI rating system evaluates whether a firm possesses sufficient financial and operational strength and resilience to maintain safe-and-sound operations and comply with laws and regulations, including those related to consumer protection, through a range of conditions. It includes three components: (1) capital planning and positions; (2) liquidity risk management and positions; and (3) governance and controls.

Each component is rated based on a four-point non-numeric scale: Broadly Meets Expectations, Conditionally Meets Expectations, Deficient-1, and Deficient-2. A firm is considered to be in satisfactory condition if all of its component ratings are "Broadly Meets Expectations" or "Conditionally Meets Expectations."

Liquid Assets

Liquid assets are cash plus estimates of securities that qualify as high-quality liquid assets, as defined by the Board's liquidity coverage ratio rule.

Market Leverage Ratio

The market leverage ratio is defined as the ratio of the firm's market capitalization to the sum of market capitalization and the book value of liabilities. This ratio can be considered a market-based measure of a firm's capital (expressed in percentage points). Data provided are for LISCC firms only.

Net Interest Margin

Net interest margin measures a bank's yield on its interest-bearing assets after netting out interest expense.

Provisions

Provisions represent the amount necessary to adjust credit loss reserves to reflect management's current estimate of expected credit losses. Provisions are recorded as an expense item on the bank's income statement.

Residential Real Estate Loans

Residential real estate loans refer to loans secured by 1–4 family residential properties, including revolving, open-end loans secured by 1–4 family residential properties and extended under lines of credit; closed-end loans secured by first liens on 1–4 family residential properties; and closed-end loans secured by junior (i.e., other than first) liens on 1–4 family residential properties.

RFI Ratings

The RFI composite rating represents an overall assessment of three components covered under the RFI rating system: Risk management, Financial condition, and Impact of the non-depository entities on the subsidiary depository institutions.

Each component is rated based on a '1' to '5' numeric scale. A '1' numeric rating indicates the highest rating, strongest performance and practices, and least degree of supervisory concern. A '5' numeric rating indicates the lowest rating, weakest performance, and highest degree of supervisory concern. Holding companies that are rated '1' or '2' are generally in satisfactory condition, while those that are rated '3,' '4,' or '5' are in less-than-satisfactory condition.

Tiering of Regulation

In October 2019, the Federal Reserve Board adopted rules that tier its regulations for domestic and foreign banks and holding companies to match their risk profiles more closely. The rules establish a framework that sorts institutions with $100 billion or more in total assets into four categories based on several factors, including asset size, cross-jurisdictional activity, reliance on weighted short-term wholesale funding, nonbank assets, and off-balance-sheet exposure (table A.1).

Table A.1. List of domestic and foreign firms, by category, as of 2024:Q2

Firm type	Category I U.S. G-SIBs	Category II >=$700b total assets or >=$75b in cross-jurisdictional activity	Category III >=$250b total assets or >=$75b in NBA, wSTWF, or off-balance-sheet exposure	Category IV Other firms with $100b to $250b total assets
Domestic firms				
U.S. domestic banking organization	Bank of America Bank of New York Mellon Citigroup Goldman Sachs JPMorgan Chase Morgan Stanley State Street Wells Fargo	Northern Trust	American Express Capital One Charles Schwab PNC Financial Truist Financial U.S. Bancorp	Ally Financial Citizens Financial Discover Fifth Third First Citizens Huntington KeyCorp M&T Bank NY Community Bancorp Regions Financial Synchrony Financial
Foreign firms (standards vary by legal entity)				
Intermediate holding company			Barclays US BMO Financial Deutsche Bank USA DWS TD Group US UBS Americas	HSBC North America RBC US Santander Holdings USA
Combined U.S. operations		Barclays US MUFG Sumitomo Mitsui UBS	Bank of Montreal BNP Paribas Deutsche Bank Mizuho Royal Bank of Canada Toronto-Dominion	Banco Santander Bank of Nova Scotia Canadian Imperial HSBC Societe Generale

Notes: As of 2024:Q2, American Express moved from Category IV to Category III and Credit Suisse USA no longer appeared as an intermediate holding company. NBA is nonbank assets; wSTWF is weighted short-term wholesale funding.

Source: FR Y-15.

Top Holder

All data, unless otherwise noted, refer to the top-holder data. This population generally comprises top-tier Call Report filers and top-tier FR Y-9C filers, including depository SLHCs and FBOs. In instances where a top-tier holding company does not file the FR Y-9C, we combine financial data of subsidiary banks/thrifts to approximate the consolidated financial data of the holding company. Commercial and insurance SLHCs, cooperative banks, and non-deposit trust companies are excluded from the top-holder population.

Well Capitalized Metric

For the purposes of this publication, institutions that met the capital ratio requirements for the "well capitalized" designation according to the Prompt Corrective Action guidelines as they existed in each quarter are considered well capitalized.[25] As of 2024:Q2, an insured depository institution was considered well capitalized if it had a total risk-based capital ratio of 10.0 percent or more, a tier 1 risk-based capital ratio of 8.0 percent or more, a CET1 capital ratio of 6.5 percent or more, and a tier 1 leverage ratio of 5 percent or more.[26] Qualifying community banks that elected to use the CBLR framework and maintained a leverage ratio of greater than 9 percent are considered well capitalized. While these standards apply to insured depository institutions, they are used as a proxy for holding companies in figure 1.

[25] See the Federal Deposit Insurance Corporation, Federal Deposit Insurance Act, Section 38 Prompt Corrective Action, https://www.fdic.gov/federal-deposit-insurance-act/section-38-prompt-corrective-action for additional information.

[26] For an insured depository institution that is a subsidiary of a G-SIB, a supplementary leverage ratio of 6.0 percent or more. For the purposes of this publication, this requirement was not applied to institutions.

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