

Banking industry saw earnings growth in Q1, despite record low NIM

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By Maria Tor

The U.S. banking industry's net income rose to \$39.83 billion in the first quarter of 2015 from \$36.58 billion in the fourth quarter of 2014 and \$37.25 billion in the first quarter of 2014, despite another plunge in the aggregate net interest margin.

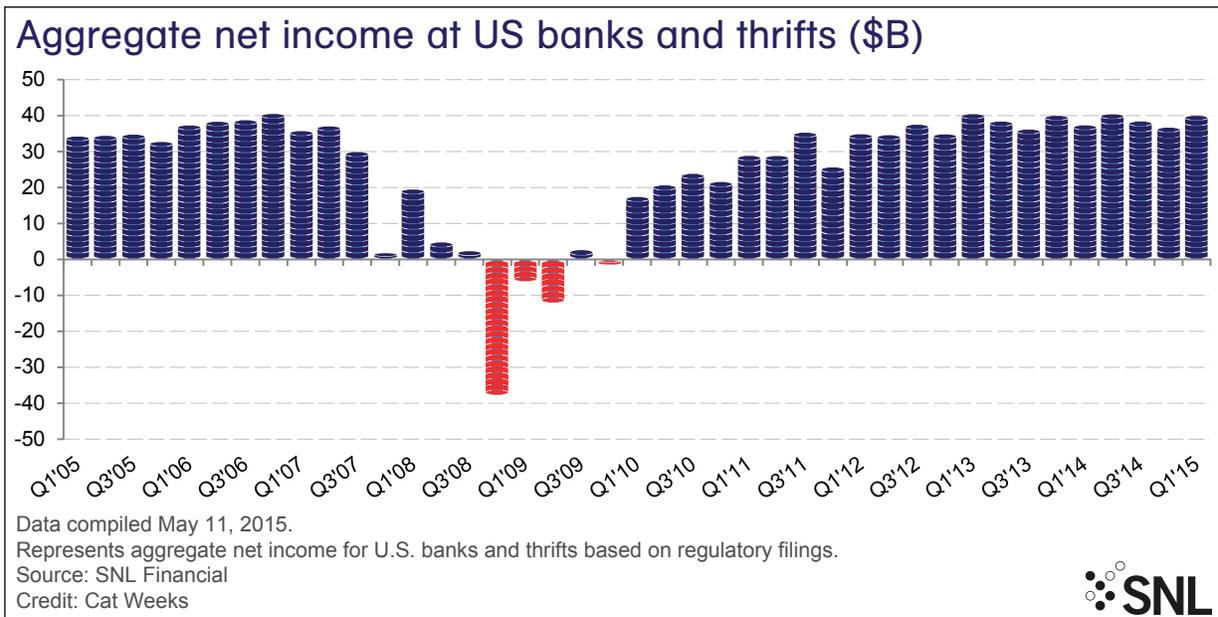
The industry's aggregate net interest margin sank below 3.00% for the first time since SNL began tracking bank regulatory data in 1991. The combined net interest margin for commercial banks and savings banks in the first quarter was 2.97%, down from 3.07% in the fourth-quarter of 2014 and 3.12% in the first quarter of 2014. (SNL did not adjust the net interest margin to be on a fully taxable

Loans grew to \$8.36 trillion at March 31 from \$8.31 trillion at Dec. 31, 2014, and \$7.93 trillion at March 31, 2014. Deposits also grew, increasing to \$11.96 trillion from \$11.76 trillion at the end of the prior quarter and \$11.32 trillion at the end of the first quarter of 2014.

Click here for a deeper dive into loan growth by type at the nation's largest banks, and here for a look at loan growth at community banks.

Alongside the growth in loans, the aggregate provision for loan losses taken by the industry also increased in the first quarter to \$8.37 billion from \$8.25 billion in the prior quarter and \$7.61 billion in the year-ago quarter.

On the noninterest segment of the income statement, total noninterest income grew to \$62.57 billion from \$59.95 billion in the prior



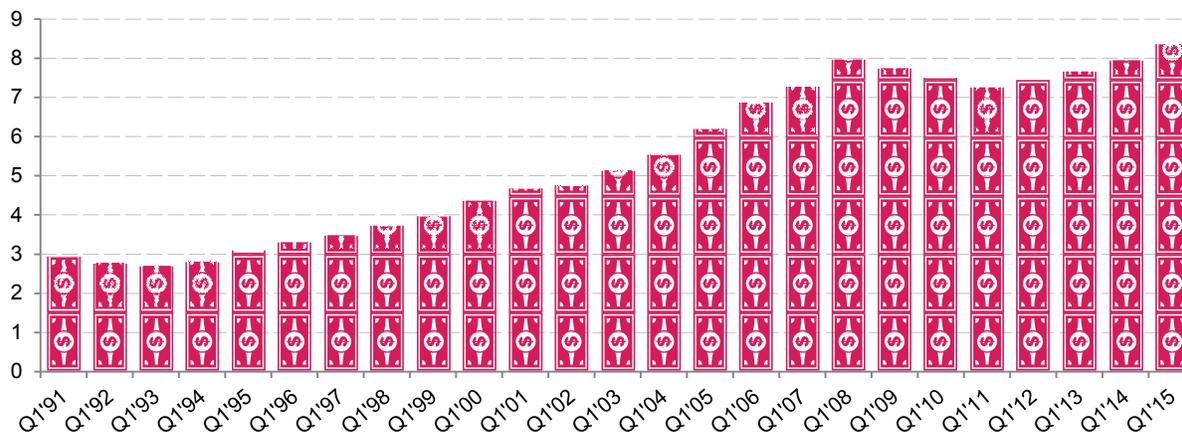
equivalent basis due to limited disclosure by savings institutions in periods before 2012.)

The first-quarter margin is calculated based on \$105.70 billion in aggregate net interest income divided by \$14.24 trillion in average earning assets, annualized. Average earning assets reached new heights in the first quarter while net interest income fell compared to the fourth quarter. Average earning assets totaled \$14.24 trillion, up from \$14.02 trillion in the prior quarter and \$13.37 trillion in the first quarter of 2014. Net interest income declined to \$105.70 billion from \$107.66 billion in the prior quarter, but increased from \$104.18 billion a year ago.

quarter and \$59.83 billion a year ago, while total noninterest expense fell to \$103.43 billion from \$108.52 billion in the prior quarter, but increased from \$102.24 billion a year ago.

SNL's data, which is not adjusted for inflation, is based on financial results reported by banks in call reports filed with regulators. Results prior to 2012 include data filed in thrift financial reports. Some banks may amend their results in the weeks leading up to the FDIC's official release of its quarterly banking profile. Data points for prior periods stated above may not match previous articles due to companies subsequently amending their call reports. The data does not include credit unions. *i*

Total loans and leases at US banks and thrifts (\$ trillion)*



Data compiled May 11, 2015.

Represents aggregate loans and leases at U.S. banks and thrifts based on regulatory filings.

* Includes held-for-sale loans and leases.

Source: SNL Financial

Credit: Cat Weeks

