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AN INDUSTRY OUTLOOK

Current banking environment
Challenges ahead

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Bancography
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INTRODUCTION

The financial services industry continually faces new and distinct challenges.

Consider that in the past five years, the industry migrated from a zero-interest rate environment to the highest interest rates in 15 years; and that also in the past five years the industry moved from a position awash in liquidity to a position where many credit unions and banks are now facing liquidity constraints.

To help explain the current banking environment and to prepare for the challenges ahead, today's session presents statistics regarding deposit, demographic, and economic trends across the U.S. The session will strive to help you understand your credit union's current and prospective markets and the current banking industry environment, in support of your institution's capital and noninterest expense investment decisions.

INDUSTRY OUTLOOK: ANALYTIC FRAMEWORK

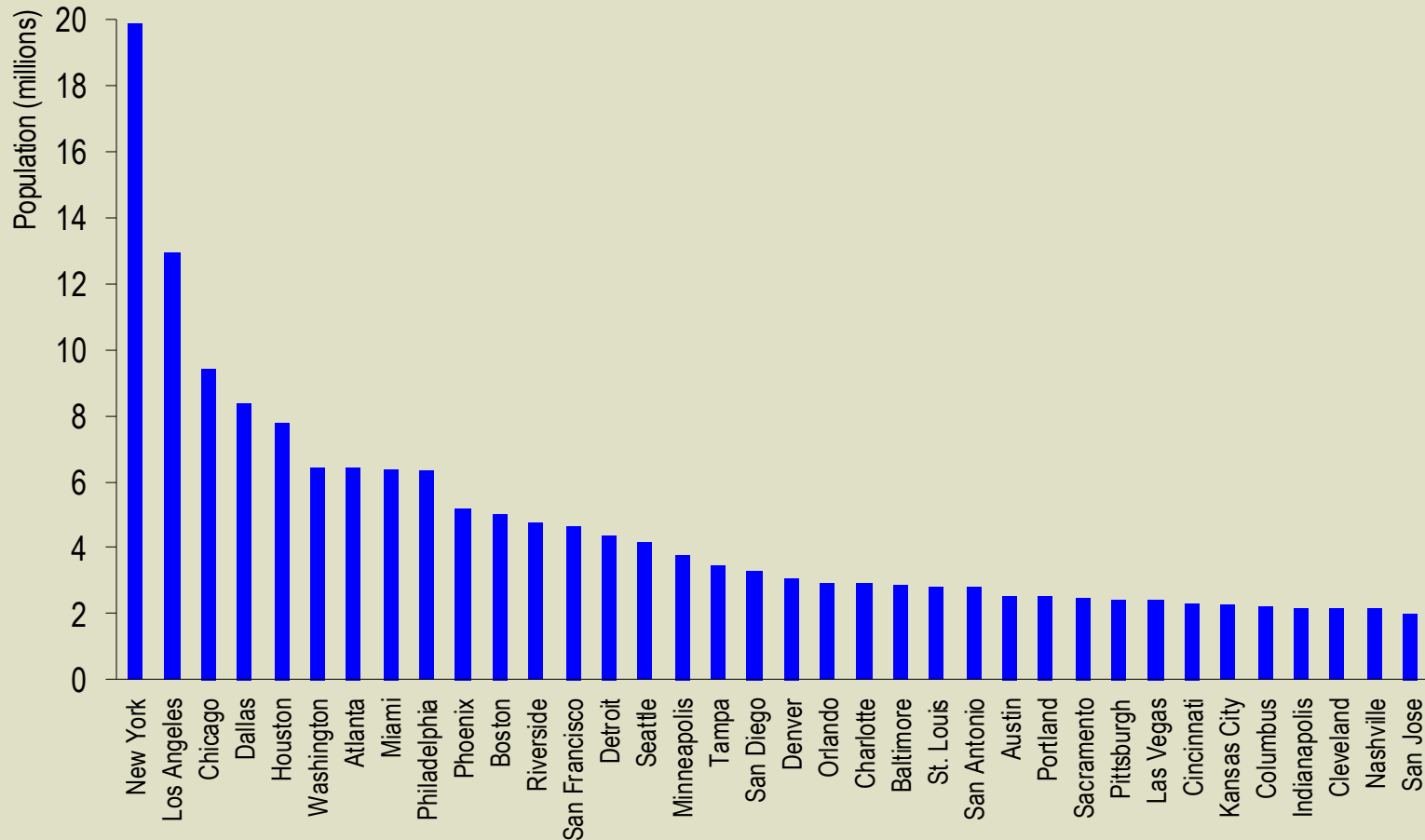
- Most data are presented in two groups:
 - For the 36 metropolitan areas in the U.S. with two million or more residents
 - For the 35 top-ranking markets on the specific attribute, among all U.S. metropolitan areas with at least 500,000 residents; this threshold impounds 111 metros
- The analysis waives San Jose into the large-market peer group, rounding its 1.99 million population upward. This leaves a distinct band of demarcation between the largest and next tier of markets, as the next-ranking MSAs (Virginia Beach-Hampton Roads and Jacksonville) each contains 1.8 million residents – 200,000 fewer than San Jose.

INDUSTRY OUTLOOK: ANALYTIC FRAMEWORK

- The 36-metro, large-MSA peer group encompasses:
 - 49% of U.S. residents and 50% of U.S. retail and small business deposits
- The 111 metros with population > 500,000 encompass:
 - 69% of U.S. residents and 70% of U.S. retail and small business deposits
- Need information on a market or a measure not included in the Outlook? Let us know, and we'll send the statistics you need.

POPULATION

The 36 U.S. MSAs with at least two million residents



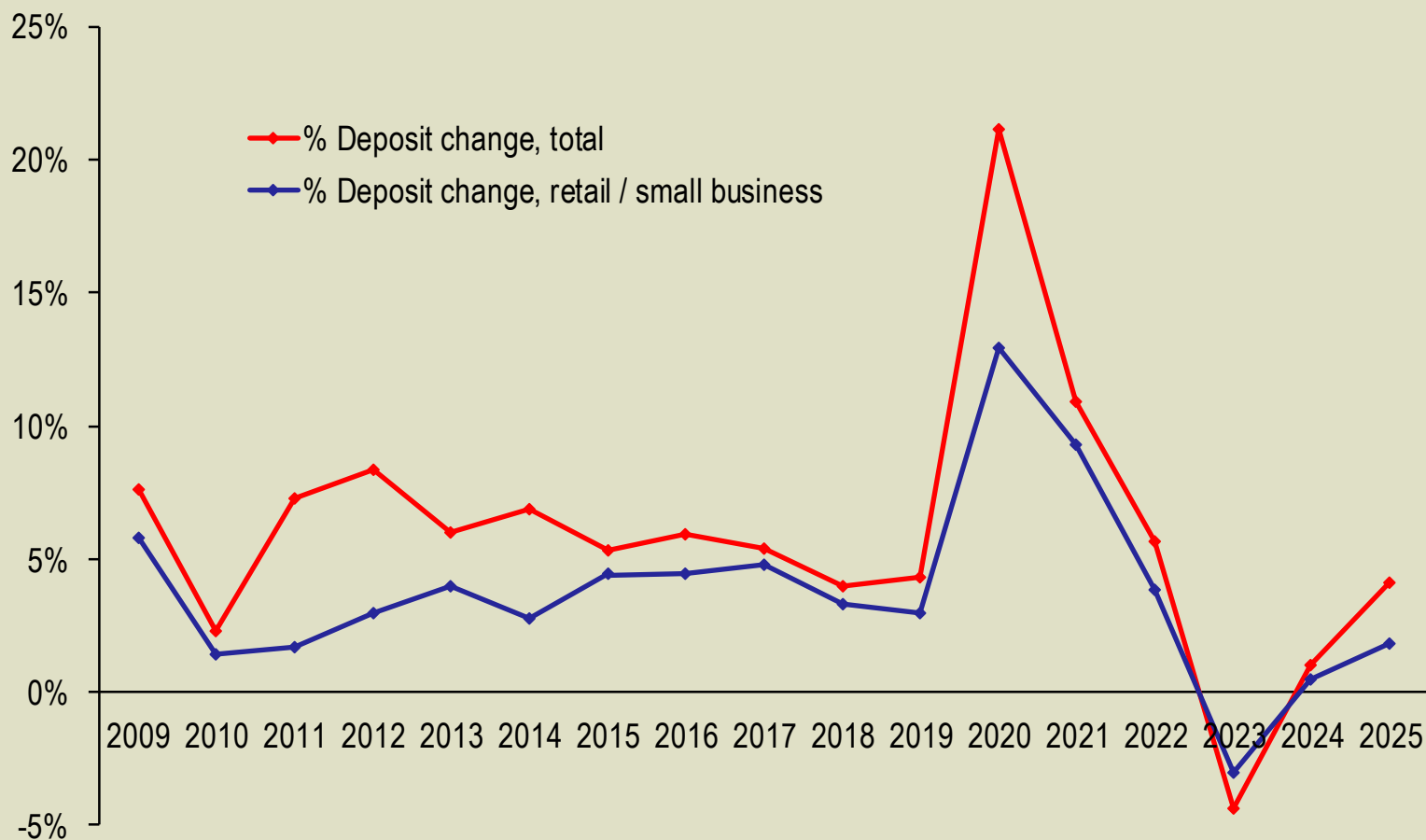
Of the 36 U.S. metros with at least two million residents, 17 show population in the two million to three million range (Orlando and rightward in the graph above). Eleven metros hold more than five million residents (Boston and leftward in the graph).

SOURCES, NOTES, ETC.

- Data include both banks and credit unions.
- Substantial corporate and public funds deposits at large main offices can skew deposit statistics. To counter this, all calculations truncate individual bank branch deposits at \$250M (i.e., any bank branch that owns more than \$250M in deposits is given credit for only \$250M in the deposit-summary calculations). The resulting statistics provide a plausible estimate of retail and small business deposits.
- Several graphs present deposit growth data in both year-over-year and four-year contexts. Large-office balance variances tend to smooth over time, so the four-year trend graphs may be more useful than the one-year graphs.
- Deposit and branch statistics reflect the June 30, 2025 FDIC and NCUA releases (or prior comparison years). All demographics are from EASI Demographics, June 2025. Other data sources are noted in the Appendix, on pages 70 - 71.
- See Appendix pages 72 - 74 for important notes regarding reporting of credit union deposits.

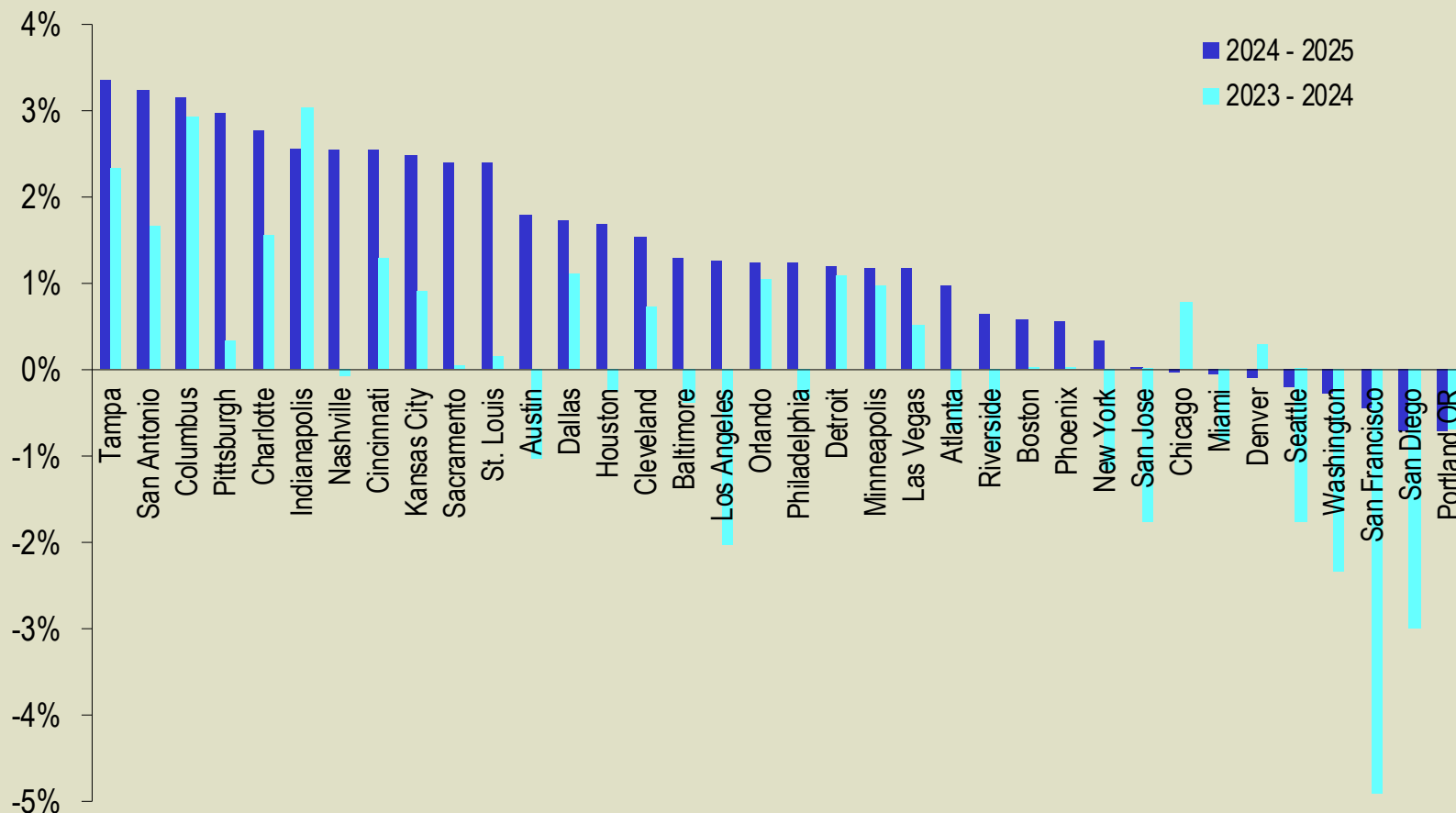
NATIONAL DEPOSIT GROWTH TRENDS

Nationwide, deposit totals rebounded slightly in 2025, with retail and small business deposits increasing by about 1.5%. However, combined with flat-to-declining deposit growth in the prior two years, this yielded a four-year compound annual growth rate of only 0.7% nationwide; and even last year's modest deposit gain remains well below historic norms.



DEPOSIT CHANGE (%), TWO-YEAR COMPARISON

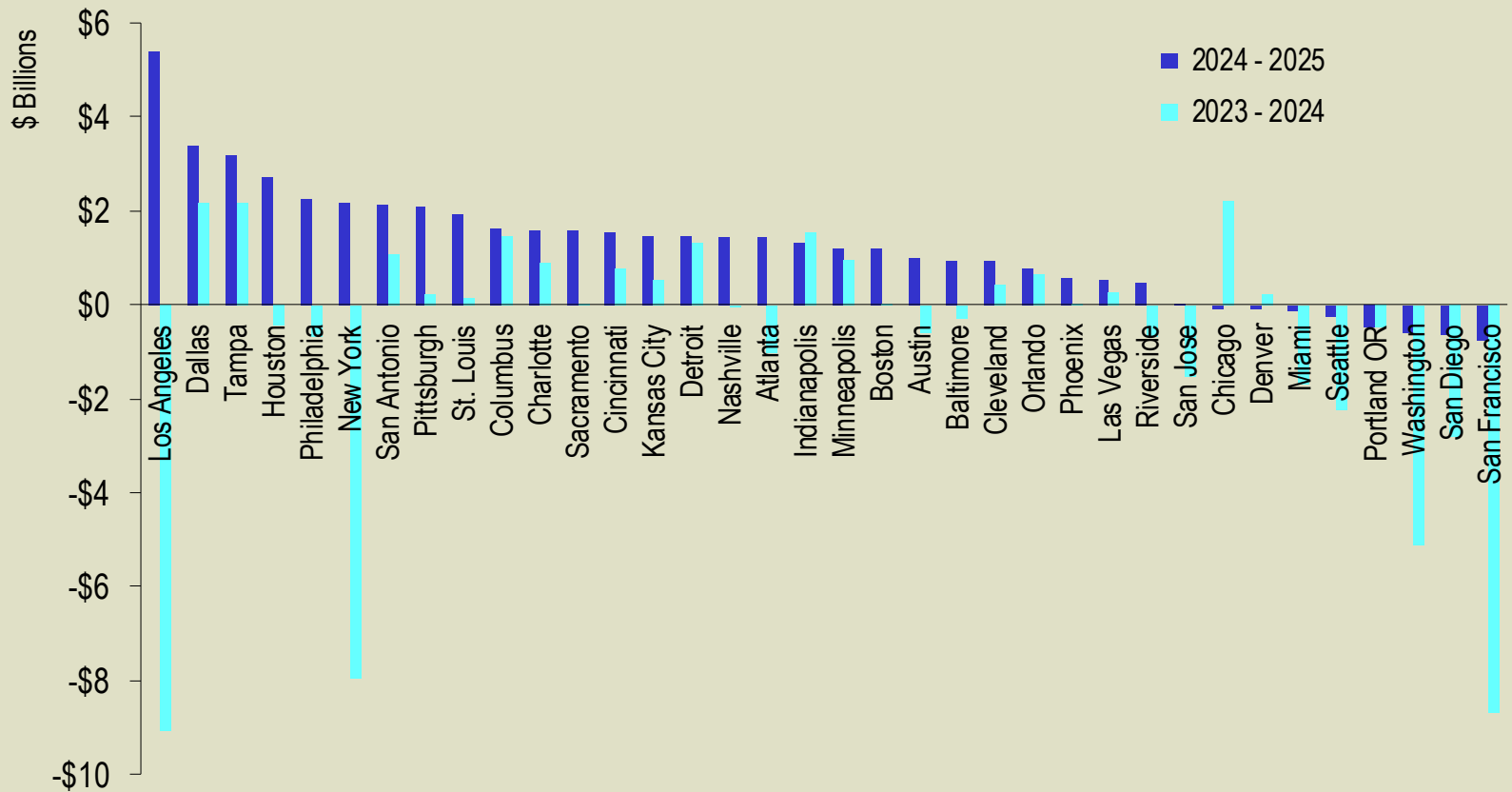
All MSAs with at least two million residents



In 2024, nearly half of the nation's largest markets posted positive deposit growth. In 2025, all but eight of the largest MSAs showed deposit gains, albeit most in the 1% - 2% range. Tampa, Columbus and Indianapolis showed top-tier deposit growth in each of the past two years; while Pittsburgh and Nashville joined the top-performing markets in 2025 after posting flat deposit totals in 2024. San Antonio and Charlotte also ranked well in both years, but the five rightmost markets on the graph showed deposit declines in each of the past two years.

DEPOSIT CHANGE (\$B), TWO-YEAR COMPARISON

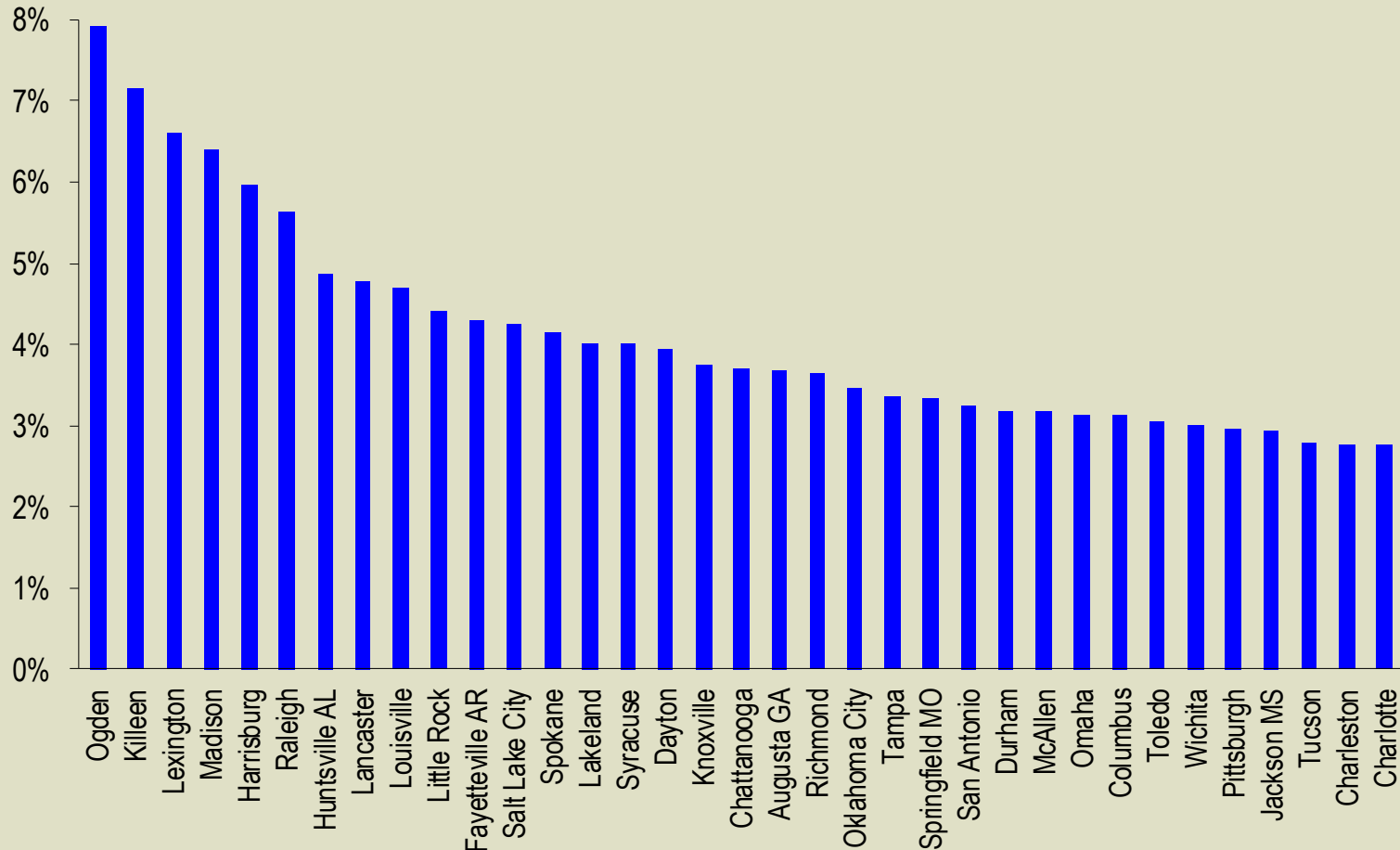
All MSAs with at least two million residents



Los Angeles and New York showed robust deposit growth in the past year, yet those gains still did not offset losses in the prior year. In contrast, Dallas and Tampa built off of gains in the prior year to show even stronger deposit growth in 2025. Houston and Philadelphia followed flat deposit growth in 2024 with strong deposit gains in 2025. At the opposite end of the spectrum, San Francisco, San Diego, Washington, Seattle and Miami all rebounded from severe declines in 2024, but still showed essentially flat deposits in 2025.

DEPOSIT CHANGE (%), 2024 - 2025

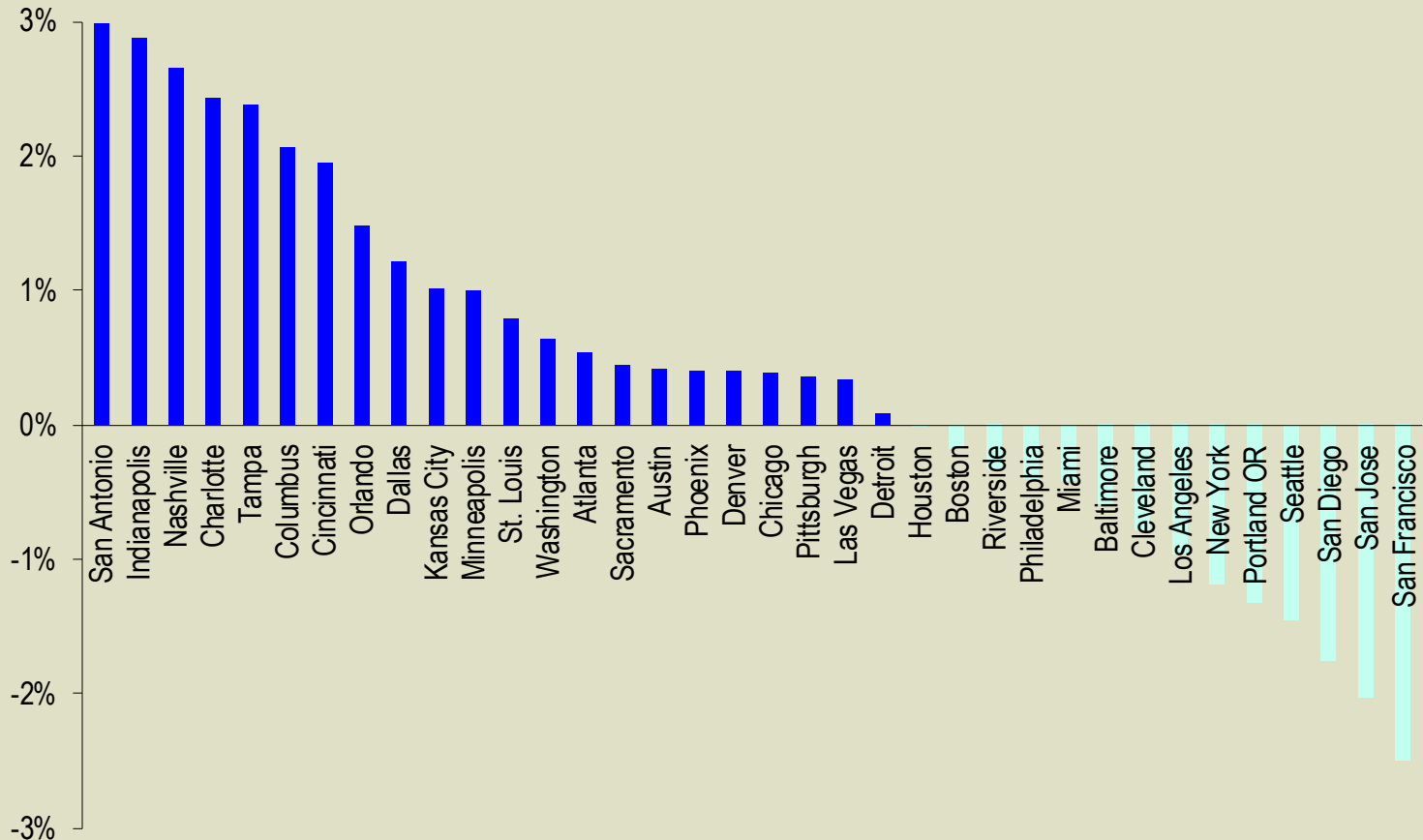
Top 35 MSAs among all metros with population > 500,000



Among the 111 large- and mid-sized U.S. metros, the top-deposit-growth markets spanned all regions of the nation, with markets as diverse as Ogden (UT), Killeen (TX), Madison (WI), Louisville (KY), Lancaster (PA) and Little Rock (AR) all ranking among the top-10 markets in terms of percentage gains. Only 30 markets nationwide exceeded 3% deposit growth, a level marking median performance in a typical year.

DEPOSIT CHANGE (%), 2021 - 2025

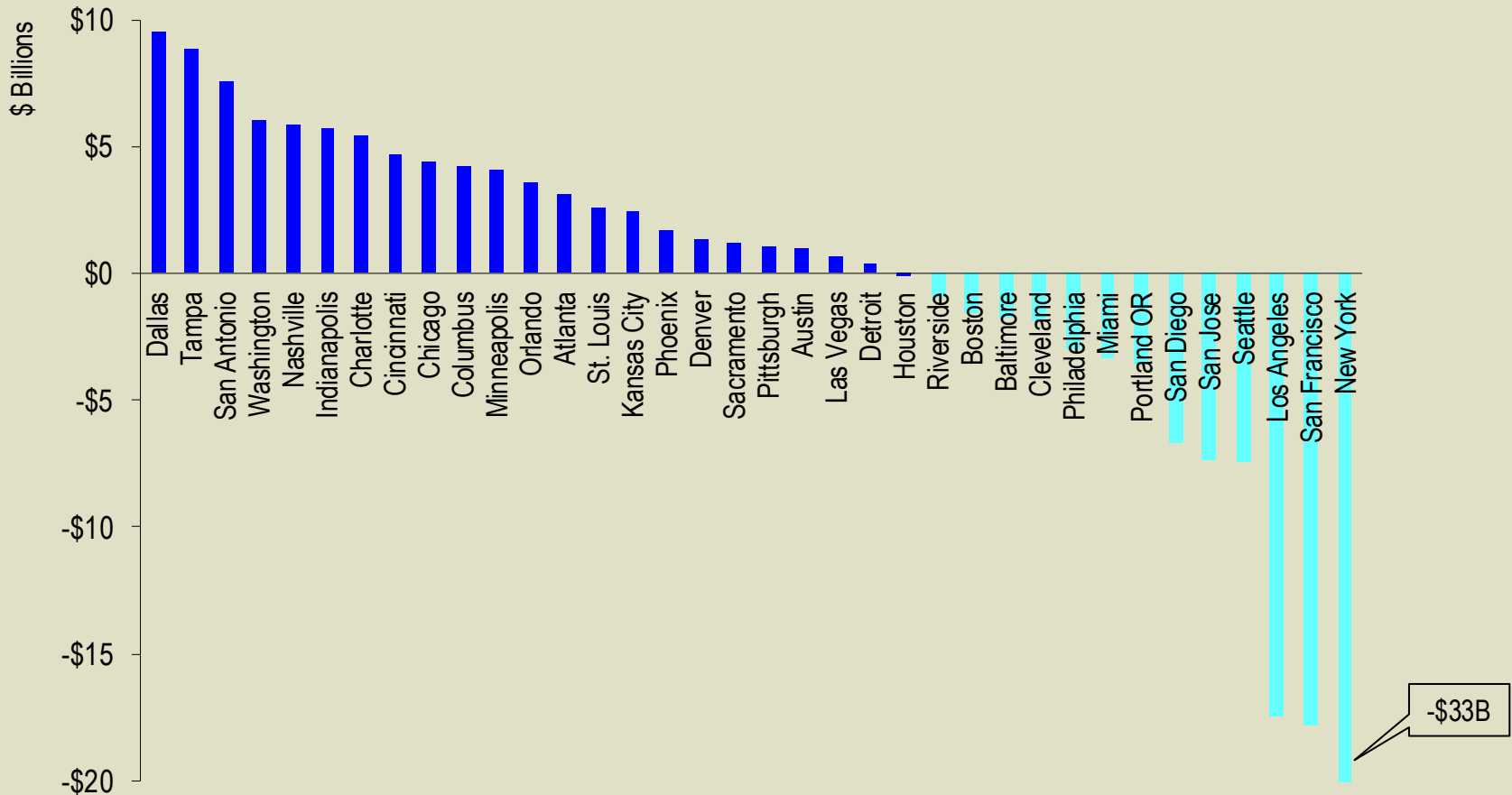
All MSAs with at least two million residents; compound annual growth rate



Keeping in mind that a four-year period includes both the COVID-fueled inflows and ensuing outflows, Midwest and Sunbelt metros fared best in longer-term deposit growth, with Indianapolis, Columbus and Cincinnati among the top-10 growth markets from the Midwest; and San Antonio, Nashville, Charlotte and Tampa representing the broadly defined Sunbelt. The median deposit gain between 2021 and 2025 was less than 0.5% per year (CAGR), with three California markets showing the most acute declines.

DEPOSIT CHANGE (\$B), 2021 - 2025

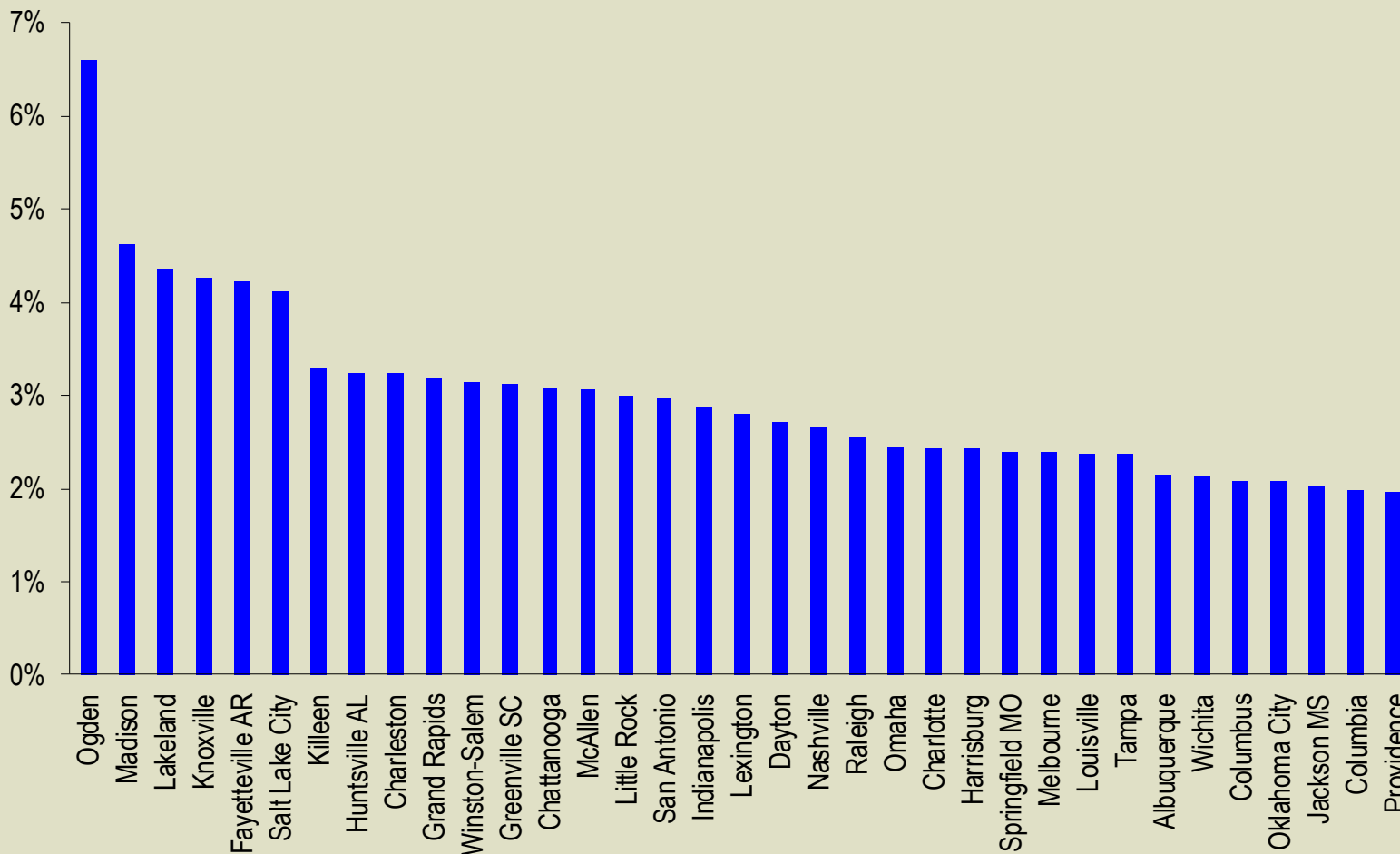
All MSAs with at least two million residents



No market in the nation added more than \$10B in deposits over the past four years. Dallas, Tampa and San Antonio approached that level, while the next tier of markets hovered near \$5B in deposit gains. Three of the nation's largest markets – New York, San Francisco and Los Angeles – experienced net deposit declines of between \$17B and \$33B from 2021 to 2025, and 14 markets overall showed net deposit declines in that timeframe.

DEPOSIT CHANGE (%), 2021 - 2025

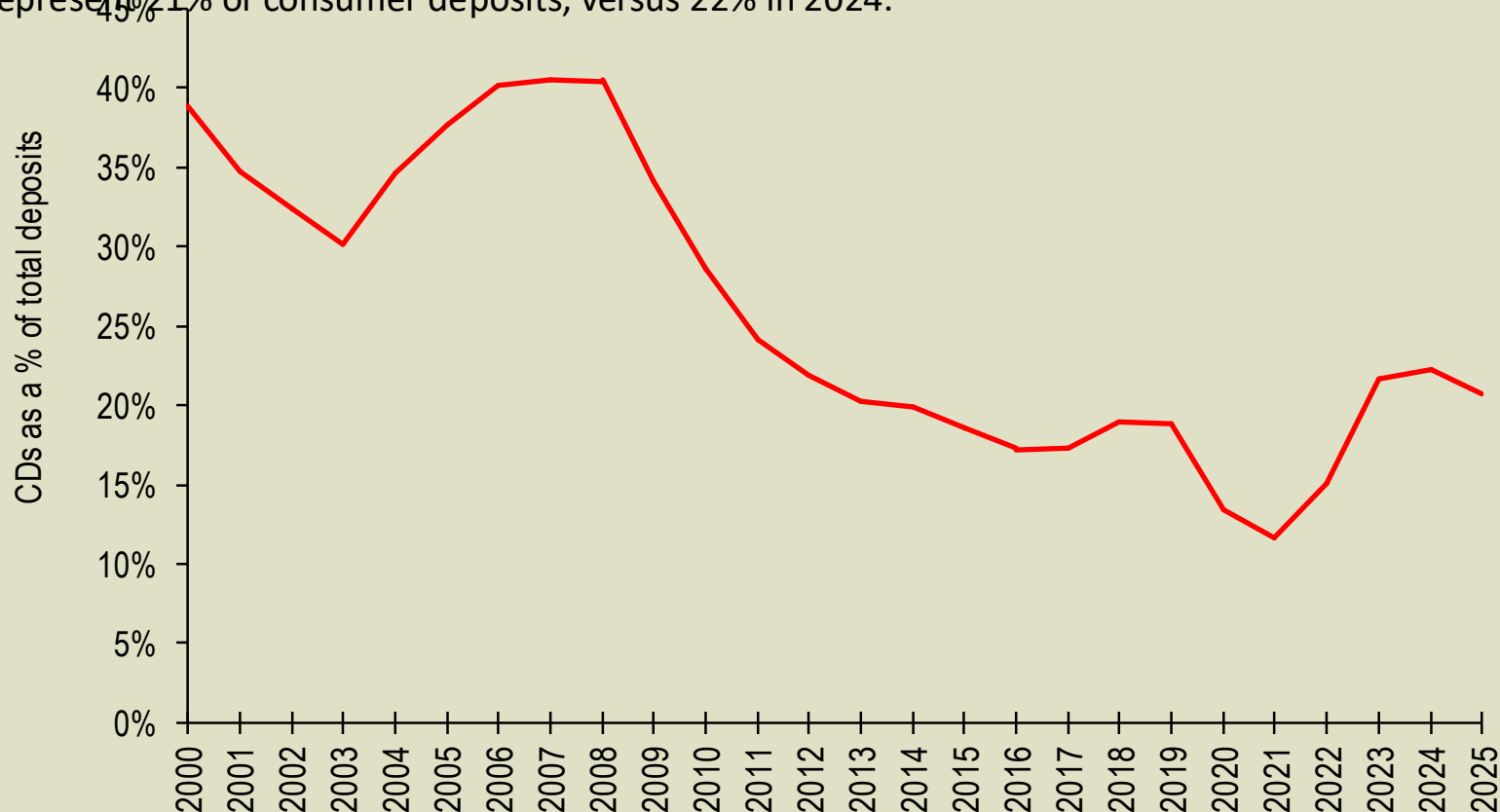
Top 35 MSAs among all metros with population > 500,000; compound annual growth rate



The top-deposit-growth markets among all mid-sized and large U.S. metros over the past four years are led by two markets in Utah and five markets in the Southeast (Lakeland, Knoxville, Fayetteville, Huntsville and Charleston); with Madison and Grand Rapids providing representation from the Midwest region, and Killeen (TX) also reaching the top ten.

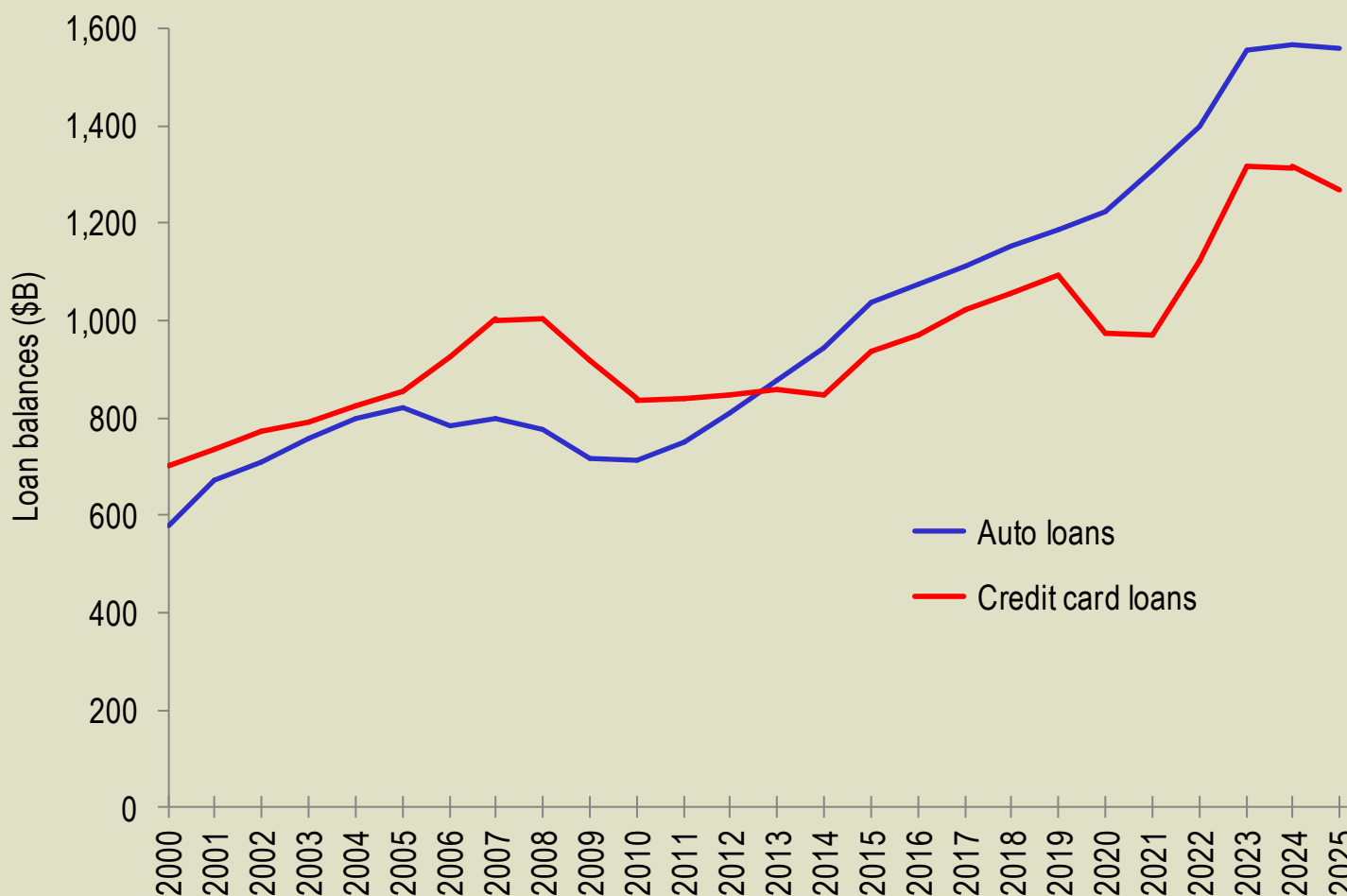
CONSUMER BALANCE SHEET TRENDS

From 2006 to 2008, CDs represented more than 40% of deposits held in U.S. bank branches. But the financial crisis of 2008/2009 and the low-rate environment that followed brought about a steady erosion in consumers' appetite for fixed-term, fixed-rate investments. The trend away from CDs finally started reversing in 2018 and 2019, only to see the COVID-driven, zero-rate environment of 2020 and 2021 take CD demand to all-time lows. The rising-rate environment of 2023 and 2024 increased demand for CDs, which slightly abated in 2025 as interest rates declined. CDs now represent 21% of consumer deposits, versus 22% in 2024.



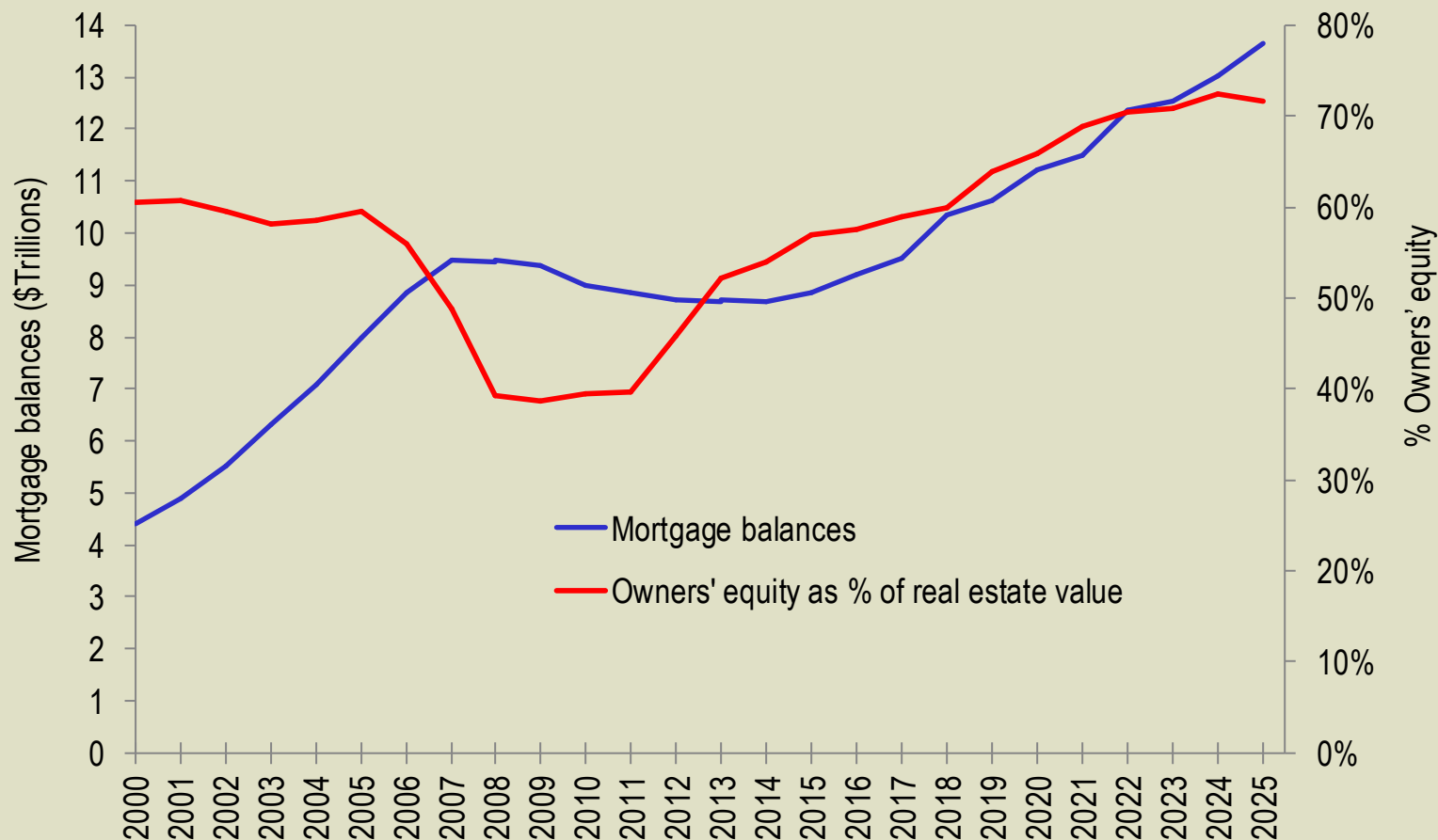
CONSUMER BALANCE SHEET TRENDS

Automobile and credit card loans surged in the immediate post-pandemic years, but borrowing of both types plateaued in 2024, and credit card balances declined slightly in 2025. This may reflect both consumers eschewing borrowing due to concerns over repayment ability and bankers restricting credit for similar reasons.



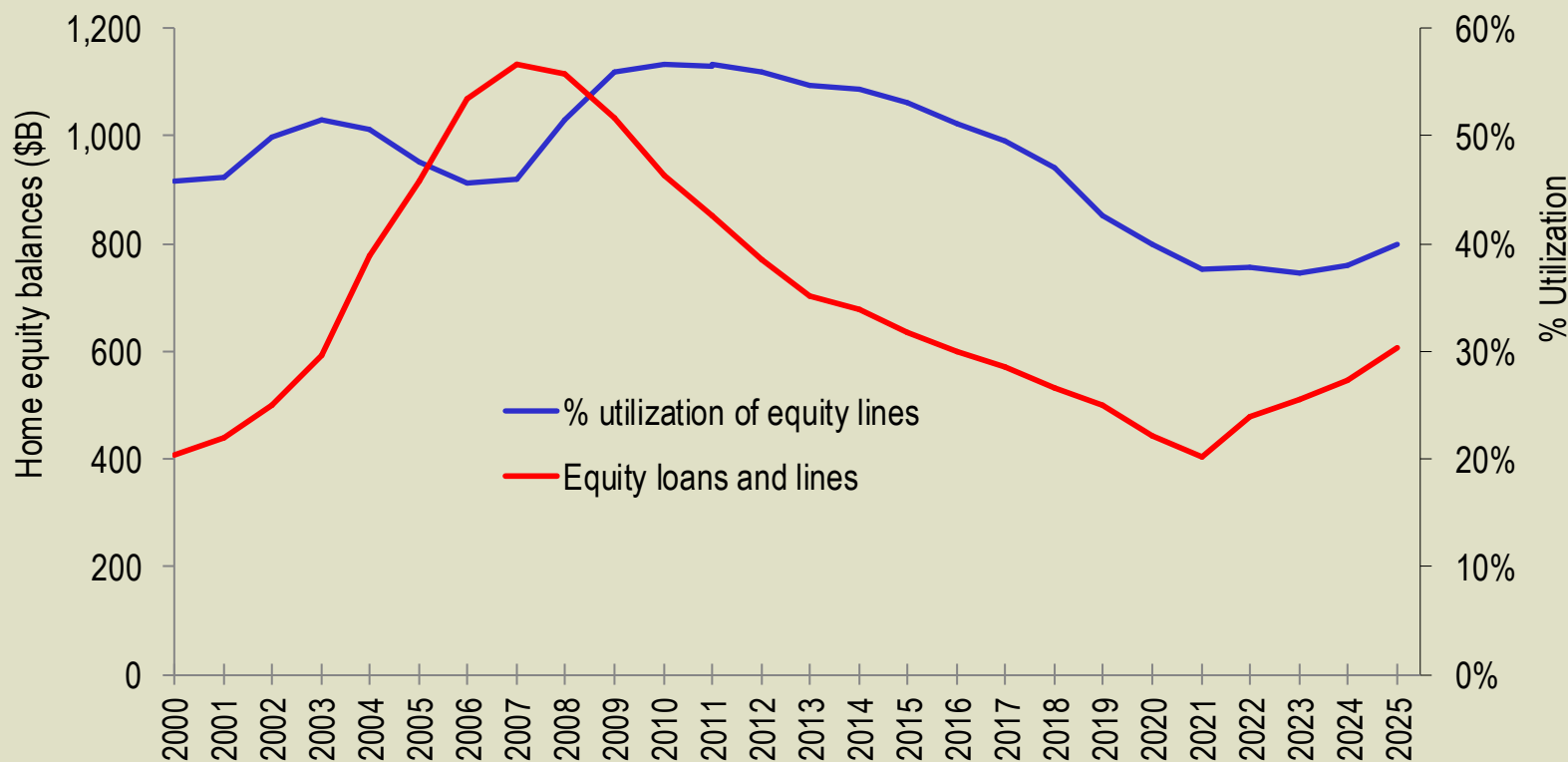
CONSUMER BALANCE SHEET TRENDS

Mortgage balances continued a continuous trend of year-over-year gains that has persisted since 2014. Homeowners' equity declined from 72% to 71% in the past year; i.e., U.S. homeowners carry mortgage balances equivalent to 29% of the aggregate market value of their homes, and inversely hold equity worth 71% of the homes' values. Even with the modest one percentage point decline, owners' equity remains near the highest levels of the past 25 years, affording significant capacity for home equity lending.



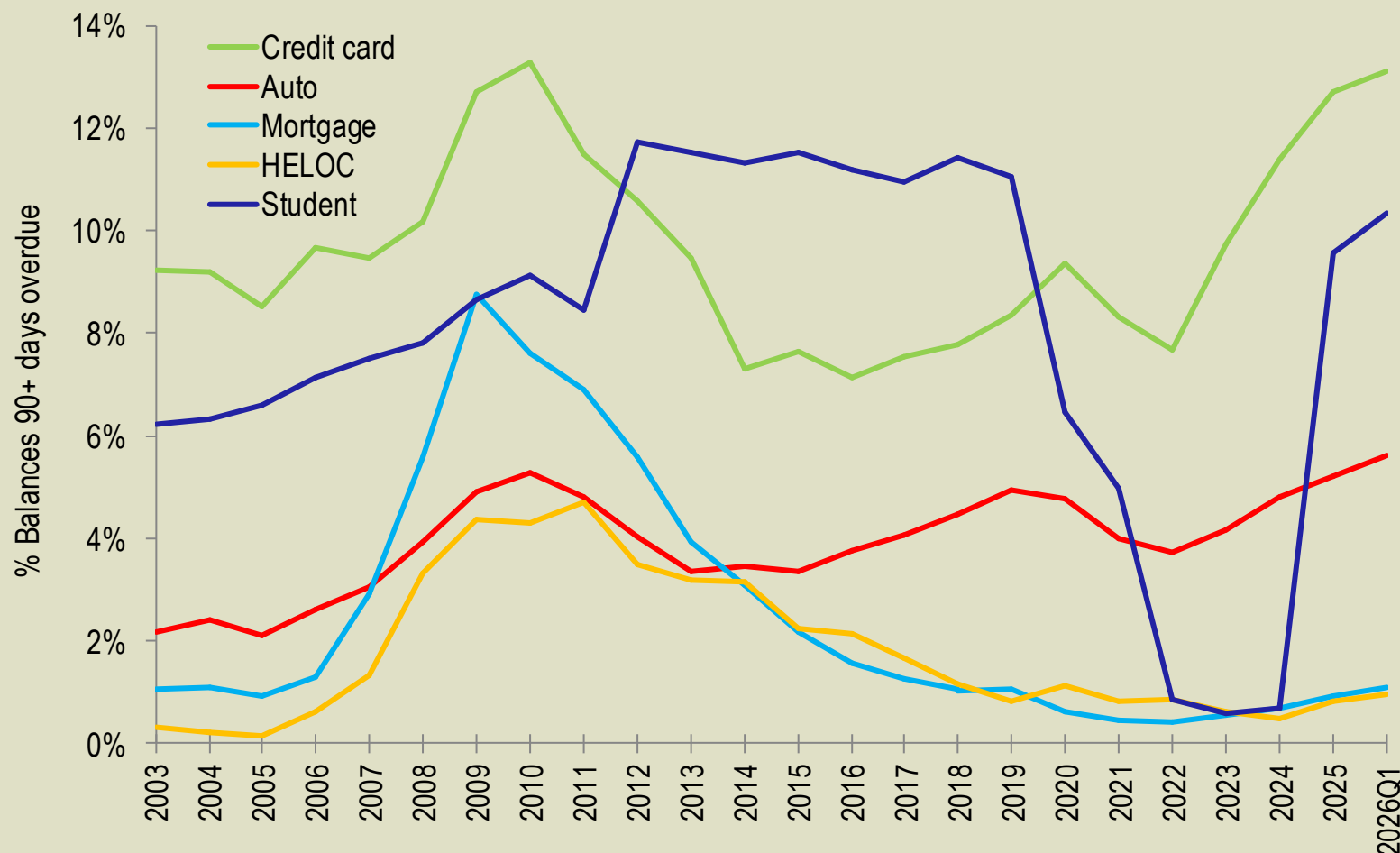
CONSUMER BALANCE SHEET TRENDS

Home equity borrowing declined every year since the 2008/2009 financial crisis, shedding \$700B from the balance sheets of U.S. financial institutions. In the post-crisis years, this reflected consumers' and bankers' reticence to assume dangerously high leverage. More recently, cash-out mortgage refinancings provided a preferable means to tap equity in a home, as refinancing would also reduce the primary mortgage interest rate. However, as rates increased, the HELOC remerged as a means of leveraging appreciating home values; and in total, home equity balances have increased by more than 50% since bottoming out in 2021. Home equity line utilization has ticked up as well, from a low of 37% to 40%; i.e., consumers are borrowing a greater proportion of their lines' limits than in prior years.



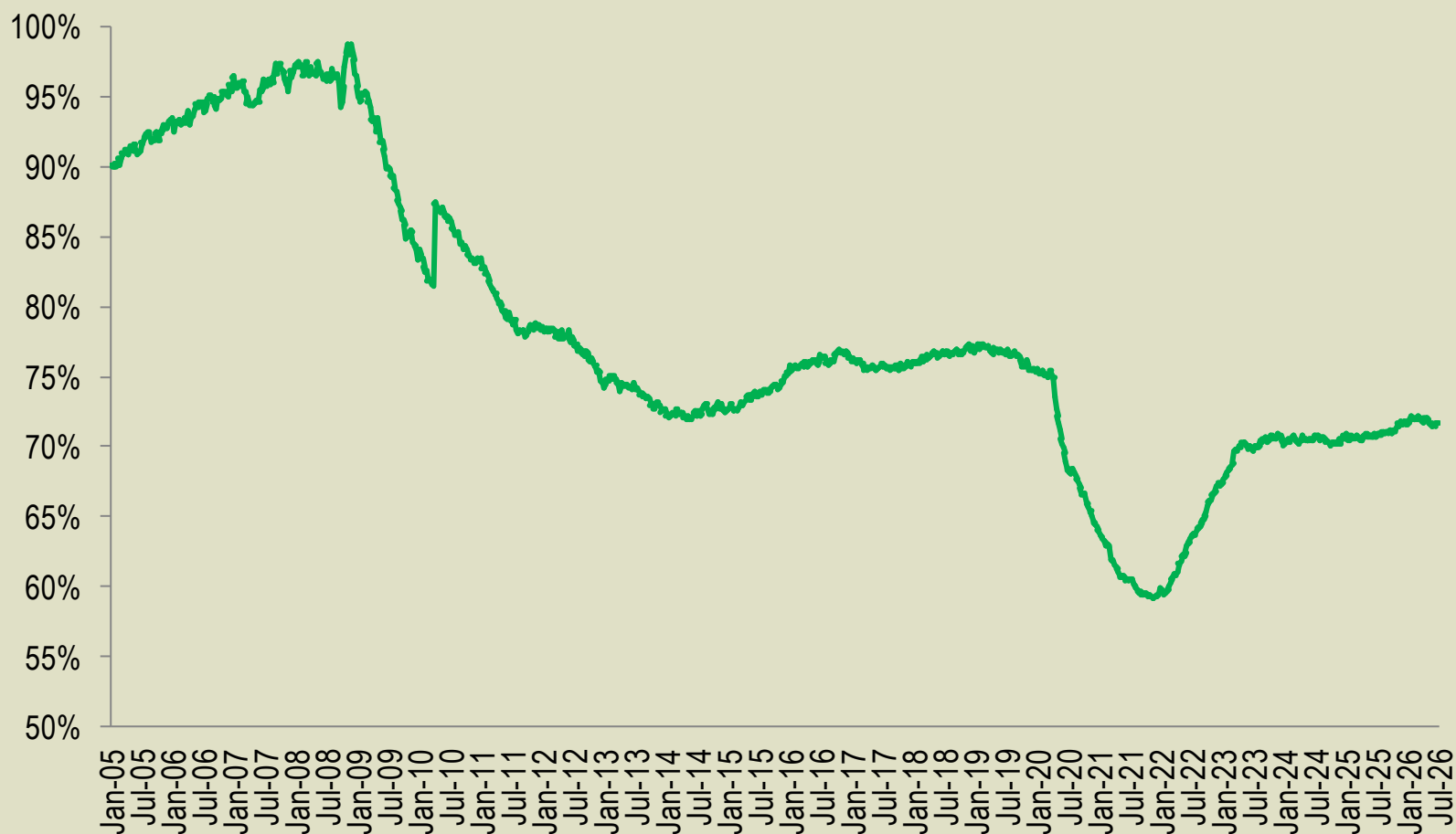
CONSUMER BALANCE SHEET TRENDS

The proportion of overdue balances increased for every consumer loan type in 2025 – most alarmingly for credit cards and automobile loans – where overdue rates were the highest since 2010 at the peak of the financial crisis. Student loan delinquencies soared due to the cessation of forgiveness programs, while mortgage and HELOC delinquency rates ticked upward modestly (but remain low relative to historic norms).



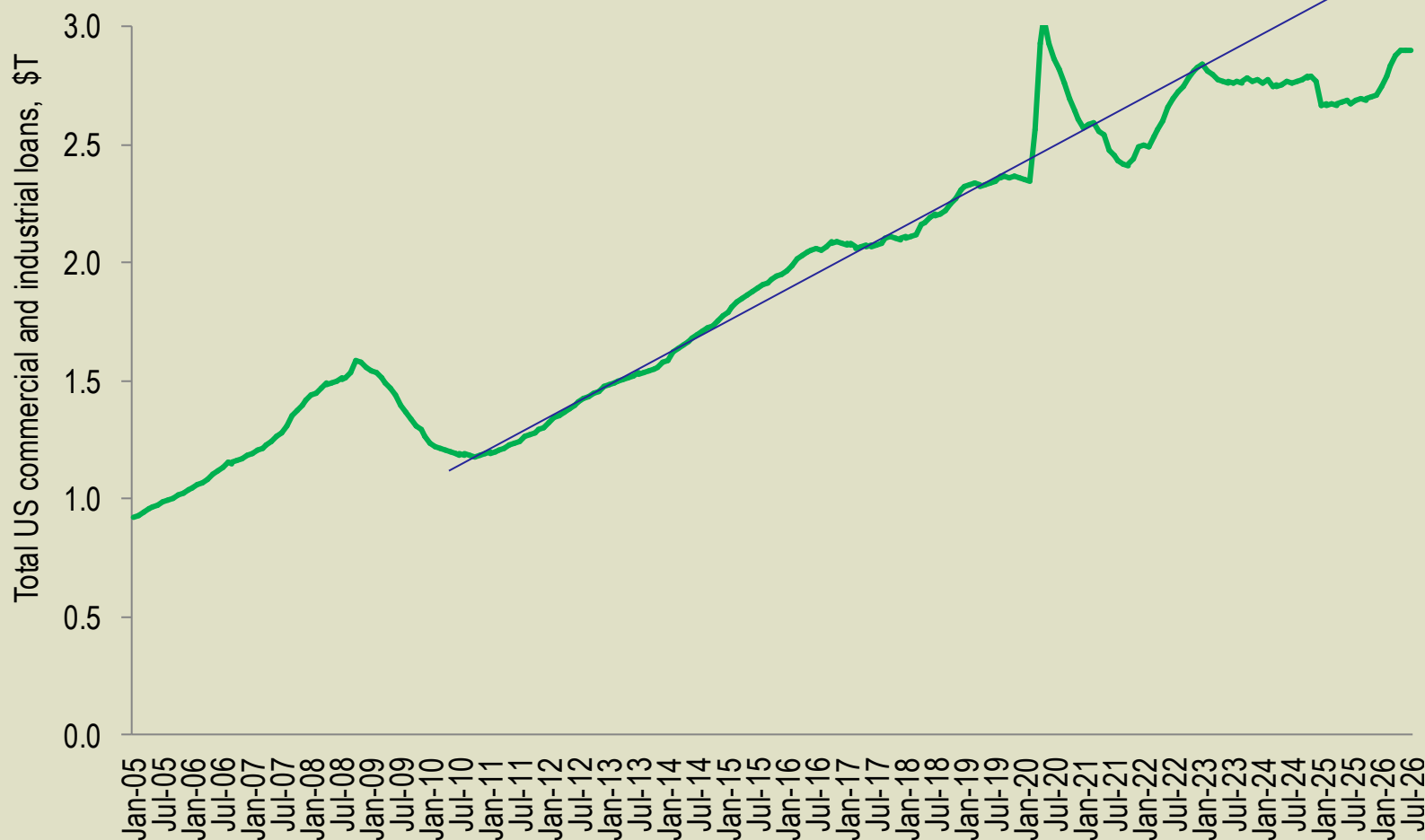
BANK BALANCE SHEET TRENDS

The industry's overall loan-to-deposit ratio edged upward to 72% in 2025, after hovering in the 70% - 71% range for most of 2023 and 2024. However, the aggregate ratio still remains at 72% midway through 2026, and notably below the 75% - 77% level that held for most of the five years before the onset of the COVID crisis, when liquidity infusions and diminished borrowings sent the ratio to all-time lows.



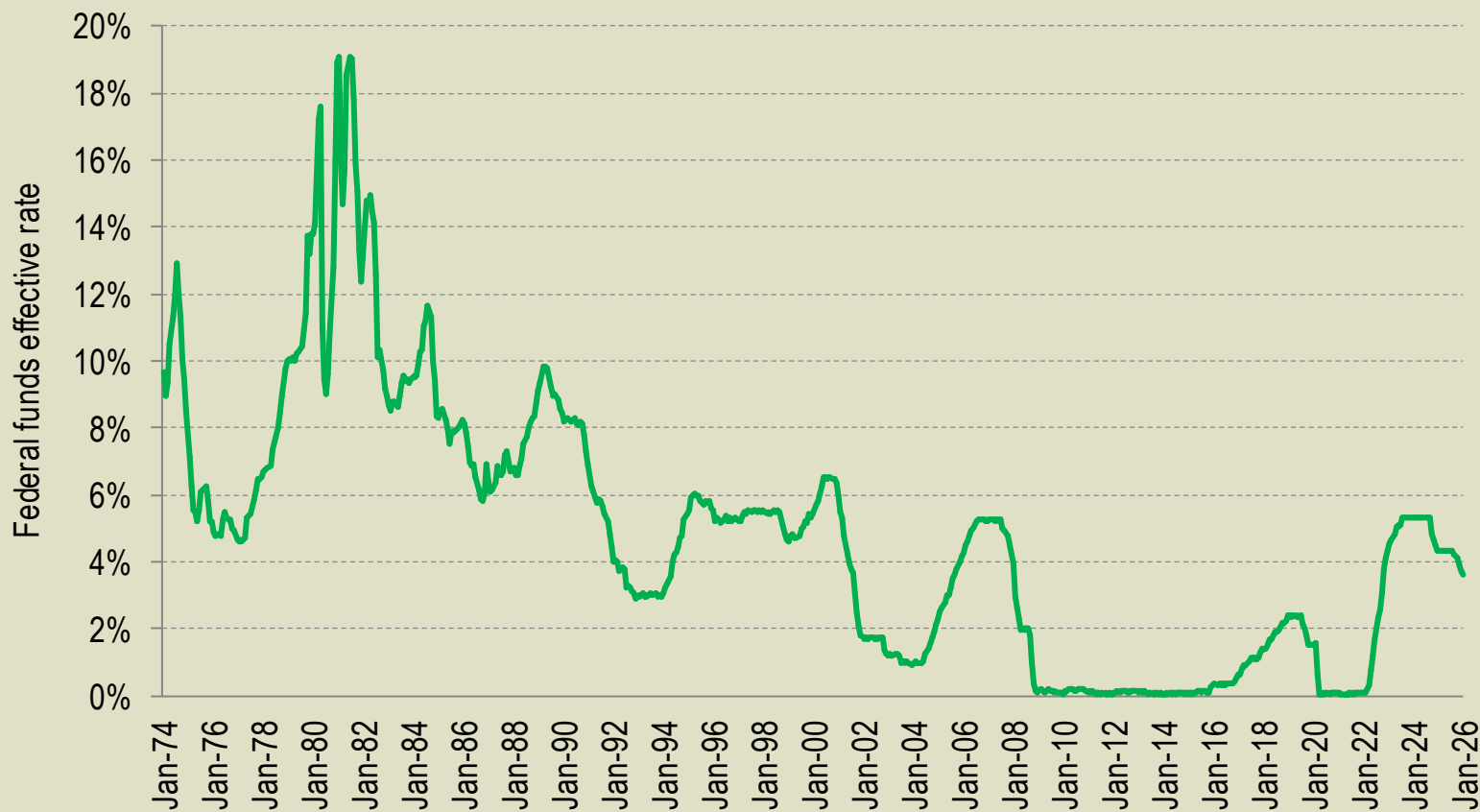
BANK BALANCE SHEET TRENDS

C&I loan balances represent a bellwether of industry-wide loan performance overall. The nation's aggregate C&I balances plateaued in 2023 and 2024 following a significant post-COVID recovery spike from late 2021 through the end of 2022. However, C&I borrowing declined notably in early 2025, recovering only modestly over the remainder of the year, and total C&I balances as of June 2026 still remain below 2024 year-end levels.



THE RATE ENVIRONMENT IN PERSPECTIVE

The plateau in C&I loan demand illustrated on the prior page has persisted, even as interest rates have declined by 170 basis points over the past year, from what were already historically low levels. This suggests the stagnation in C&I lending reflects more than just borrowing costs, but rather a general uncertainty from businesses as to the strength of the underlying economy. That noted, the converse should also hold: if we see revival in C&I lending demand (and for that matter, other consumer and business loan demand, too), it will reflect more than just an opportunistic response to favorable pricing, but rather confidence in sustained economic vibrance.



THE IRREPRESSIBLE JOBS MARKET

Even if uncertainties about the economy are suppressing business investment in plant, equipment and operations, (as would be implied by a negligible demand response to improve pricing), those uncertainties are not manifesting in substantially elevated layoffs. Rather the proportion of first-time unemployment claims relative to the size of the workforce has shown minimal variance since the COVID recovery of 2022 – including in the past year – and remained near historic lows.



TWO FUNNY WORDS: JOLTS AND SLOOS

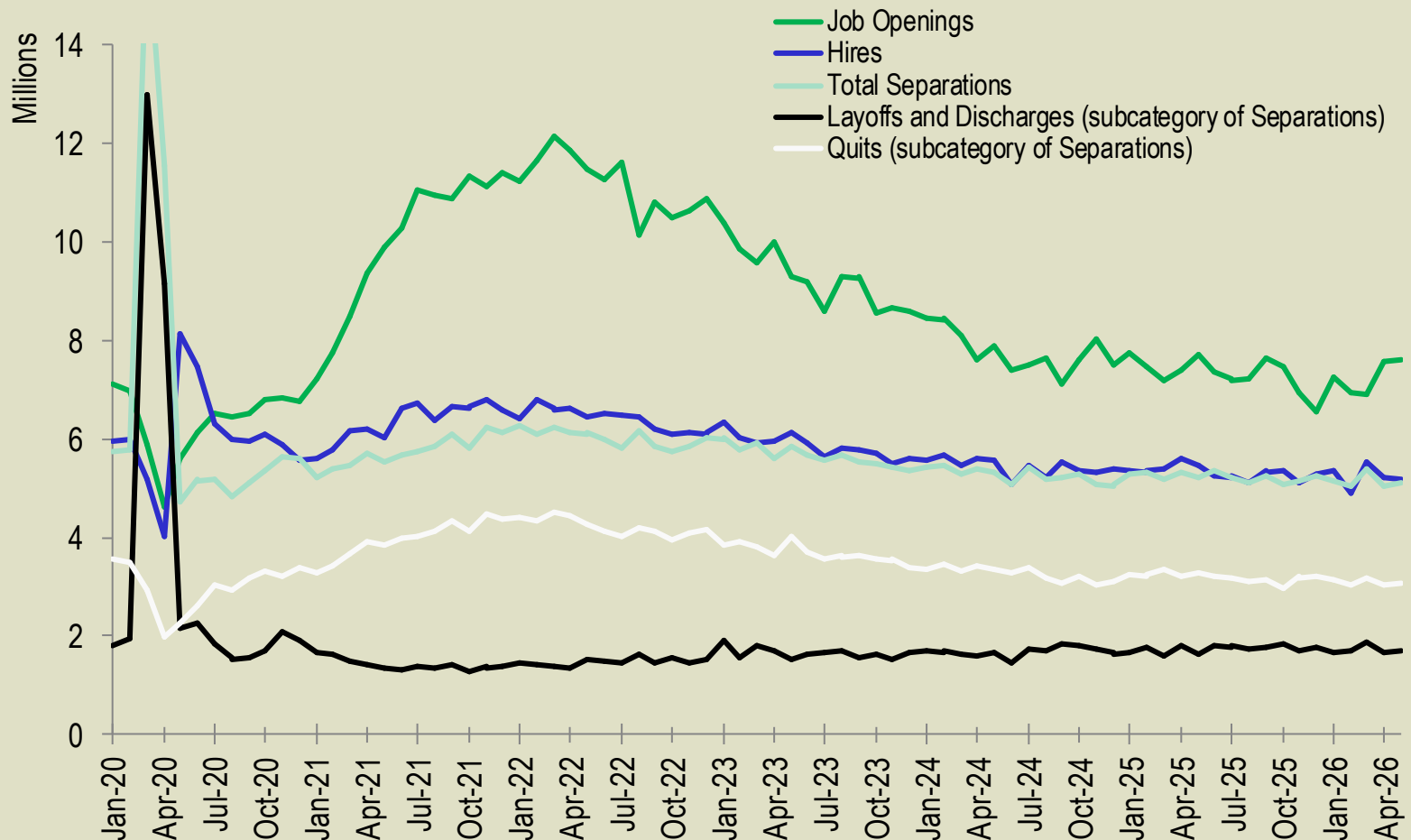
- Even with first-time unemployment claims remaining near historic lows, the nation's aggregate unemployment rate increased in 2025, reaching 4.4% by year end – nearly one full percentage point above the 50-year lows that prevailed for much of 2022 and 2023; but then abating to 4.2% by June 2026.
- How do we reconcile these two seemingly divergent data points, of historically low first-time unemployment claims but still increasing aggregate unemployment? Two federal data series provide additional context:
 - The monthly JOLTS report, compiled by the Bureau of Labor statistics provides data on job openings, hirings and separations; with its title an abbreviation for Job Openings and Labor Turnover Summary
 - The quarterly SLOOS report, compiled by the Federal Reserve board, provides insights into bankers' expectations for the economy; with its title an abbreviation for Senior Loan Officer Opinion Survey

THE STASIS ECONOMY

- Both the JOLTS and SLOOS reports show an economy in stasis: firms neither hiring nor shrinking; and neither investing nor contracting. And consumers, neither buying nor selling homes; instead awaiting signals as to the future direction of the economy before committing to a path.
- The consumer side of this stasis is well documented, as many homeowners who refinanced at record low rates during the peak of the COVID crisis now feel locked-in to their exceptionally favorable mortgage terms, reticent to sell and migrate to a higher-rate loan, unless receiving an absolute “too great to ignore” offer.
- Yet buyers also remain reluctant that delay, as the next rate move now appears more likely to take the opposite direction. to pursue any but the absolute best deals, in terms of the purchase price and mortgage rate; and some who remained cautious in anticipation of further rate cuts in 2026, may now lament that delay, with the next rate move likelier in the opposite direction.
- As a result, the median days on market for home sales in 2025 increased in every month relative to the same month in 2024 (same month / prior year comparisons are imperative for home-sales analysis because home sales show significant seasonal variance); and the same has held through May 2026 relative to 2025.
- Further, existing home sales fell in nine of the past 12 months relative to the same month in the prior year; and home price appreciation fell to its lowest level since 2011.

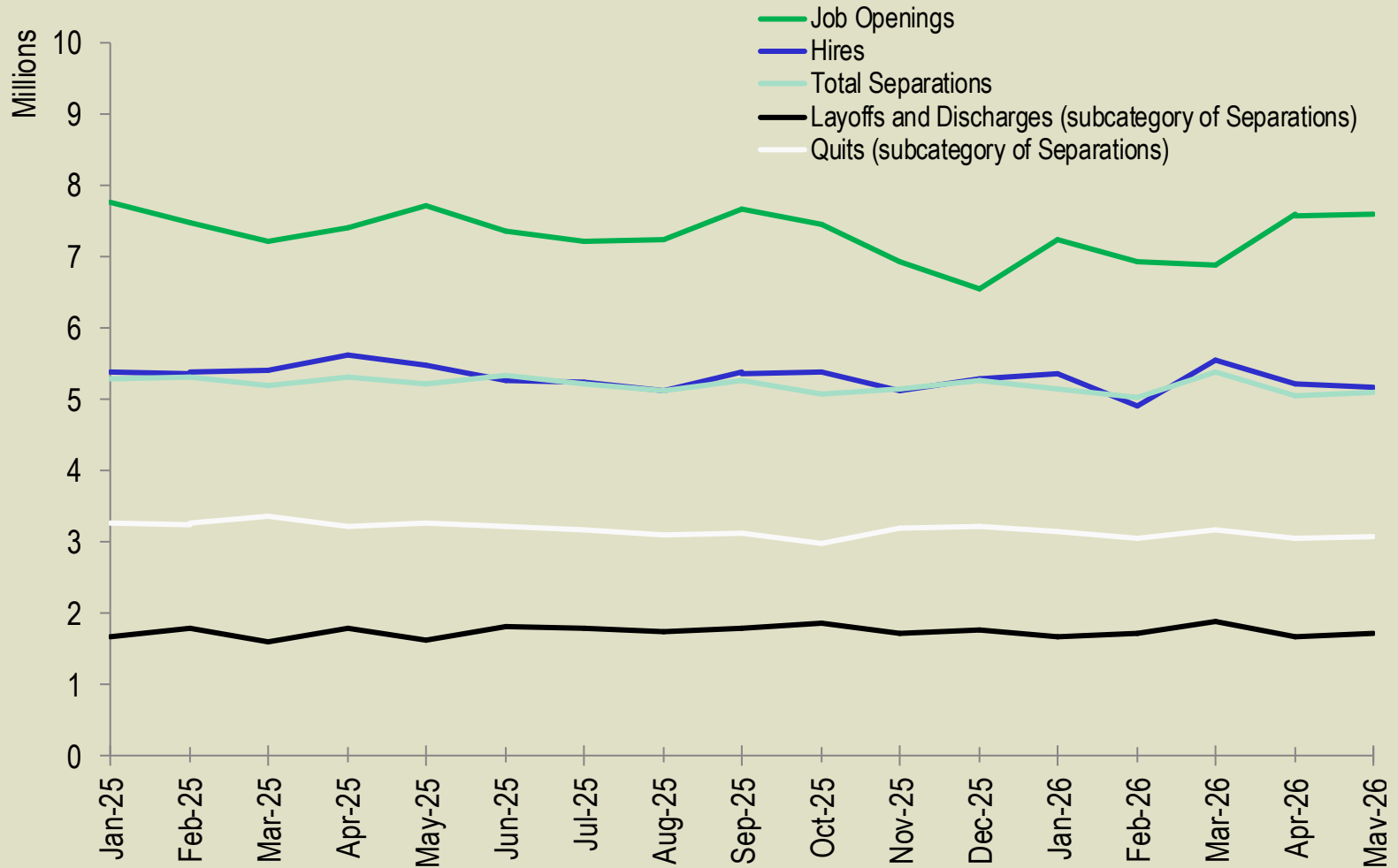
THE STASIS ECONOMY: JOLTS

The JOLTS data illustrate the economic stasis that prevailed throughout 2025 and into the first half of 2026, with hires almost exactly mirroring separations; i.e., companies neither expanding nor dramatically contracting their workforces. Trends within separations have remained steady too, with neither the level of voluntary nor involuntary separations varying much across the past year.



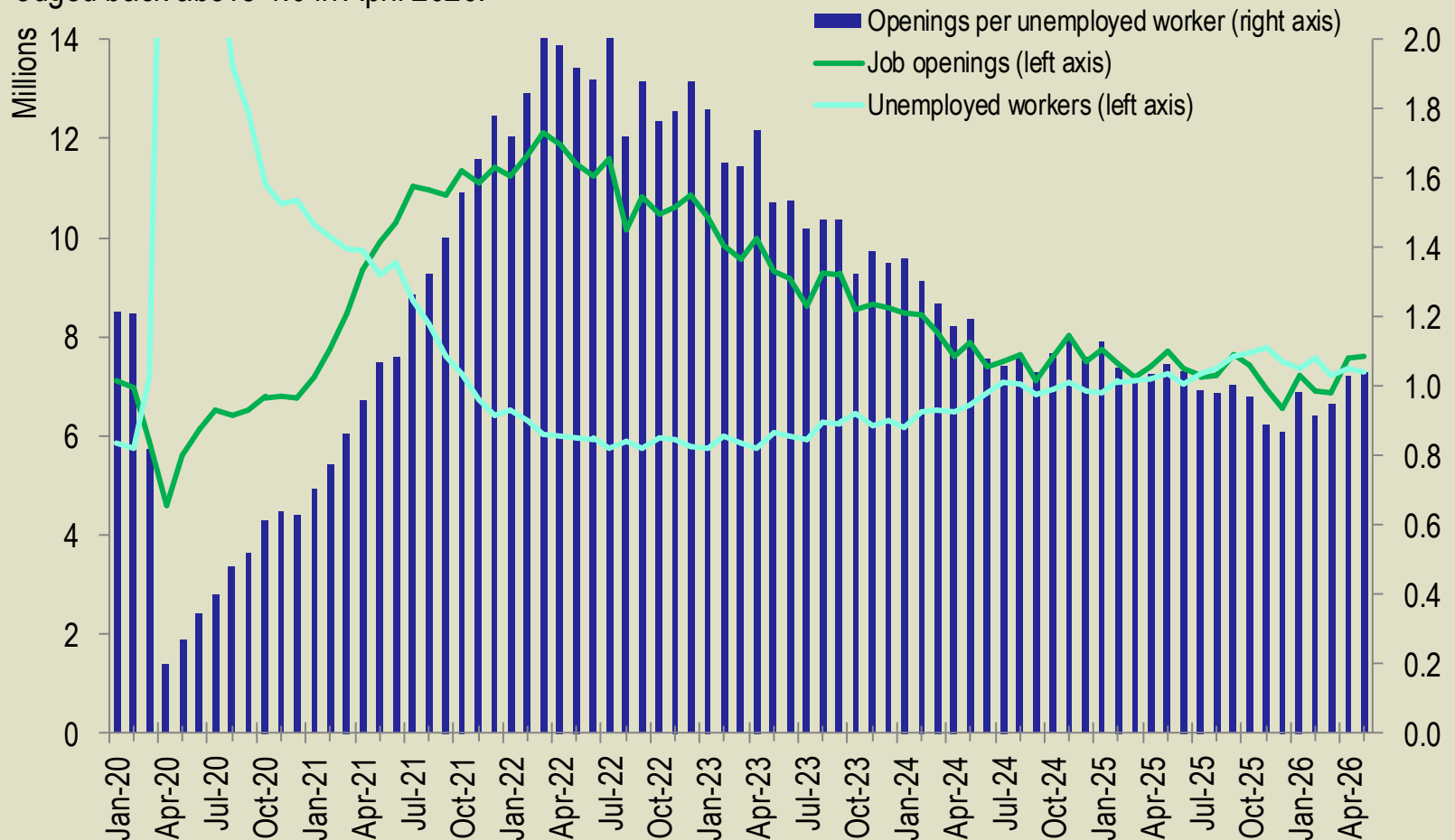
THE STASIS ECONOMY: JOLTS

The stagnation within the labor environment becomes even more apparent when examining the past year, when each component of net labor force change epitomized the term “flatlined.”



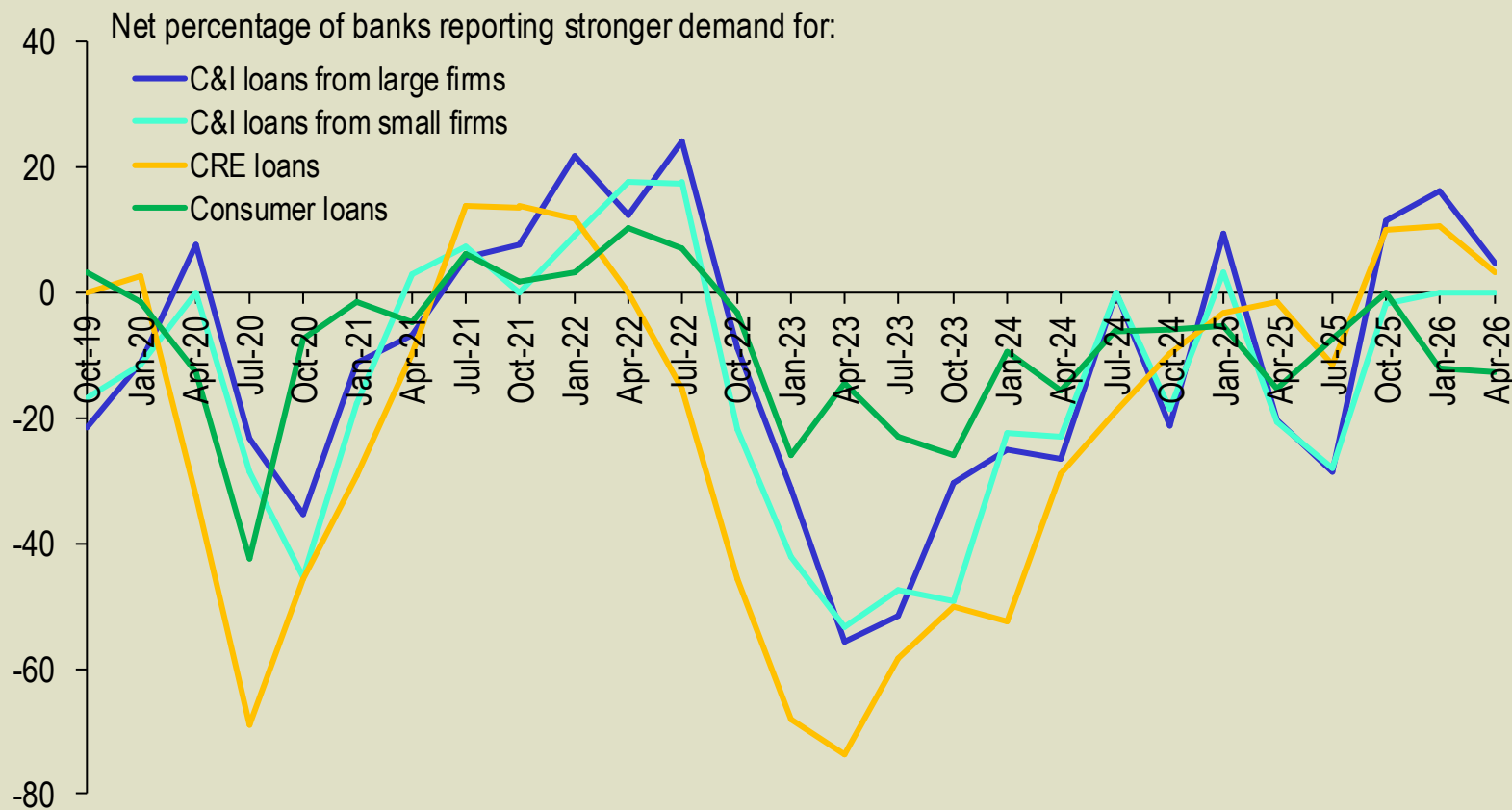
THE STASIS ECONOMY: JOLTS

One alarming statistic lies in that general declines in job openings throughout 2025, coupled with a rising count of unemployed workers, leaves the ratio of job openings per unemployed worker below the critical 1.0 threshold for the first time since the emergence from the COVID crisis in early 2021. That is, in the second half of 2025, there were not enough job openings in the nation to accommodate every unemployed worker; though the ratio just edged back above 1.0 in April 2026.

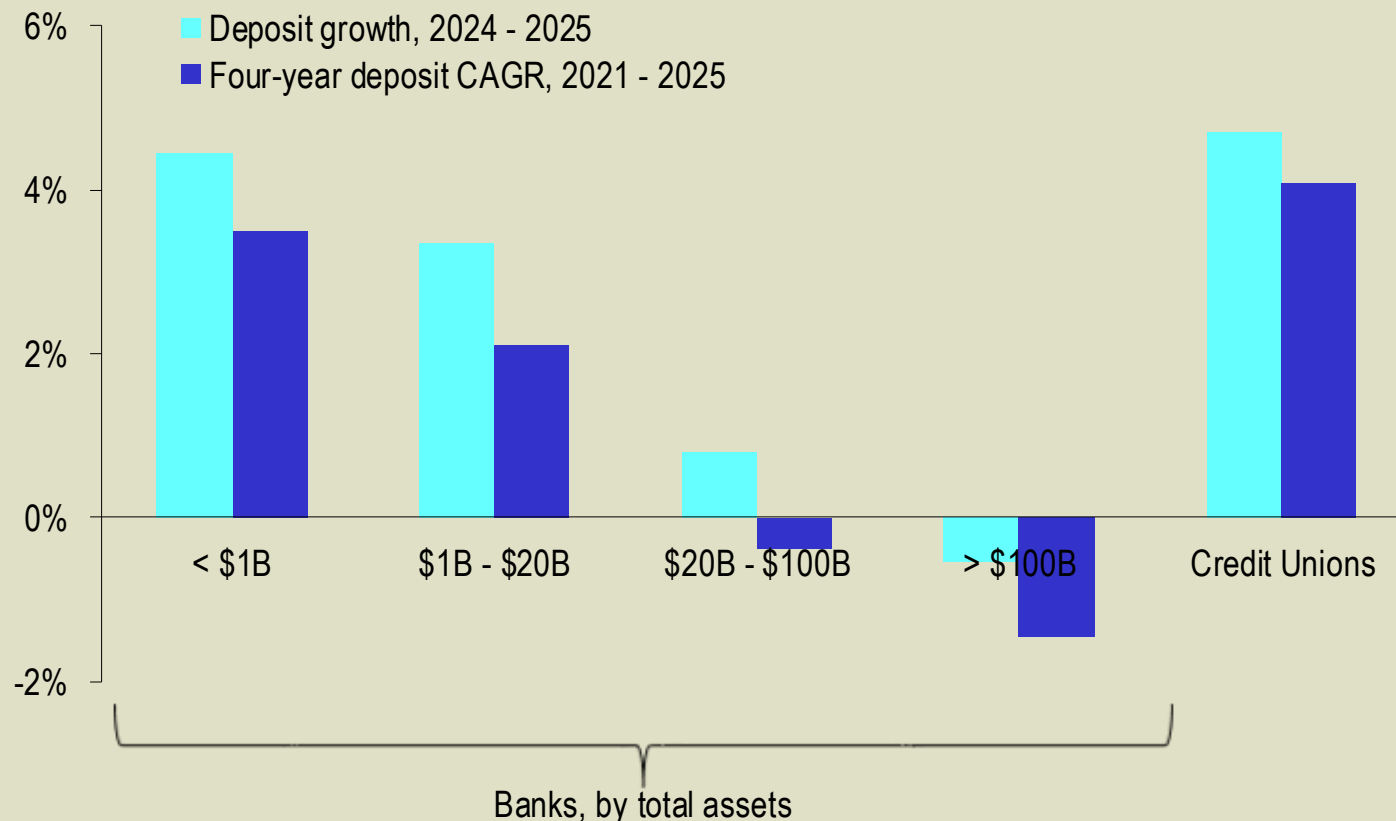


THE STASIS ECONOMY: SLOOS

The Federal Reserve Board's survey of senior loan officers finds marginally improved sentiment since mid-2025, but still a median forecast of no change in small- or large-business C&I loan demand, or for CRE loan demand from firms of any size tier; and net expectations for a modest downturn in consumer loan demand.

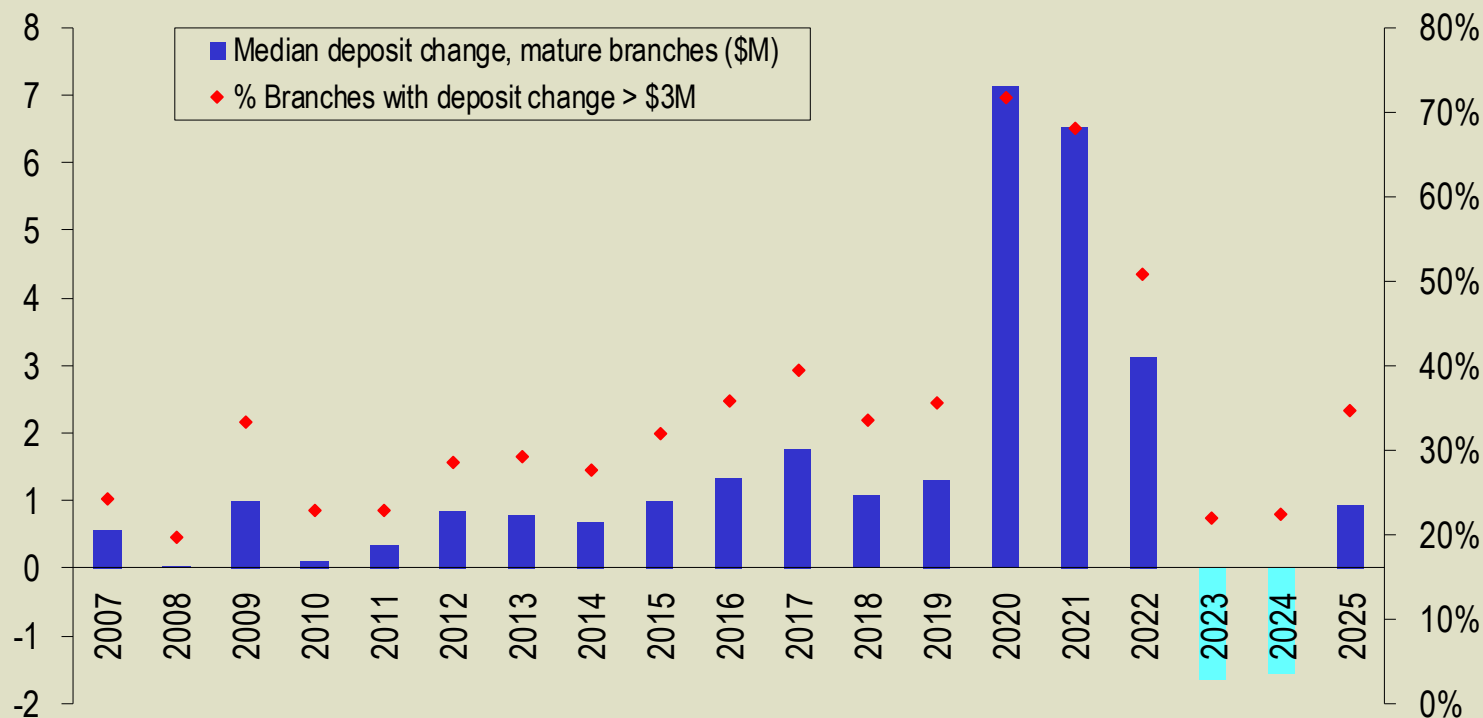


BRANCH DEPOSIT GROWTH



The industry's overall tepid deposit growth over the past four years is largely a function of the large banks that control much of the industry's total deposits. The handful of banks with retail and small business deposits greater than \$100B, about 20 banks in all, account for 40% of all deposits; and those banks showed a 1.5% annual deposit decline between 2021 and 2025. Banks in the \$20B - \$100B deposit tier reported essentially flat deposits in that timeframe, such that even modest annual deposit gains of 3% to 4% by community banks and credit unions still left overall industry deposits roughly flat during the past four years.

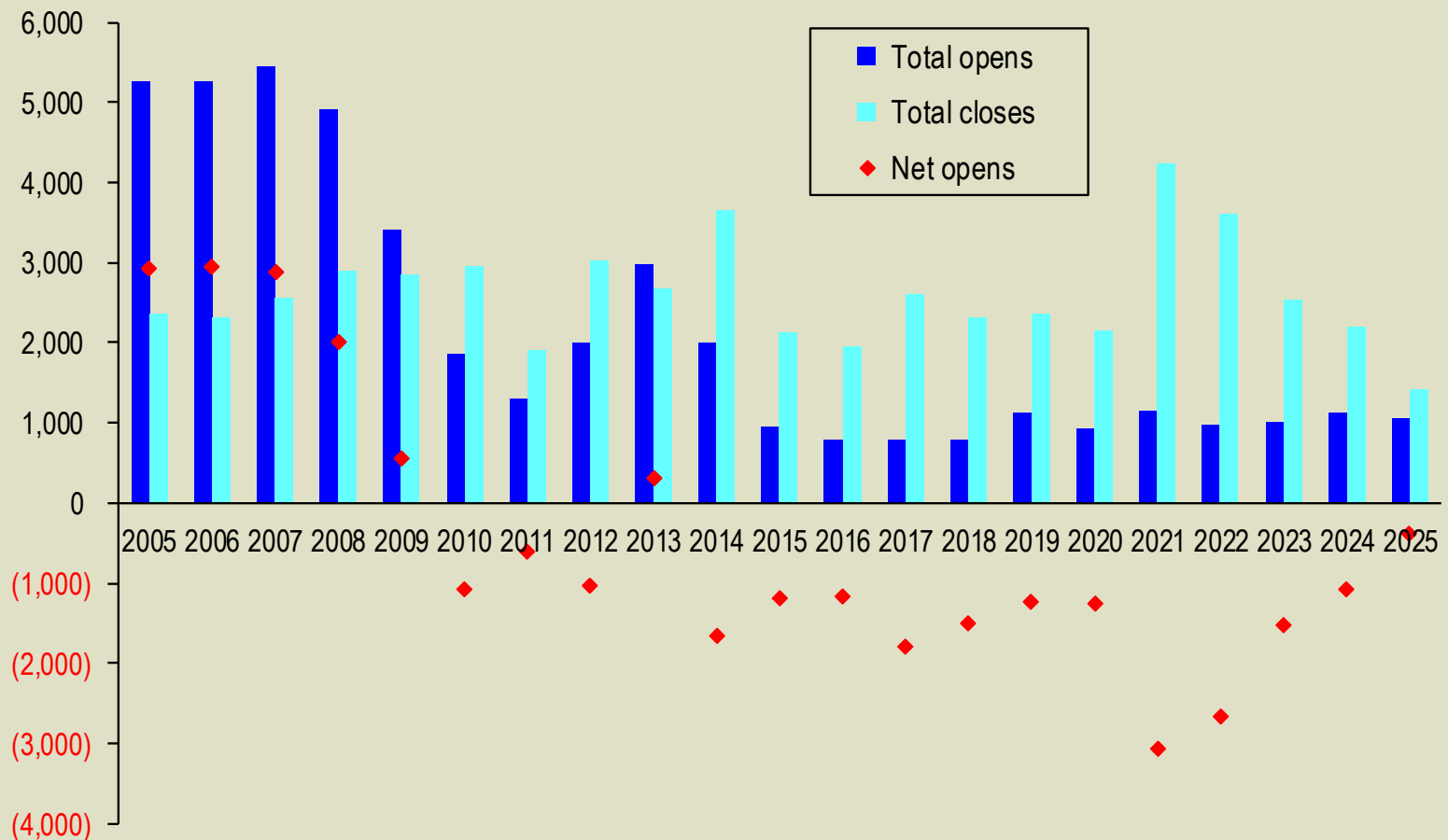
BRANCH DEPOSIT GROWTH



However, whereas in 2023 and 2024 the median U.S. branch showed a net decline in deposits, in 2025, the median branch (among mature branches, defined as those open for at least five years) eked out a gain of \$900m in deposits. Further, 34% of mature branches posted deposit gains of more than \$3M in the past year, versus only about 22% of branches in 2023 and 2024.

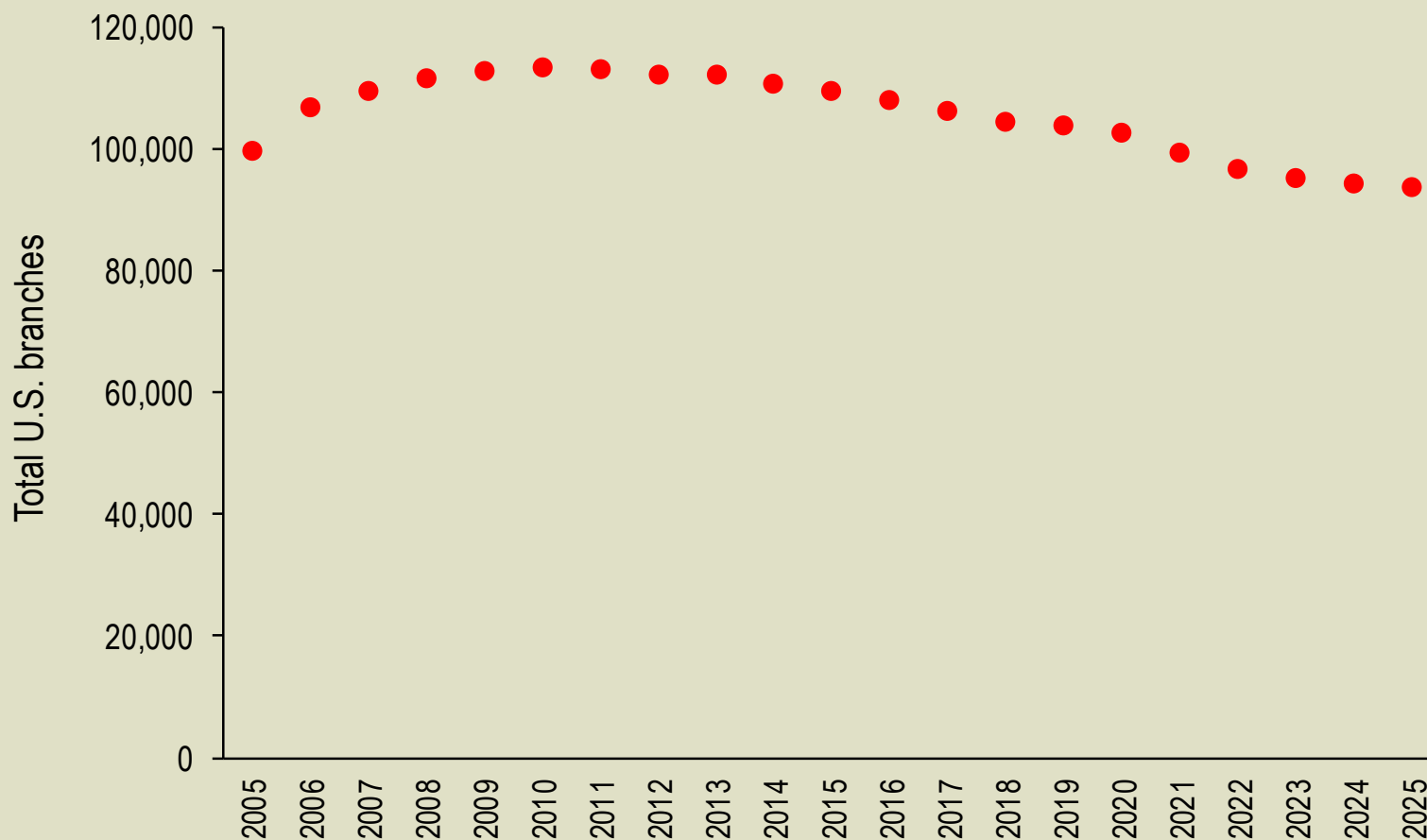
BRANCHING ACTIVITY OF U.S. INSTITUTIONS

After the industry closed nearly 8,000 branches in 2021 and 2022 combined, branch closures have abated in each of the past four years, even as opens have remained steady at about 1,000 to 1,100 new branches per year. As a result, the industry saw a net decline of only 400 branches last year, suggesting the nation is approaching an equilibrium branch count. With the average cost of a new branch near \$3.5M, the new branches opened in 2025 represented a roughly \$3.5B capital investment in branches, even as the industry concurrently closed about 1,400 branches.



BRANCHING ACTIVITY OF U.S. INSTITUTIONS

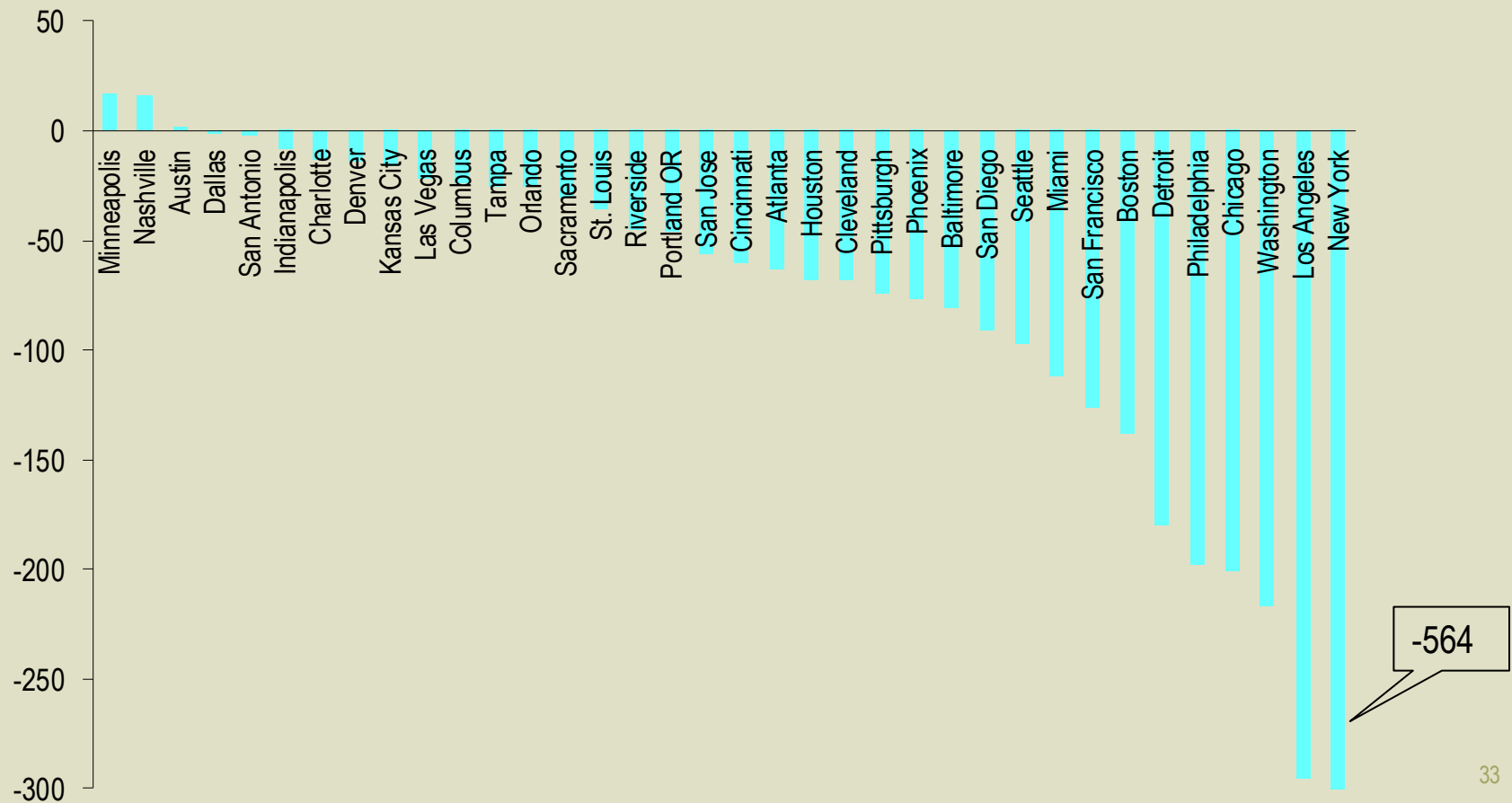
The net reduction of about 8,700 branches over the past five years represents an 8% contraction from 2020 levels, and the current total count of 94,000 bank and credit union branches nationwide sits 17% below the peak levels of 2010.



BRANCH COUNT CHANGES, 2021 - 2025

All MSAs with at least two million residents

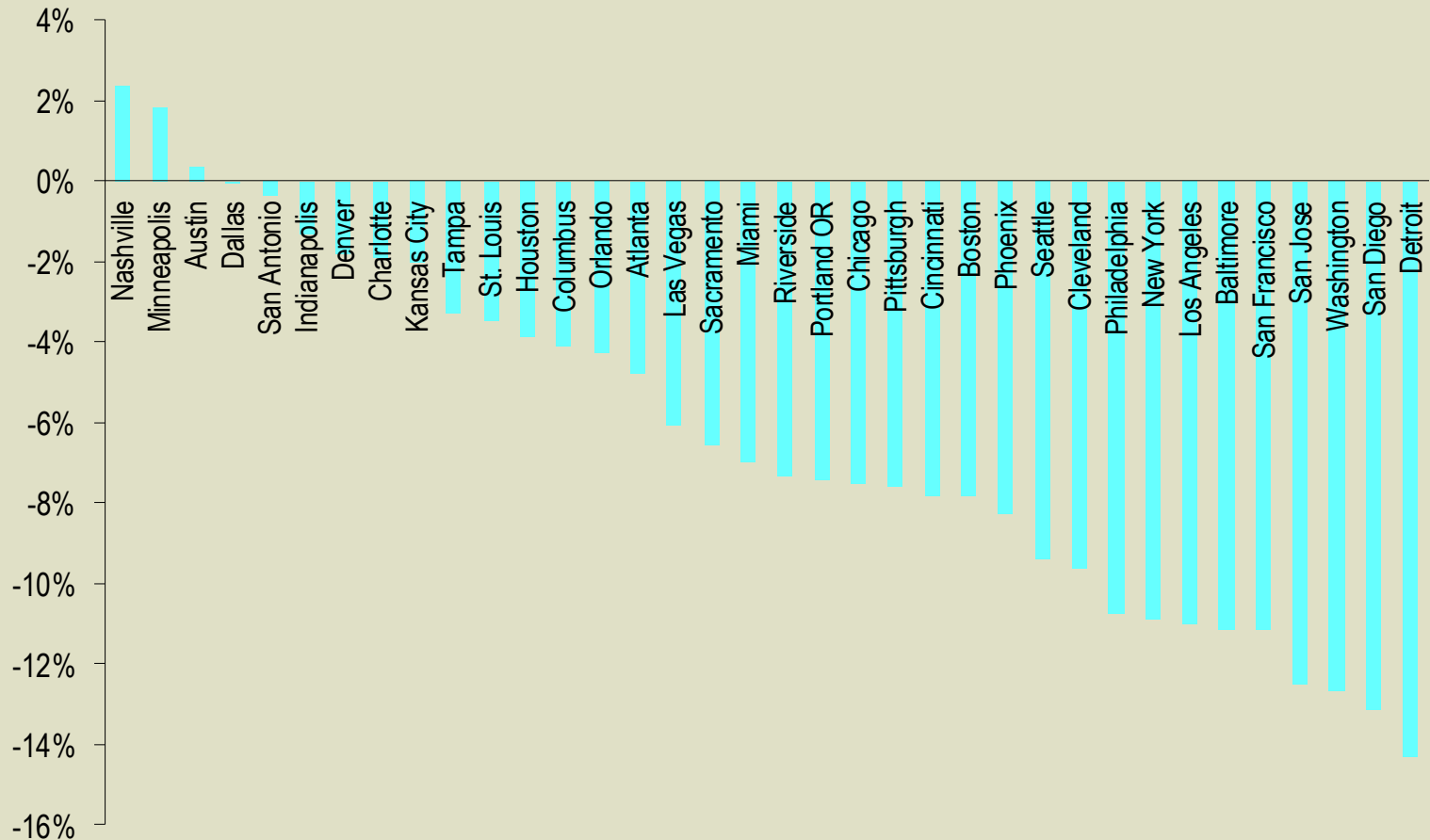
The contraction in branch counts in recent years was not spread evenly across all markets. Rather, the New York metro saw a net decline of 564 branches between 2021 and 2025, while Los Angeles, Washington, Chicago and Philadelphia each shed 200 or more branches. In contrast, Minneapolis and Nashville both posted modest gains in branch counts, and counts remained essentially unchanged in Austin, Dallas, San Antonio, Indianapolis and several other large markets over the past four years.



BRANCH COUNT CHANGES (%), 2021- 2025

All MSAs with at least two million residents

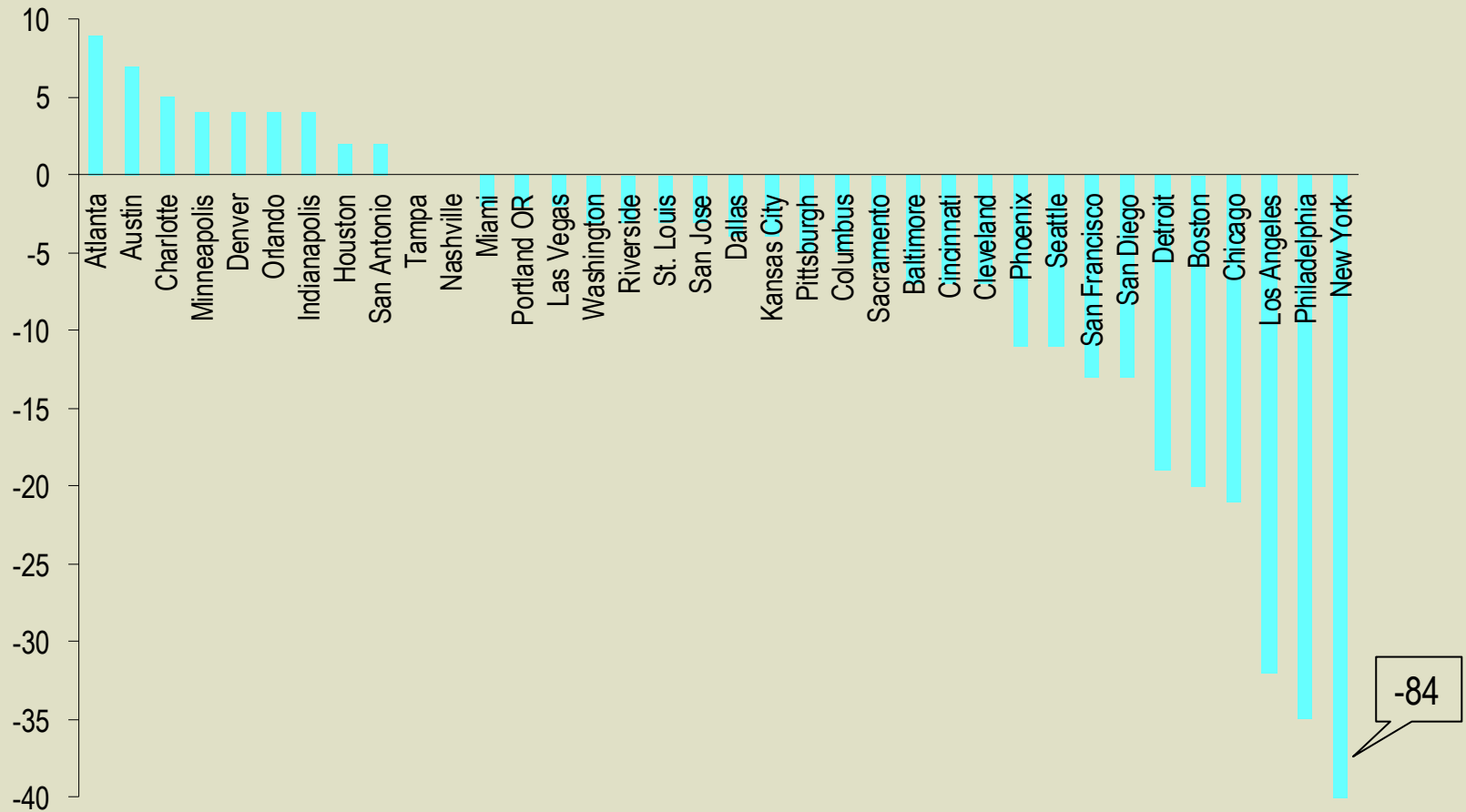
In proportionate terms, Detroit, San Diego, Washington and San Jose all showed declines of 13% to 14% in branch counts since 2021; and five other MSAs shed more than 10% of 2021 branch inventories by 2025. But in addition to the net gains in branch counts in Nashville, Minneapolis and Austin, four other markets remained relatively stable, showing declines of less than 2% in branch counts over the past four years.



BRANCH COUNT CHANGES, 2024 - 2025

All MSAs with at least two million residents

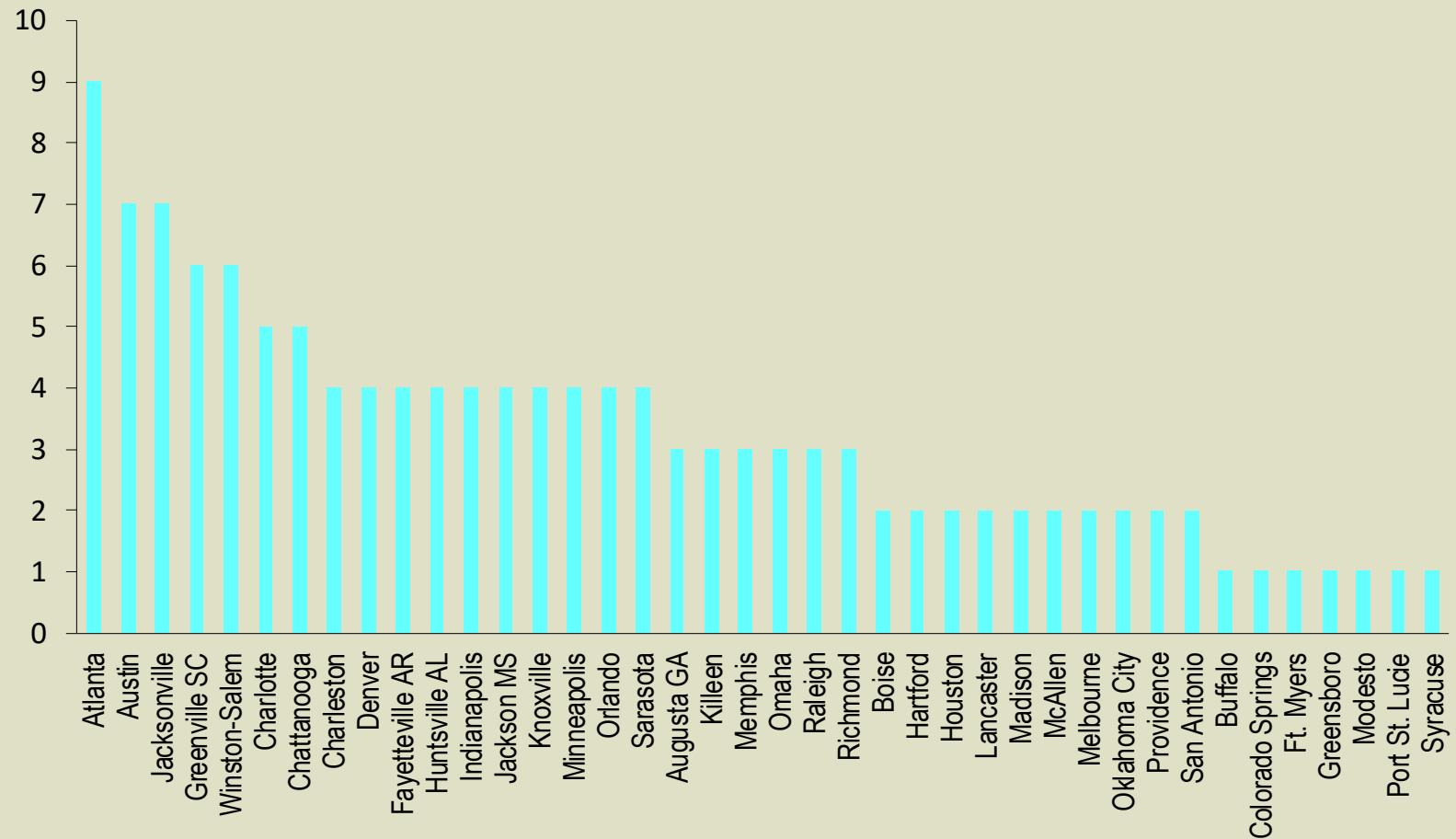
Nine of 36 metros in the U.S. with at least 2,000,000 residents posted a net gain in branches in the past year, led by Atlanta, Austin and Charlotte; and nine other MSAs showed either no change in branch counts or a net decline of only two or three branches. However, other markets continue to exhibit significant declines in branch inventories. The New York metro shed more than 80 branches in the past year, while Philadelphia and Los Angeles each consolidated more than 30 branches



BRANCH COUNT CHANGES, 2024 - 2025

All MSAs among all metros with population > 500,000; and with positive change in branch counts

Forty of the 111 large and-mid sized metros nationwide showed net gains in branch counts over the past year. Although the largest gains were concentrated in high-growth areas in the Southeast (four of the top-10 markets were in North or South Carolina), all regions of the country were represented among the list of net branch gainers, which included markets as dispersed as Atlanta, Indianapolis, Omaha, Boise, Austin and Buffalo.



BRANCHING ACTIVITY OF U.S. INSTITUTIONS

- The bank side of the industry remains more concentrated than the credit union side, due to the greater geographic reach of the largest banks. The 10-largest bank branch networks now hold one-third of all U.S. bank branches; and concentration continues through the next tier of institutions, as the 50-largest branch networks account for 52% of all U.S. bank branches. Just 250 of the nation's more than 4,000 banks own nearly 70% of the bank side of the industry's total branches.
- The credit union side of the industry remains much less concentrated, as the 10-largest credit union networks hold only 7% of credit union branches; and even the 250-largest networks impound only 40% of credit union branches.

By Branch Count	Banks	Credit Unions
Top 10	32%	7%
Top 50	52%	16%
Top 250	69%	40%

BRANCHING ACTIVITY OF U.S. BANKS

Note: these comments reference the graph shown on page after next

The graph shows the median deposits of closed branches, as a function of the distance to the bank's nearest surviving branch.

Focus first on the purple bars, representing the branches that closed in 2025. Note the trend that the greater the distance to a surviving branch, the lesser the deposits banks are willing to put at risk via a branch closure.

This makes intuitive sense. If after closure we still offer a branch within one or two miles, then our retention likelihood is strong. So, we're willing to close a branch with \$50M or \$60M in deposits, knowing most account-holders will not find the additional one- or two-mile path to the bank too much of an inconvenience.

But if the nearest surviving branch is four or five miles away? Now, our retention likelihood isn't as great; not every branch user will be willing to add that distance to their errand loop. As a result, the median deposits of the closed branches is lower; the bank is not willing to place large deposit bases at risk if the likelihood of attrition is greater.

BRANCHING ACTIVITY OF U.S. BANKS

Now, focus on the different colored bars within any given mile-band, comparing 2025 to 2024. Take for example, the 2-to-3-mile band (indicated by the value 3 on the x-axis), meaning all branches that closed when the bank had a surviving branch more than 2 miles but less than 3 miles away.

The purple bar for 2025 is taller than the orange bar for 2024, indicating that in a similar situation with respect to location of the next closest branch, banks were generally willing to take greater risk in 2025 than one year prior; as the 2025 closures showed median deposits of \$58M, up from \$51M in 2024.

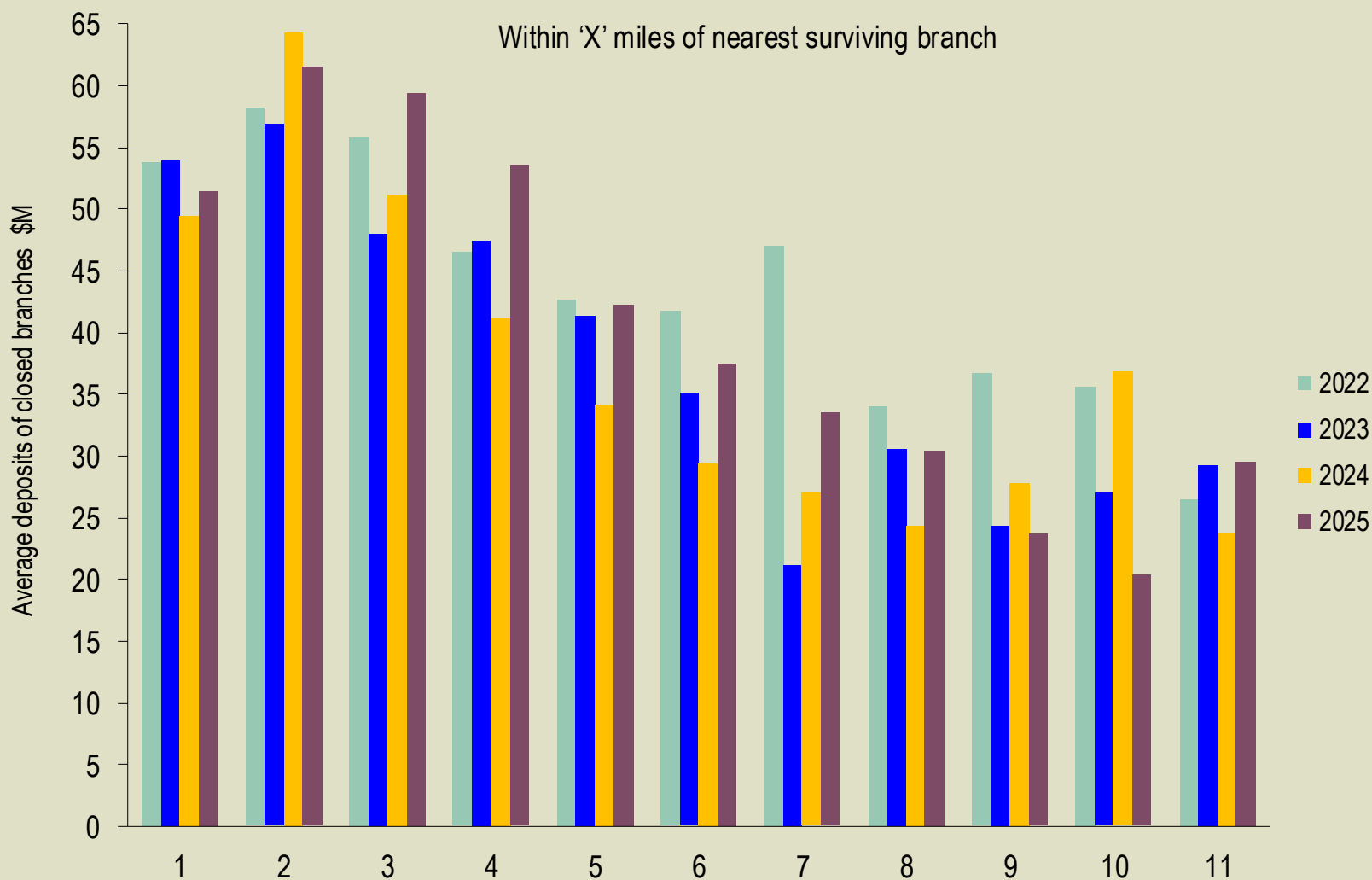
The 2025 median closed-branch deposits are greater than the comparable 2024 statistic for almost every mileage band, suggesting greater confidence that branch closure will not prompt untenable attrition. And presumably this confidence reflects a belief that electronic channels can fulfill many of the needs previously addressed by the branch, thus mitigating client disaffection.

However, the increase in median deposit size of closed branches may also reflect that many banks have already addressed most of their smaller branches, raising the minimum size of the remaining branches in the pool of potential closures.

Still, there are limits to the displacement banks think clients are willing to tolerate, as the median deposits bankers are willing to put at risk barely exceeds \$20M when the nearest surviving branch would be 9 or 10 miles away.

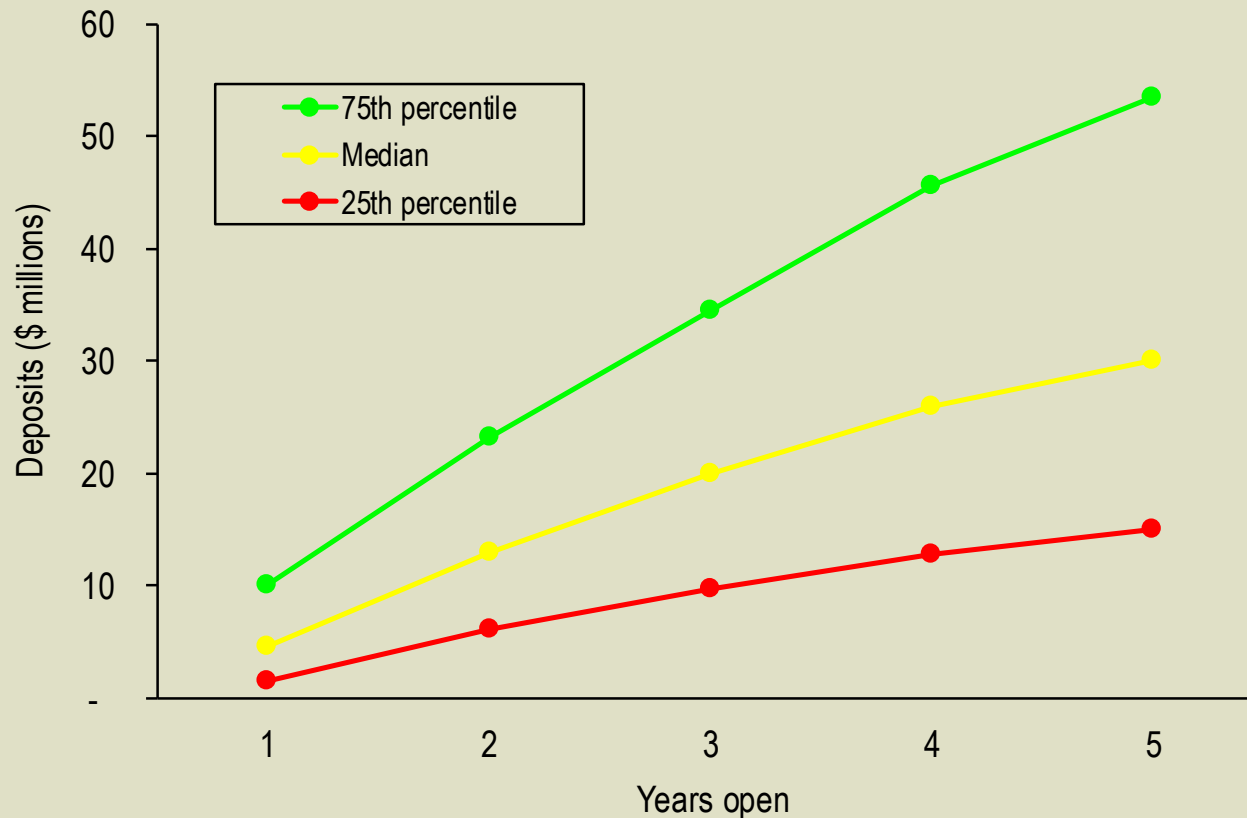
BRANCHING ACTIVITY OF U.S. BANKS

See discussion, previous pages

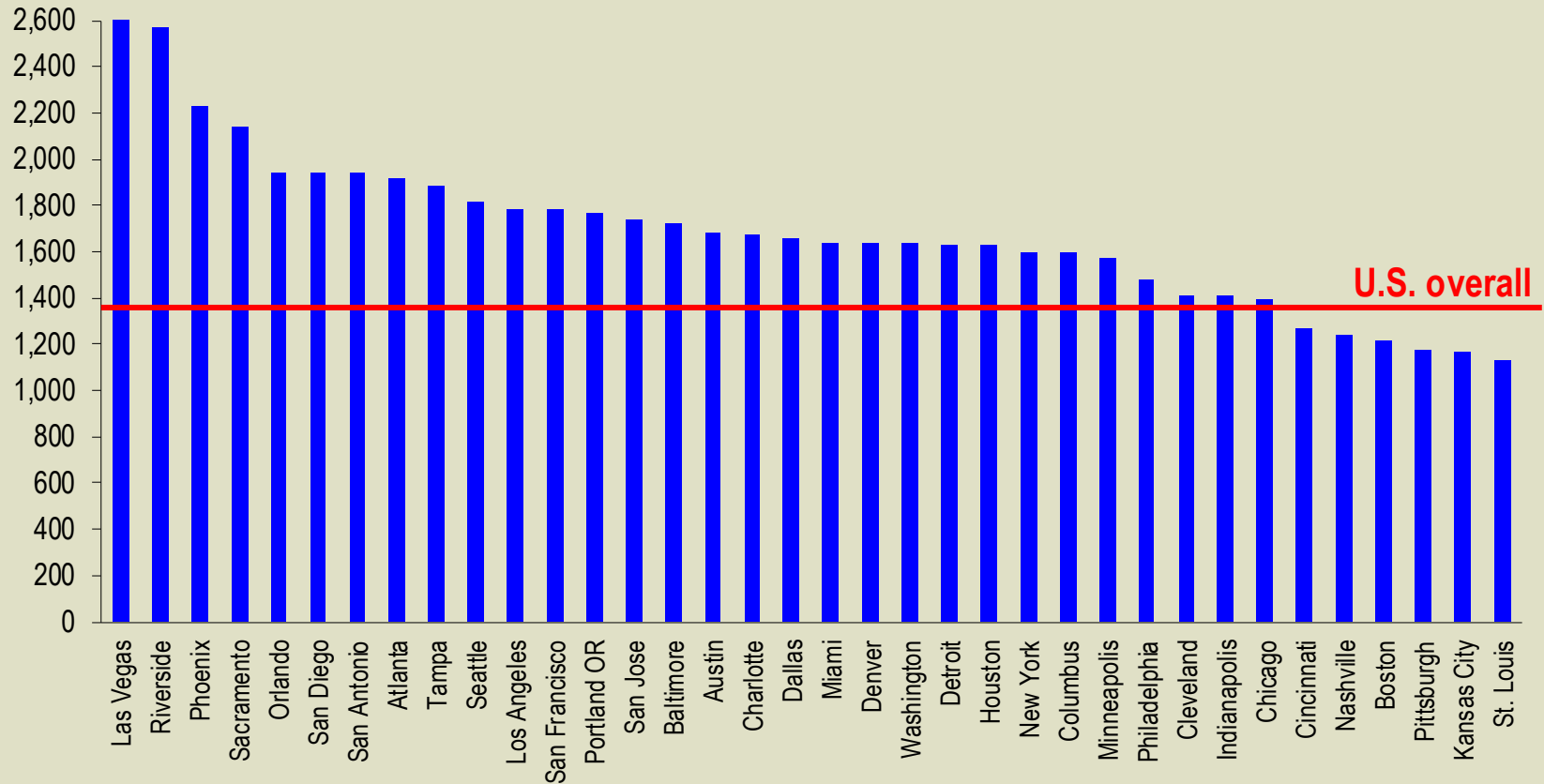


BRANCHING ACTIVITY OF U.S. BANKS

Among U.S. freestanding branches that opened in 2018 through 2020 (i.e., the latest cohort for which we have a full five years of deposit history), median deposits after five years of operation reached \$30M. However, there was significant variance in performance, as the top quartile of branches exceeded \$53M in deposits by their fifth anniversary, while the bottom quartile languished below \$15M after five years of operations.



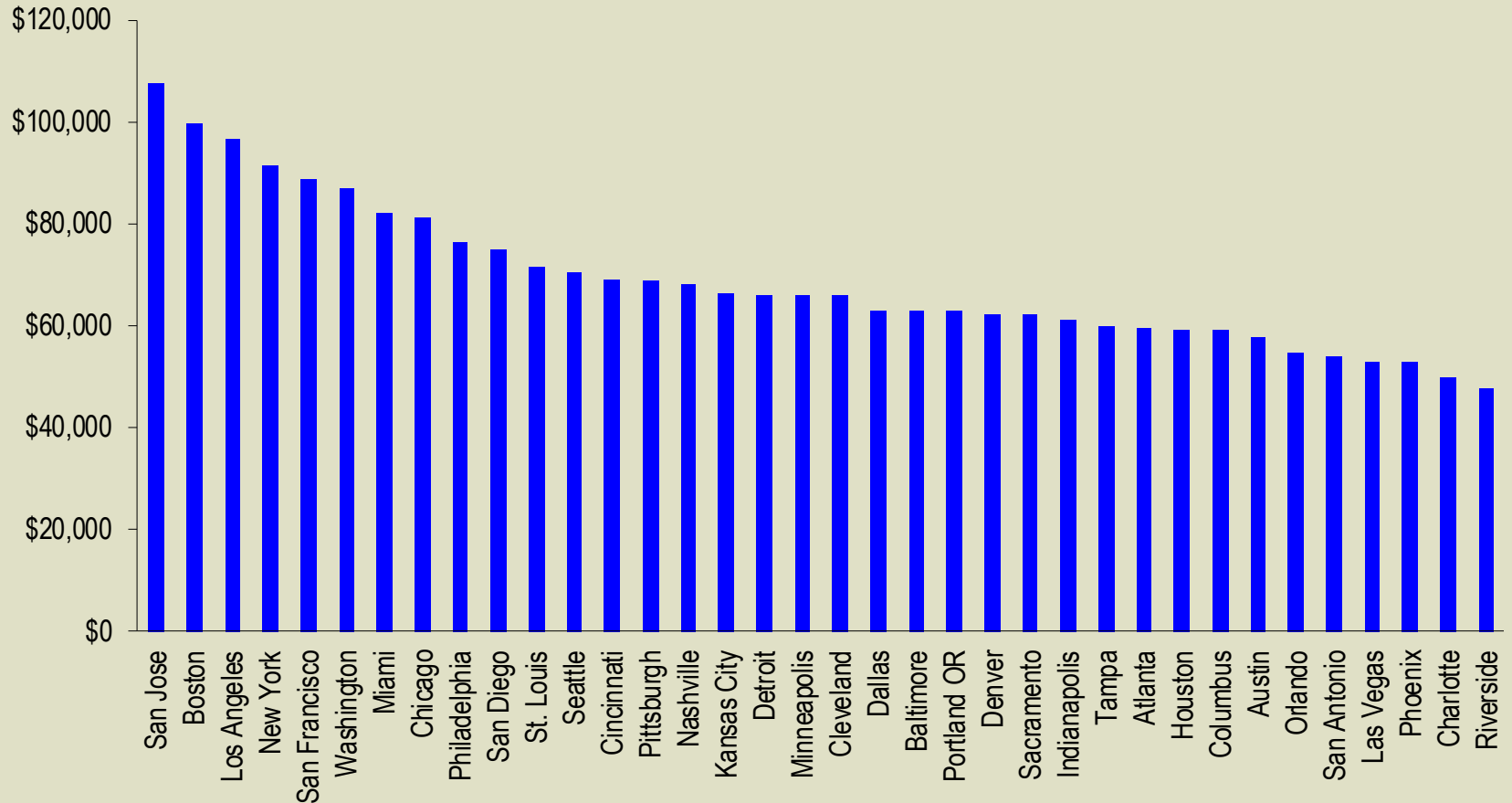
BRANCH CONCENTRATION



The branch closures of recent years have yielded a less concentrated branch landscape. Across the U.S., there is now one branch for every 1,365 households, compared to one for every 1,060 households in 2015. Concentration remains higher in long-established Midwest and Northeast metros: St. Louis, Kansas City, Pittsburgh and Boston all contain one branch for every 1,100 - 1,200 households; and Nashville joins that tier, unusually concentrated for a later-developing market. In contrast, Las Vegas and Riverside each contain only one branch for every 2,600 households, with Phoenix and Sacramento both near 2,200 households per branch. Most large metros remain less concentrated than the U.S. median, offset by smaller metros and rural markets that are much more concentrated.

DEPOSITS PER HOUSEHOLD

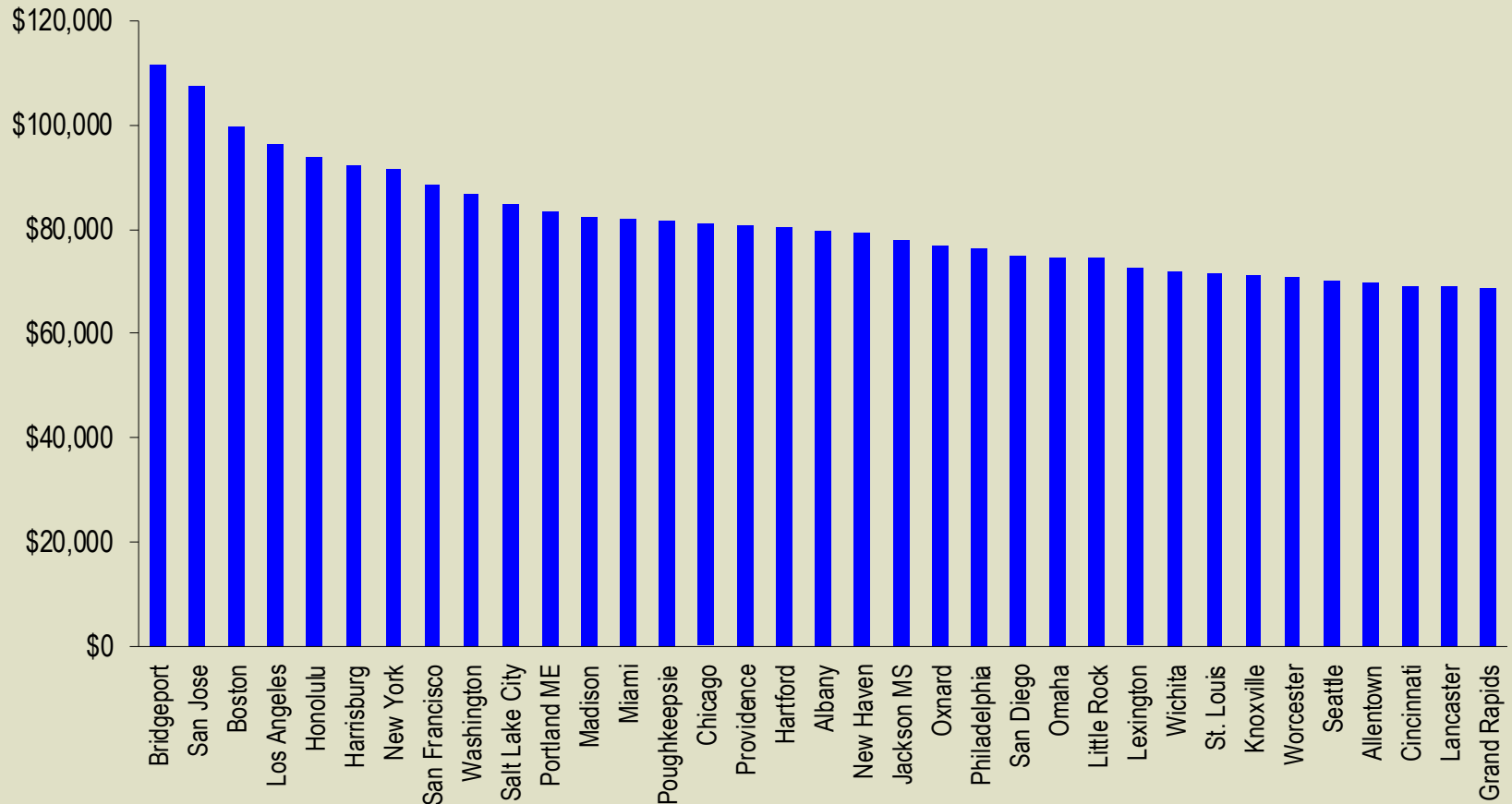
All MSAs with at least two million residents



The larger metros show greater deposits per household, with seven of the 10-largest metros by population also ranking in the top 10 on this measure. This likely reflects the greater concentration of business deposits in those large-market branches, in addition to a general correlation between market size and affluence. Dallas, Houston and Atlanta rank in the top 10 by population, but not in per-household deposits, all falling below median.

DEPOSITS PER HOUSEHOLD

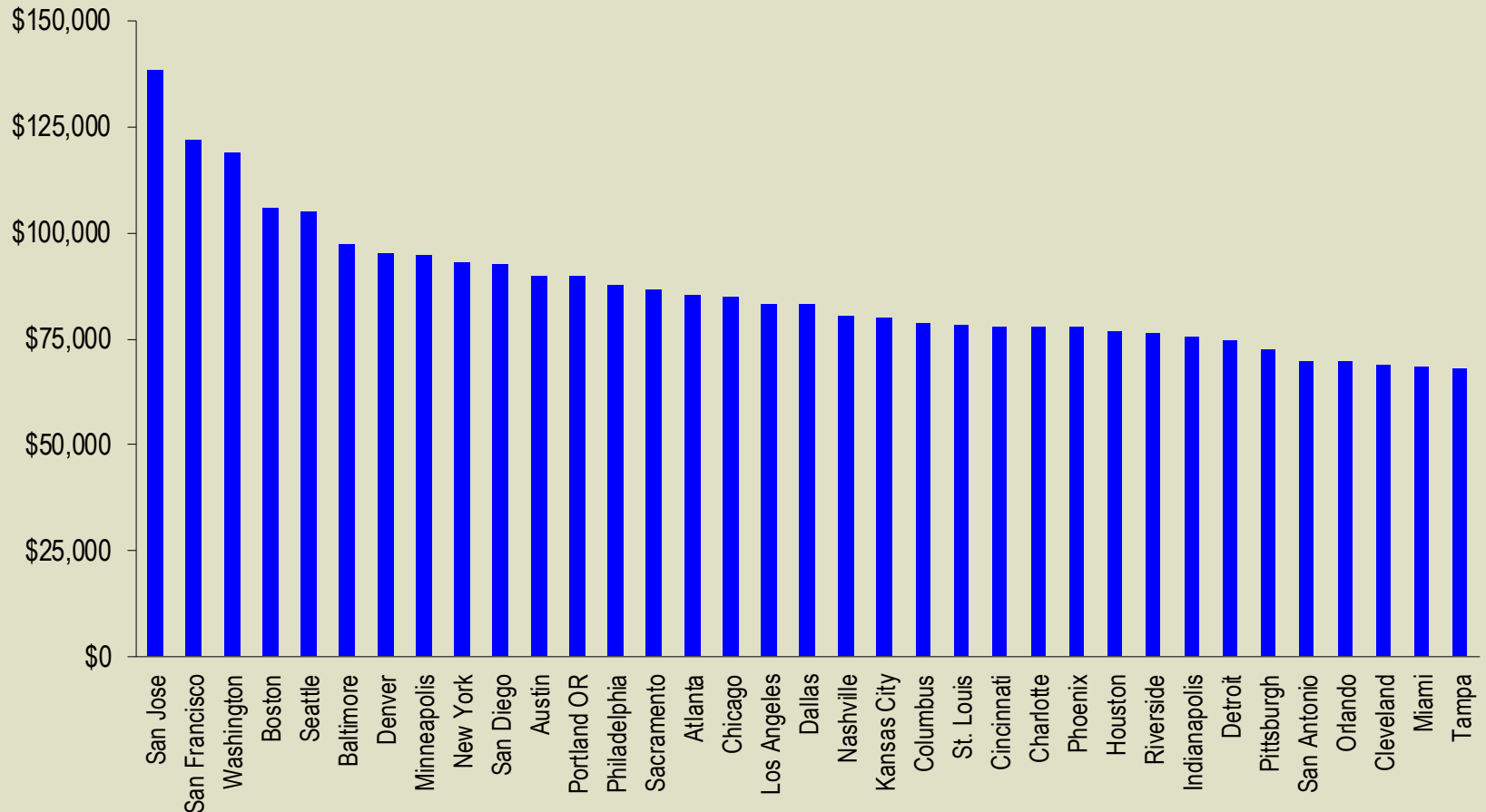
Top 35 MSAs among all metros with population > 500,000



Within the broader universe of all large- and mid-sized metros, numerous markets from the mid-sized tier rank well, most notably Bridgeport (CT), Honolulu, Portland (ME), Madison and Poughkeepsie; with both Bridgeport and Poughkeepsie reflecting their high proportion of New York bedroom suburban communities, even as both are classified as separate, independent metro areas.

MEDIAN HOUSEHOLD INCOME

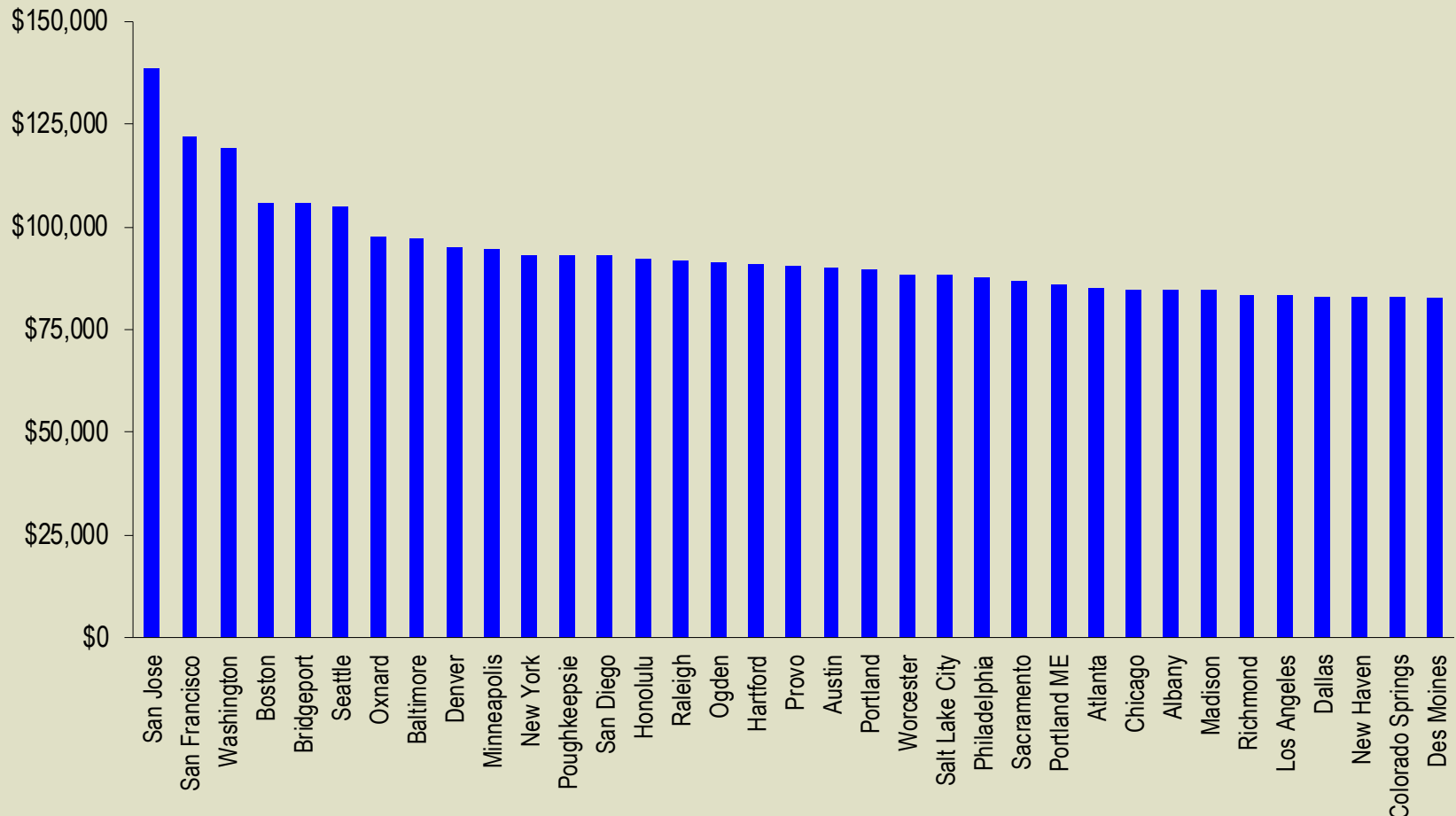
All MSAs with at least two million residents



Five markets in the large-metro peer group show median household income exceeding \$100,000, with San Jose leading at \$140,000, San Francisco and Washington near \$120,000, and Boston and Seattle around \$105,000. The most affluent metros are generally in coastal regions, with Denver, Minneapolis and Austin notable high-income markets in the interior part of the nation.

MEDIAN HOUSEHOLD INCOME

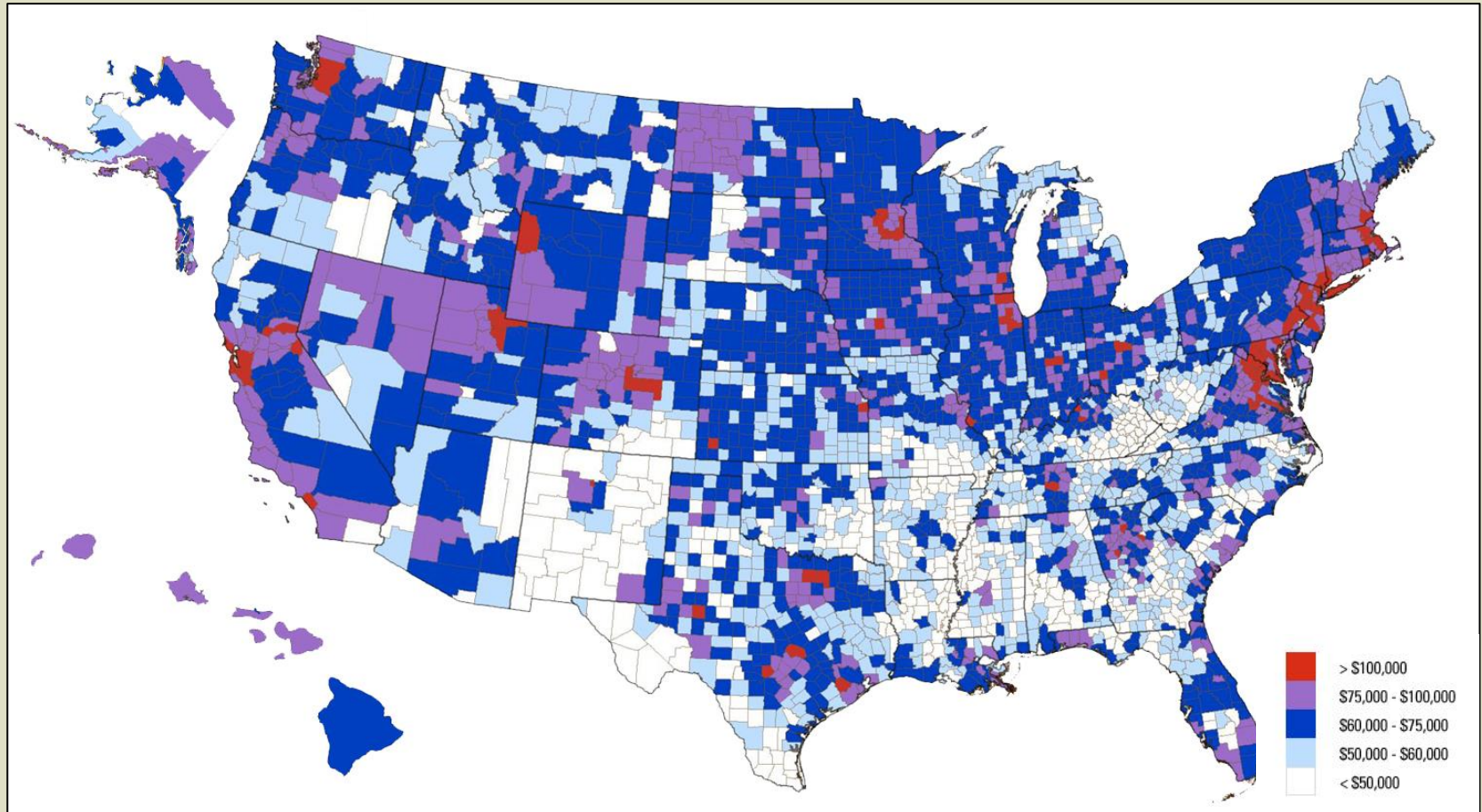
Top 35 MSAs among all metros with population > 500,000



Income remains correlated with market size, so larger metros dominate the list of most affluent MSAs, even when including mid-sized markets. Still, as with the deposits-per-household measure, several smaller metros join the top-ranking list, mostly smaller markets near larger metros: Bridgeport and Poughkeepsie to New York; Oxnard to Los Angeles; Ogden and Provo to Salt Lake City. Honolulu and Raleigh represent the top-earning standalone mid-sized metros.

INCOME DISTRIBUTION

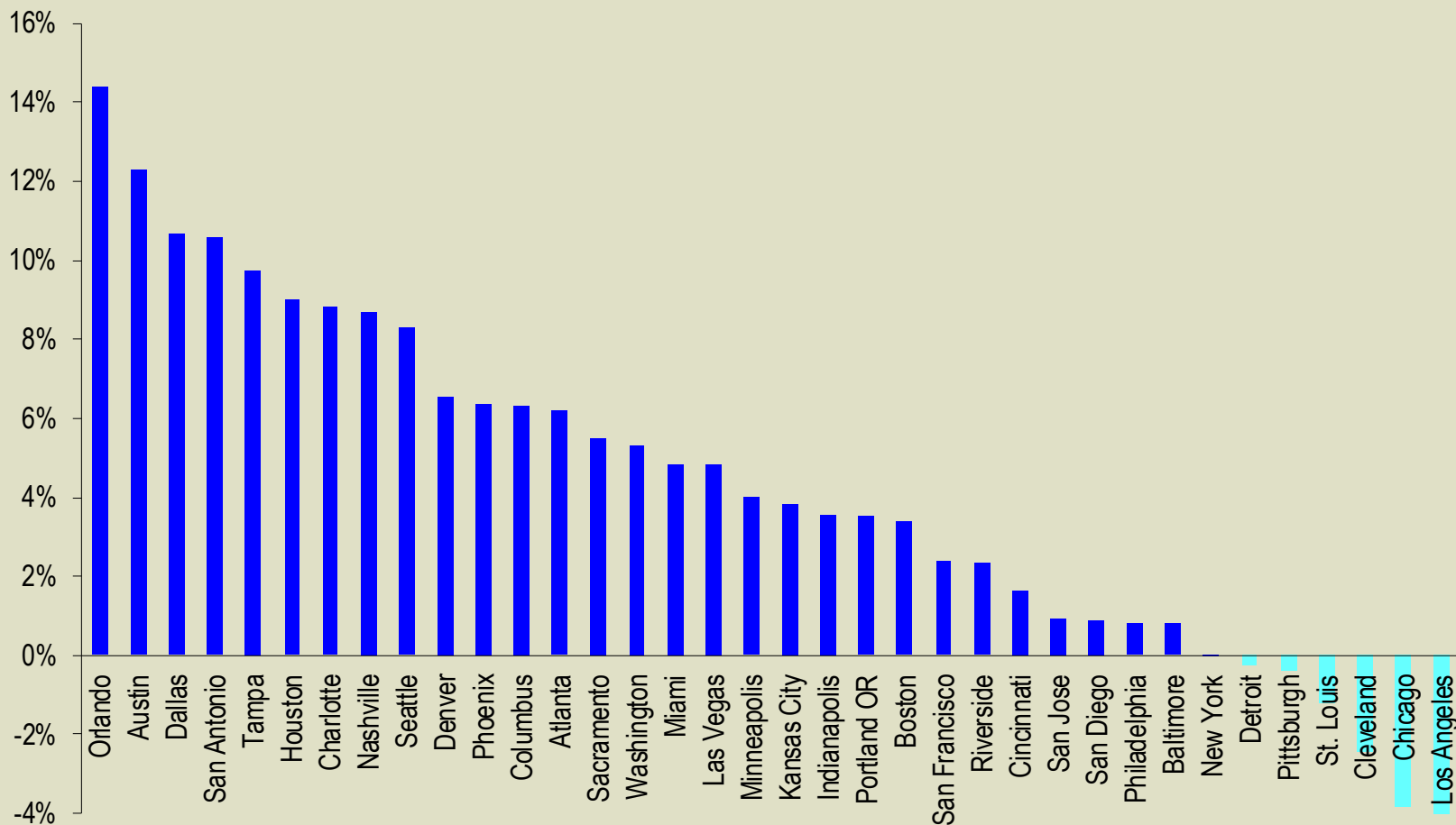
Median Household Income



America's largest concentration of affluent households lies along the Northeast corridor, and within the corridor, affluence is concentrated within the large metros of Boston, New York, Philadelphia and Washington. Major concentrations of the highest-earning households are otherwise scattered across a select group of large metro areas, including San Francisco, San Jose, Seattle, Chicago, Minneapolis and Denver; plus some suburbs of Dallas and Austin.

HOUSEHOLD GROWTH, 2020 - 2025

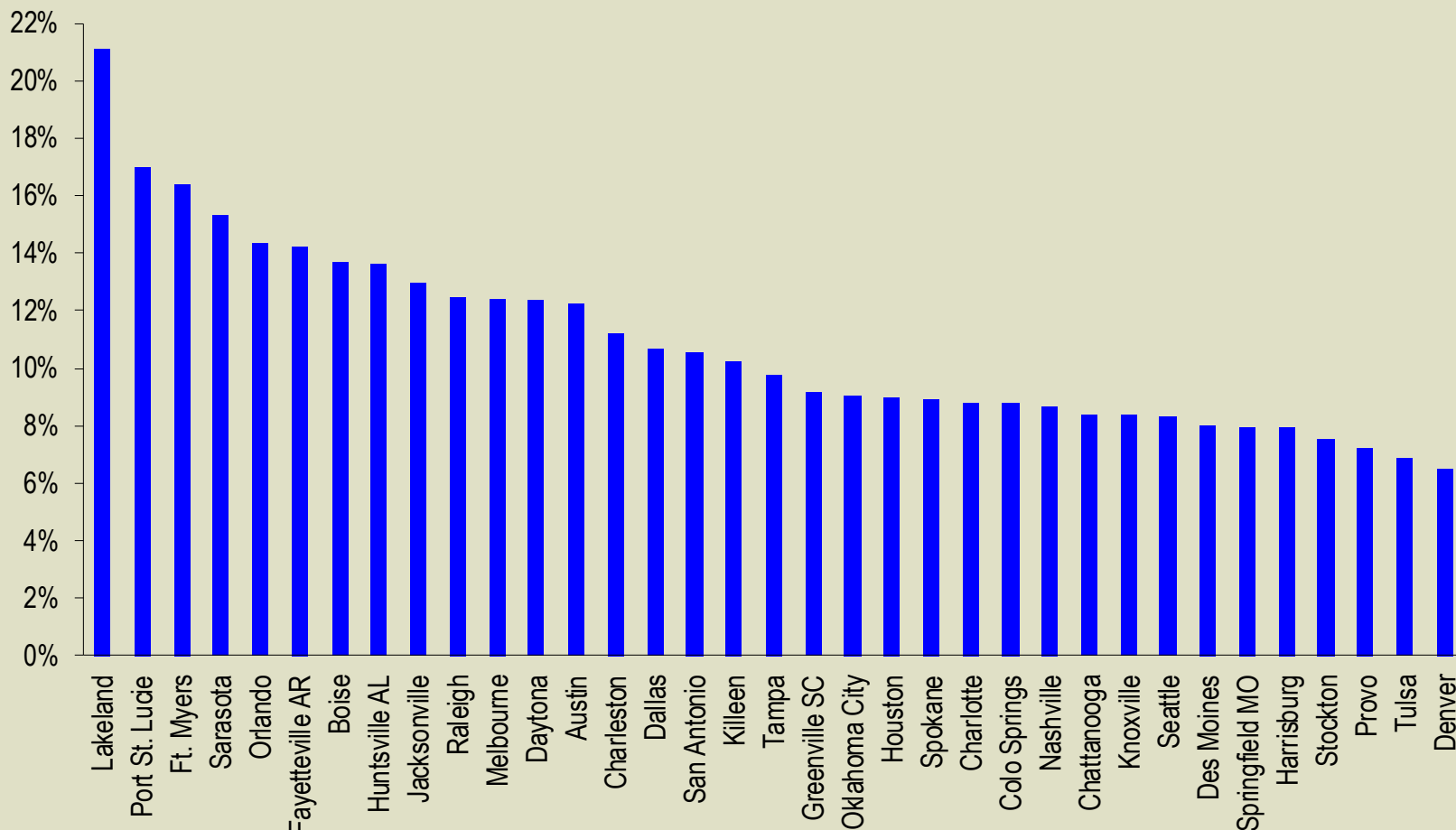
All MSAs with at least two million residents



Florida and Texas markets ranked as the five fastest-growing large metros in the nation over the past five years, with Charlotte, Nashville, Seattle and Denver also ranking well. In contrast, Los Angeles, Chicago, Cleveland and St. Louis all suffered declining household bases since 2020, with Pittsburgh, Detroit and New York all remaining about neutral.

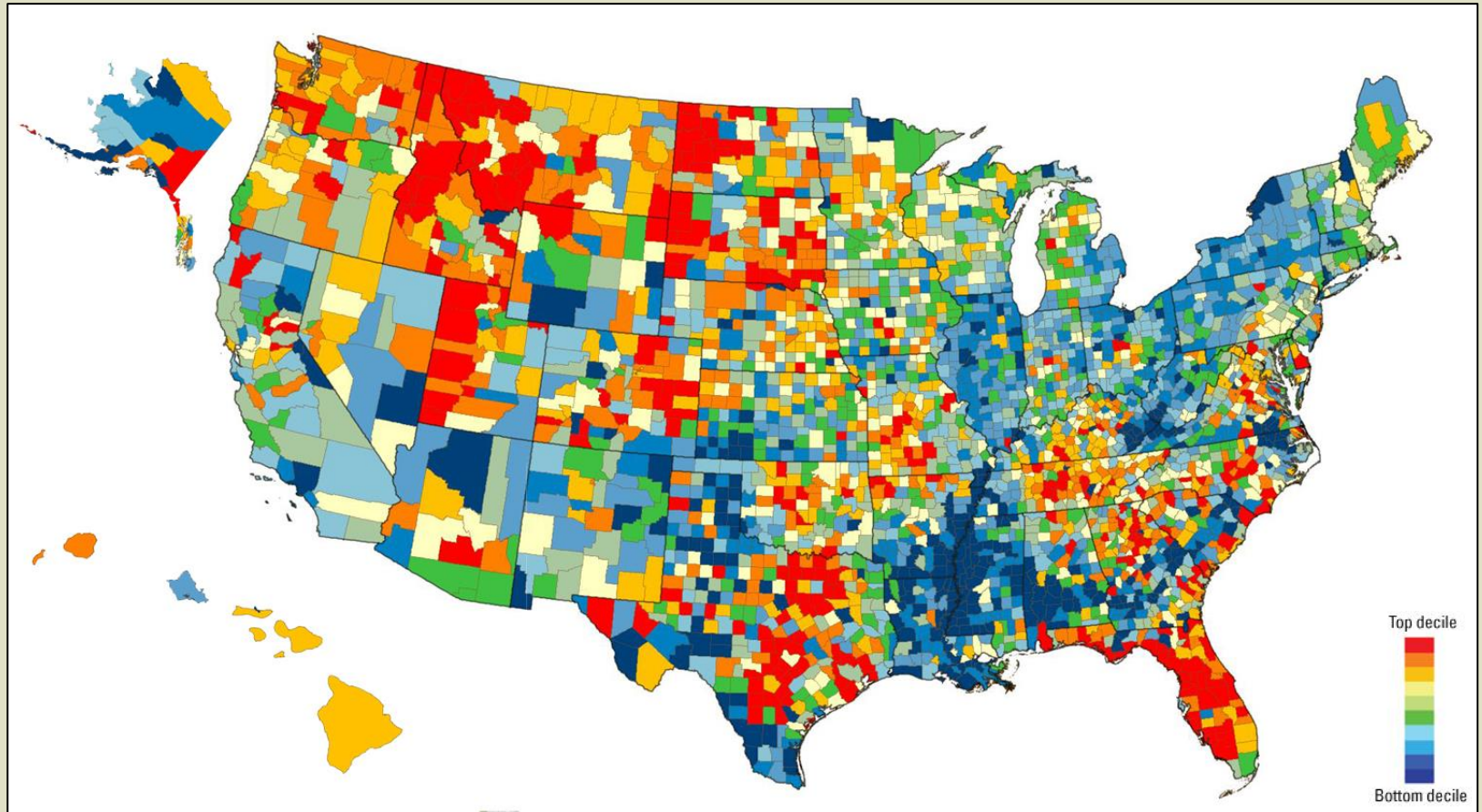
HOUSEHOLD GROWTH, 2020 - 2025

Top 35 MSAs among all metros with population > 500,000



Among all large- and mid-sized metros, nine of the 10 fastest-growing markets are in the southeast part of the U.S., with Boise the lone outlier. Looking beyond the absolute leading tier, top-growth markets from other regions include multiple markets in Texas, plus Oklahoma City, Spokane, Colorado Springs and Des Moines.

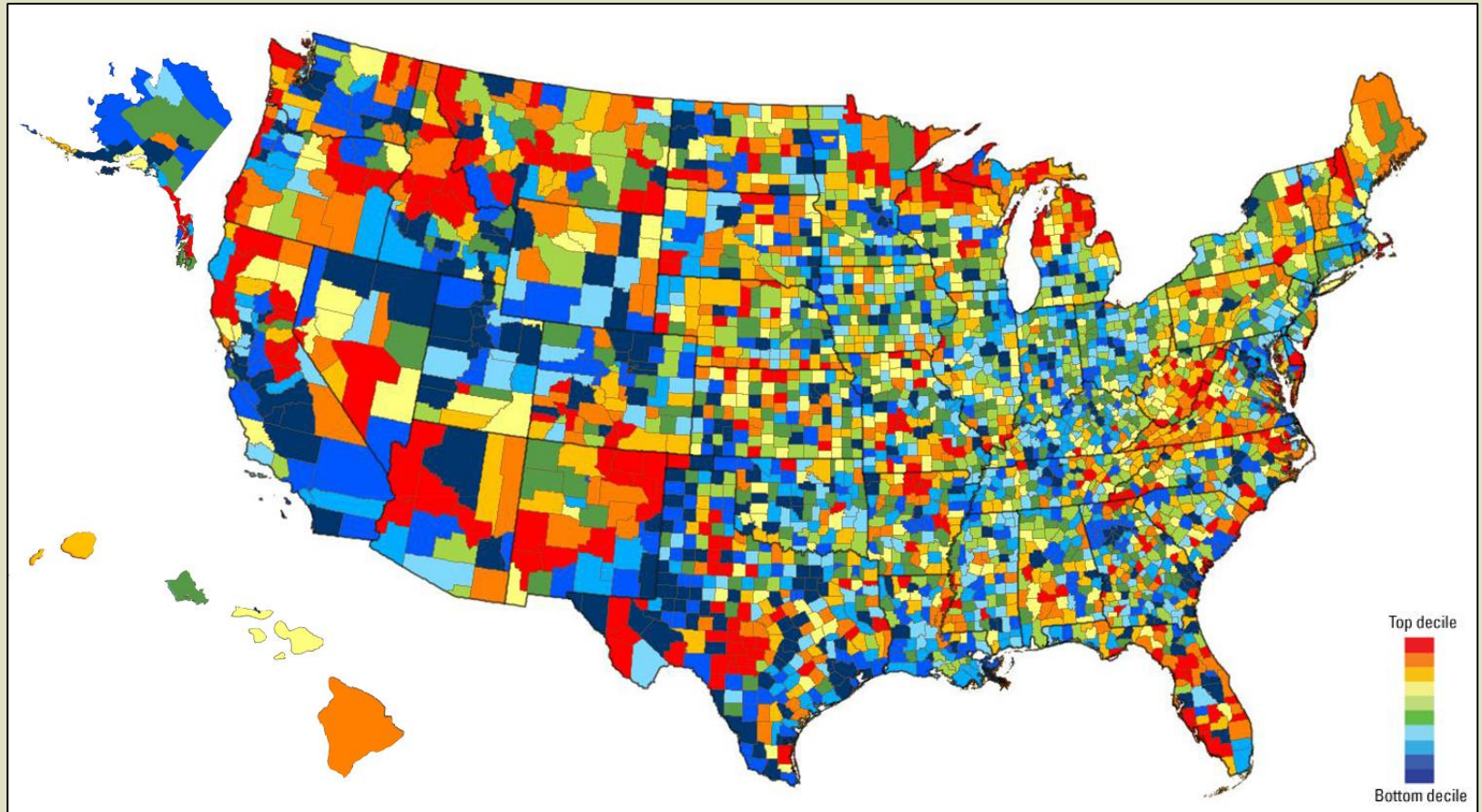
HOUSEHOLD GROWTH, 2020 - 2025



Markets in Florida and Texas enjoyed rampant household growth over the past five years, along with many markets in the northern Rocky Mountain region (Montana, Idaho, Utah); though that group on much smaller 2020 base household counts; and the Pacific Northwest region also saw strong household growth. In contrast, the Appalachian regions, the Mississippi River Valley (especially in southern Illinois, Mississippi, Arkansas and Louisiana), and the Rio Grande Valley in Texas all saw minimal household growth.

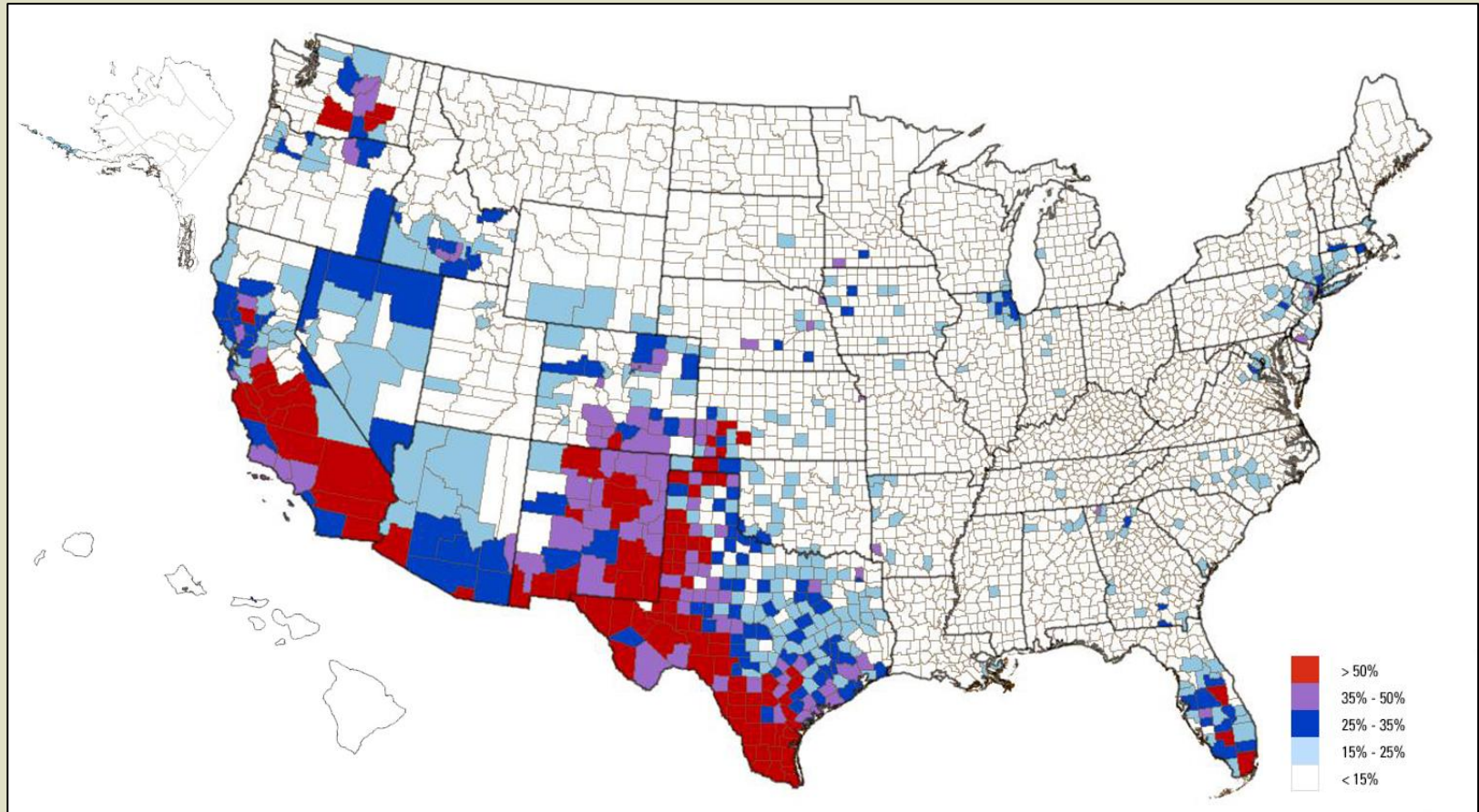
AGE DISTRIBUTION

Median Age (Head of Household)



Population in the U.S. has shifted increasingly toward urban areas in a decades-long trend, leaving the Appalachian and Plains regions among the oldest-skewed parts of the nation. Those regions join traditional retirement havens such as Florida, the coastal parts of the Carolinas, and the coastal parts of Maine, Michigan and Washington in skewing older. In contrast, much of California skews younger, as do major metro areas in Texas, Colorado and Utah, and the Southeast U.S.

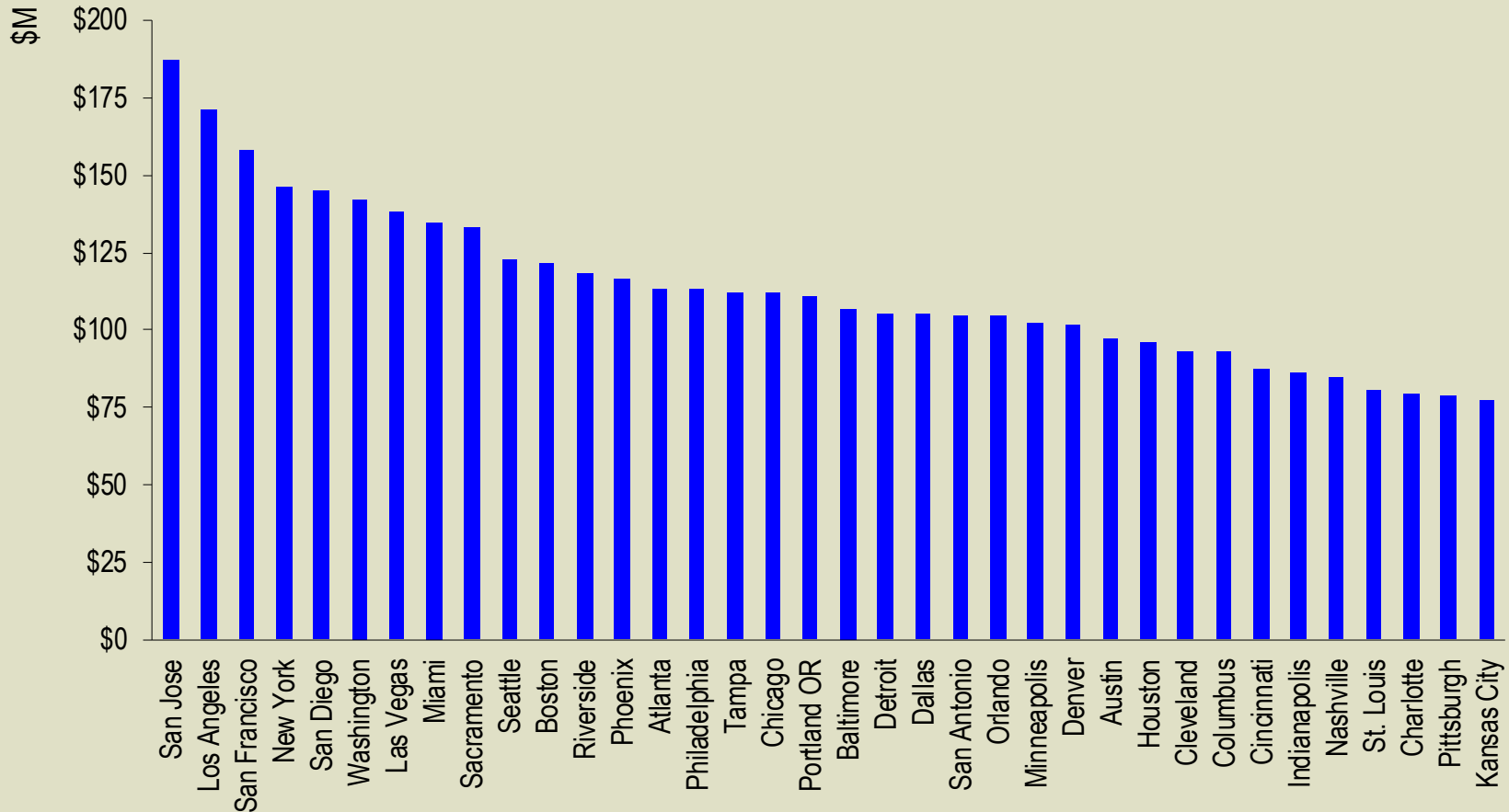
HISPANIC POPULATION



Nationwide, 19% of residents are of Hispanic origin. But more than half of all residents are of Hispanic origin in the Rio Grande Valley in south Texas, the Central Valley in the interior parts of southern California, much of New Mexico and parts of Florida, rendering it imperative to offer full bilingual capacities to avail branches of all opportunities of those markets. Some large cities, such as New York, Philadelphia and Chicago, show above-average proportions of Hispanic residents.

DEPOSITS PER BRANCH

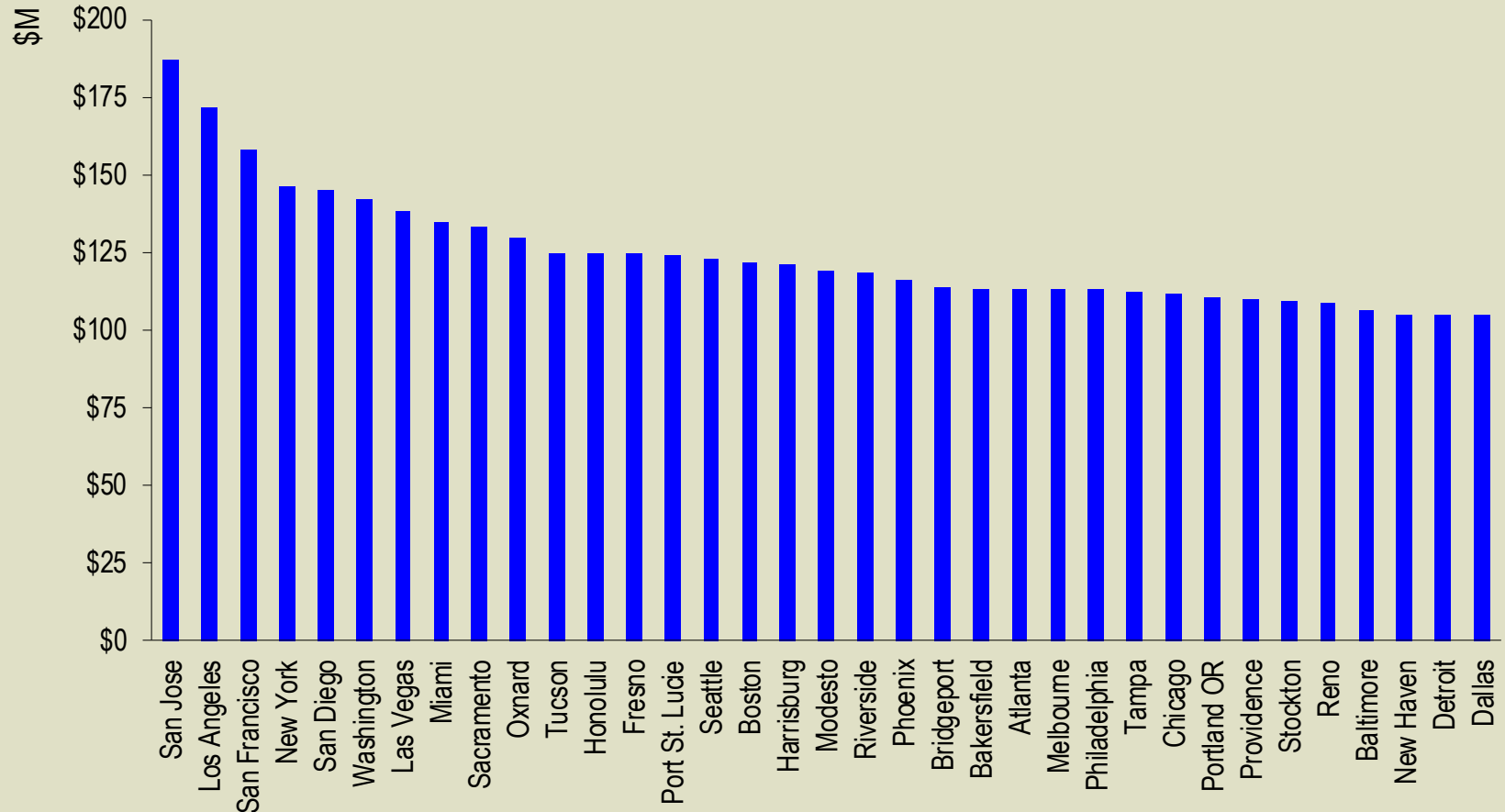
All MSAs with at least two million residents



The top markets in terms of deposits per branch reach that status through a combination of high affluence (median income and/or deposits per household) or low-to-moderate branch concentration. The largest average branch size is thus found in markets ranking highly on both attributes, such as San Jose and San Francisco. In Boston, New York and Washington, affluence is high enough to offset greater branch concentration; in Las Vegas and Sacramento, the opposite holds (i.e., low branch concentration offsetting modest affluence).

DEPOSITS PER BRANCH

Top 35 MSAs among all metros with population > 500,000



Because larger markets generally show greater affluence and lesser branch concentration than smaller markets, few mid-sized metros reach the top tier of the deposits-per-branch ranking. Those reaching the top of the list are mostly deposit-laden retirement markets (e.g., Tucson, Port St. Lucie, Honolulu); plus a few highly affluent edge-city markets (e.g., Oxnard, Bridgeport); and some of the absolute least concentrated markets, which more than offsets modest wealth levels (e.g., Fresno, Stockton, Reno).

NEXT: WAITING, AND POSITIONING

- Two prominent trends that have captured Bancography's interest recently are the resumption of widespread branching initiatives by many of the nation's largest banks; and the emergence of the economic environment that we have dubbed as the stasis economy.
- To the former, large regional and national banks – including Chase, Bank of America, Wells Fargo, PNC, Fifth Third and Huntington – have all announced expansion plans encompassing additions of more than 100 branches over the next several years, emphasizing large metropolitan areas in high-growth regions and spanning markets nationwide.
- Even as over the past decade numerous industry pundits announced (now-discredited) death knells for traditional branch banking, more astute bankers recognized the continued need for branches. This may be most evident in the nation's overall branch count, which showed minimal change from 2024, with opens almost wholly offsetting closures; indicating a nation that may have reached an equilibrium in branch levels.

<https://www.youtube.com/watch?v=txJTKJcVRLE>

NEXT: WAITING, AND POSITIONING

- The resurgence of interest in branch expansion in no way obviates the need for continued investment in digital channels. In an industry where one-time differentiators quickly get arbitrated down to table stakes, it remains imperative for banks and credit unions to keep pace with the latest digital-banking capabilities. However, a belief that a migration of transaction volume to digital channels negates the need for physical branches fundamentally misunderstands the role of the branch.
- Certainly, the branch remains available to take your deposit or cash your check; but these are necessary burdens the branch channel bears, rather than primary functions. Rather than for routine transaction fulfillment, the branch exists to deliver advice to consumers and small businesses, advice that should manifest in new-account sales. Thus, to the extent that electronic channels continue to absorb transaction activity from the branches – and fulfill at lower cost – bankers should view as the beneficial elimination of a less profitable activity rather than a threat to the branch's rationale for existence.

NEXT: WAITING, AND POSITIONING

- And when consumers or small businesses are seeking to address financial needs, how do they draft that initial list of potential sources to consider? It may seem self evident; even so obvious that we should assume it to be tacitly understood by all bankers. But *no one can choose your institution until they first know it exists!*
- If we perceive a digital-dominant world, then awareness accrues only to those who scream the loudest online. And smaller institutions can never win that battle against the largest national banks with seemingly bottomless advertising buckets. The branch, though, becomes an equalizer. In the markets where a smaller institution chooses to compete, its branches still serve as a daily reminder to local residents that there's a nearby option the next time a financial need arises.
- With larger banks aggressively adding outlets, community banks and credit unions may find it imperative to respond. However, such responses should focus on specific markets where the institution can achieve broad market coverage and leverage marketing and other expenses across multi-branch networks. Further, with so much large-bank branching attention now focused on top-50 metros, smaller institutions may wish to consider second-tier markets as a less competitive forum in which to seek awareness and differentiation.

NEXT: WAITING, AND POSITIONING

- Yet branches are costly. The median cost of new freestanding branches in the U.S. now approaches \$3.5 million, and even smaller inline / storefront models show a median cost of \$700,000. This demands judicious consideration, not only of the underlying demographic environment, balance potential, and financial implications of perspective new branch locations, but also of the optimal timing for branch-expansion efforts.
- In that context, we return to the other major trend affecting the retail and small business banking environment: the stasis economy. Throughout much of 2025, the economy appeared neither good nor bad, neither expanding nor contracting; but rather, trapped in a holding pattern of indeterminate tenure.
- With uncertainties abounding, consumers and businesses alike spent much of 2025 awaiting signals that might cue an opportune time to sell or purchase a residence; to leave a stable job for the precarious challenge of a new one; to augment staff at a business; or to borrow for expansion of business operations.

NEXT: WAITING, AND POSITIONING

- This was manifested in numerous quantifiable indicators showing limited upside or downside variance over the past 12 months: commercial-loan volumes and bank-officer sentiment about future demand for such; deposit growth rates and industry loan-to-deposit ratios; first-time unemployment claims and unemployment rates; the levels of job openings, hirings, layoffs, and voluntary departures; home-sale volumes and price-appreciation trends; and even nationwide population growth – now at its lowest level in most of our lifetimes, outside of the pandemic-affected year of 2020 - 2021 (the Census Bureau measures population change on a June-to-June basis).
- Not every indicator remained exactly neutral. Some lending-activity measures showed improvement; but economic indicators, such as the median days on market for for-sale homes and the ratio of unemployed workers to job openings, showed deterioration.
- But even for those measures that showed movement in some direction, whether positive or negative, the changes were modest rather than severe; neither rampantly accelerating nor heralding imminent collapse.

NEXT: WAITING, AND POSITIONING

- The first months of 2026 have shown a continuation of the watch-and-wait economy; and what events might tip the economic environment one way or the other remain to be seen.
- The business cycle is exactly that, a cycle: a long-term trend of economic expansions that reach a peak level before some external event turns the peak downward into a contraction phase...which eventually reaches a nadir, and then yields to the next expansionary phase.
- The U.S. economy has remained in an expansion phase since the trough of the COVID pandemic in mid-2020; and perhaps the economy has grown large enough to become immune to any one specific shock, be it a war, a spike in energy prices, or a disruption in the financial markets. However, it could also indicate a similar immunity to all but the most severe stimulatory events; that achieving super-normal growth in such a sizable economy, unless starting from the rarest of nadirs such as the COVID crisis, is as difficult as the metaphoric “steering of a battleship.”

NEXT: WAITING, AND POSITIONING

- Ironically for bankers, we might now describe the U.S. economy by the loaded descriptor of “too big to fail;” even if for banks and other complex systems it also brings the challenge of “too unwieldy to grow.”
- Yet bankers would be wise to avoid any hubris that our industry has tamed the business cycle, as we remain only three years removed from the implosions of Silicon Valley Bank and Signature Bank – granted, both of which employed business models deeply flawed on multiple dimensions; and economic shocks in the credit markets or the employment markets could certainly bring similar peril.
- Still, the challenge that most bankers will face in the year ahead lies less in surviving worst-case scenarios and more in perceiving when and how the stasis might break. Could a series of further Federal Reserve Board rate cuts spur homebuyers to action, reduce the potential mortgage-rate-adjustment shock to less of a barrier for home sellers, and bring small and large businesses alike the confidence to borrow for expansion of operations?

NEXT: WAITING, AND POSITIONING

- Will continued persistent inflation and/or a declining population growth rate cause a demand shock, and bring the economy into recession – unwanted in the immediate term but perhaps then clearing a path for an accelerated return to an expansionary phase, above the tepid 2.2% real GDP growth rate of 2025?
- Or will the economy remain steady and stable, neither the boom years of the dot-com era nor the malaise of the financial crisis and its aftermath?
- If we believe the lattermost scenario, and there are few signs of the stasis breaking to argue otherwise, then it may preclude record-level, year-over-year earnings growth or a 200 basis point pre-tax return on assets (yes, there were times when our industry reached this level). But it should also ensure wholly acceptable earnings levels, insulated from severely adverse consequences, too.
- However, we can also view the environmental limbo as a pause in the action, which gives time to position our networks for the post-stasis future.

NEXT: WAITING, AND POSITIONING

- Although the stasis economy places a cap on demand, it also may create an ideal time to undertake branching decisions, both open and close. Branches represent a long-term investment, both in execution and payback.
- To the former, the complex act of site selection, negotiation, permitting, design and construction generally takes about a year. And with the median cost of new freestanding branches now approaching \$3.5M, the typical timeframe to positive earnings can exceed three years, with full breakeven (including payback of startup losses) requiring another 12 months thereafter.
- Bankers should want new branches to open concurrent with a groundswell of demand, i.e., into a strong and growing economy. If bankers perceive the current environment as one of continued stability, where key economic and balance sheet drivers remain stuck at middling levels, it then becomes an opportune time to undertake long-timeframe projects, such as new-branch deployment; such that the branches are open and able to fulfill new-account needs in a presumably more vibrant 2027 economy.

NEXT: WAITING, AND POSITIONING

- Correspondingly, a time of lesser economic churn – for example, in consumers moving residences or in businesses expanding operations – also tamps down the risks of branch closure, as there are lower opportunity costs in terms of forgone new-account volumes from closed branches, and a lower propensity of consumers to change providers at a time when other aspects of their lives (or business operations) are remaining stable.
- In sum, bankers can take a period of pause as an opportunity to reposition their branch networks; a low-risk period where the lesser operational demands borne of the stasis economy (for example, in recruiting or loan processing) leave organizational capacity for branch construction, expansion of electronic-delivery offerings, and front-line staff sales and service training; so that when the stasis breaks, when the economy finally shifts out of neutral, their institutions are positioned to capitalize.

NEXT: WAITING, AND POSITIONING

- In regard to potential new branches, the significant branching initiatives of large regional and national banks may create an imperative for smaller institutions to respond in defense of their home markets. But whether in a defensive posture or in pursuit of new markets for growth, smaller institutions will need to find means of keeping pace without going broke.
- Toward that end, three key areas merit attention:
 - Branch design and the ability to build smaller, more cost-effective service models with lesser staffing requirements
 - Staffing efficiency, including both role definition and resource allocation, in the branch and the call center channels
 - Capacity utilization and leveraging the surplus square footage that burdens so many bank and credit union branches nationwide, artifacts of a prior era in banking when transaction queuing space was imperative

NEXT: WAITING, AND POSITIONING

- And to those three areas, we'll add a fourth. As an executive at a large institution once noted to us, the best way to avoid harm from margin compression is to have revenue streams not dependent on the margin. That apparent tautology contains a meaningful message, though, and especially relevant in times of constrained balance growth: find opportunities to bolster noninterest revenue.
- Those opportunities often emerge more from cross-sell to the existing member base than from new-member recruitment, and can span product types with initiatives as diverse as debit and credit card activation campaigns, wealth management referrals, and business-banking treasury / cash management services. All can drive fee-revenue growth to bolster earnings, even in times when margin revenue remains flat.
- Finally, one other challenge bankers may face is a slowing pace of household growth in the U.S., yielding what would be closer to a 'zero-sum' environment where all institutions are pursuing a fixed pool of consumers and one institution can gain only at the expense of another, than to an environment where an expanding base allows gains for all, the proverbial rising tide that elevates all boats.

NEXT: WAITING, AND POSITIONING

- As noted previously, 2025 saw an exceptionally low population growth rate, the lowest in at least 70 years outside of the COVID-affected year of 2020 - 2021 (the Census Bureau measures population change on a June-to-June basis).
- Both components of population growth slowed dramatically relative to historic norms. In a nation of 335 million residents, natural population growth (i.e., the count of births minus deaths) reached only 519,000; so natural growth added less than two-tenths of one percent to the nation's population base. In 17 states, deaths exceeded births, such that absent the other components of population growth – interstate migration and international immigration – those 17 states would have suffered population declines.
- From a national standpoint, net immigration fell sharply, too, to only 1.3 million in 2025, and the Census Bureau predicts the count to fall to only 300,000 in 2026; with both years' declines a reflection of changes in federal policies. Assuming stable natural population growth, the nation may add only a scant 800,000 residents in 2026. And if the size of the pie isn't expanding, not every institution can win. Rather, at that point, we're all trading balances among one another, a daunting challenge that demands our best sales and marketing tactics.

APPENDIX

- Data sources and acknowledgements
- Notes on credit union reporting

DATA SOURCES AND ACKNOWLEDGEMENTS

All deposit and branch data are from the FDIC and NCUA, as of June 30, 2025, or corresponding prior comparison years. All demographic statistics are from EASI Demographics, also as of June 2025.

Data sources for other statistics:

- Page 14: FDIC and NCUA industry-wide balance sheet reports
- Page 15, 16, 17: Federal Reserve Board, Financial Accounts of the United States, Z.1 Release Tables, (often referred to as the Flow of Funds tables, including hereafter in this listing of data sources)
- Page 18: Federal Reserve Bank of New York, Quarterly Report on Household Debt and Credit
- Page 19, 20, 21: Federal Reserve Bank of St. Louis

DATA SOURCES AND ACKNOWLEDGEMENTS

Data sources, continued:

- Page 22: U.S. Department of Labor, Employment and Training Administration Unemployment Insurance Weekly Claims; and U.S. Department of Labor Statistics, Current Employment Statistics report
- Page 24: Real estate market comments reflect data compiled by the Federal Reserve Bank of St. Louis, via National Association of Realtors
- Page 25, 26, 27: U.S. Department of Labor, Bureau of Labor Statistics, Job Openings and Labor Turnover Survey
- Page 28: Federal Reserve Board, Senior Loan Officer Opinion Survey on Bank Lending Practices
- Page 65: Shoutout to longtime colleague and premier branch architect Tim Ryan, principal of Ryan Bank Concepts, for the phrase “keeping pace without going broke”
- Page 67: National population growth comments reflect data from the U.S. Census Bureau

NOTES ON CREDIT UNION DEPOSIT REPORTING

- Credit unions, in contrast to banks, are not required to report deposits at the branch level. As a result, all credit union deposits are reported in the institution's headquarters market. The vast majority of credit unions operate in a single market; but a few larger, multi-market credit unions can cause significant distortions.
- Most acutely, Navy Federal Credit Union holds \$161B in deposits, yet only 41 of the institution's nearly 400 branches sit in its home MSA; so it follows that much of its deposit base is held by residents of other markets. Similarly, much of State Employees' Credit Union's \$50B deposit base is likely resident outside its home market of Raleigh, given that more than 230 of its roughly 275 total branches sit in other parts of North Carolina.
- To adjust for these and other similar distortions, for calculations of deposits per household and deposits per branch, the analysis ascribes only a branch-proportionate share of reported deposits to a credit union's home market. For example, if 30 of a credit union's 100 branches are in the Phoenix metro, the analysis would count only 30% of the institution's deposits in the numerator of a deposits-per-household or deposits-per-branch calculation.

NOTES ON CREDIT UNION DEPOSIT REPORTING

- This is a fraught assumption and likely understates the true holdings of an institution such as Navy Federal in its home market of Washington, DC (or Golden 1 in Sacramento, or Mountain America in Salt Lake City, among other examples); as the market representing the largest and oldest component of a franchise will likely hold larger average per-branch deposits. However, the proportionate allocation remains the best estimate this study can offer; and is almost certainly more descriptive than ascribing, for example, Navy Federal's entire \$161B deposit base to the Washington, DC MSA.
- This adjustment applies to all calculations for Navy Federal, which is unique in that it is larger by assets than the next five-largest credit unions in the nation combined. For all other credit unions, the adjustment applies only to the deposits-per-household or deposits-per-branch calculations, which relate balances to measures of market size. For other measures, which relate balances to time (i.e., comparing 2025 to 2024 levels), the study leaves all deposits (except for Navy Federal) in the credit union's home market, as at least the balances are managed from there; and the year-over-year statistics still reflect the same pool of institutions.

NOTES ON CREDIT UNION DEPOSIT REPORTING

- Absent direct knowledge of branch-level deposit holdings, there is no elegant solution for this issue for large multi-market credit unions, as it is inaccurate to state that all reported deposits reside in the home market; but also implausible to believe that deposits are distributed exactly proportionate to the share of the institution's branches in each market.
- For a true resolution to this issue, see this column in *American Banker* (May 13, 2024) by long-time industry thought leader and banking professor Kenneth Thomas: Why don't credit unions disclose their branch deposit data like banks?
<https://www.americanbanker.com/opinion/why-dont-credit-unions-disclose-their-branch-deposit-data-like-banks>



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**QUESTIONS, COMMENTS
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