Q2 2026: one bank crossed a concentration threshold, and four southern New Jersey counties moved with it.

Gabriel Pevide · published 2026-09-15

Gabriel Pevide · calculation v1 · call report Q2 2026 · Summary of Deposits 2025

180 of the 218 counties in the nine Northeast states carry a credit pressure grade this quarter. A county is rated when banks under $100B in assets hold at least a quarter of its deposits and at least three of them operate there. 196 counties clear the coverage bar, 160 comfortably and 36 on low coverage, but 16 of those have fewer than three banks in the universe and go unrated, which leaves 145 rated on full coverage and 35 on low. Of the 38 counties without a grade, 21 fall below the coverage floor, 16 have too few banks, and 1 has no bank branch at all. Fulton County, Pennsylvania shows why the second rule exists: 48% of its visible deposits sit in a bank above a threshold, on two banks.

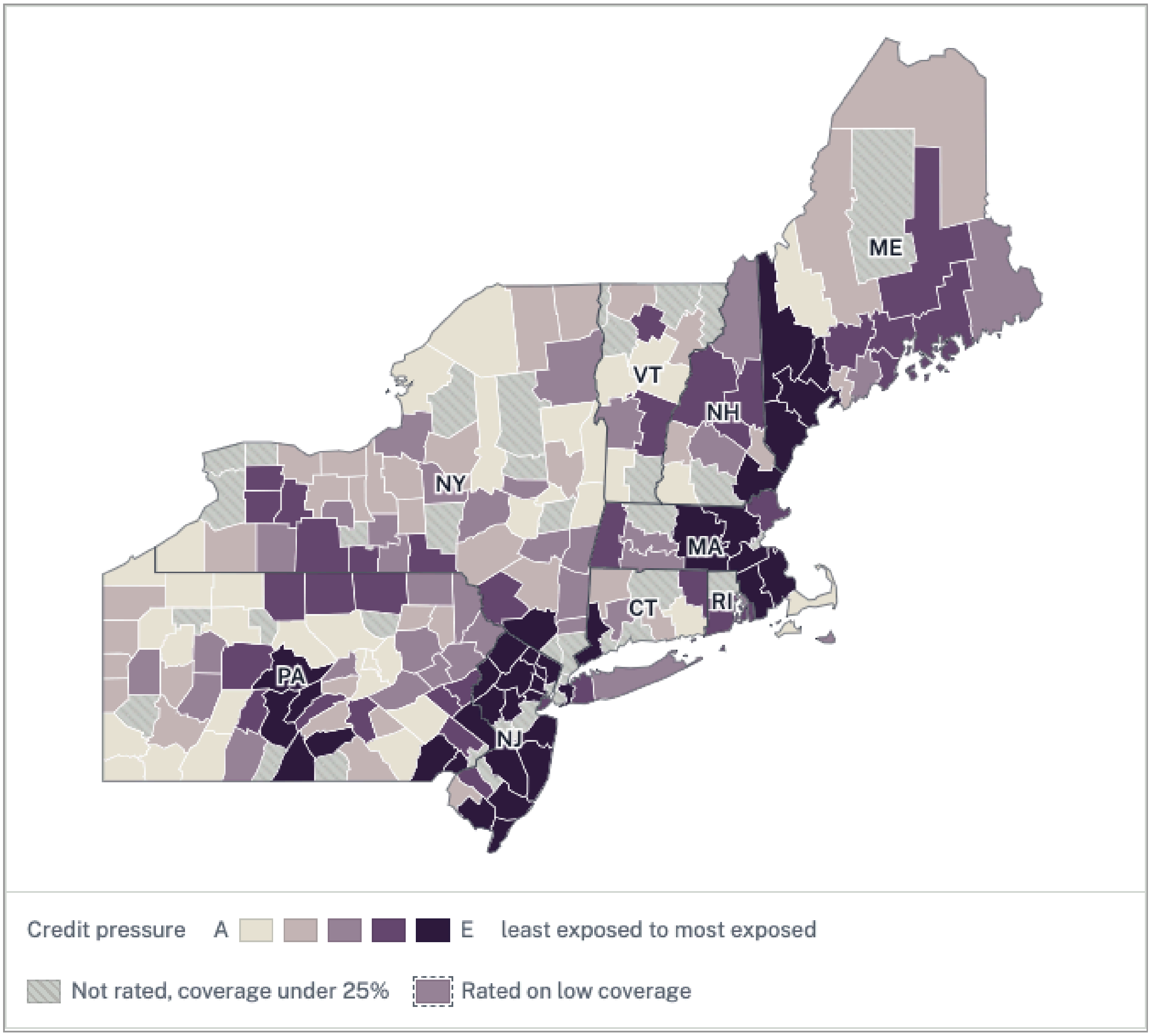
This is the first edition, so a word on what it is. Every bank in the United States files a call report with its regulator each quarter, and in it reports how much of its capital is committed to construction and commercial real estate. Since 2006 there has been an official threshold above which a bank is expected to hold more capital and document its underwriting more carefully. That data is public, it is quarterly, and it is reported by institution, not by place.

Overhang allocates each bank under $100 billion in assets to the counties where it takes deposits, and reports what that adds up to county by county. It is a map of where exposure sits. It is not a forecast, and the section below on what we tested and did not find explains why we are careful about that distinction.

The quarter has one clear story and one quieter one. A single bank in Toms River crossed a threshold and redrew the southern half of New Jersey. And across the state, a pattern that the headline number does not show on its own: commercial real estate concentration that is high and no longer growing.

The map

Every county in the nine states, coloured by grade, with the hatched counties marking the 38 we do not rate: 21 below the coverage floor, 16 with fewer than three banks in the universe, and 1 with no bank branch at all. Hover any county for its exposed deposit share and coverage.



Hover or tap a county for its grade.

Regional ranking

The fifteen most exposed counties in Q2 2026. Grade E is the highest credit pressure, A the lowest. Coverage is the share of county deposits held by banks under $100B in assets, which is the share this report can see.

#	County	Grade	Exposed deposits	Broad share	Coverage	Banks
1	Franklin County, PA	E	56%	56%	54%	1 above threshold · 2 approaching
2	Mifflin County, PA	E	48%	48%	100%	1 above threshold · 1 approaching
3	Sussex County, NJ	E	81%	93%	57%	1 above threshold · 1 concentrated
4	Atlantic County, NJ	E	63%	63%	38%, low coverage	1 above threshold
5	Cumberland County, NJ	E	55%	55%	44%	1 above threshold
6	Orange County, NY	E	10%	42%	37%, low coverage	2 above threshold · 1 approaching · 3 concentrated
7	Morris County, NJ	E	29%	90%	34%, low coverage	1 above threshold · 9 concentrated
8	Hunterdon County, NJ	E	12%	63%	31%, low coverage	1 above threshold · 5 concentrated
9	Cumberland County, ME	E	49%	49%	57%	2 above threshold · 1 concentrated
10	Chester County, PA	E	18%	43%	32%, low coverage	2 above threshold · 3 concentrated

#	County	Grade	Exposed deposits	Broad share	Coverage	Banks
11	Androscoggin County, ME	E	28%	28%	77%	2 above threshold
12	Passaic County, NJ	E	8.0%	99.5%	70%	1 above threshold · 6 concentrated
13	Essex County, NJ	E	11%	92%	37%, low coverage	1 above threshold · 2 approaching · 12 concentrated
14	Ocean County, NJ	E	60%	92%	25.2%, low coverage	2 above threshold · 2 approaching · 6 concentrated
15	Huntingdon County, PA	E	32%	42%	100%	2 above threshold · 1 concentrated

All fifteen carry grade E, which is arithmetic rather than emphasis. The grade is a quintile among the 180 rated counties, so the top 36 are E and the fifteen shown here sit inside that band.

Two different things produce a high grade, and the table mixes them. Franklin and Mifflin in central Pennsylvania, Cumberland and Androscoggin in Maine, are small deposit markets with high coverage, where one concentrated bank moves the whole county. Huntingdon and Mifflin are rated on 100% coverage: every dollar of deposit there sits in a bank this report can see.

Several of the New Jersey entries are the opposite case, and the broad share column is where to look. Passaic reports 8.0% of its deposits in banks above a threshold and 99.5% in banks carrying commercial real estate above 300% of capital. Morris shows 29% against 90%. Essex 11% against 92%. Ocean 60% against 92%. The gap between the two columns is concentration that is already built and is no longer growing fast enough to meet the conjunctive test in the 2006 guidance. Neither number is more correct than the other. The strict share is what the regulator's criteria capture; the broad share is how much of the county's visible lending sits with banks that are heavily committed to commercial real estate regardless of the growth test.

Eight of the fifteen are in New Jersey. That is the concentration of the quarter, and it is not the result of one event.

Biggest moves

Measured in points of exposed deposit share against Q1 2026, never in ranking places. A county moves when a bank crosses or clears a threshold, or when the deposit base under it changes.

More exposed

- **Atlantic County, NJ**. Up 62.9 points to 63% exposed; broad share unchanged at 63%. OceanFirst Bank, National Association (Toms River, NJ) crossed criterion 2.
- **Cumberland County, NJ**. Up 54.5 points to 55% exposed; broad share unchanged at 55%. OceanFirst Bank, National Association (Toms River, NJ) crossed criterion 2.
- **Ocean County, NJ**. Up 29.2 points to 60% exposed; broad share unchanged at 92%. OceanFirst Bank, National Association (Toms River, NJ) crossed criterion 2; Manasquan Bank (Manasquan, NJ) fell back below criterion 2.
- **Cape May County, NJ**. Up 26.2 points to 26% exposed; broad share unchanged at 26%. OceanFirst Bank, National Association (Toms River, NJ) crossed criterion 2.
- **Western Connecticut Planning Region, CT**. Up 13.0 points to 13% exposed; broad share unchanged at 47%. First County Bank (Stamford, CT) crossed criterion 2.

Less exposed

- **Belknap County, NH**. Down 15.9 points to 0.0% exposed; broad share unchanged at 47%. Franklin Savings Bank (Franklin, NH) fell back below criterion 2.
- **Merrimack County, NH**. Down 14.5 points to 0.0% exposed; broad share unchanged at 37%. Franklin Savings Bank (Franklin, NH) fell back below criterion 2.
- **Schuylkill County, PA**. Down 13.3 points to 0.0% exposed; broad share -6.4 pts to 52%. no bank crossed or cleared a threshold here this quarter; the move comes from the deposit base.
- **Northumberland County, PA**. Down 8.0 points to 0.0% exposed; broad share -8.0 pts to 0.0%. no bank crossed or cleared a threshold here this quarter; the move comes from the deposit base.
- **Cumberland County, PA**. Down 6.2 points to 10% exposed; broad share +0.9 pts to 29%. no bank crossed or cleared a threshold here this quarter; the move comes from the deposit base.

Four of the five largest increases have the same cause. OceanFirst Bank, headquartered in Toms River, crossed criterion 2 this quarter, and it takes deposits across southern New Jersey. Atlantic

County moved 62.9 points, Cumberland 54.5, Ocean 29.2, Cape May 26.2. Nothing in those counties changed. One balance sheet did.

This is worth sitting with, because it is the shape of the measure itself. In a county where deposits are concentrated in a handful of banks under $100 billion, a single institution crossing a line moves the county's number more than any local condition would. The exposure was there last quarter too. What changed is that it now meets a threshold the regulator wrote down.

The same mechanic runs in reverse in New Hampshire. Franklin Savings Bank fell back below criterion 2, and Belknap and Merrimack both went to zero exposed deposits, down 15.9 and 14.5 points. Their broad share barely moved: 47% and 37%, essentially where it was. The concentration did not go anywhere. The growth test stopped being met.

One case deserves a note before a reader finds it. Manasquan Bank appears twice in this edition with opposite signs. It fell back below criterion 2 in Ocean County, and it appears in the list of banks approaching criterion 2. Both are true: it cleared the line and settled just underneath it. A bank one quarter under a threshold and a bank one quarter over it are closer to each other than either is to a bank in the middle of the distribution.

Two Pennsylvania counties moved without any bank crossing anything. Schuylkill and Northumberland both went to zero exposed deposits because the deposit base underneath changed, not because a balance sheet did. The Summary of Deposits is an annual snapshot taken on 30 June, so movements of that kind are the geography updating, not the credit.

Banks to watch

Institutions within one quarter of a concentration threshold in Q2 2026. Names and the criterion they are approaching are public; the ratios behind them are part of Desk.

- **Eastern Bank** (Boston, MA, $31.1B in assets), approaching criterion 2, commercial real estate with the three-year growth test. Takes deposits in 11 Northeast counties.
- **WesBanco Bank, Inc.** (Wheeling, WV, $27.7B in assets), approaching criterion 2, commercial real estate with the three-year growth test. Takes deposits in 5 Northeast counties.
- **Israel Discount Bank of New York** (New York, NY, $14.4B in assets), approaching criterion 2, commercial real estate with the three-year growth test. Takes deposits in 4 Northeast counties.

- **Salem Five Cents Savings Bank** (Salem, MA, $8.8B in assets), approaching criterion 2, commercial real estate with the three-year growth test. Takes deposits in 4 Northeast counties.
- **CNB Bank** (Clearfield, PA, $8.4B in assets), approaching criterion 2, commercial real estate with the three-year growth test. Takes deposits in 13 Northeast counties.
- **Orrstown Bank** (Harrisburg, PA, $5.6B in assets), approaching criterion 2, commercial real estate with the three-year growth test. Takes deposits in 6 Northeast counties.
- **Manasquan Bank** (Manasquan, NJ, $3.6B in assets), approaching criterion 2, commercial real estate with the three-year growth test. Takes deposits in 3 Northeast counties.
- **PCB Bank** (Los Angeles, CA, $3.5B in assets), approaching criterion 2, commercial real estate with the three-year growth test. Takes deposits in 2 Northeast counties.

All eight are approaching criterion 2, and none is approaching criterion 1. That is the fact worth carrying out of this section.

Criterion 1 is construction and land development at 100% of capital or more. Criterion 2 is total commercial real estate at 300% of capital combined with 50% growth over three years. Nothing in the Northeast is building toward the construction threshold at the moment. What is building is stock and growth in the existing commercial real estate book.

The list runs from $3.5 billion to $31 billion in assets and from 2 to 13 Northeast counties, which is a reminder that the size of the bank and the reach of the bank are different questions. CNB Bank, at $8.4 billion, takes deposits in thirteen Northeast counties. Israel Discount Bank of New York, at $14.4 billion, takes deposits in four.

Where we don't rate

21 counties carry no grade this quarter because banks under $100B in assets hold less than a quarter of their deposits. The exposure we can attribute by deposit there is a small slice of what is actually lent, so we publish the coverage figure and say what it means instead of publishing a grade built on it.

- **Kings County, NY**: coverage 17%, exposed deposit share 1.3% of what we can see, 29 banks in the universe.
- **Philadelphia County, PA**: coverage 9.9%, exposed deposit share 5.9% of what we can see, 24 banks in the universe.

- **Westchester County, NY**: coverage 7.5%, exposed deposit share 0.7% of what we can see, 18 banks in the universe.
- **New York County, NY**: coverage 6.7%, exposed deposit share 2.1% of what we can see, 55 banks in the universe.
- **Suffolk County, MA**: coverage 2.4%, exposed deposit share 17% of what we can see, 20 banks in the universe.
- And 16 more counties below the coverage floor, listed in full on the county pages.

These are the counties a reader would most expect to see rated, and the reason they are not is the honest limit of the method. Deposits are a proxy for where a bank lends, and the proxy holds for a bank that funds itself in the same market it lends into. It breaks for a national bank funding itself everywhere.

In New York County, banks under $100 billion in assets hold 6.7% of deposits. In Westchester, 7.5%. In Suffolk County, Massachusetts, 2.4%. A grade built on that slice would be a statement about a small corner of the market dressed up as a statement about the county. We publish the coverage figure and the exposed share of what we can see, and we stop there.

Raising the threshold does not fix it. We tested the universe at $10 billion, $50 billion, $100 billion and $250 billion in assets. Manhattan, Brooklyn, Westchester, Philadelphia and Suffolk County, Massachusetts do not reach 25% coverage at any of them, because the deposits are held by the four largest banks in the country. The full sensitivity table is in the methodology.

What we tested and did not find

Before publishing any of this we tested the obvious hypothesis: that a county with high concentration today shows more deterioration over the following eight quarters. Cohorts were formed at Q4 2019, into the pandemic, and at Q4 2022, into the rate shock, and the top quartile of the score was compared against the other rated counties.

It does not hold. Three of the four outcome measures show no separation in either cohort. The one large and significant result runs backwards, for a mechanical reason worth stating plainly: counties enter the top quartile because they have flagged banks, most other counties have none, and zero has nowhere to fall. When a flagged bank's growth slows the conjunctive criterion unwinds and the count drops. That is mean reversion in the flag, not improvement in the county.

That negative result is why this publication is written in the language of exposure. Knowing where the exposure sits is useful when you are pricing paper in a market this month. It is not a claim about next year, and we will not dress it up as one. The test is rerun every four quarters and the result published here, whichever way it points. The full report is in the methodology.

So what is this for.

It is a description of where credit exposure sits right now, at a resolution nobody else publishes, with the banks named. If you are underwriting a loan in Passaic County, it is useful to know that essentially all of the county's visible deposits sit in institutions carrying commercial real estate above 300% of capital. If you are deciding where to spend sourcing time next year, it is useful to know which counties have one bank holding half the market and which have thirty splitting it.

What it does not tell you is which of those counties will produce distress. We looked, and over eight quarters the relationship is not there. Treat it as a map, and it is a good map. Treat it as a forecast, and the data we published does not support you.

Looking ahead

Composition, not forecast: counties where the arithmetic of the next call report already has something in it. Naming them is not a prediction about which way they move.

- **Middlesex County, MA**: 8 banks within one quarter of a threshold, on 47% coverage.
- **Essex County, MA**: 6 banks within one quarter of a threshold, on 57% coverage.
- **Norfolk County, MA**: 6 banks within one quarter of a threshold, on 41% coverage.
- **Ocean County, NJ**: coverage at 25.2%, close to the 25% floor below which a county loses its grade entirely.
- **Monroe County, NY**: coverage at 25.6%, close to the 25% floor below which a county loses its grade entirely.

One rule change is worth flagging for next quarter, because it will move numbers without moving exposure.

The Community Bank Leverage Ratio requirement dropped from 9% to 8% on 1 July 2026. Banks that elect the framework stop reporting risk-based capital, and this report then measures them against tier 1 capital plus the allowance, the same denominator the call report itself uses for the construction test. The lower requirement will pull more banks in from Q3.

When a bank switches, its ratios shift slightly because the denominator changed, not because its book did. Those quarters are flagged in the data and on the bank pages, and next quarter's edition will say how many banks it affected.

Northeast banks have been slower to elect the framework throughout. National adoption rose from 33.7% of banks in Q1 2020 to 42.9% this quarter. In the Northeast it has moved sideways, between 23.4% and 28.1%, across the same period. The gap has widened from 10.3 points to 14.8 not because the region pulled back, but because the rest of the country kept going. This report does not test why, though balance sheets carrying more commercial real estate and multifamily are the obvious place to look.

Last quarter's call

This is the first edition, so there is no previous call to review. From Q2 2026 onward this section revises what the last edition said would move, marking what was right and what was wrong, by name.

How this is calculated

Calculation v1, call report Q2 2026, Summary of Deposits 2025, input checksum `ded942d53c0a`. Universe: FDIC-insured institutions under $100 billion in assets with a loan book of at least 20% of assets. Banks that have elected the Community Bank Leverage Ratio are measured against tier 1 capital plus the allowance, the same denominator the call report itself uses for the construction test.

The full method, the national geographic validation, the head office deposit cap and the backtest are at overhang.report/methodology.

Calculation v1 · Call report Q2 2026 · Summary of Deposits 2025 · Universe: banks under $100B in assets · Methodology

Concentration measures exposure, not loss. This is a map of exposure, not a forecast: our published backtest found no relationship between a county's score and subsequent deterioration.

Nothing on this page is investment advice.