PRESS RELEASE

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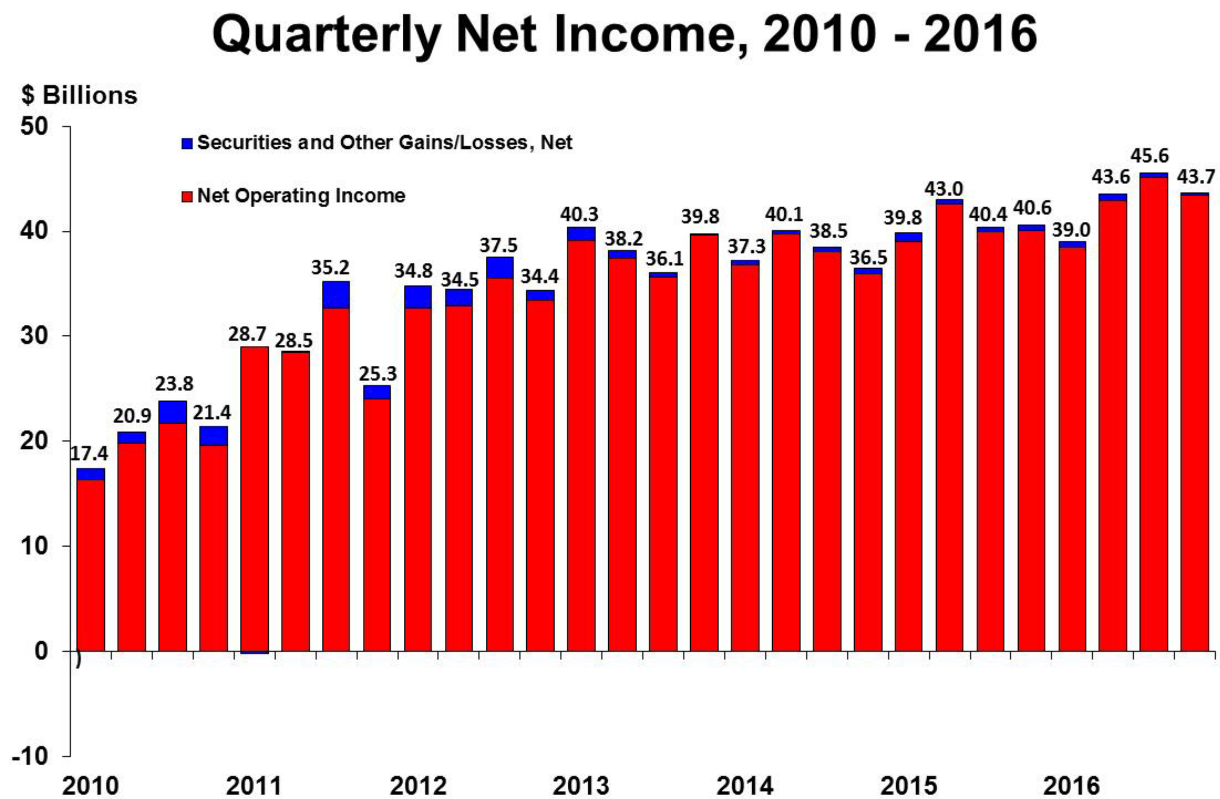
FDIC-Insured Institutions Earn $43.7 Billion in Fourth Quarter 2016
Community Bank Net Income Rises to $5.3 Billion

- **Quarterly Industry Net Income is 7.7 Percent Higher Than a Year Earlier**
- **Full-Year 2016 Industry Earnings Rise to $171.3 Billion**
- **Community Bank Revenue and Loan Growth Outpace Industry**
- **Total Loan Balances Rise 5.3 Percent During 2016**

“The banking industry had another largely positive quarter. Nevertheless, the industry continues to face challenges.”
-- *FDIC Chairman Martin J. Gruenberg*

Commercial banks and savings institutions insured by the Federal Deposit Insurance Corporation (FDIC) reported aggregate net income of $43.7 billion in the fourth quarter of 2016, up $3.1 billion (7.7 percent) from a year earlier. The increase in earnings was mainly attributable to an $8.4 billion (7.6 percent) increase in net interest income. Financial results for the fourth quarter of 2016 are included in the FDIC's latest *Quarterly Banking Profile* released today.

Of the 5,913 insured institutions reporting fourth quarter financial results, 59 percent reported year-over-year growth in quarterly earnings. The proportion of banks that were unprofitable in the fourth quarter fell to 8.1 percent from 9.6 percent a year earlier.



"Revenue and net income were higher, loan balances grew, asset quality improved, and the number of unprofitable banks and 'problem banks' continued to fall," Gruenberg said. "Community banks also reported solid results for the quarter and year with strong net income, revenue, and loan growth.

"Nevertheless, the operating environment for banks remains challenging. Low interest rates for an extended period have led some institutions to reach for yield, which has increased their exposure to interest-rate risk, liquidity risk, and credit risk. Banks must manage risks prudently to ensure that industry growth is on a long-run, sustainable path."

Highlights from the Fourth Quarter 2016 *Quarterly Banking Profile*

Quarterly Industry Net Income is $3.1 Billion Higher Than a Year Earlier: Quarterly earnings were 7.7 percent higher than in the fourth quarter of 2015, as the average return on assets rose to 1.04 percent from 1.02 percent a year earlier. Revenue growth helped propel quarterly earnings. Net operating revenue – the sum of net interest income and total noninterest income – was $181.8 billion, an increase of $7.9 billion (4.6 percent) from a year earlier.

Full-Year 2016 Earnings Rise to $171.3 Billion: Full-year earnings for the banking industry rose $8 billion (4.9 percent) compared to full-year 2015. Net operating revenue was $29 billion (4.2 percent) higher than in the previous year, while itemized litigation expenses at a few large banks were almost $3 billion lower than in 2015. Loan-loss provisions rose to $47.8 billion in 2016, an increase of $10.7 billion (28.8 percent) from 2015.

Community Bank Revenue and Loan Growth Outpace Industry: The 5,461 insured institutions identified as community banks reported a $508 million (10.5 percent) increase in net income in the fourth quarter. Total loan and lease balances at community banks rose $22.4 billion during the fourth quarter. During the past 12 months, loans and leases at community banks rose $115.7 billion (8.3 percent). Net operating revenue of $23 billion at community banks was $1.6 billion (7.6 percent) higher than in the fourth quarter of 2015.

Total Loan Balances Rise 5.3 Percent During 2016: Total loan and lease balances increased $72.3 billion (0.8 percent) during the fourth quarter. Credit card balances increased $38.2 billion (5 percent) during the quarter, reflecting seasonal holiday spending, while real estate loans secured by nonfarm nonresidential real estate properties rose $22.8 billion (1.7 percent), and real estate construction and development loans increased $10.1 billion (3.3 percent). Loans to commercial and industrial borrowers declined for the first time in 26 quarters, falling by $7.7 billion (0.4 percent). For the 12 months ended December 31, loans and leases increased $466 billion (5.3 percent).

"Problem Bank List" Shows Further Improvement: The number of banks on the FDIC's Problem Bank List fell from 132 to 123 during the fourth quarter. This is the smallest number of problem banks in more than seven years and is down significantly from the peak of 888 in the first quarter of 2011. Total assets of problem banks rose slightly from $24.9 billion to $27.6 billion during the fourth quarter.

Deposit Insurance Fund's Reserve Ratio Rises to 1.20 Percent: The DIF increased $2.5 billion during the fourth quarter to $83.2 billion at the end of December, largely driven by assessment income. The DIF reserve ratio rose from 1.18 percent to 1.20 percent during the quarter. Estimated insured deposits increased 1.4 percent in the fourth quarter. For all of 2016, estimated insured deposits increased 6 percent.

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

Insured Institution Performance, Fourth Quarter 2016

Community Bank Performance, Fourth Quarter 2016

Deposit Insurance Fund Trends, Fourth Quarter 2016

Chairman Gruenberg's Press Statement