PRESS RELEASE

Federal Deposit Insurance Corporation • Each depositor insured to at least $250,000

February 23, 2016

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FDIC-Insured Institutions Earn $40.8 Billion in Fourth Quarter 2015
Community Bank Earnings Rise to $5.1 Billion

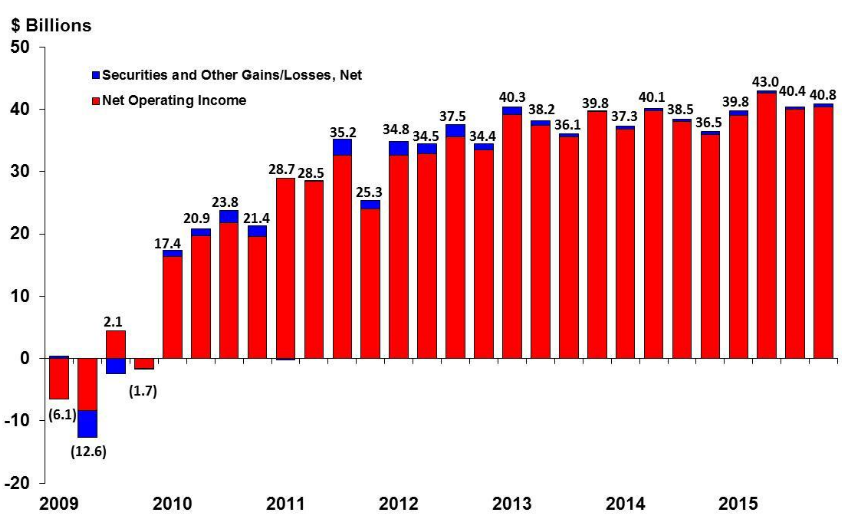
- **Net Operating Revenue of $174 Billion Is 4 Percent Higher Than a Year Ago**
- **Noninterest Expenses Are 2.5 Percent Lower**
- **Loan Losses Post First Year-Over-Year Increase Since Second Quarter 2010**

"The banking industry continued to improve in the fourth quarter. … However, banks must remain vigilant as they manage interest-rate risk, credit risk, and evolving market conditions." — ***FDIC Chairman Martin J. Gruenberg***

Commercial banks and savings institutions insured by the Federal Deposit Insurance Corporation (FDIC) reported aggregate net income of $40.8 billion in the fourth quarter of 2015, up $4.4 billion (11.9 percent) from earnings of $36.5 billion a year earlier. The increase in earnings was mainly attributable to a $6.8 billion increase in net operating revenue and a $2.7 billion decline in noninterest expenses. The reduction in noninterest expenses is attributed to a drop in litigation expenses at a few large banks. Financial results for the fourth quarter of 2015 and the full year are included in the FDIC's latest *Quarterly Banking Profile* released today.

Of the 6,182 insured institutions reporting fourth quarter financial results, more than half (56.6 percent) reported year-over-year growth in quarterly earnings. The proportion of banks that were unprofitable in the fourth quarter fell from 9.9 percent a year earlier to 9.1 percent, the lowest level for a fourth quarter since 1996.

Quarterly Net Income, 2009 - 2015



“Revenue and income were up from the previous year, overall asset quality continued to improve, loan balances increased, and there were fewer banks on the problem list,” Gruenberg said. “However, banks are operating in a challenging environment. Revenue growth continues to be held back by narrow interest margins. Many institutions are reaching for yield, given the competition for borrowers and low interest rates. And there are signs of growing credit risk, particularly among loans related to energy and agriculture.”

Highlights from the Fourth Quarter 2015 *Quarterly Banking Profile*

Community Bank Earnings Rise: The 5,735 insured institutions identified as community banks reported $5.1 billion in net income in the fourth quarter, an increase of 4 percent from the fourth quarter of 2014. Net operating revenue of $22.6 billion at community banks was $1.6 billion (7.4 percent) higher than a year earlier.

Net Operating Revenue of $174.3 Billion Is 4 Percent Higher Than a Year Ago: Loan growth helped lift revenue at most banks, as net interest income rose $3.9 billion (3.6 percent) compared to the fourth quarter of 2014. Noninterest income was $3.0 billion (5 percent) higher, as servicing income rose $2.1 billion (178 percent) and gains on asset sales increased by $984 million (32 percent). Total net operating revenue was 4.1 percent higher than a year ago.

Noninterest Expenses Are 2.5 Percent Lower: Total noninterest expenses of $105.8 billion in the fourth quarter were $2.7 billion (2.5 percent) less than in the fourth quarter of 2014. Itemized litigation expenses at a few large banks were $2.4 billion (80 percent) below the level of a year ago.

Loan Losses Post First Year-Over-Year Increase Since Second Quarter of 2010: Net loan and lease charge-offs totaled $10.6 billion in the fourth quarter, an increase of $690 million (7 percent) compared to the fourth quarter of 2014. This is the first time since the second quarter of 2010 that charge-offs have increased year-over-year. Net charge-offs of loans to commercial and industrial borrowers were $512 million (43.4 percent) higher than a year ago, while charge-offs of credit cards were $292 million (5.6 percent) higher. The average net charge-off rate for the fourth quarter was 0.49 percent, compared to 0.48 percent a year ago.

Loan Growth Rate Continues to Pick Up: Total loan and lease balances increased $197.3 billion (2.3 percent) during the fourth quarter. For the 12 months ended December 31, loans and leases increased $530.1 billion (6.4 percent). This is the largest 12-month growth rate since mid-2007 to mid-2008. At community banks, loan balances rose 2.5 percent during the fourth quarter of 2015 and increased 8.6 percent during the past 12 months.

Full-Year 2015 Earnings Are 7.5 Percent Higher Than 2014: Net income for the full year totaled $163.7 billion, an increase of $11.4 billion (7.5 percent) over the total for 2014. Almost two out of every three banks (63.6 percent) reported higher net income in 2015. Net operating revenue was $14.9 billion (2.2 percent) higher than in 2014, while total noninterest expenses were $5.5 billion (1.3 percent) lower. Itemized litigation expenses at a few large banks were $6.6 billion (67.6 percent) less than in the previous year.

“Problem List” Continues to Shrink: The number of banks on the FDIC’s Problem List fell from 203 to 183 during the fourth quarter. This is the smallest number of problem banks in more than seven years and is down dramatically from the peak of 888 in the first quarter of 2011. Total assets of problem banks fell from $51.1 billion to $46.8 billion during the fourth quarter. Two banks failed during the fourth quarter, bringing the total for 2015 to eight failures. This is the smallest number of failures in a year since 2007, when three banks failed. In 2014, there were 18 bank failures.

Deposit Insurance Fund (DIF) Rises $2.5 Billion to $72.6 Billion: The DIF increased from $70.1 billion in the third quarter to $72.6 billion in the fourth quarter, largely driven by $2.2 billion in assessment income. The DIF reserve ratio rose from 1.09 percent to 1.11 percent during the quarter.

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***Quarterly Banking Profile* Home Page (includes previous reports and press conference webcast videos)**

Insured Institution Performance, Fourth Quarter 2015

Community Bank Performance, Fourth Quarter 2015

Deposit Insurance Fund Trends, Fourth Quarter 2015

Chairman Gruenberg's Press Statement