Further Interest Rate Hikes Threaten More Harm For Nation's Largest Banks Holding Billions In Unrealized Treasury Securities Losses

SUMMARY: Long before its March 2023 failure, Federal Reserve supervisors found "serious weaknesses" in Silicon Valley Bank's (SVB's) risk protocols. Notably, they found that SVB's leaders were "out of step with reality" in expecting that interest rate hikes would help the struggling bank, which later suffered "huge losses" from long-term securities that lost value as interest rates rose.

SVB's failure was partly due partly to a "plunge" in bond value and $1.8 billion in "paper losses" amid the Fed's rate hikes. By the end of 2022, the Federal Deposit Insurance Corporation (FDIC) had warned that U.S. banks were "sitting on $620 billion in unrealized losses" that may make their balance sheets appear healthier than they really are. In November 2022, the Wall Street Journal warned of a "potentially worrisome" gap between the market and book values of bonds held by banks, with a special focus on a "held-to-maturity" accounting label that helps in "smoothing out" banks' finances.

On top of this, one fund manager has warned that U.S. government bonds may be the "'toxic asset'" of the next financial crisis due to banks' over-reliance on rate-hike sensitive Treasury securities, which swelled by 53% to nearly $4.6 trillion from the end of 2019 to the end of 2021 amid a pandemic "deposit boom."

An Accountable.US review has found that at the end of 2022, the five-biggest U.S. banks—JPMorgan Chase, Bank Of America, Citigroup, Wells Fargo, and U.S. Bank—reported a total of $233 billion in unrealized losses on held-to-maturity securities, including $54 billion in unrealized losses on Treasury securities. These same banks reported a combined $39.4 billion in unrealized losses on available-for-sale securities, including $12.7 billion in losses on available-for-sale U.S. Treasuries.

- **JPMorgan Chase**, the largest U.S. commercial bank, reported an unrealized loss of $36.8 billion on all of its held-to-maturity securities, including an unrealized loss of $18.4 billion on its Treasury securities, at the end of 2022. Meanwhile, JPMorgan reported a $11.2 billion unrealized loss on available-for-sale securities, including a $3.5 billion loss on available-for-sale U.S. Treasuries.

- **Bank Of America**, the Second-Largest Bank, reported an unrealized loss of $108.6 billion on its held-to-maturity debt securities, including a $20.3 billion unrealized loss on its U.S. Treasury securities, at the end of 2022. Meanwhile, Bank of America reported a $4.8 billion unrealized loss on available-for-sale securities, including a $1.8 billion loss on available-for-sale U.S. Treasuries.

- **Citigroup**, the third-largest bank, reported an unrealized loss of $25.3 billion on its held-to-maturity debt securities, including a $13.7 billion unrealized loss on its U.S. Treasury securities at the end of 2022. Meanwhile, Citigroup reported a $6.6 billion unrealized loss on available-for-sale securities, including a $2.5 billion loss on available-for-sale U.S. Treasuries.

- **Wells Fargo**, the fourth-largest bank, reported an unrealized loss of $41.5 billion on its held-to-maturity debt securities, including a $1.9 billion unrealized loss on its Treasury securities, at the end of 2022. Meanwhile, Wells Fargo reported an unrealized loss of $8.2 billion on available-for-sale securities, including a $2.2 billion loss on available-for-sale U.S. Treasuries.

- **U.S. Bank**, the fifth-largest bank, reported an unrealized loss of $10.8 billion on its held-to-maturity securities, including a $51 million unrealized loss on its Treasury securities, at the end of 2022. Meanwhile, U.S. Bank reported an unrealized loss of $8.6 billion on available-for-sale securities, including a $2.8 billion loss on available-for-sale U.S. Treasuries.

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Ahead Of Its March 2023 Failure, Federal Reserve Supervisors Found "Serious Weaknesses" In Silicon Valley Bank (SVB) And Found Its Leaders Were "Out Of Step With Reality" In Projecting That High Interest Rates Would Help The Bank.

For Over A Year Ahead Of Its March 2023 Failure, Silicon Valley Bank's (SVB's) "Risky Practices" Were Scrutinized By Federal Reserve Supervisors Who Found "Serious Weaknesses" In How SVB Handled Risks And Issued Six Citations Against The Bank.

Ahead Of Its March 2023 Failure, Silicon Valley Bank's (SVB) "Risky Practices Were On The Federal Reserve's Radar For More Than A Year." "Silicon Valley Bank's risky practices were on the Federal Reserve's radar for more than a year — an awareness that proved insufficient to stop the bank's demise. The Fed repeatedly warned the bank that it had problems, according to a person familiar with the matter." [The New York Times, 03/19/23]

- **In Early March 2023, Silicon Valley Bank Failed, "Sending Shock-Waves Across The Broader American Banking System."** "In early March, it faced a run and failed, sending shock-waves across the broader American banking system that ultimately led to a sweeping government intervention meant to prevent panic from spreading." [The New York Times, 03/19/23]

In 2021, A Federal Reserve Review Of SVB "Found Serious Weaknesses In How It Was Handling Key Risks," Including Insufficient "Easy-To-Tap Cash On Hand," And Issued Six Citations Against The Bank. "In 2021, a Fed review of the growing bank found serious weaknesses in how it was handling key risks. Supervisors at the Federal Reserve Bank of San Francisco, which oversaw Silicon Valley Bank, issued six citations. Those warnings, known as 'matters requiring attention' and 'matters requiring immediate attention,' flagged that the firm was doing a bad job of ensuring that it would have enough easy-to-tap cash on hand in the event of trouble." [The New York Times, 03/19/23]

By July 2022, SVB Was Undergoing A Full Supervisory Review By The Federal Reserve And Was "Ultimately Rated Deficient For Governance And Controls." "But the bank did not fix its vulnerabilities. By July 2022, Silicon Valley Bank was in a full supervisory review — getting a more careful look — and was ultimately rated deficient for governance and controls." [The New York Times, 03/19/23]

The Federal Reserve Found SVB's Leadership Was "Out Of Step With Reality" In Projecting That Higher Interest Rates Would Help The Bank—To The Contrary, SVB Had "Huge Losses" From Holding Long-Term Debt That Lost Value As Interest Rates Rose.

SVB Was Using "Bad Models" To Project The Effect Of Increased Interest Rates And Its Leaders Assumed Higher Rates Would Help Business, Which Was "Out Of Step With Reality." "Last autumn, staff members from the San Francisco Fed met with senior leaders at the firm to talk about their ability to gain access to enough cash in a crisis and possible exposure to losses as interest rates rose. It became clear to the Fed that the firm was using bad models to determine how its business would fare as the central bank raised rates: Its leaders were assuming that higher interest revenue would substantially help their financial situation as rates went up, but that was out of step with reality." [The New York Times, 03/19/23]

SVB Held "A Lot Of Long-Term Debt That Had Declined In Market Value As The Fed Raised Interest Rates" And "Faced Huge Losses When It Had To Sell Those Securities To Raise Cash" As Customers Ran On The Bank. "And Silicon Valley Bank also held a lot of long-term debt that had declined in market value as the Fed raised interest rates to fight inflation. As a result, it faced huge losses when it had to sell those securities to raise cash to meet a wave of withdrawals from customers." [The New York Times, 03/19/23]

After The SVB Failure, Federal Reserve Supervisors Were Expected To Tighten Rules On Mid-Sized Banks "'Unrealized Loss[es],'" Requiring Them To Hold More Capital When The Market Value Of Their Bonds Falls.

Following The SVB Failure, Federal Reserve Supervisors Could Consider Tighter Rules On Mid-Sized Banks, Including Requiring Them To "Hold More Capital When The Market Price Of Their Bond Holdings Drops — An 'Unrealized Loss.'" "As a result, Fed officials could consider tighter rules for those big, but not huge, banks. Among them: Officials could ask whether banks with $100 billion to $250 billion in assets should have to hold more capital when the market price of their bond holdings drops — an 'unrealized loss.' Such a tweak would most likely require a phase-in period, since it would be a substantial change." [The New York Times, 03/19/23]

Silicon Valley Bank, Which Has Claimed A "'Low Risk Profile'" While Lobbying Federal Policymakers To Roll Back Dodd-Frank, Did Not Have A Chief Risk Officer For Eight Months While The Venture Capital Market Was "Spiraling" Shortly Before Its Collapse.

Silicon Valley Bank Spent Over $500,000 Lobbying Federal Policymakers To Reduce Financial Regulation, Citing Its "'Low Risk Profile Of Our Activities And Business Model.'" "Eight years before the second-largest bank failure in American history occurred this week, the bank's president personally pressed Congress to reduce scrutiny of his financial institution, citing the 'low risk profile of our activities and business model', according to federal records reviewed by the Lever. Three years later – after the bank spent more than $500,000 on federal lobbying – lawmakers obliged." [The Guardian, 03/11/23]

Silicon Valley Bank "Had No Chief Risk Officer For 8 Months While The [Venture Capital] Market Was Spiraling" Ahead Of The Bank's Collapse, Only Filling The Position In January 2023. "Laura Izurieta stepped down from her role as CRO of SVB Financial Group in April 2022, and formally departed the company in October, according to an SVB proxy filing. The bank appointed her permanent successor as CRO, Kim Olson, in January of this year." [Fortune, 03/10/23]

- **Headline: Silicon Valley Bank had no official chief risk officer for 8 months while the VC market was spiraling** [Fortune, 03/10/23]

SVB's Failure Was Due In Part To A "Plunge" In Bond Value And $1.8 Billion In "Paper Losses" Amid The Federal Reserve's Interest Rate Hikes.

Silicon Valley Bank's Failure Was Due Partly To "The Plunge In The Value Of Bonds" It Held, Which Caused "$1.8 Billion In Paper Losses" At The End Of 2022.

At The End Of 2022, Silicon Valley Bank Disclosed "$1.8 Billion In Paper Losses On Some Bonds At The End Of 2022." "Silicon Valley Bank disclosed it had $1.8 billion in paper losses on some bonds at the end of 2022. And yet the lender didn't reduce a key measure of capital strength monitored by regulators. Those losses became existential for the bank once it was forced to sell these assets, triggering a run that ended with the bank's seizure on March 10." [Yahoo! Finance, 03/19/23]

Silicon Valley Bank's Failure Was Partly Due To "The Plunge In The Value Of Bonds It Acquired During Boom Times." "SVB's downfall was tied, in part, to the plunge in the value of bonds it acquired during boom times, when it had a lot of customer deposits coming in and needed somewhere to park the cash." [CNN, 03/12/23]

The Wall Street Journal Has Highlighted That The Fair Market Value Of Bank Of America's Held-To-Maturity Debt Securities As Of Dec. 31, 2022—Which Do Not Have To Be Counted As Losses In Earnings Reports—Was $109 Billion Less Than Their Book Value…

In Its FY 2022 Annual Report, Bank Of America Reported That The Fair Market Value Of Its Held-To-Maturity Debt Securities Was $109 Billion Less Than Their Book Value. "In its annual report, Bank of America said the fair-market value of its held-to-maturity debt securities was $524 billion as of Dec. 31, 2022, $109 billion less than the value it showed for them on its balance sheet." [The Wall Street Journal, 03/09/23]

- **Banks "Don't Incur Losses On Their Bond Portfolios If They Are Able To Hold On To Them Until Maturity" And They Do Not Have To Account For Them In Their Earnings Reports If They Are Classified As "Held To Maturity.'"** "Banks don't incur losses on their bond portfolios if they are able to hold on to them until maturity. But if they suddenly have to sell the bonds at a loss to raise cash, that is when accounting rules require them to show the realized losses in their earnings. Those rules let companies exclude losses on their bonds from earnings if they classify the investments as 'available for sale' or 'held to maturity.'" [The Wall Street Journal, 03/09/23]

…Although Megabanks Can Afford To Absorb Some Losses, FDIC Chairman Martin Gruenberg Has Warned That Unrealized Losses Can "'Weaken A Bank's Future Ability To Meet Unexpected Liquidity Needs.'"

"Megabank" Institutions Like Bank Of America "Can Afford To Part With A Lot Of Deposits Before They Are Forced To Crystallize Those Losses." "Bank of America and its megabank peers can afford to part with a lot of deposits before they are forced to crystallize those losses." [The Wall Street Journal, 03/09/23]

Megabanks "Hold A Range Of Assets And Serve Companies Across The Economy, Minimizing The Risk That A Downturn In Any One Industry Will Cause Them Serious Harm." "And, unlike SVB and Silvergate, big banks hold a range of assets and serve companies across the economy, minimizing the risk that a downturn in any one industry will cause them serious harm." [The Wall Street Journal, 03/09/23]

Despite Megabanks' Ability To Absorb Losses, FDIC Chairman Martin Gruenberg Has Warned That "'Unrealized Losses Weaken A Bank's Future Ability To Meet Unexpected Liquidity Needs.'" "'On the other hand, unrealized losses weaken a bank's future ability to meet unexpected liquidity needs,' FDIC Chairman Martin Gruenberg said in a March 6 speech." [The Wall Street Journal, 03/09/23]

U.S. Banks Had $620 Billion In Unrealized Losses On Securities At The End Of 2022 Amid Federal Reserve Interest Rate Hikes, With One Fund Manager Warning That U.S. Government Bonds May Be The "'Toxic Asset'" Of The Next Financial Crisis.

As Of December 31, 2022, U.S. Banks Had $620 Billion In Unrealized Losses On Securities After Interest Rates Decreased The Value Of Their Held U.S. Government Securities, Which Surged By 53% To Over $4.5 Trillion Amid A "Covid-Era Deposit Boom."

February 2023: The Federal Deposit Insurance Corporation Reported That "U.S. Banks' Unrealized Losses On Available-For-Sale And Held-To-Maturity Securities Totaled $620 Billion As Of Dec. 31." "The Federal Deposit Insurance Corp. in February reported that U.S. banks' unrealized losses on available-for-sale and held-to-maturity securities totaled $620 billion as of Dec. 31, up from $8 billion a year earlier before the Fed's rate push began." [The Wall Street Journal, 03/09/23]

U.S. Banks "Are Suffering The Aftereffects Of A Covid-Era Deposit Boom That Left Them Awash In Cash" That They Then Invested In Securities Back When Interest Rates Were "Near Record Lows." "In part, U.S. banks are suffering the aftereffects of a Covid-era deposit boom that left them awash in cash that they needed to put to work. Domestic deposits at federally insured banks rose 38% from the end of 2019 to the end of 2021, FDIC data show. Over the same period, total loans rose 7%, leaving many institutions with large amounts of cash to deploy in securities as interest rates were near record lows." [The Wall Street Journal, 03/09/23]

From The End Of 2019 To The End Of 2021, U.S. Commercial Banks Increased Holdings Of U.S. Government Securities By 53% To $4.58 Trillion. "Domestic deposits at federally insured banks rose 38% from the end of 2019 to the end of 2021, FDIC data show. U.S. commercial banks' holdings of U.S. government securities surged 53% over the same period, to $4.58 trillion, according to Fed data." [The Wall Street Journal, 03/09/23]

February 2023: The Federal Deposit Insurance Corporation (FDIC) Reported That U.S. Banks' Unrealized Losses On Securities Rose By $8 Billion To $620 Billion After The Federal Reserve Began Hiking Rates. "The Federal Deposit Insurance Corp. in February reported that U.S. banks' unrealized losses on available-for-sale and held-to-maturity securities totaled $620 billion as of Dec. 31, up from $8 billion a year earlier before the Fed's rate push began." [The Wall Street Journal, 03/09/23]

The Federal Reserve's Interest Rate Hikes Have Created "An Unusual And Potentially Worrisome Gap" Between The Book And Market Values Of Companies' Bonds—In September 2022, The Market Value Of Bonds Held By 24 Major U.S. Banks Was 14% Less Than Their Book Value.

The Federal Reserve's "Rapid Interest-Rate Increases Have Created An Unusual And Potentially Worrisome Gap" Between The Book Values Of Companies' Bonds And The Market Value Of These Bonds. "The Federal Reserve's rapid interest-rate increases have created an unusual and potentially worrisome gap between the value companies place on trillions of dollars of bonds they hold and the value those bonds fetch in the market. The difference between the bonds' book values and market values poses unique risks for banks. They could face tighter liquidity and earnings pressure as rates they pay for deposits and other funding sources rise, while yields on the bonds they own stay low." [The Wall Street Journal, 11/11/22]

The Market Value Of 24 Major U.S. Banks' Held-To-Maturity Bonds Was 14% Less Than Their Balance-Sheet Value, As Of September 30, 2022. "For the 24 big U.S. lenders in the KBW Bank Index, the combined balance-sheet value of held-to-maturity bonds was $2.21 trillion as of Sept. 30, according to a Wall Street Journal review of their filings. The market value was $1.91 trillion, or 14% less." [The Wall Street Journal, 11/11/22]

The Federal Reserve Found That "Liquidity Remained Low In The U.S. Treasury Market" In Its Annual Financial Stability Report For 2022 And Most Unrealized Losses Of U.S. Government Securities Were Held By "The Largest Lenders."

In Its 2022 Financial Stability Report, The Federal Reserve Said "'Liquidity Remained Low In The U.S. Treasury Market.'" "Banks are in many cases stuck with the bonds they own. If they sell them, they would have to recognize the losses for accounting purposes. And because their holdings are large, selling might push prices down further. The Fed in its latest financial-stability report, released last week, said 'liquidity remained low in the U.S. Treasury market.'" [The Wall Street Journal, 11/11/22]

- **The Federal Reserve's Financial Stability Reports Are Released Annually.** [Board of Governors of the Federal Reserve System, accessed 03/17/23]

As Of March 2023, Most Unrealized Investment Losses For U.S. Government Securities In The Banking Sector Were Held By "The Largest Lenders." "U.S. commercial banks' holdings of U.S. government securities surged 53% over the same period, to $4.58 trillion, according to Fed data. Most of the unrealized investment losses in the banking system are at the largest lenders." [The Wall Street Journal, 03/09/23]

Risks From Unrealized Debt Security Losses Are "Most Acute For Small Lenders," Which Must Pay Higher Deposit Rates To Compete With Larger Banks. "The risks are most acute for small lenders. Smaller banks must often pay higher deposit rates to attract customers than megabanks with flashy technology and extensive branch networks. Bank of America paid an average rate of 0.96% on deposits in the fourth quarter, compared with 1.17% for the industry. SVB paid 2.33%." [The Wall Street Journal, 03/09/23]

One Fund Manager Has Warned That U.S. Government Bonds May Be The "'Toxic Asset'" Of The Next Financial Crisis, Due To Banks Failing To Prepare For Rising Interest Rates And Having To Take Losses On Their Treasuries Before Their Maturation Dates.

The Collapse Of Silicon Valley Bank And Signature Bank Raised The Risk That Government Bonds Would Be The "'Toxic Asset'" At The Center Of A New "Crisis In Confidence In U.S. Banks." "Contagion fears triggered by the speedy collapse of two regional banks in less than a week is raising the risk of a crisis in confidence in U.S. banks, one in which government bonds would be the 'toxic asset' at the center of it all." [MarketWatch, 03/15/23]

- **Headline: Government bonds held at banks may be so-called 'toxic asset' of next financial crisis, fund manager says** [MarketWatch, 03/15/23]

Fund Manager Chris Crawford Has Warned That "Contagion Fears Could Lead To 'Self-Fulfilling Action' That Prompts Customers To Pull More Of Their Deposits," Even If Banks Could Manage The Falling Value Of Their Bonds. "Under a best-case scenario, investors' fears would be calmed as California's Silicon Valley Bank and Signature Bank in New York are reorganized 'in an orderly fashion,' according to Chris Crawford, the Boston-based portfolio manager of the firm's Strategic Long Short Fund. [...] Even if banks could avoid marking down the value of their balance sheets or have sufficient capital to absorb write-downs, contagion fears could lead to 'self-fulfilling action' that prompts customers to pull more of their deposits, according to Crawford. The fund manager couldn't immediately be reached for further comment." [MarketWatch, 03/15/23]

Crawford Warned That Some Banks Have Failed To "Adequately Manage Their Interest-Rate Risks" And May Take Losses From Having To Sell Their Treasury Bonds Prematurely. "Crawford's comments aren't meant to imply that Treasurys are literally akin to the opaque, hard-to-sell assets that were at the heart of the subprime mortgage crisis more than a decade ago; instead, he's referring to the failure of some banks to adequately manage their interest-rate risks, which makes it harder for them to hold certain Treasurys to maturity in the event of a mass withdrawal of customers' deposits." [MarketWatch, 03/15/23]

The Five Biggest Banks—JPMorgan Chase, Bank Of America, Citigroup, Wells Fargo, And U.S. Bank—Reported A Total Of $233 Billion In Unrealized Losses On Held-To-Maturity Securities, Including $54 Billion In Unrealized Losses On Treasury Securities, At The End Of 2022. These Same Banks Also Reported Combined Unrealized Losses Of $39.4 Billion On Available-For-Sale Securities, Including $12.7 Billion In Treasuries.

JPMorgan Chase, The Largest U.S. Commercial Bank, Reported An Unrealized Loss Of $36.8 Billion On All Of Its Held-To-Maturity Securities, Including An Unrealized Loss Of $18.4 Billion On Its Treasury Securities, At The End Of 2022—Meanwhile, JPMorgan Reported A $11.2 Billion Unrealized Loss On Available-For-Sale Securities, Including A $3.5 Billion Loss On Available-For-Sale U.S. Treasuries

JPMorgan Chase Bank Was The Largest Insured U.S. Chartered Commercial Bank As Of December 31, 2022:

JPMORGAN CHASE BK NA/JPMORGAN CHASE & CO	1	852218	COLUMBUS, OH	NAT	3,201,942

[Federal Reserve, 12/31/22]

At The End Of 2022, JPMorgan Chase Reported An Unrealized Loss Of $36.8 Billion On All Of Its Held-To-Maturity Securities, Which Had A Fair Market Value That Was 8.6% Less Than Its Book Value:

	2022				2021			
December 31, (in millions)	Amortized cost(b)(c)	Gross unrealized gains	Gross unrealized losses	Fair value	Amortized cost(b)(c)	Gross unrealized gains	Gross unrealized losses	Fair value
[...]								
Total held-to-maturity securities	425,305	105	36,762	388,648	363,707	2,110	3,189	362,628

[JPMorgan Chase & Co. SEC Form 10-K, 02/21/23]

At The End Of 2022, JPMorgan Chase Reported An Unrealized Loss Of $18.4 Billion On Its Held-To-Maturity Securities In The U.S. Treasury And Government Agencies, With A Fair Market Value 8.9% Less Than Their Book Value:

December 31, (in millions)	2022 Amortized cost(b)(c)	2022 Gross unrealized gains	2022 Gross unrealized losses	2022 Fair value	2021 Amortized cost(b)(c)	2021 Gross unrealized gains	2021 Gross unrealized losses	2021 Fair value
[...]								
U.S. Treasury and government agencies	**207,463**	**–**	**18,363**	**189,100**	185,204	169	2,103	183,270

[JPMorgan Chase & Co. SEC Form 10-K, 02/21/23]

At The End Of 2022, JPMorgan Chase Reported An Unrealized Loss Of $11.2 Billion On Available-For-Sale Securities, Including A $3.5 Billion Loss On Available-For-Sale U.S. Treasuries:

The amortized costs and estimated fair values of the investment securities portfolio were as follows for the dates indicated.

December 31, (in millions)	2022 Amortized cost(b)(c)	2022 Gross unrealized gains	2022 Gross unrealized losses	2022 Fair value	2021 Amortized cost(b)(c)	2021 Gross unrealized gains	2021 Gross unrealized losses	2021 Fair value
Available-for-sale securities								
Mortgage-backed securities:								
U.S. GSEs and government agencies	**$ 77,194**	**$ 479**	**$ 6,170**	**$ 71,503**	$ 72,800	$ 736	$ 993	$ 72,543
Residential:								
U.S.	**1,576**	**1**	**111**	**1,466**	2,128	38	2	2,164
Non-U.S.	**3,176**	**5**	**27**	**3,154**	3,882	25	1	3,906
Commercial	**2,113**	**–**	**155**	**1,958**	4,944	22	17	4,949
Total mortgage-backed securities	**84,059**	**485**	**6,463**	**78,081**	83,754	821	1,013	83,562
U.S. Treasury and government agencies	**95,217**	**302**	**3,459**	**92,060**	178,038	668	1,243	177,463
Obligations of U.S. states and municipalities	**7,103**	**86**	**403**	**6,786**	14,890	972	2	15,860
Non-U.S. government debt securities	**20,360**	**14**	**678**	**19,696**	16,163	92	46	16,209
Corporate debt securities	**381**	**–**	**24**	**357**	332	8	19	321
Asset-backed securities:								
Collateralized loan obligations	**5,916**	**1**	**125**	**5,792**	9,674	6	18	9,662
Other	**3,152**	**2**	**69**	**3,085**	5,403	47	2	5,448
Total available-for-sale securities	**216,188**	**890**	**11,221**	**205,857**	308,254	2,614	2,343	308,525

[JPMorgan Chase & Co. SEC Form 10-K, 02/21/23]

Bank Of America, The Second-Largest U.S. Bank, Reported An Unrealized Loss Of $108.6 Billion On Its Held-To-Maturity Debt Securities, Including A $20.3 Billion Unrealized Loss On Its U.S. Treasury Securities, At The End Of 2022—Meanwhile, Bank Of America Reported A $4.8 Billion Unrealized Loss On Available-For-Sale Securities, Including A $1.8 Billion Loss On Available-For-Sale U.S. Treasuries.

Bank Of America Was The Second-Largest Insured U.S. Chartered Commercial Bank As Of December 31, 2022:

BANK OF AMER NA/BANK OF AMER CORP	2	480228	CHARLOTTE, NC	NAT	2,418,508

[Federal Reserve, 12/31/22]

At The End Of 2022, Bank Of America Reported An Unrealized Loss Of $108.6 Billion On All Of Its Held-To-Maturity Debt Securities, Which Had A Fair Market Value That Was 17.2% Less Than Their Book Value:

(Dollars in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	December 31, 2022				December 31, 2021			
[...]								

Total held-to-maturity debt securities	632,863	—	(108,596)	524,267	674,591	4,256	(12,957)	665,890

[Bank of America SEC Form 10-K, 02/01/23]

At The End Of 2022, Bank Of America Reported A $20.3 Billion Loss On Held-To-Maturity Debt Securities In The U.S. Treasury And Government Agencies, Which Had A Fair Market Value That Was 16.7% Less Than Their Book Value:

(Dollars in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	December 31, 2022				December 31, 2021			
		[...]						
Held-to-maturity debt securities								
Agency mortgage-backed securities	503,233	—	(87,319)	415,914	553,721	3,855	(10,366)	547,210
U.S. Treasury and government agencies	121,597	—	(20,259)	101,338	111,859	254	(2,395)	109,718
Other taxable securities	8,033	—	(1,018)	7,015	9,011	147	(196)	8,962

[Bank of America SEC Form 10-K, 02/01/23]

At The End Of 2022, Bank Of America Reported An Unrealized Loss Of $4.8 Billion On Available-For-Sale Securities, Including A $1.8 Billion Loss On Available-For-Sale U.S. Treasuries:

Debt Securities

(Dollars in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	December 31, 2022			
Available-for-sale debt securities				
Mortgage-backed securities:				
Agency	$ 25,204	$ 5	$ (1,767)	$ 23,442
Agency-collateralized mortgage obligations	2,452	—	(231)	2,221
Commercial	6,894	28	(515)	6,407
Non-agency residential (1)	461	15	(90)	386
Total mortgage-backed securities	35,011	48	(2,603)	32,456
U.S. Treasury and government agencies	160,773	18	(1,769)	159,022
Non-U.S. securities	13,455	4	(52)	13,407
Other taxable securities	4,728	1	(84)	4,645
Tax-exempt securities	11,518	19	(279)	11,258
Total available-for-sale debt securities	225,485	90	(4,787)	220,788

[Bank of America SEC Form 10-K, 02/01/23]

Citigroup, The Third-Largest U.S. Bank, Reported An Unrealized Loss Of $25.3 Billion On Its Held-To-Maturity Debt Securities, Including A $13.7 Billion Unrealized Loss On Its U.S. Treasury Securities At The End Of 2022—Meanwhile, Citigroup Reported A $6.6 Billion Unrealized Loss On Available-For-Sale Securities, Including A $2.5 Billion Loss On Available-For-Sale U.S. Treasuries.

Citigroup, Also Known As Citibank, Was The Third-Largest Insured U.S. Chartered Commercial Bank As Of December 31, 2022:

CITIBANK NA/CITIGROUP	3	476810	SIOUX FALLS, SD	NAT	1,766,752

[Federal Reserve, 12/31/22]

At The End Of 2022, Citigroup Reported An Unrealized Loss Of $25.3 Billion On All Of Its Held-To-Market Securities, Which Had A Fair Market Value That Was 9.4% Less Than Their Book Value:

In millions of dollars		Amortized cost, net[1]		Gross unrealized gains		Gross unrealized losses		Fair value
December 31, 2022								
[...]								
Total debt securities HTM, net	$	268,863	$	101	$	25,316	$	243,648

[Citigroup Inc. SEC Form 10-K, 02/24/23]

At The End Of 2022, Citigroup Reported An Unrealized Loss Of $13.7 Billion On Its U.S. Treasury Securities, Which Had A Fair Market Value That Was 10.2% Less Than Their Book Value:

In millions of dollars		Amortized cost, net[1]		Gross unrealized gains		Gross unrealized losses		Fair value
December 31, 2022								
[...]								
U.S. Treasury securities	$	134,961	$	—	$	13,722	$	121,239

[Citigroup Inc. SEC Form 10-K, 02/24/23]

At The End Of 2022, Citigroup Reported An Unrealized Loss Of $6.6 Billion On Available-For-Sale Securities, Including A $2.5 Billion Loss On Available-For-Sale U.S. Treasuries:

	December 31, 2022				
In millions of dollars	Amortized cost	Gross unrealized gains	Gross unrealized losses	Allowance for credit losses	Fair value
Debt securities AFS					
Mortgage-backed securities[1]					
U.S. government-sponsored agency guaranteed[2]	$ 12,009	$ 8	$ 755	$ —	$ 11,262
Residential	488	—	3	—	485
Commercial	2	—	—	—	2
Total mortgage-backed securities	$ 12,499	$ 8	$ 758	$ —	$ 11,749
U.S. Treasury and federal agency securities					
U.S. Treasury	$ 94,732	$ 50	$ 2,492	$ —	$ 92,290
Agency obligations	—	—	—	—	—
Total U.S. Treasury and federal agency securities	$ 94,732	$ 50	$ 2,492	$ —	$ 92,290
State and municipal[2]	$ 2,363	$ 19	$ 159	$ —	$ 2,223
Foreign government	135,648	569	2,940	—	133,277
Corporate	5,146	19	246	3	4,916
Asset-backed securities[1]	1,022	12	4	—	1,030
Other debt securities	4,198	1	5	—	4,194
Total debt securities AFS	$ 255,608	$ 678	$ 6,604	$ 3	$ 249,679

[Citigroup Inc. SEC Form 10-K, 02/24/23]

Wells Fargo, The Fourth-Largest U.S. Bank, Reported An Unrealized Loss Of $41.5 Billion On Its Held-To-Maturity Debt Securities, Including A $1.9 Billion Unrealized Loss On Its Treasury Securities, At The End Of 2022—Meanwhile, Wells Fargo Reported An Unrealized Loss Of $8.2 Billion On Available-For-Sale Securities, Including A $2.2 Billion Loss On Available-For-Sale U.S. Treasuries.

Wells Fargo Was The Fourth-Largest Insured U.S. Chartered Commercial Bank As Of December 31, 2022:

WELLS FARGO BK NA/WELLS FARGO & CO	4	451965	SIOUX FALLS, SD	NAT	1,717,531

[Federal Reserve, 12/31/22]

At The End Of 2022, Wells Fargo Reported An Unrealized Loss Of $41.5 Billion On All Of Its Held-To-Maturity Debt Securities, Which Had A Fair Market Value That Was 14% Less Than Their Book Value:

Table 10: Available-for-Sale and Held-to-Maturity Debt Securities

	December 31, 2022					December 31, 2021				
($ in millions)		Amortized cost, net (1)	Net unrealized gains (losses)	Fair value	Weighted average expected maturity (yrs)		Amortized cost, net (1)	Net unrealized gains (losses)	Fair value	Weighted average expected maturity (yrs)
Available-for-sale (2)	$	121,725	(8,131)	113,594	5.4	$	175,463	1,781	177,244	5.2
Held-to-maturity (3)		297,059	(41,538)	255,521	8.1		272,022	364	272,386	6.3
Total	$	418,784	(49,669)	369,115	n/a	$	447,485	2,145	449,630	n/a

[Wells Fargo & Company SEC Form 10-K Exhibit 13, 02/21/23]

At The End Of 2022, Wells Fargo Reported An Unrealized Loss Of $1.9 Billion On Its Held-To-Maturity Securities Of The U.S. Treasury And Federal Agencies, Which Had A Fair Market Value That Was 11.8% Less Than Their Book Value:

Table 3.1: Available-for-Sale and Held-to-Maturity Debt Securities Outstanding

(in millions)		Amortized cost, net (1)	Gross unrealized gains	Gross unrealized losses	Fair value
December 31, 2022					
Available-for-sale debt securities:					
Securities of U.S. Treasury and federal agencies	$	47,536	9	(2,260)	45,285
Non-U.S. government securities		162	—	—	162
Securities of U.S. states and political subdivisions (2)		10,958	20	(533)	10,445
Federal agency mortgage-backed securities		53,302	2	(5,167)	48,137
Non-agency mortgage-backed securities (3)		3,423	1	(140)	3,284
Collateralized loan obligations		4,071	—	(90)	3,981
Other debt securities		2,273	75	(48)	2,300
Total available-for-sale debt securities		121,725	107	(8,238)	113,594
Held-to-maturity debt securities:					
Securities of U.S. Treasury and federal agencies		16,202	—	(1,917)	14,285
Securities of U.S. states and political subdivisions		30,985	8	(4,385)	26,608
Federal agency mortgage-backed securities		216,966	30	(34,252)	182,744
Non-agency mortgage-backed securities (3)		1,253	—	(147)	1,106
Collateralized loan obligations		29,926	1	(727)	29,200
Other debt securities		1,727	—	(149)	1,578
Total held-to-maturity debt securities		297,059	39	(41,577)	255,521
Total	$	418,784	146	(49,815)	369,115

[Wells Fargo & Company SEC Form 10-K Exhibit 13, 02/21/23]

At The End Of 2022, Wells Fargo Reported An Unrealized Loss Of $8.2 Billion On Available-For-Sale Securities, Including A $2.2 Billion Loss On Available-For-Sale U.S. Treasuries:

Table 3.1: Available-for-Sale and Held-to-Maturity Debt Securities Outstanding

(in millions)		Amortized cost, net (1)	Gross unrealized gains	Gross unrealized losses	Fair value
December 31, 2022					
Available-for-sale debt securities:					
Securities of U.S. Treasury and federal agencies	**$**	**47,536**	**9**	**(2,260)**	**45,285**
Non-U.S. government securities		**162**	**—**	**—**	**162**
Securities of U.S. states and political subdivisions (2)		**10,958**	**20**	**(533)**	**10,445**
Federal agency mortgage-backed securities		**53,302**	**2**	**(5,167)**	**48,137**
Non-agency mortgage-backed securities (3)		**3,423**	**1**	**(140)**	**3,284**
Collateralized loan obligations		**4,071**	**—**	**(90)**	**3,981**
Other debt securities		**2,273**	**75**	**(48)**	**2,300**
Total available-for-sale debt securities		**121,725**	**107**	**(8,238)**	**113,594**

[Wells Fargo & Company SEC Form 10-K Exhibit 13, 02/21/23]

U.S. Bank, The Fifth-Largest U.S. Bank, Reported An Unrealized Loss Of $10.8 Billion On Its Held-To-Maturity Securities, Including A $51 Million Unrealized Loss On Its Treasury Securities, At The End Of 2022—Meanwhile, U.S. Bank Reported An Unrealized Loss Of $8.6 Billion On Available-For-Sale Securities, Including A $2.8 Billion Loss On Available-For-Sale U.S. Treasuries.

U.S. Bank, A Subsidiary Of U.S. Bancorp, Was The Fifth-Largest Insured U.S. Chartered Commercial Bank As Of December 31, 2022:

U S BK NA/U S BC	5	504713	CINCINNATI, OH	NAT	585,136

[Federal Reserve, 12/31/22]

- **U.S. Bank National Association Is A Subsidiary Of U.S. Bancorp.** "U.S. Bancorp's banking subsidiaries, U.S. Bank National Association ('USBNA') and MUB, are engaged in the general banking business, principally in domestic markets, and hold all of the Company's consolidated deposits of $525.0 billion at December 31, 2022." [U.S. Bancorp SEC Form 10-K, 02/27/23]

At The End Of 2022, U.S. Bancorp Reported An Unrealized Loss Of $10.8 Billion On Its Held-To Maturity Securities, Which Had A Fair Value That Was 12.3% Less Than Its Book Value:

	2022				2021			
At December 31 (Dollars in Millions)	Amortized Cost	Fair Value	Weighted-Average Maturity in Years	Weighted-Average Yield[d]	Amortized Cost	Fair Value	Weighted-Average Maturity in Years	Weighted-Average Yield[d]
Held-to-maturity								
U.S. Treasury and agencies	$ 1,344	$ 1,293	3.3	2.85%	$ —	$ —	—	—%
Mortgage-backed securities[a]	87,396	76,581	9.3	2.17	41,858	41,812	7.4	1.45
Total held-to-maturity	$88,740	$77,874	9.2	2.18%	$ 41,858	$ 41,812	7.4	1.45%

[U.S. Bancorp SEC Form 10-K, 02/27/23]

At The End Of 2022, U.S. Bancorp Reported An Unrealized Loss Of $51 Million On Its U.S. Treasury Securities:

	2022				2021			
At December 31 (Dollars in Millions)	Amortized Cost	Fair Value	Weighted-Average Maturity in Years	Weighted-Average Yield[d]	Amortized Cost	Fair Value	Weighted-Average Maturity in Years	Weighted-Average Yield[d]
Held-to-maturity								
U.S. Treasury and agencies	$ 1,344	$ 1,293	3.3	2.85%	$ —	$ —	—	—%
Mortgage-backed securities[a]	87,396	76,581	9.3	2.17	41,858	41,812	7.4	1.45
Total held-to-maturity	$88,740	$77,874	9.2	2.18%	$ 41,858	$ 41,812	7.4	1.45%

[U.S. Bancorp SEC Form 10-K, 02/27/23]

At The End Of 2022, U.S. Bancorp Reported An Unrealized Loss Of $8.6 Billion On Available-For-Sale Securities, Including A $2.8 Billion Loss On Available-For-Sale U.S. Treasuries:

	2022			
(Dollars in Millions)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Held-to-maturity				
U.S. Treasury and agencies	$ 1,344	$ –	$ (51)	$ 1,293
Mortgage-backed securities				
Residential agency	85,693	2	(10,810)	74,885
Commercial agency	1,703	1	(8)	1,696
Total held-to-maturity	$88,740	$ 3	$(10,869)	$77,874
Available-for-sale				
U.S. Treasury and agencies	$24,801	$ 1	$ (2,769)	$22,033
Mortgage-backed securities				
Residential agency	32,060	8	(2,797)	29,271
Commercial				
Agency	8,736	–	(1,591)	7,145
Non-agency	7	–	–	7
Asset-backed securities	4,356	5	(38)	4,323
Obligations of state and political subdivisions	11,484	12	(1,371)	10,125
Other	6	–	–	6
Total available-for-sale	$81,450	$ 26	$ (8,566)	$72,910

[U.S. Bancorp SEC Form 10-K, 02/27/23]