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## FDIC Issues Q3 Quarterly Banking Profile

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Earlier this week the Federal Deposit Insurance Corporation ("FDIC") issued the latest Quarterly Banking Profile ("QBP") for the third quarter of 2023.

The headline results of the QBP were:

- Net Income ($68.4 billion) decreased from the prior quarter, Driven By Lower Noninterest Income and Higher Realized Losses on Securities
- The Net Interest Margin Declined Quarter Over Quarter to 3.30%
- Unrealized Losses on Securities Increased From the Prior Quarter
- Loan Balances increased From Last Quarter and One Year Ago
- Total Deposits Declined For a Sixth Consecutive Quarter
- Asset Quality Metrics Remained Favorable Despite Modest Deterioration
- Community Banks Reported Lower Net Income From the Prior Quarter
- The Reserve Ratio for the Deposit Insurance Fund Rose to 1.13%

FDIC Chairman Martin Gruenberg, commenting on the QBP, stated "[t]he banking industry continued to show resilience in the third quarter. Net income remained high, overall asset quality metrics remained favorable, and the industry remained well capitalized. Despite a modest improvement in the industry's net interest margin, funding pressures continued to challenge the industry." He noted further that "[t]hough the U.S. economy has remained strong in 2023, the banking industry still faces significant downside risks from the continued effects of inflation, rising market interest rates, and geopolitical uncertainty. These issues could cause credit quality, earnings, and liquidity challenges for the industry." He concluded by noting that the downside risks mentioned above, together with a focus on commercial real estate deterioration, and other funding and earning pressures would warrant further supervisory attention.