

# The IRA Bank Book

## *Q3 2023 Industry Review & Outlook*

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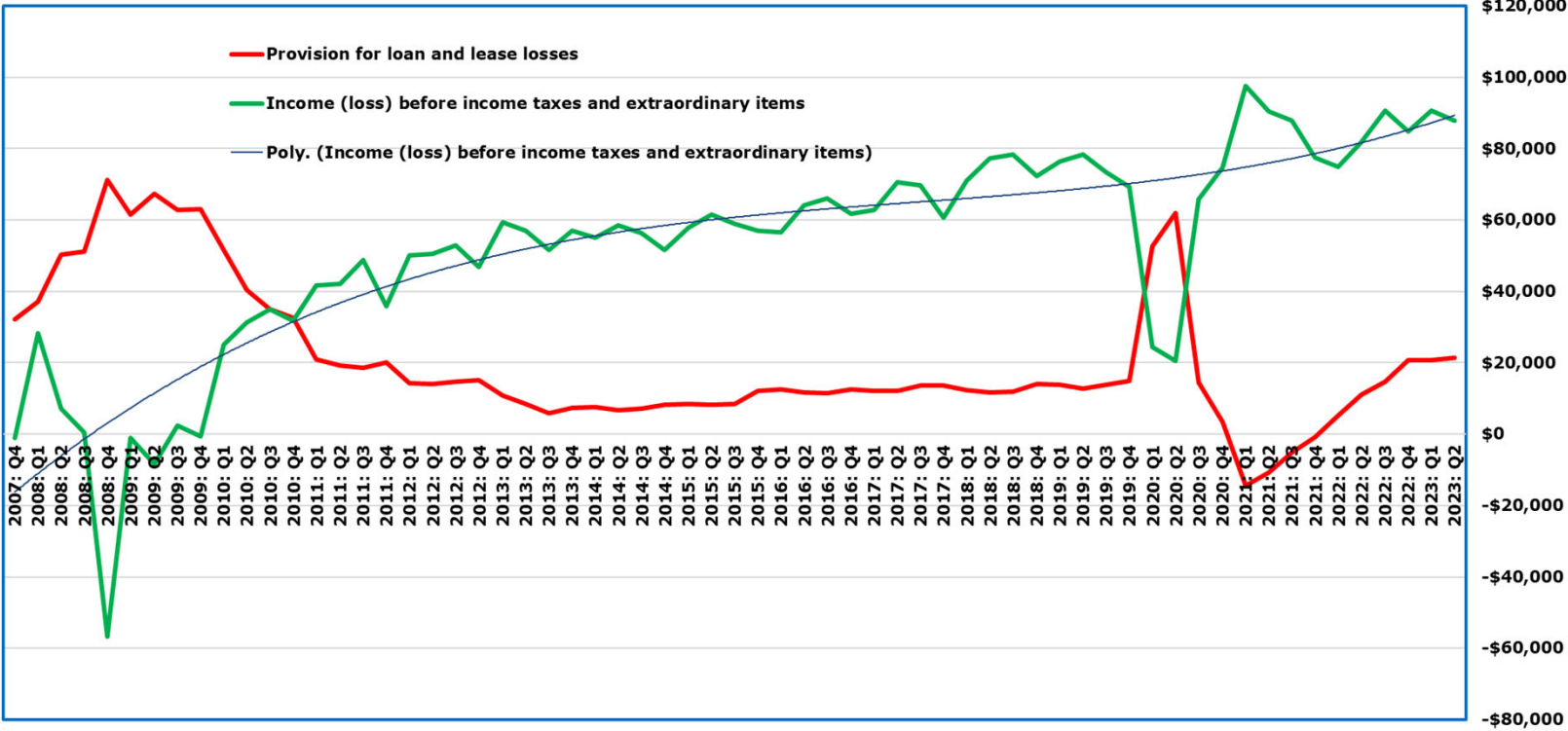
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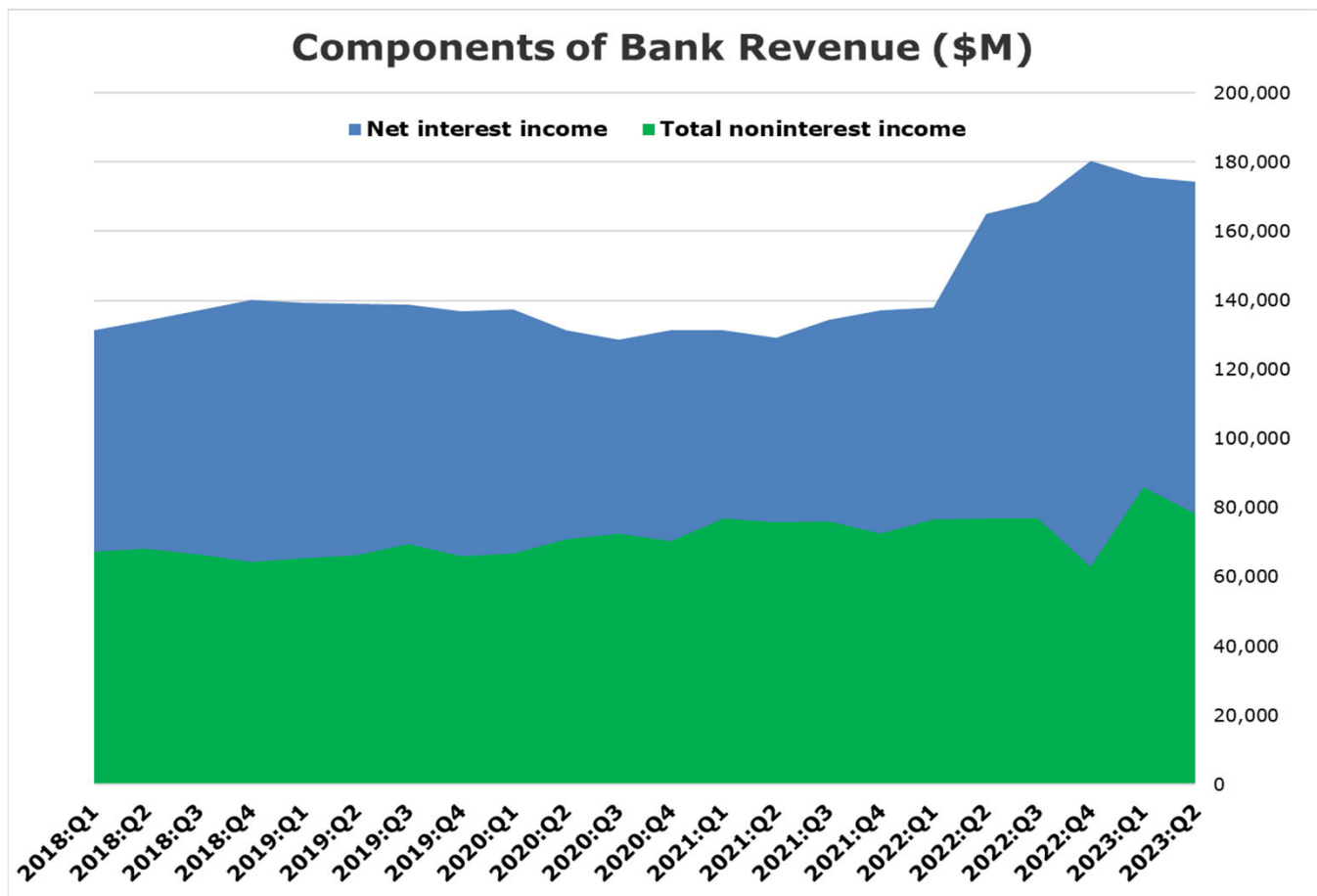
# Q2 2023 Review

- The US banking industry has seen now two consecutive down quarters for net earnings as the disruption caused by the Fed's massive open market operations in '20-'21 slowly works through the system in GAAP terms. Fortunately the change in funding costs was below our expectations in Q2 2023. We're happy to be wrong.
- We expect industry earnings to remain flat to down through year-end. After the huge upward spike in non-interest income due to three bank failures in Q1, Q2 2023 saw fee and other income fall below \$80 billion. Provisions for credit losses were \$21.5 billion in second quarter 2023, up \$726.9 million from the previous quarter and 2x the \$10.4 billion in Q2 2022.

### Pretax Income vs Provisions (\$M) | All US Banks



## Components of Bank Revenue (\$M)



*“Net income for the 4,645 FDIC-insured commercial banks and savings institutions declined \$9.0 billion (11.3 percent) from one quarter ago to \$70.8 billion in second quarter 2023. Declines in noninterest income, reflecting the accounting treatment of the acquisition of three failed institutions, lower net interest income, and higher provision expense drove the decrease.” -- FDIC*

Source: FDIC