The FDIC Quarterly Banking Profile

L. William Seidman, Chairman

First Quarter 1988

COMMERCIAL BANKING PERFORMANCE — FIRST QUARTER 1988

- ***First RepublicBank Losses Prevent Quarterly Earnings Record***
- ***Number of Unprofitable Banks Declines Modestly***
- ***Insolvencies Running at Same Rate as a Year Ago***
- ***Midwest Banks Show Greatest Improvement***

U.S. commercial banks earned $5.0 billion in the first quarter of 1988, compared to $5.3 billion in the first quarter of 1987. Earnings improved in all areas of the country except the Southwest. But for the $1.49 billion aggregate loss reported by First RepublicBank Corp. banks, first quarter results would have established a new quarterly earnings high. Nationwide, over half of all banks reported higher first quarter earnings in 1988 than a year ago, and the percentage of unprofitable banks fell to less than 13 percent from almost 15 percent in the first quarter last year.

Loan growth continued to be led by increases in real estate and consumer lending, as commercial loan growth remained sluggish. Real estate loans were $15.7 billion higher at the end of March than at year-end, accounting for 90 percent of aggregate asset growth in the quarter. The increase in real estate lending was distributed among construction and development and other commercial real estate loans (up $6.6 billion), home equity loans (up $1.6 billion), and 1-4 family residential mortgage loans (up $3.5 billion). Loans to individuals were up 6.8 percent from year-ago levels, but down $0.4 billion from year end.

Nonperforming assets were slightly below year-ago levels, but were up about $1 billion from year-end 1987, despite first quarter charge-offs of $5.0 billion. The industry's ratio of nonperforming assets to assets rose to 2.48 percent. The aggregate loan-loss allowance also was up nearly $1 billion in the first three months of 1988, to $50.3 billion, representing 78.8 percent of noncurrent loans and leases.

The industry's net interest income grew 5.9 percent over last year's first quarter, and noninterest income continued to grow strongly, up 17.3 percent. First quarter noninterest expenses were up 8.1 percent over last year. However, employment at commercial banks continued to decline, and the rate of growth in noninterest expense may subside as cost-cutting moves begin to take effect. Net nonrecurring gains contributed a single quarter record $165 million to the industry's bottom line in the first quarter.

The banking sector's equity capital base grew by $1.9 billion in the first quarter, after cash dividends of $3.3 billion. The industry's ratio of equity capital to assets rose slightly to 6.07 percent, up from 6.04 percent at year-end.

Chart A — Composition of Total Loans Outstanding March 31, 1988

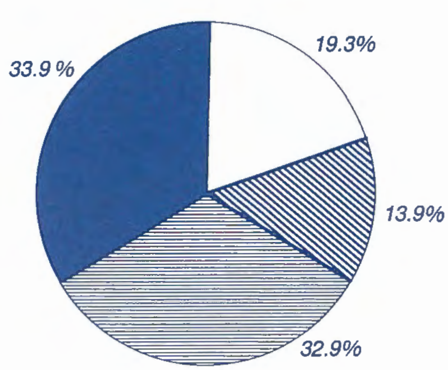

Chart B — Distribution of Noncurrent Loans March 31, 1988

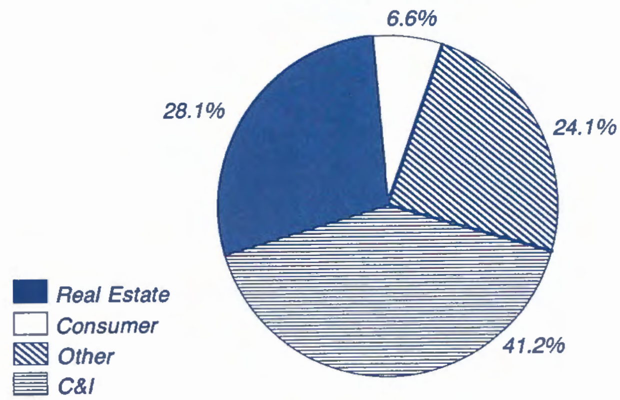

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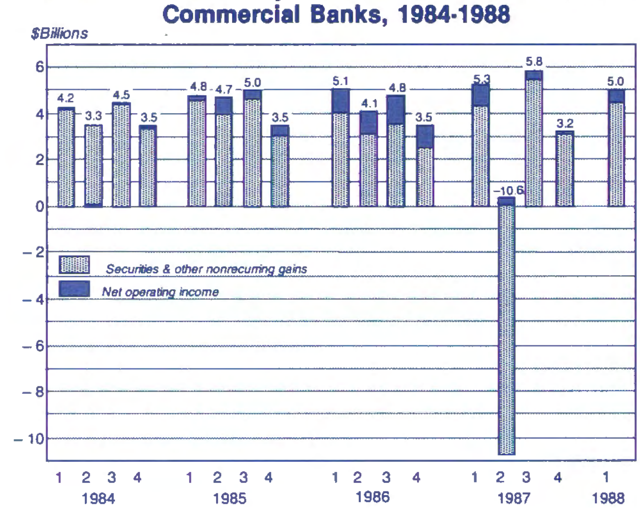
Chart C — Quarterly Net Income of FDIC-Insured Commercial Banks, 1984-1988



Fifty-four banks either failed or received FDIC assistance during the first quarter, the same number as in last year's first quarter. The number of "Problem" banks has continued to decline from its peak of over 1,600 institutions in the middle of 1987, reaching 1,491 at the end of March. Improvement was most pronounced among banks in the agricultural Midwest. In the Southwest, banks remain mired in asset-quality problems, mainly in real estate loans, and banks in that region account for a disproportionately large share of the "Problem Bank" list.

Southwest banks reported aggregate first quarter losses representing 2.4 percent of total assets, on an annualized basis; however, over 90 percent of these losses were concentrated in the subsidiaries of First RepublicBank Corp. While far from rosy, the picture of banking in the Southwest looks far less bleak when the First Republic banks are excluded.

Impact of the Southwest Region on First Quarter 1988 U.S. Banking Aggregates

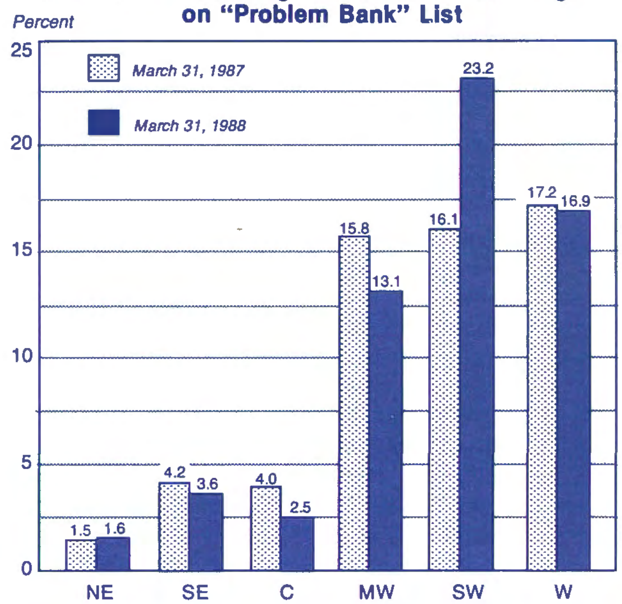
	Southwest Region with FRBC	Southwest Region excl. FRBC	Rest of the U.S.
Return on assets	–2.37%	–0.26%	0.97%
Net charge-offs to loans & leases	2.14	1.50	0.75
Nonperforming assets to assets	6.28	5.31	2.10
Equity capital to assets	5.43	6.20	6.13

Apart from First RepublicBank subsidiaries, the region's banks still registered an aggregate first quarter loss. During the quarter, 27 percent of the region's banks reported losses, and nonperforming assets reached disturbingly high levels. Southwest banks have boosted their loan-loss provisions, but reserves against noncurrent loans are still low, especially in comparison to other regions. Smaller banks in the Southwest have begun to show modest improvement, but it likely will take some time before banks benefit significantly from improving economic trends in that part of the country.

Improvement among Midwest banks is much more apparent. Aggregate profits increased 26 percent. The levels of nonperforming assets and loan-loss expense, as well as the number of banks losing money, all dropped significantly. The percentage of Midwest banks reporting first quarter losses fell from 13.5 percent a year ago to only 7.6 percent.

Improvement was also evident in the West. Nonperforming assets fell by 15 percent and net income jumped by 59 percent over last year's first quarter. While the percent of assets in nonperforming status (3.26%) and the percent of unprofitable banks (19.3%) remain relatively high, both showed improvement when compared to last year.

Chart D — Percentage of Banks in Each Region on "Problem Bank" List



Southeast and Central banks continued to exhibit strong performance in the first quarter. Earnings remained high and nonperforming assets remained low. Banks in the Northeast showed a dramatic 35 percent increase in earnings, yielding an aggregate return on equity of 17.4 percent. Nonperforming assets grew only 2 percent. Equity, however, was 3.5 percent lower than a year ago, reflecting the loss provisioning taken by the region's large banks last year.

Overall, the industry should continue to enjoy improved profitability through the rest of the year. Large banks will benefit from lower loss provisioning, and banks in the East will continue to benefit from a strong regional economy. Although it appears that the Southwest's economic problems have bottomed out, that region will continue to dominate 1988 banking news and numbers.

Table I. Selected Indicators, FDIC-Insured Commercial Banks

	1988*	1987*	1987	1986	1985	1984	1983
Return on assets	0.67%	0.72%	0.12%	0.63%	0.70%	0.65%	0.66%
Return on equity	11.00	11.39	2.00	9.94	11.31	10.73	10.70
Equity capital to assets	6.07	6.43	6.04	6.20	6.20	6.15	6.00
Primary capital ratio	7.74	7.57	7.69	7.22	6.91	6.91	6.59
Nonperforming assets to assets	2.48	2.61	2.46	1.94	1.87	1.97	1.97
Net charge-offs to loans	0.88	0.75	0.92	0.98	0.84	0.76	0.67
Asset growth rate	4.06	6.25	2.03	7.71	8.86	7.11	6.75
Net operating income growth	2.04	9.01	-85.27	-20.65	6.30	3.40	-3.69
Percentage of unprofitable banks	12.84	14.65	17.66	19.79	17.09	13.06	10.58
Number of problem banks	1,491	1,509	1,559	1,457	1,098	800	603
Number of failed/assisted banks	54	54	201	144	118	78	45

* — Through March 31; ratios annualized where appropriate

Table II. Aggregate Condition and Income Data, FDIC-Insured Commercial Banks

(dollar figures in millions)

	Preliminary 1st Qtr 1988	4th Qtr 1987	1st Qtr 1987	% Change 87:1-88:1
Number of banks reporting	13,541	13,699	14,073	-3.8
Total employees (full-time equivalent)	1,531,367	1,554,994	1,555,220	-1.5
CONDITION DATA				
Total assets	$3,018,230	$3,000,914	$2,900,585	4.1
Real estate loans	615,571	599,904	532,184	15.7
Commercial & industrial loans	596,316	589,675	585,097	1.9
Loans to individuals	350,819	351,216	328,597	6.8
Farm loans	28,630	29,426	29,216	-2.0
Other loans and leases	257,898	259,062	263,822	-2.2
Total loans and leases	1,849,234	1,829,283	1,738,916	6.3
LESS: Reserve for losses	50,303	49,458	29,729	69.2
Net loans and leases	1,798,931	1,779,825	1,709,187	5.3
Temporary investments	471,707	451,199	450,061	4.8
Securities over 1 year	393,473	396,567	366,913	7.2
All other assets	354,119	373,323	374,424	-5.4
Total liabilities and capital	$3,018,230	$3,000,914	$2,900,585	4.1
Noninterest-bearing deposits	439,069	477,797	462,773	-5.1
Interest-bearing deposits	1,880,123	1,857,104	1,778,520	5.7
Other borrowed funds	393,922	361,447	348,464	13.0
Subordinated debt	17,474	17,592	17,282	1.1
All other liabilities	104,389	105,605	106,992	-2.4
Equity capital	183,253	181,369	186,554	-1.8
Primary capital	237,428	234,613	219,637	8.1
Nonperforming assets	74,890	73,905	75,582	-0.9
Loan commitments and letters of credit	802,308	794,698	752,650	6.6
Domestic office assets	2,585,406	2,575,379	2,477,493	4.4
Foreign office assets	432,824	425,535	423,092	2.3
Domestic office deposits	1,985,465	1,993,293	1,908,973	4.0
Foreign office deposits	333,727	341,608	332,320	0.4
Earning assets	2,664,111	2,627,591	2,526,161	5.5
Volatile liabilities	1,077,456	1,049,222	993,705	8.4

INCOME DATA	Full Year 1987	Full Year 1986	% Change	Preliminary 1st Qtr 1988	1st Qtr 1987	% Change
Total interest income	$244,891	$237,806	3.0	$64,147	58,426	9.8
Total interest expense	144,921	142,825	1.5	38,615	34,311	12.5
Net interest income	99,970	94,981	5.3	25,532	24,115	5.9
Provisions for loan losses	36,999	22,075	67.6	4,698	4,107	14.4
Total noninterest income	41,459	35,890	15.5	11,024	9,399	17.3
Total noninterest expense	97,053	90,247	7.5	25,030	23,144	8.1
Applicable income taxes	5,424	5,288	2.6	2,371	1,895	25.1
Net operating income	1,953	13,261	-85.3	4,457	4,368	2.0
Securities gains, net	1,445	3,950	-63.4	390	795	-50.9
Extraordinary gains, net	218	272	-29.9	165	89	85.4
Net income	3,616	17,483	-79.3	5,012	5,252	-4.6
Net charge-offs	16,360	16,550	-1.1	4,031	3,269	23.3
Net additions to capital stock	2,561	3,244	-21.1	129	40	222.5
Cash dividends on capital stock	10,648	9,228	15.4	3,295	2,334	41.2

Table III. First Quarter Bank Data *(Dollar figures in billions, ratios in %)*

		Asset Size Distribution				Geographic Distribution					
						EAST			WEST		
	All Banks	Less than $100 Million	$100-1,000 Million	$1-10 Billion	Greater than $10 Billion	Northeast Region	Southeast Region	Central Region	Midwest Region	Southwest Region	West Region
CURRENT QUARTER *Preliminary (The way it is . . .)*											
Number of banks reporting	13,541	10,805	2,379	320	37	1,086	1,927	3,002	3,181	2,811	1,534
Total assets	$3,018.2	$391.2	$568.8	$933.5	$1,124.7	$1,203.9	$410.3	$477.4	$204.0	$274.7	$447.9
Total deposits	2,319.2	349.1	487.0	704.0	779.1	861.9	326.1	384.3	159.9	224.7	362.3
Net income *(in millions)*	5,012	731	998	1,725	1,558	2,831	1,031	1,335	541	−1,644	918
Percentage of banks losing money	12.8%	14.1%	8.1%	6.6%	2.7%	7.9%	11.3%	4.6%	7.6%	27.0%	19.3%
Performance ratios *(annualized)*											
Yield on earning assets	9.70%	9.59%	9.61%	9.63%	9.96%	9.99%	9.63%	9.33%	9.92%	9.20%	9.90%
Cost of funding earning assets	5.84	5.27	5.34	5.46	6.70	6.50	5.42	5.49	5.60	5.85	5.16
Net interest margin	3.86	4.32	4.27	4.17	3.26	3.49	4.21	3.84	4.32	3.35	4.74
Net noninterest expense to earning assets	2.12	2.79	2.65	2.33	1.43	1.63	2.44	1.96	2.07	3.00	2.80
Adjusted net operating income to assets	1.54	1.39	1.46	1.62	1.57	1.63	1.57	1.67	2.01	0.30	1.68
Net operating income to assets	0.59	0.69	0.64	0.68	0.47	0.87	0.94	1.06	1.02	−2.48	0.76
Return on assets	0.67	0.75	0.71	0.74	0.56	0.95	1.01	1.12	1.07	−2.37	0.83
Return on equity	11.00	8.71	9.67	12.04	12.64	17.39	14.75	16.88	14.34	−41.21	14.31
Net charge-offs to loans and leases	0.88	0.64	0.60	0.96	1.01	0.69	0.68	0.78	1.39	2.14	0.76
Loan loss provision to net charge-offs	116.58	127.47	147.84	101.16	117.71	91.51	84.08	75.87	81.45	222.15	105.36
Condition Ratios											
Loss allowance to:											
Loans and leases	2.72%	1.68%	1.66%	1.91%	4.24%	3.06%	1.33%	2.17%	2.13%	4.12%	3.11%
Noncurrent loans and leases	79.73	58.32	70.03	86.17	89.57	82.49	95.83	118.04	79.58	51.00	77.22
Nonperforming assets to assets	2.46	2.16	1.93	1.81	3.42	2.40	1.06	1.26	1.87	6.28	3.26
Equity capital ratio	6.07	8.72	7.31	6.19	4.41	5.52	6.94	6.74	7.43	5.43	5.76
Primary capital ratio	7.74	9.49	8.14	7.28	7.32	7.54	7.65	7.99	8.55	7.45	7.95
Net loans and leases to deposits	78.78	61.41	69.77	81.73	82.37	86.11	77.65	74.40	71.05	67.85	83.98
Growth Rates *(year-to-year)*											
Assets	4.1%	5.1%	10.2%	12.5%	3.1%	5.1%	9.0%	4.9%	−0.8%	−6.5%	1.6%
Equity capital	−1.8	3.7	8.1	10.0	−14.5	−3.5	10.4	0.4	1.4	−22.5	1.8
Net interest income	5.9	4.3	8.4	15.0	5.7	6.8	6.5	7.9	4.7	−7.3	5.7
Net income	−4.6	0.3	−15.7	−4.6	0.7	35.1	1.6	23.2	25.8	N/M	58.6
Nonperforming assets	−0.9	−0.5	18.3	20.5	−3.2	1.9	5.2	−14.9	−16.0	27.3	−14.7
Net charge-offs	23.3	−13.0	1.4	71.9	28.5	31.1	72.2	86.7	−1.3	30.3	−23.4
Loan loss provision	14.4	−14.5	24.8	37.0	21.9	−19.3	5.5	1.2	−29.1	165.9	−24.2
PRIOR FIRST QUARTERS *(The way it was . . .)*											
Return on assets 1987	0.72%	0.72%	0.85%	0.84%	0.55%	0.73%	1.08%	0.95%	0.84%	0.10%	0.52%
1985	0.75	0.92	0.91	0.78	0.60	0.78	1.14	0.83	0.82	0.59	0.52
1983	0.78	1.24	0.93	0.67	0.54	0.72	1.03	0.79	1.14	1.09	0.40
Equity capital ratio 1987	6.43	8.54	7.39	6.16	5.32	6.01	6.85	7.05	7.39	6.55	5.96
1985	6.29	8.65	7.25	5.95	4.92	5.65	6.83	6.91	7.62	7.00	5.67
1983	6.02	8.68	7.14	5.73	4.30	5.27	6.92	6.70	7.63	6.99	5.07
Nonperforming assets to assets 1987	2.61	2.36	1.98	1.82	3.73	2.58	1.10	1.55	2.25	4.63	3.90
1985	2.09	2.06	1.65	1.74	2.67	1.84	1.12	1.73	2.32	2.48	3.34
1983	2.08	1.63	1.74	2.02	2.53	1.63	1.27	2.24	1.66	2.15	3.45
Net charge-offs to loans and leases 1987	0.75	0.86	0.76	0.62	0.83	0.56	0.45	0.45	1.43	1.53	1.00
1985	0.58	0.72	0.50	0.54	0.60	0.37	0.35	0.48	1.08	0.93	0.82
1983	0.52	0.44	0.56	0.64	0.46	0.38	0.57	0.55	0.47	0.75	0.62

REGIONS: Northeast — Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont

Southeast — Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia

Central — Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin

Midwest — Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota

Southwest — Arkansas, Louisiana, New Mexico, Oklahoma, Texas

West — Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, Oregon, Pacific Islands, Utah, Washington, Wyoming

Table IV. Full Year 1987 Bank Data *(Dollar figures in billions, ratios in %)*

		Asset Size Distribution						Geographic Distribution					
								EAST			WEST		
	All Banks	Less than $100 Million	$100-300 Million	$300-1,000 Million	$1-5 Billion	Greater than $5 Billion	Ten Largest Banks	Northeast Region	Southeast Region	Central Region	Midwest Region	Southwest Region	West Region
Number of banks reporting	13,699	10,927	1,884	536	268	74	10	1,081	1,924	3,053	3,232	2,873	1,536
Total assets	$3,000.9	$393.8	$304.0	$272.5	$589.5	$761.2	$679.9	$1,180.1	$406.8	$480.3	$208.6	$280.4	$444.7
Total deposits	2,334.9	351.5	267.1	226.7	455.1	536.3	498.2	865.2	323.3	387.7	163.9	229.8	365.0
Net income *(in millions)*	3,616	2,120	2,337	1,725	3,058	5	-5,619	-1,535	3,590	2,029	1,377	-1,779	-66
Percentage of banks losing money	17.7%	19.4%	9.4%	11.6%	12.3%	24.3%	90.0%	9.7%	8.4%	5.8%	12.6%	36.1%	24.2%
Performance Ratios													
Yield on earning assets	9.54%	9.65%	9.59%	9.66%	9.62%	9.55%	9.99%	9.80%	9.74%	9.29%	10.02%	9.20%	9.98%
Cost of funding earning assets	5.65	5.22	5.17	5.23	5.34	5.73	6.82	6.26	5.28	5.42	5.66	5.69	5.18
Net interest margin	3.89	4.43	4.41	4.43	4.27	3.82	3.17	3.54	4.46	3.87	4.36	3.51	4.80
Net noninterest expense to earning assets	2.17	2.86	2.66	2.64	2.38	1.98	1.51	1.74	2.52	2.16	2.03	2.57	2.98
Net operating income to assets	0.07	0.52	0.75	0.62	0.51	-0.05	-0.89	-0.22	0.91	0.40	0.68	-0.70	-0.05
Return on assets	0.12	0.57	0.81	0.67	0.56	-0.00	-0.81	-0.13	0.95	0.44	0.70	-0.65	-0.01
Return on equity	2.00	6.62	10.55	9.60	8.60	-0.01	-18.29	-2.37	13.96	6.51	9.39	-10.03	-0.25
Net charge-offs to loans and leases	0.92	1.15	0.82	0.95	0.92	1.04	0.78	0.68	0.70	0.69	1.63	2.11	1.09
Condition Ratios													
Loss allowance to loans and leases	2.69%	1.64%	1.50%	1.60%	1.85%	2.92%	4.62%	3.15%	1.38%	2.24%	2.20%	3.09%	3.12%
Nonperforming assets to assets	2.46	2.09	1.75	1.88	1.92	2.28	3.88	2.44	1.03	1.27	1.86	5.80	3.27
Loss allowance to noncurrent loans	78.00	61.53	68.59	70.68	75.36	88.08	78.72	83.33	100.17	117.92	80.85	41.20	76.79
Equity capital ratio	6.04	8.60	7.61	6.88	6.40	5.11	4.24	5.43	6.81	6.52	7.45	6.06	5.76
Primary capital ratio	7.81	9.42	8.42	7.75	7.41	7.12	7.75	7.51	7.52	7.78	8.57	7.54	7.96
Net loans and leases to assets	59.30	51.11	56.61	60.92	63.09	61.21	59.19	59.60	60.12	57.57	53.15	53.90	65.95
Net assets repriceable in one year or less to assets	-7.22	-9.39	-7.52	-7.40	-8.18	-8.01	-4.06	-6.07	-12.06	-4.60	-13.67	-11.27	-3.13
Growth Rates *(year-to-year)*													
Assets	2.0%	4.0%	5.9%	7.7%	9.4%	8.4%	-1.8%	4.1%	6.6%	3.6%	1.0%	-7.1%	-2.0%
Earning assets	3.1	4.6	7.0	9.0	10.7	10.0	-1.3	5.1	7.6	4.3	1.5	-7.3	0.5
Loans and leases	4.1	6.9	10.4	12.0	14.9	9.3	-3.0	5.9	11.4	7.0	3.4	-8.3	-0.4
Loss reserve	71.1	11.1	16.5	21.0	43.4	98.9	141.7	123.9	18.2	65.8	17.1	20.0	63.8
Net charge-offs	-1.1	-20.9	-10.4	16.1	24.4	40.6	-15.4	19.0	24.9	5.5	-22.2	-12.4	-11.2
Nonperforming assets	29.0	0.6	9.2	20.3	41.8	58.5	49.7	64.6	15.4	1.2	-6.3	32.0	8.1
Deposits	2.3	4.1	5.4	6.1	9.1	9.0	0.2	4.7	6.0	4.5	1.6	-6.8	-2.2
Equity capital	-0.5	4.2	8.7	8.6	11.5	0.8	-16.3	-2.7	10.5	-0.5	5.8	-12.0	-0.5
Interest income	3.0	-1.2	3.3	6.0	11.3	11.6	3.8	10.2	5.1	1.3	-1.6	-11.3	-2.4
Interest expense	1.5	-5.8	-1.3	1.6	7.4	11.2	6.3	11.7	1.4	-1.8	-4.6	-12.7	-8.2
Net interest income	5.3	4.9	9.3	11.6	16.5	12.1	-1.1	7.7	9.9	6.2	2.6	-8.9	4.6
Loan loss provision	67.6	-23.1	-15.9	5.3	36.0	141.5	173.8	204.0	23.8	96.4	-19.1	17.2	43.0
Noninterest income	15.5	10.5	11.4	13.0	21.8	18.6	23.6	27.4	11.5	8.9	12.5	4.7	2.2
Noninterest expense	7.5	6.2	9.0	10.7	15.5	15.9	9.1	12.7	7.1	6.0	4.2	-0.1	4.5
Net operating income	-85.3	49.2	28.2	13.5	-5.9	N/M	N/M	N/M	10.4	-44.1	77.4	N/M	N/M
Net income	-79.3	11.4	10.8	-1.0	-14.0	N/M	N/M	N/M	0.4	-47.0	-1.6	N/M	N/M

FDIC
Federal Deposit Insurance Corporation
Washington, DC 20429

NOTES TO USERS

COMPUTATION METHODOLOGY FOR PERFORMANCE AND CONDITION RATIOS

All income figures used in calculating performance ratios represent amounts for that period, annualized (multiplied by the number of periods in a year).

All asset and liability figures used in calculating performance ratios represent average amounts for the period (beginning-of-period amount plus end-of-period amount plus any periods in between, divided by the total number of periods).

All asset and liability figures used in calculating the condition ratios represent amounts as of the end of the quarter.

DEFINITIONS

"Problem" Banks—Federal regulators assign to each financial institution a uniform composite rating, based upon an evaluation of financial and operational criteria. The rating is based on a scale of 1 to 5 in ascending order of supervisory concern. "Problem" banks are those institutions with financial, operational or managerial weaknesses that threaten their continued financial viability. Depending upon the degree of risk and supervisory concern, they are rated either "4" or "5".

Earning Assets—all loans and other investments that earn interest, dividend or fee income.

Yield on Earning Assets—total interest, dividend and fee income earned on loans and investments as a percentage of average earning assets.

Cost of Funding Earning Assets—total interest expense paid on deposits and other borrowed money as a percentage of average earning assets.

Net Interest Margin—the difference between the yield on earning assets and the cost of funding them, i.e., the profit margin a bank earns on its loans and investments.

Net Noninterest Expense—total noninterest expense, excluding the expense of providing for loan losses, less total noninterest income. A measure of banks' overhead costs.

Net Operating Income—income after taxes and before gains (or losses) from securities transactions and from nonrecurring items. The profit earned on banks' regular banking business.

Return on Assets—net income (including securities transactions and nonrecurring items) as a percentage of average total assets. The basic yardstick of bank profitability.

Return on Equity—net income as a percentage of average total equity capital.

Net Charge-offs—total loans and leases charged off (removed from balance sheet because of uncollectibility) during the quarter, less amounts recovered on loans and leases previously charged off.

Nonperforming Assets—the sum of loans past-due 90 days or more, loans in nonaccrual status, and noninvestment real estate owned other than bank premises.

Noncurrent Loans & Leases—the sum of loans past-due 90 days or more and loans in nonaccrual status.

Primary Capital—total equity capital plus the allowance for loan and lease losses plus minority interests in consolidated subsidiaries plus qualifying mandatory convertible debt (cannot exceed 20 percent of total primary capital), less intangible assets except purchased mortgage servicing rights.

Net Loans and Leases—total loans and leases less unearned income and the allowance for loan and lease losses.

Net Assets Repriceable in One Year or Less—all assets with interest rates that are repriceable in one year or less plus assets with remaining maturity of one year or less, minus all liabilities that are repriced or due to mature within one year of the reporting date. A positive value indicates that banks' income from assets is more sensitive to movements in interest rates than is the expense of their liabilities, and vice-versa for a negative value.

Temporary Investments—the sum of interest-bearing balances due from depository institutions, federal funds sold and resold, trading-account assets and investment securities with remaining maturities of one year or less.

Volatile Liabilities—the sum of large denomination time deposits, foreign office deposits, federal funds purchased, and other borrowed money.

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