PRESS RELEASE

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

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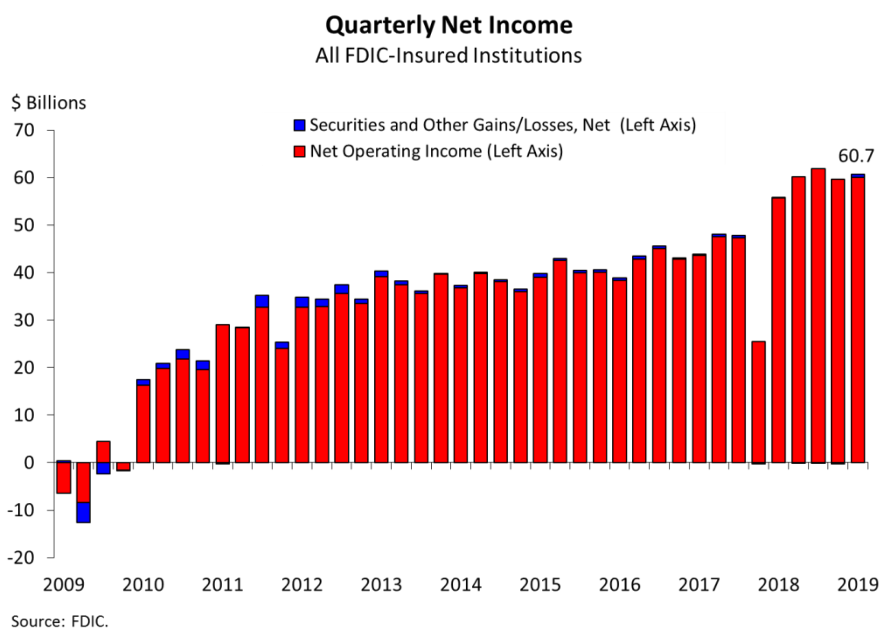
FDIC-Insured Institutions Report Net Income of $60.7 Billion in First Quarter 2019

- **Net Income Rises 8.7 Percent from a Year Earlier**
- **Net Interest Margin Rises to 3.42 Percent**
- **Community Banks' Net Income Increases 10.1 Percent from a Year Earlier**
- **Total Loan and Lease Balances Increase 4.1 Percent from First Quarter 2018**
- **Number of "Problem Banks" Drops to 59**

"The banking industry reported another positive quarter. The FDIC continues to encourage banks to maintain prudent risk management in order to support lending through this economic cycle."— ***FDIC Chairman Jelena McWilliams***

Commercial banks and savings institutions insured by the Federal Deposit Insurance Corporation (FDIC) reported aggregate net income of $60.7 billion in first quarter of 2019, up $4.9 billion (8.7 percent) from a year earlier. The increase in net income was mainly attributable to a $7.9 billion (6 percent) increase in net interest income. Financial results for first quarter of 2019 are included in the FDIC's latest *Quarterly Banking Profile* released today.



"The banking industry reported another positive quarter," McWilliams said. "Growth in net income was mainly attributable to higher net interest income. Net interest margins improved, asset quality indicators remained stable, and the number of 'problem banks' continued to decline. Community banks also reported a strong quarter, with annual loan growth and a net interest margin surpassing the overall industry."

"With a historically low interest-rate environment and strong competition to attract lending, some institutions have 'reached for yield,' which limited net interest margin expansion. With the recent stabilization of interest rate hikes, some institutions may face new challenges in lending and funding. Therefore, banks must maintain prudent risk management in order to support lending through this economic cycle."

Highlights from the First Quarter 2019 *Quarterly Banking Profile*

Net Income Rises 8.7 Percent from a Year Earlier: The aggregate net income for the 5,362 FDIC-insured institutions increased by $4.9 billion (8.7 percent) from a year ago to $60.7 billion, led by higher net interest income. Almost two-thirds of all institutions reported annual increases in net income and less than 4 percent of institutions were unprofitable. The average return on assets increased to 1.35 percent, up from 1.28 percent a year earlier.

Community Banks Quarterly Net Income Increased 10.1 Percent from a Year Earlier: The 4,930 insured institutions identified as community banks reported net income of $6.5 billion in the first quarter, up $596 million (10.1 percent) from a year earlier. The increase was driven by higher net interest income (up $1.1 billion, or 6.4 percent), higher securities gains (up $110 million, or 206.7 percent), and lower provision expense (down $137 million, or 17.3 percent). Lower noninterest income (down $84 million, or 1.9 percent) and higher noninterest expense (up $585 million, or 4 percent) partially offset improvements to net income.

Net Interest Income Rises 6 Percent Over 12 Months: Net interest income totaled $139.3 billion in the first quarter, up $7.9 billion (6 percent) from first quarter 2018. Nearly four out of five banks (79.3 percent) reported an improvement in net interest income from a year earlier. The average net interest margin rose to 3.42 percent, up from 3.32 percent a year ago.

Total Loan and Lease Balances Increase 4.1 Percent from First Quarter 2018: Over the past 12 months, total loan and lease balances increased by 4.1 percent, a slight decline from the 4.4 percent annual growth rate reported last quarter. Growth among major loan categories was led by commercial and industrial loans, which increased by $37.7 billion (1.7 percent), but was offset by credit card balances, which fell by $43.5 billion (4.8 percent). Total loan and lease balances fell by $4.8 billion from fourth quarter 2018, with commercial and industrial loans registering the largest dollar increase from a year ago (up $155.6 billion, or 7.6 percent).

Asset Quality Indicators Remain Stable: The amount of loans that were noncurrent – 90 days or more past due or in nonaccrual status – increased by $461.6 million (0.5 percent) during the first quarter. Noncurrent balances declined for residential mortgages (down $2.2 billion, or 5 percent), but increased for commercial and industrial loans (up $3.3 billion, or 22.8 percent). The average noncurrent loan rate remained unchanged from the previous quarter (0.99 percent). Net charge-offs increased by $667.8 million (5.5 percent) from a year ago, but the average net charge-off rate remained unchanged (0.50 percent).

The Number of Banks on the "Problem Bank List" Declines to 59: The FDIC's Problem Bank List declined from 60 to 59 during the first quarter, the lowest number of problem banks since first quarter 2007. Total assets of problem banks declined from $48.5 billion in the fourth quarter to $46.7 billion. During the first quarter, merger transactions absorbed 43 institutions, one new charter was added, and no failures occurred.

The Deposit Insurance Fund's Reserve Ratio Remained Unchanged at 1.36 Percent: The Deposit Insurance Fund (DIF) balance increased by $2.3 billion from the previous quarter to $104.9 billion. The increase was mainly driven by assessment income, interest income, and unrealized gains on securities held by the DIF. The reserve ratio remained unchanged (1.36 percent) from the previous quarter, as strong seasonal growth in insured deposits offset the growth in DIF.

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

Insured Institution Performance, First Quarter 2019

Community Bank Performance, First Quarter 2019

Deposit Insurance Fund Trends, First Quarter 2019

Chairman McWilliams' Press Statement

FDIC

Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. The FDIC insures deposits at the nation's banks and savings associations, 5,362 as of March 31, 2019. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars—insured financial institutions fund its operations.

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