

DATA DISPATCH

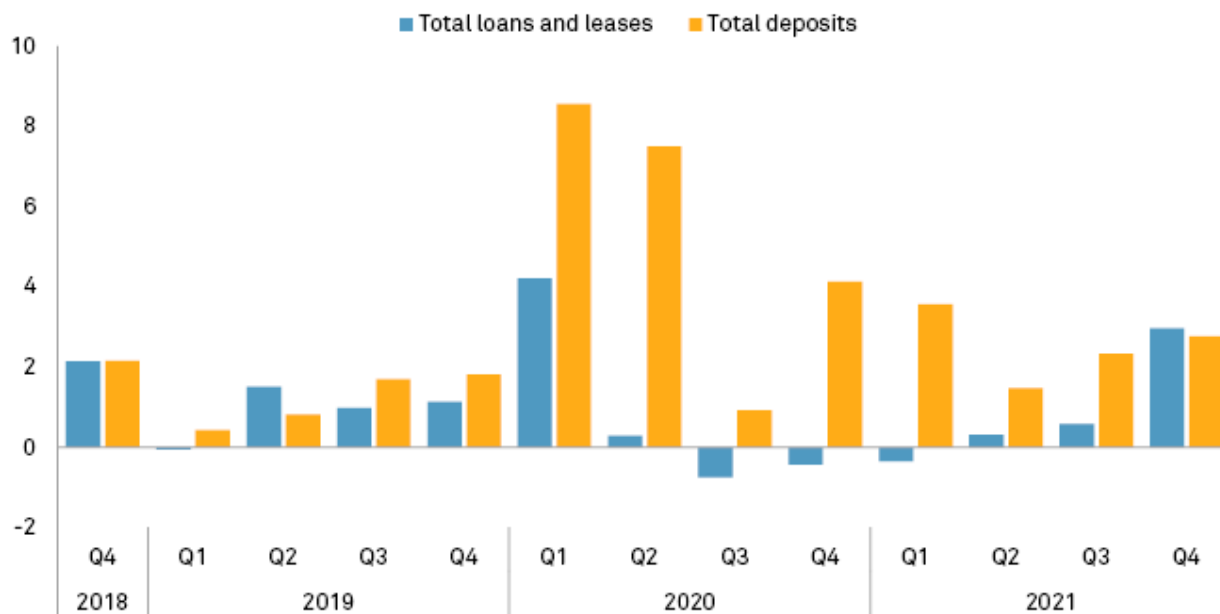
# US banks report strong loan growth in Q4'21

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Market Intelligence

Loan growth in the U.S. banking sector picked up substantially in the fourth quarter of 2021.

## Quarterly loan and deposit growth trends at US banks (%)



Data compiled Feb. 9, 2022.

Analysis includes U.S. commercial banks, savings banks, and savings and loan associations. Nondepository trusts and companies with a foreign banking organization charter are excluded.

Data based on regulatory filings.

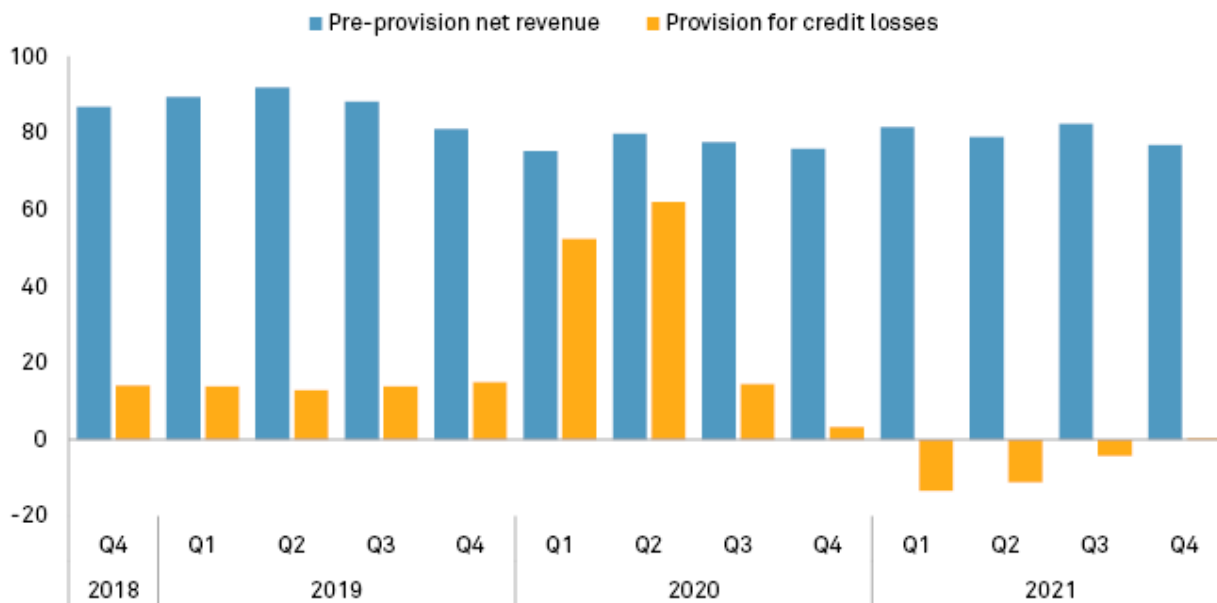
Source: S&amp;P Global Market Intelligence

Total loans and leases at U.S. banks and thrifts were \$11.244 trillion at Dec. 31, 2021, representing a 3.0% quarter-over-quarter increase according to S&P Global Market Intelligence data. In the six previous quarters, the change had ranged from negative 0.7% to 0.6%. Also in the fourth quarter of 2021, loan growth exceeded deposit growth for the first time since the second quarter of 2019.

The recent loan growth was distributed across several categories. Commercial and industrial loans, still well off their peak from mid-2020, increased \$70.53 billion, or 3.1%. Loans from U.S. offices provided to nondepository financial institutions have more than doubled in the last four years and jumped \$58.98 billion, or 9.1%, in the last quarter of 2021.

Bank of America Corp. unit Bank of America NA added \$55.33 billion in loans during the fourth quarter, topping all companies in the industry. The bank grew commercial and industrial loans by \$20.93 billion and loans to nondepository financial institutions from U.S. offices by \$12.96 billion.

### Net revenue and credit loss provision trends at US banks (\$B)



Data compiled Feb. 9, 2022.

Pre-provision net revenue = net interest income + noninterest income - noninterest expense

Analysis includes U.S. commercial banks, savings banks, and savings and loan associations. Nondepository trusts and companies with a foreign banking organization charter are excluded.

Data based on regulatory filings.

Source: S&P Global Market Intelligence

Pre-provision net revenue, which equals net interest income plus noninterest income minus noninterest expense, totaled \$76.84 billion across the industry, down 6.7% from the third quarter of 2021. Loan growth boosted net interest income, but noninterest income declined and expenses went up.

After three quarters of negative provisioning, the provision for credit losses moved into positive territory at \$302.2 million. Each of the four largest U.S. banking institutions, which are units of JPMorgan Chase & Co., Bank of America, Wells Fargo & Co. and Citigroup Inc., reported a negative provision.

## Financial highlights for US banks, Q4'21

	Q4'21	vs. Q3'21*	vs. Q4'20*
<b>Balance sheet (\$ trillion)</b>			
Total assets	23.715	▲	▲
Total loans and leases	11.244	▲	▲
Total securities	6.244	▲	▲
Cash and equivalents	4.157	▼	▲
Total deposits	19.697	▲	▲
<b>Income statement (\$B)</b>			
Net income	63.62	▼	▲
Pre-provision net revenue	76.84	▼	▲
Net interest income	138.25	▲	▲
Noninterest income	73.01	▼	▲
Noninterest expense	134.42	▲	▲
Provision for credit losses	0.30	▲	▼
Income taxes	13.59	▼	▼
<b>Profitability ratios (%)</b>			
ROAA	1.08	▼	▼
ROAE	10.84	▼	▲
Net interest margin (FTE)	2.53	NC	▼
Yield on loans and leases	4.34	NC	▼
Cost of deposits	0.11	▼	▼
<b>Credit quality (%)</b>			
Loans 30-89 days past due/total loans and leases	0.50	▲	▼
NPAs+loans 90 or more days past due/total assets	0.62	▼	▼
NCOs/average loans	0.22	▲	▼
Reserves/gross loans and leases	1.58	▼	▼

Data compiled Feb. 9, 2022.

NC = no change; FTE = fully taxable equivalent; NCOs = net charge-offs  
Analysis includes U.S. commercial banks, savings banks, and savings and loan associations. Nondepository trusts and companies with a foreign banking organization charter are excluded.

Data based on regulatory filings as of Dec. 31, 2021.

\* Comparisons calculated out to three decimal places for balance sheet metrics and two decimal places for all other metrics.

Source: S&P Global Market Intelligence

The industry's net interest margin stabilized in 2021, finishing at 2.53% in the first, third and fourth quarters and 2.47% in the second quarter. The average yield on loans and leases was 4.34% in the fourth quarter, unchanged from the previous quarter. The cost of deposits fell for the ninth consecutive quarter to 0.11%.

Credit quality concerns were muted in the fourth quarter. The net charge-off ratio ticked up to 0.22% from 0.19% quarter over quarter, while the nonperforming asset ratio decreased 4 basis points to 0.62%.

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