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## FDIC branch count slumps, deposits jump

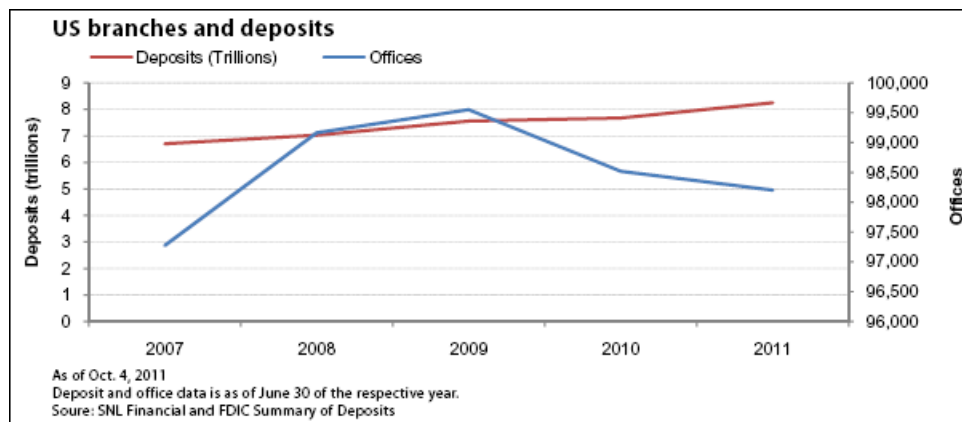
By [Lindsey White](#)

*This is the first in a series of articles taking an in-depth look at the FDIC's 2011 Summary of Deposits data, released Oct. 4.*

A preliminary look at the FDIC's 2011 Summary of Deposits data shows that the number of branches in the U.S. fell for the [second consecutive year](#), while deposits jumped 7%.

According to the data, U.S. deposits rose to \$8.25 trillion from 2010 to 2011, outstripping the 2% deposit growth that occurred between 2009 and 2010.

To view deposit market share data using SNL branch analytics, click [here](#).



[Bank of America Corp.](#), [Wells Fargo & Co.](#), [JPMorgan Chase & Co.](#), and [Citigroup Inc.](#) remained in the top four spots in terms of total domestic deposits. Meanwhile, [U.S. Bancorp](#) replaced [PNC Financial Services Group Inc.](#) in the No. 5 spot, pushing PNC to sixth place.

Dennis Gibney, a managing director with FinPro Inc., said the results are consistent with what he has been hearing from clients. "Based upon the low-rate environment and the volatility of the market, what we're finding is that deposit customers have been hoarding cash in financial institutions," he told SNL. This in turn is creating an inverse liquidity trap whereby banks are flush with cash with a limited amount of investable assets at reasonable yields, Gibney said.

Likewise, Michael Driscoll, vice president of the U.S. Financial Institutions Group at DBRS Ltd., said the jump in deposits comes as no surprise, given the high level of risk aversion among depositors. "People are just sitting on cash. They're not too worried about yield because it's pretty difficult to find without taking some risk," he told SNL.

Top 15 bank holding companies by deposits							
Rank	Company (ticker)	Deposits (\$B)			Offices (actual)		
		2011	2010	Change (%)	2011	2010	Change
1	Bank of America Corp. (BAC)	1,066.7	916.1	14.1	5,856	6,042	-186
2	Wells Fargo & Co. (WFC)	793.6	750.4	5.4	6,386	6,587	-201
3	JPMorgan Chase & Co. (JPM)	769.0	652.7	15.1	5,437	5,257	180
4	Citigroup Inc. (C)	320.2	310.5	3.0	1,064	1,051	13
5	U.S. Bancorp (USB)	198.5	169.2	14.7	3,139	3,056	83
6	PNC Financial Services Group Inc. (PNC)	180.8	177.3	1.9	2,618	2,602	16
7	Toronto-Dominion Bank (TD-TSX)	151.5	128.1	15.4	1,300	1,121	179
8	Capital One Financial Corp. (COF)	129.3	116.5	9.9	979	991	-12
9	SunTrust Banks Inc. (STI)	126.8	118.8	6.3	1,706	1,724	-18
10	Bank of New York Mellon Corp. (BK)	114.3	76.3	33.2	26	26	0
11	BB&T Corp. (BBT)	111.4	104.6	6.1	1,779	1,792	-13
12	Royal Bank of Scotland Group Plc (RBS-LON)	99.5	94.0	5.6	1,527	1,524	3
13	HSBC Holdings Plc (HSBA-LON)	98.7	92.0	6.8	480	486	-6
14	Regions Financial Corp. (RF)	98.4	95.8	2.6	1,768	1,774	-6
15	Fifth Third Bancorp (FITB)	77.5	78.8	-1.7	1,370	1,363	7

As of Oct. 4, 2011  
Deposit and office data is as of June 30 of the respective year.  
Source: SNL Financial and FDIC Summary of Deposits

The number of U.S. branches declined to 98,202, down 315 from the 2010 count. This marks the second year of branch consolidation after years of expansion.

Gibney said the decline in branch count is consistent with the cost-control measures that his clients are considering to manage their noninterest expense, thanks to the pressures on spread and margin. "They're taking a harder look at their branch franchise and for branches that are unprofitable right now, they're looking to sell out in some cases, or in some instances are looking at closing branches," he said.

According to the data, Wells Fargo and Bank of America continued the previous year's trend of reducing their branch count, leaving a combined total of 387

branches.

"They're digesting mergers from the first crisis," Driscoll said. "A lot of [branches] that are nearby they'll just close so they can keep the business and get rid of the cost."

Meanwhile, JPMorgan made leaps in both areas, opening 180 new branches and growing deposits by \$116 billion.

During a recent [interview](#), JPMorgan spokesman Tom Kelly pointed SNL to an investor presentation from February, which outlined the company's plans to build 1,500 to 2,000 new branches during the next five years.

"The biggest growth is in California and Florida, which is not surprising because those were new markets to us at the end of 2008 when we bought Washington Mutual [Bank]," Kelly said. Starting in 2011, JPMorgan planned to build between 525 and 700 branches in California and 375 to 500 branches in Florida — both states the company identified as "aggressive" growth areas.

An FDIC spokeswoman said the agency plans to release highlights to supplement the Summary of Deposits data around early November. "There have been lots of mergers and there were some failures, but we are really just beginning to do the analysis on this data," she told SNL.

*Dan McDonald and Elizabeth Rouse contributed to this article.*

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