

1. What is the niche that your bank will do business in? (james)

- <https://www.investigativepost.org/2024/03/14/mortgage-lending-lags-to-black-applicants-in-buffalo/>
  - A March 2024 article from Investigative Post highlights that Black applicants in Buffalo's Erie and Niagara counties face significant challenges in securing home mortgages. The analysis reveals that in 2022, Black applicants experienced an 18% rejection rate, double the overall population's 9% rate, marking one of the highest disparities among major U.S. metro areas.
    - Why?
      - **Income Disparities:** Median household income for white residents is nearly double that of Black households in these counties, affecting creditworthiness and loan approval rates
      - **Historical Redlining:** Past discriminatory practices have led to lasting economic disadvantages for Black communities, impacting their ability to secure mortgages
      - **Higher Debt-to-Income Ratios:** Black applicants often have higher debt relative to their income, making it challenging to meet standard lending criteria
      - **Credit History and Collateral:** Issues with credit history and lack of collateral are common reasons for loan denials among Black applicants.
      - **Lower Application Rates:** Black homebuyers apply for mortgages at about half the rate of white applicants, leading to fewer approvals and contributing to stagnant homeownership rates.
  - As a bank we could focus on loaning to these marginalized individuals as a demographic niche. In doing so, we can take advantage of better information gathering practices that will aid us in selecting good credit individuals from this minority community.
  - This bank will be a very heavily community focused bank with the ideal end goal being to fund the growth of a marginalized community and benefit alongside that growth without being too hungry for profits

## 2. What is the form that it will take, for example a mutual savings bank or commercial bank? Mutual Savings

### Mission Alignment with Community Needs

- **Mutual Savings Bank:** A mutual savings bank is owned by its depositors rather than external shareholders. This structure aligns well with a community-focused mission, as the bank can prioritize long-term community benefits over immediate profit. This setup is particularly advantageous for serving marginalized groups, as it allows the bank to offer more favorable loan terms, lower fees, and tailored financial products without the pressure to maximize profits for shareholders.
- **Commercial Bank:** A commercial bank, which is typically owned by shareholders, may face pressure to deliver returns to investors, potentially making it challenging to prioritize low-income or high-risk loans that are essential for serving marginalized communities.

### Flexibility in Offering Lower-Cost Products and Services

- **Mutual Savings Bank:** Because a mutual savings bank is not driven by shareholder profits, it can focus on providing lower-cost mortgages, savings accounts, and credit products. For example, it could offer subsidized loans or grant programs for first-time homebuyers in marginalized areas without impacting its ability to satisfy shareholders.
- **Commercial Bank:** Although commercial banks can offer these products, they might have higher interest rates or fees to ensure profitability. For a commercial bank, community-focused programs might be limited to meet profit targets, which could restrict the flexibility needed to serve Buffalo's marginalized communities effectively.

### Community Trust and Relationship-Building

- **Mutual Savings Bank:** Mutual banks often build strong relationships within the communities they serve, fostering a sense of loyalty and trust, especially in communities historically excluded from banking. This structure can make the bank feel more like a community partner than a profit-driven institution, which is essential for earning trust in areas affected by redlining.

- Commercial Bank: Commercial banks can still build community trust, but their profit-oriented nature may make it harder to build the same level of trust and perceived alignment with community interests. Some residents may view commercial banks as more transactional rather than as invested in their long-term well-being.

### Reinvestment in the Community

- Mutual Savings Bank: Since mutual savings banks are owned by depositors, they can reinvest their profits directly back into the community, whether through better rates, community programs, or educational workshops. This reinvestment would directly benefit marginalized groups in Buffalo, further supporting the bank's mission of financial inclusion and neighborhood revitalization.
- Commercial Bank: Commercial banks may reinvest in the community, but they also need to distribute profits to shareholders, which might limit the amount they can commit to community-focused initiatives.

### Decision-Making Control

- Mutual Savings Bank: In a mutual savings bank, depositors typically have a say in how the bank is run, giving local residents a greater voice in shaping the bank's policies and initiatives. This could lead to programs and policies more closely aligned with the specific needs of Buffalo's marginalized communities.
- Commercial Bank: In a commercial bank, decision-making is generally in the hands of shareholders, who may not have a direct connection to or understanding of the local community. This could create a disconnect between the bank's goals and the needs of Buffalo's underserved residents.

### Key Considerations

While a mutual savings bank structure has as many advantages for a community-focused mission, there are some potential trade-offs:

- Funding Limitations: Mutual banks may have limited ability to raise capital quickly compared to commercial banks, which can issue shares. This might impact the bank's ability to expand or scale up certain programs rapidly.
  - Scope of Services: Mutual savings banks traditionally focus on deposit accounts and residential mortgages, which could be a limitation if the bank plans to offer a wider range of products, like commercial loans for small businesses in the community.
3. You must show three years of your projected balance sheets and income statements. See textbook for examples. ON BOTTOM OF PAGES
  4. State or Federal charter?

State charter would be better as it can provide the residents with additional rights based on situation as the federal charter is strict to everyone. Having additional rights can provide different households with more benefits as banks locally can adjust based on the situation providing relief.

#### James K 5. Will you have branches?

<https://bankonbuffalo.bank/who-we-are/news/bankonbuffalo-previews-new-bank-on-wheels>

We will utilize a combination of traditional brick-and-mortar branches and mobile branches (or "bank-on-wheels") to ensure broad access and convenience for customers. Traditional Branches will be strategically placed in high-traffic urban areas, serving as hubs for more complex banking services like mortgage lending, investment advising, and business loans. These branches will offer full-service banking with in-person consultations, similar to what we see in major city locations like Buffalo.

Mobile Branches in line with innovations like the "BankOnWheels" service from 'BankOnBuffalo', we will introduce mobile branches. These are essentially fully equipped, traveling banking units that will visit underserved communities and neighborhoods with limited access to traditional banking, or rural areas. The mobile branches will offer essential banking services like deposits, withdrawals, loan consultations, and financial education sessions. This model ensures accessibility without the overhead costs associated with maintaining numerous physical branches. This combination allows for both localized physical presence and flexibility, meeting the needs of a diverse customer base while keeping operational costs lean. It also enhances customer experience by allowing easy access to banking services no matter where they are located. By integrating both branch types, we align with industry trends and community outreach efforts, such as those promoted by M&T Bank in Buffalo, to provide financial access to underserved populations

## Why Branches Are Valuable for a Community-Focused Bank

### 1. **Building Trust and Accessibility:**

- Physical branches in historically underserved areas, such as neighborhoods affected by redlining, can help establish trust and demonstrate commitment to the community. Many residents may feel more comfortable working with a bank that has a visible, local presence rather than an exclusively digital one.
- Branches allow face-to-face interactions, which are especially valuable for customers who may be unfamiliar with banking processes or need extra guidance.

### 2. **Providing Financial Education and Services:**

- Branches can serve as community hubs for financial education, hosting workshops on topics like budgeting, credit building, and homeownership. These resources can be essential for individuals with limited financial literacy who want to improve their financial standing.
- Staff at branches can offer hands-on assistance, helping clients understand loan applications, saving strategies, and other services, which can be more effective in person than over the phone or online.

### 3. **Attracting Individuals Without Easy Digital Access:**

- Some marginalized individuals, including elderly residents or those with limited internet access, may not use online banking. Physical branches ensure that these individuals have access to the bank's services.
- Having a physical presence can increase the accessibility of services for people who may not be comfortable or familiar with digital banking, helping ensure the bank meets the needs of the whole community.

### 4. **Relationship-Building with Local Businesses:**

- A branch location in business areas or near local markets allows for relationship-building with small business owners. In-person banking can facilitate strong business relationships and provide a space for commercial clients to meet with bank representatives to discuss loans and financial planning.

### 5. **Fostering Community Loyalty:**

- A physical presence in the community can create a sense of loyalty among customers who see the bank as part of their neighborhood. This can lead to stronger relationships with clients and higher retention rates.

## Considerations for Branch Strategy

### 1. **Limited, Strategic Locations:**

- Instead of having numerous branches, the bank could focus on placing branches in key neighborhoods, particularly in areas that have been historically underserved by financial institutions. Locations in neighborhoods like Buffalo's East Side would maximize accessibility for marginalized individuals.
- Branches near public transit stops or central community areas would enhance accessibility, especially for clients without personal transportation.

### 5. Retail or Commercial Banking?

Retailed banking as it targets individuals and households for a safer personal banking system as its only small transactions with low risk which is perfect for the niche to check on their individual capability and power they can take loans on.

### **Which Is Better for a Community-Focused Bank in Buffalo?**

For a bank focused on serving marginalized communities in Buffalo, **retail banking** might be the better fit, but a **combination of both** retail and small business (commercial) banking could maximize impact. Here's why:

- **Retail Banking for Individual Services:** Retail banking would allow the bank to offer products that help individuals build wealth, such as savings accounts, affordable mortgages, and personal loans. These services would be valuable for individuals in marginalized communities who need accessible financial options.
- **Small-Business-Focused Commercial Banking:** Offering small business loans and commercial accounts for local businesses could further support community growth. Many marginalized communities have small business owners and entrepreneurs who face difficulty accessing capital. A commercial banking option specifically for local small businesses would complement retail banking services and foster economic growth.

### 6.How will you raise capital to start? **Gio**

Going into a deficit for the first year (spend money to make money)

To raise capital for our mutual savings bank in Buffalo, we will pursue two key strategies:

1. **Angel Investors and Venture Capital Networks:** We will approach local investors through networks like Buffalo Angels and Startup NY, which focus on funding community-driven businesses. These investors provide capital in exchange for equity or debt, offering both financial support and mentorship. This aligns with our mission to serve underserved communities.
2. **Economic Development Funds:** We will tap into local programs like those offered by the Buffalo Urban Development Corporation (BUDC) and the Erie County Industrial Land Development Corporation. These funds are designed to support businesses that contribute to local economic growth and community development, including financial services aimed at reducing inequalities.

<https://www.wnyventure.com/buffalo-angels>

To start a bank, individuals typically raise capital through a combination of personal investments, securing loans from established banks, attracting investors (like angel investors or venture capital firms), and potentially utilizing government programs like the Small Business Administration (SBA) to access funding with less stringent requirements; however, starting a bank often requires significant capital and a robust business plan to convince lenders of its viability

To get funding from the U.S. Small Business Administration (SBA), a business must meet certain eligibility requirements, including:

- Business type: The business must be for-profit and operate legally in the U.S.
- Size: The business must meet the SBA's size standards
- Creditworthiness: The business must have a sound credit history and be able to repay the loan
- Business purpose: The business must have a sound business purpose and demonstrate a need for financing
- Ownership: The business owner must have invested equity into the business
- Financing options: The business must have tried to get financing from non-government sources before turning to the SBA

The SBA offers several types of loans, including:

- 7(a) loans: For operating businesses that are small under the SBA's size requirements

Both options are well-suited to our goal of building a bank that addresses financial disparities in Buffalo.

## 6. Electronic Banking platform (Cash or no cash?) (Internet or branches)

### **Benefits of Electronic Banking Platforms**

#### **Increased Accessibility and Convenience**

**24/7 Access:** Electronic banking allows clients to access their accounts, check balances, make transfers, and pay bills anytime, anywhere. This is especially useful for clients who may not be able to visit a physical branch during regular banking hours.

**Remote Banking:** For clients who live far from branch locations or have limited transportation options, electronic banking provides an alternative that doesn't require travel, making banking more accessible.

#### **Cost-Effectiveness**

**Lower Operational Costs:** Electronic banking platforms reduce the need for branch visits and can help keep operational costs lower. Savings on branch operations can then be redirected toward offering better rates, lower fees, or more community-focused programs.

**Streamlined Processes:** Electronic platforms can automate routine transactions, such as bill payments, deposits, and fund transfers, allowing bank staff to focus on higher-value tasks like financial counseling and customer support.

### **Financial Inclusion for Underserved Communities**

**Digital Financial Tools:** Electronic banking platforms can provide tools that support financial inclusion, such as budgeting tools, automated savings programs, and financial education resources. These tools can help clients build financial literacy and make more informed decisions.

**Access for Unbanked or Underbanked Individuals:** Offering mobile banking and online account setups can attract individuals who may not have had easy access to traditional banking services. Digital access can encourage these individuals to join the formal banking system.

## **9. How will you market your bank?**

### **Leverage Local Partnerships and Sponsorships**

**Collaborate with Local Organizations:** Partner with nonprofits, community centers, and housing organizations in Buffalo, such as the Buffalo Urban League or neighborhood development groups. By working with trusted organizations, the bank can connect with local residents and build credibility.

**Event Sponsorship:** Sponsor local events, community fairs, and workshops, especially those that focus on financial literacy, housing, or small business development. Being present at community events helps the bank build visibility and establish its presence as a committed community member.

### **Community Outreach and Financial Education Programs**



**Workshops and Seminars:** Offer free workshops on topics like homeownership, credit repair, and small business financing at community centers, churches, and local schools. These events provide valuable resources, create brand awareness, and position the bank as a supportive resource in the community.

**Financial Literacy Initiatives:** Launch a financial literacy program aimed at Buffalo's underserved neighborhoods. This can include both in-person sessions and online webinars to reach a wider audience, emphasizing that the bank is here to empower residents with financial knowledge.

7. 10. (Pesar) - What have you learned from the failure of Regional Banks?  
Discuss asset management of the Bank's portfolio (Loans and Bonds.)

1. **Stronger Risk Management:** Banks must diversify their portfolios to mitigate overexposure to any single sector or asset class (e.g., tech startups in the case of SVB).
2. **Regulatory Oversight:** Effective regulation, including stress testing and liquidity requirements, is crucial to ensure banks can withstand economic shocks.
3. **Liquidity and Capital Reserves:** Banks need to maintain sufficient liquid assets (e.g., cash, easily sellable securities) to handle sudden customer withdrawals.
4. **Communication:** Transparent communication with customers and regulators can help prevent panic and minimize the risk of a bank run.
5. **Adaptation to Market Changes:** Financial systems need to adapt to new risks, such as those posed by fintech and digital banking.
6. **Accountability and Moral Hazard:** Bank management and investors must bear the consequences of risky behavior rather than relying on taxpayer bailouts.

**Asset Management (Bonds and Loans) in Bank Portfolios:**

- **Bonds:** Banks typically hold government bonds, corporate bonds, and mortgage-backed securities. These are generally low-risk, but if a bank has too much exposure to long-term bonds with low yields, they become vulnerable to interest rate hikes (as was the case with SVB, which had significant exposure to long-term Treasury bonds).
  - **Lesson:** Banks must better manage interest rate risk and avoid overexposure to any one asset class, especially long-term, low-yield bonds in a rising interest rate environment.
- **Loans:** Banks also hold a significant portion of their portfolios in loans (e.g., mortgages, commercial loans, and personal loans). A failure to properly assess borrower risk can lead to high default rates, especially during economic downturns.
  - **Lesson:** Credit risk assessment needs to be robust, and banks should ensure that they don't over-leverage their loan portfolios. A sudden spike in defaults (as seen during the 2008 financial crisis) can undermine a bank's solvency.

Considering the economic situation as of right now, it would be safer to emphasize slow and steady growth over chasing profits at a higher risk.

8. Take a look at Wegmans business model, which is very successful. How might this serve as a business template for your bank? **Done in slides**





**Balance Sheet of All Commercial Banks (items as a percentage of the total, November, 2022)**

**Assets**

Reserves and cash items	15
Securities	20
U.S. government and agency	12
State and local government and other securities.	8
Loans	55
Commercial and industrial	10
Real estate	35
Consumer	8
Other	2
Other Assets (for example, physical capital).	10
Total	100

**Liabilities**

Checkable deposits	25
Nontransaction deposits	35
Small-denomination time deposits.	15
(<\$100,000) + savings deposits	
Large-denominations time deposits	5
Borrowings	5
Bank capital	15
Total	100

**Balance Sheet of All Commercial Banks (items as a percentage of the total, November, 2023)**

**Assets**

Reserves and cash items	12
Securities	18
U.S. government and agency	10
State and local government and other securities.	8
Loans	60
Commercial and industrial	10
Real estate	40
Consumer	8
Other	2
Other Assets (for example, physical capital).	10
Total	100

**Liabilities**

Checkable deposits	30
Nontransaction deposits	40
Small-denomination time deposits.	15
(<\$100,000) + savings deposits	
Large-denominations time deposits	5
Borrowings	5
Bank capital	10
Total	100

**Balance Sheet of All Commercial Banks (items as a percentage of the total, November, 2024)**

**Assets**

Reserves and cash items	10
Securities	15
U.S. government and agency	8
State and local government and other securities.	7
Loans	65
Commercial and industrial	12
Real estate	43
Consumer	8
Other	2
Other Assets (for example, physical capital).	10
Total	100

**Liabilities**

Checkable deposits	35
Nontransaction deposits	40
Small-denomination time deposits.	15
(<\$100,000) + savings deposits	
Large-denominations time deposits	5
Borrowings	5
Bank capital	10
Total	100

## Income Statement for All Federally Insured Commercial Banks and Savings Institutions, 2022

	Amount (\$ billions)	Share of Operating Income or Expenses (%)
<b>Operating Income</b>		
Interest Income	Xxxx	Xxxx
Interest on loans	Xxxx	Xxxx
Interest on securities.	Xxxx.	Xxxx
Other Interest	Xxxx.	Xxxx



Noninterest income.	Xxxx.	Xxxx
Service charges on deposit accounts.	Xxxx.	Xxxx
Other noninterest incomes	Xxxx.	Xxxx
Total operating income	Xxxx.	Xxxx
Operating Expenses	Xxxx.	Xxxx
Interest Expense		
Interest on deposits	Xxxx.	Xxxx
Interest on fed funds.	Xxxx.	Xxxx
Other.	Xxxx.	Xxxx
Noninterest expenses	Xxxx.	Xxxx
Salaries and employee benefits	Xxxx.	Xxxx
Premises and equipment	Xxxx.	Xxxx
Other.	Xxxx.	Xxxx
Provisions for loan losses.	Xxxx.	Xxxx
Total Operating expense	Xxxx.	Xxxx
Net Operating Income.	Xxxx.	Xxxx
Gain or loss on securities.	Xxxx.	Xxxx
Extraordinary items net	Xxxx.	Xxxx
Income taxes.	Xxxx.	Xxxx
Net Income.	Xxxx.	Xxxx

**Income Statement for All Federally Insured Commercial Banks and Savings Institutions, 2023**

	<b>Amount (\$ billions)</b>	<b>Share of Operating Income or Expenses (%)</b>
<b>Operating Income</b>		
Interest Income	<b>Xxxx</b>	<b>Xxxx</b>
Interest on loans	<b>Xxxx</b>	<b>Xxxx</b>
Interest on securities.	Xxxx.	Xxxx
Other Interest	Xxxx.	Xxxx

Noninterest income.	Xxxx.	Xxxx
Service charges on deposit accounts.	Xxxx.	Xxxx
Other noninterest incomes	Xxxx.	Xxxx
Total operating income	Xxxx.	Xxxx
Operating Expenses	Xxxx.	Xxxx
Interest Expense		
Interest on deposits	Xxxx.	Xxxx
Interest on fed funds.	Xxxx.	Xxxx
Other.	Xxxx.	Xxxx
Noninterest expenses	Xxxx.	Xxxx
Salaries and employee benefits	Xxxx.	Xxxx
Premises and equipment	Xxxx.	Xxxx
Other.	Xxxx.	Xxxx
Provisions for loan losses.	Xxxx.	Xxxx
Total Operating expense	Xxxx.	Xxxx
Net Operating Income.	Xxxx.	Xxxx
Gain or loss on securities.	Xxxx.	Xxxx
Extraordinary items net	Xxxx.	Xxxx
Income taxes.	Xxxx.	Xxxx
Net Income.	Xxxx.	Xxxx

Noninterest income.	Xxxx.	Xxxx
Service charges on deposit accounts.	Xxxx.	Xxxx
Other noninterest incomes	Xxxx.	Xxxx
Total operating income	Xxxx.	Xxxx
Operating Expenses	Xxxx.	Xxxx
Interest Expense		
Interest on deposits	Xxxx.	Xxxx
Interest on fed funds.	Xxxx.	Xxxx
Other.	Xxxx.	Xxxx
Noninterest expenses	Xxxx.	Xxxx
Salaries and employee benefits	Xxxx.	Xxxx
Premises and equipment	Xxxx.	Xxxx
Other.	Xxxx.	Xxxx
Provisions for loan losses.	Xxxx.	Xxxx
Total Operating expense	Xxxx.	Xxxx
Net Operating Income.	Xxxx.	Xxxx
Gain or loss on securities.	Xxxx.	Xxxx
Extraordinary items net	Xxxx.	Xxxx
Income taxes.	Xxxx.	Xxxx
Net Income.	Xxxx.	Xxxx

Noninterest income.	Xxxx.	Xxxx
Service charges on deposit accounts.	Xxxx.	Xxxx
Other noninterest incomes	Xxxx.	Xxxx
Total operating income	Xxxx.	Xxxx
Operating Expenses	Xxxx.	Xxxx
Interest Expense		
Interest on deposits	Xxxx.	Xxxx
Interest on fed funds.	Xxxx.	Xxxx
Other.	Xxxx.	Xxxx
Noninterest expenses	Xxxx.	Xxxx
Salaries and employee benefits	Xxxx.	Xxxx
Premises and equipment	Xxxx.	Xxxx
Other.	Xxxx.	Xxxx
Provisions for loan losses.	Xxxx.	Xxxx
Total Operating expense	Xxxx.	Xxxx
Net Operating Income.	Xxxx.	Xxxx
Gain or loss on securities.	Xxxx.	Xxxx
Extraordinary items net	Xxxx.	Xxxx
Income taxes.	Xxxx.	Xxxx
Net Income.	Xxxx.	Xxxx

Income Statement for All Federally Insured Commercial Banks and Savings Institutions, 2024

	Amount (\$ billions)	Share of Operating Income or Expenses (%)
Operating Income		
Interest Income	Xxxx	Xxxx
Interest on loans	Xxxx	Xxxx
Interest on securities.	Xxxx.	Xxxx
Other Interest	Xxxx.	Xxxx
Noninterest income.	Xxxx.	Xxxx

Service charges on deposit accounts.	Xxxx.	Xxxx
Other noninterest incomes	Xxxx.	Xxxx
Total operating income	Xxxx.	Xxxx
Operating Expenses	Xxxx.	Xxxx
Interest Expense		
Interest on deposits	Xxxx.	Xxxx
Interest on fed funds.	Xxxx.	Xxxx
Other.	Xxxx.	Xxxx
Noninterest expenses	Xxxx.	Xxxx
Salaries and employee benefits	Xxxx.	Xxxx
Premises and equipment	Xxxx.	Xxxx
Other.	Xxxx.	Xxxx
Provisions for loan losses.	Xxxx.	Xxxx
Total Operating expense	Xxxx.	Xxxx
Net Operating Income.	Xxxx.	Xxxx
Gain or loss on securities.	Xxxx.	Xxxx
Extraordinary items net	Xxxx.	Xxxx
Income taxes.	Xxxx.	Xxxx
Net Income.	Xxxx.	Xxxx

1. What is the niche that your bank will do business in? **(James M)**
2. What is the form that it will take, for example a mutual savings bank or commercial bank? **(James M)**
3. You must show three years of your projected balance sheets and income statements. See textbook for examples. **(Ryan)**
4. State or Federal charter?
5. Will you have branches? **(James K)**
6. Retail or Commercial Banking?
7. How will you raise capital to start? **(Gio)**
8. Electronic Banking platform (Cash or no cash?) (Internet or branches) **(Ryan)**
9. How will you market your bank? **(James K)**
10. What have you learned from the failure of Regional Banks? Discuss asset management of the Banks portfolio (Loans and Bonds.) **(Pesar)**
11. How will you attract, retain and pay talent? **(Pesar)**
12. Take a look at Wegmans business model, which is very successful. How might this serve as a business template for your bank? **(Ivan)**



## Summary Table of Key Differences

Feature	Community-Focused Mutual Savings Bank	Traditional Commercial Bank
Loan Portfolio	Primarily mortgages, small business, and personal loans with lower yields	Higher-yielding business, commercial real estate, and corporate loans
Investment Profile	Conservative, low-risk investments (e.g., government bonds)	Diversified, with higher-risk investments (e.g., corporate bonds, equities)
Fixed Assets	Modest branches in underserved areas, community-oriented	Larger network, high-value branches, premium locations
Deposits	Primarily individual savings and checking accounts, lower average balances	Includes high-balance business and corporate accounts, large CDs
Borrowed Funds	Minimal, primarily for liquidity	Greater borrowing for growth and leveraging investments

Equity	Retained earnings and capital reserves for depositor benefit	Shareholder equity, focused on growth and maximizing returns
Ownership	Owned by depositors, focus on stability and community benefit	Owned by shareholders, focus on growth and profitability

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**Income Statement for All Federally Insured Commercial Banks and Savings Institutions, 2023**

	<b>Amount (\$ billions)</b>	<b>Share of Operating Income or Expenses (%)</b>
<b>Operating Income</b>		
Interest Income	<b>100</b>	<b>78</b>
Interest on loans	<b>75</b>	<b>58</b>
Interest on securities.	15	12
Other Interest	10	8
Noninterest income.	28	22

**Income Statement for All Federally Insured Commercial Banks and Savings Institutions, 2023**

	<b>Amount (\$ billions)</b>	<b>Share of Operating Income or Expenses (%)</b>
<b>Operating Income</b>		
Interest Income	<b>100</b>	<b>78</b>
Interest on loans	<b>75</b>	<b>58</b>
Interest on securities.	15	12
Other Interest	10	8
Noninterest income.	28	22

Service charges on deposit accounts.	8	6	
Other noninterest incomes	20	16	
Total operating income	128	100	
Operating Expenses			
Interest Expense	42	33	
Interest on deposits	35	27	
Interest on fed funds.	4	3	
Other.	3	3	
Noninterest expenses	72	56	
Salaries and employee benefits	25	20	
Premises and equipment	12	9	
Other.	35	27	
Provisions for loan losses.	10	8	
Total Operating expense	124	97	
Net Operating Income.	4	3	
Gain or loss on securities.	0.5	0.4	
Extraordinary items net	0	0	
Income taxes.	1	1	
Net Income.	3.5	2.7	
Service charges on deposit accounts.	8	6	
Other noninterest incomes	20	16	
Total operating income	128	100	

Operating Expenses

Interest Expense	42	33
Interest on deposits	35	27
Interest on fed funds.	4	3
Other.	3	3
Noninterest expenses	72	56
Salaries and employee benefits	25	20
Premises and equipment	12	9
Other.	35	27
Provisions for loan losses.	10	8
Total Operating expense	124	97
Net Operating Income.	4	3
Gain or loss on securities.	0.5	0.4
Extraordinary items net	0	0
Income taxes.	1	1
Net Income.	3.5	2.7