The FDIC Quarterly Banking Profile

Andrew C. Hove, Jr., Chairman

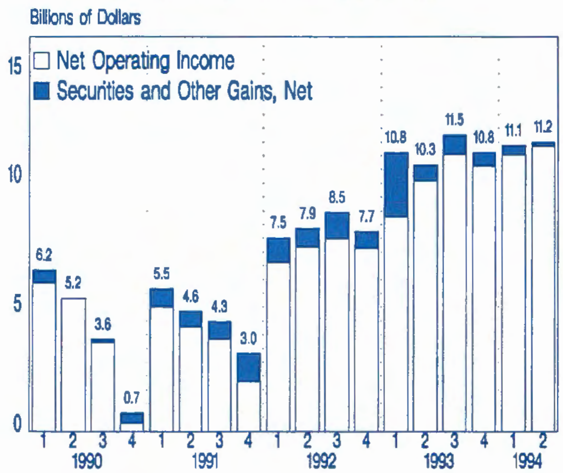
Second Quarter, 1994

COMMERCIAL BANKING PERFORMANCE — SECOND QUARTER, 1994

- ***Banks Report $11.2 Billion In Second-Quarter Earnings***
- ***Wider Margins, Strong Loan Growth Help Lift Profits***
- ***First-Half Net Income Sets New Record***
- ***Troubled Assets Continue To Decline***

A strengthening economy was evident in low loan losses and robust loan growth in the second quarter of 1994. Insured commercial banks earned $11.2 billion in the quarter, a $141-million improvement over the previous quarter and $876 million more than banks earned a year earlier. This is the second-highest quarterly total ever reported, after the $11.5 billion earned in the third quarter of 1993. For the first six months of 1994, commercial banks have earned $22.3 billion, the highest total ever reported for any six-month period, and $1.2 billion more than they earned in the first half of 1993. Increased net interest income and low loan-loss provisions outweighed diminished noninterest income and lower nonrecurring gains in lifting banks' earnings in the second quarter. The average return on assets (ROA) for the industry was 1.16 percent, down slightly from the 1.17 percent averages registered in the previous and year-ago quarters. For the second consecutive quarter, more than 95 percent of all commercial banks were profitable.

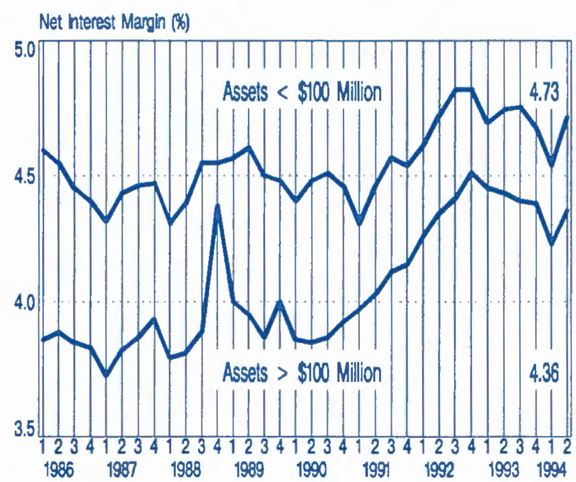
Chart A - Quarterly Net Income of FDIC-Insured Commercial Banks, 1990 - 1994



Net interest income in the second quarter was $36.5 billion, more than $1.6 billion (4.6 percent) higher than a year ago. However, because earning assets were 5.7 percent above the level of a year ago, the average net interest margin declined seven basis points from a year earlier. Banks set aside $2.8 billion in loan-loss provisions in the second quarter, a decline of $1.5 billion from the same period of 1993. Although these provisions were $80 million higher than in the first quarter of this year, provisions for the first six months of 1994 are almost 40 percent below the level of a year ago, reflecting continued improvement in commercial bank asset quality.

The improvement in industry net income was limited by gains from securities sales and extraordinary items that were well below the levels of a year ago, and by a decline in noninterest income, due to reduced trading profits at the largest banks. Second-quarter net income would have been below the level of the previous quarter but for one-time income on Brazilian bonds booked by several large banks. These transactions may have added as much as $300 million to pre-tax earnings.

Chart B - Quarterly Net Interest Margins of Insured Commercial Banks, 1986 - 1994



Banks were able to increase their net interest margins as interest rates rose in the second quarter. The average net interest margin was 4.40 percent, an increase of 14 basis points over the previous quarter. Average asset yields were up by 40 basis points, due to strong lending growth. Average funding costs rose by 26 basis points during the quarter. Bank funding shifted toward a greater reliance on nondeposit liabilities and

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foreign-office deposits. Domestic-office time deposits ended a string of 13 consecutive quarterly declines, increasing by $7.3 billion (0.9 percent). Most of the increase was in small-denomination (< $100,000) certificates of deposit.

Banks' total loans grew by $57.6 billion in the second quarter. This is the largest quarterly increase since the fourth quarter of 1986, when total loans rose by $71.6 billion. Real estate loans, which grew by $20.9 billion, had the largest dollar increase. Home mortgage loans accounted for $15.3 billion of the increase in real estate loans, with adjustable-rate mortgages (ARMs) growing by $6.1 billion. The increase in ARM loans may have limited the rise in average asset yields in the second quarter, to the extent that these loans often carry below-market interest rates for the first year. Real estate loans secured by commercial properties increased by $4.7 billion. Loans for real estate construction and development was the only category of real estate loans that declined during the quarter, falling by $1.4 billion.

Loans to individuals had the highest rate of growth in the second quarter, increasing by $16.7 billion (four percent). Credit-card balances grew by $8.1 billion, while other consumer installment loans increased by $8.6 billion. Commercial and industrial loan growth continued to accelerate, as total C&I loans grew by $15.4 billion. C&I loans have increased in four of the last five quarters, after shrinking steadily during the previous three years.

Banks' securities holdings fell by $6.5 billion, the first decline in more than three years. An increase in holdings of mortgage-backed securities was more than offset by a $9.7-billion decline in U.S. Treasury securities. Roughly $5.6 billion of the decline in banks' securities was due to depreciation of "available-for-sale" securities caused by rising interest rates.

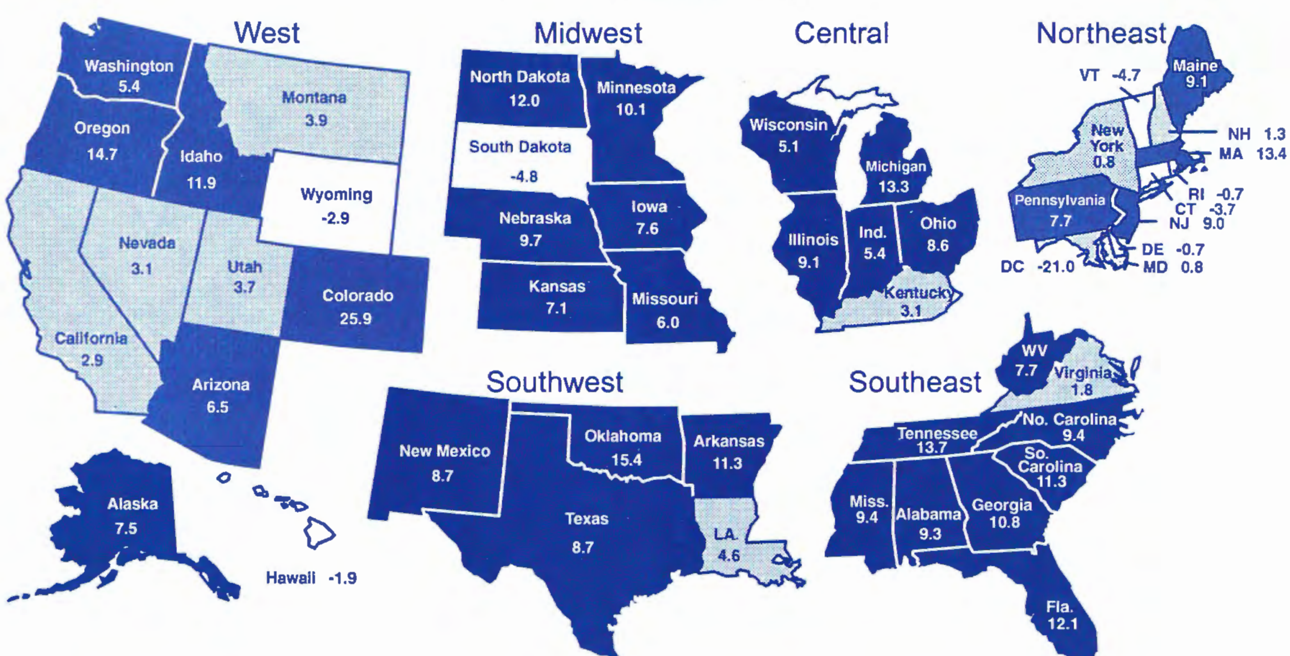
Under new accounting rules established by the recently-implemented FASB Statement 115, the $5.6-billion drop in fair value of banks' available-for-sale securities is reflected in a decrease in their equity capital account, after adjusting for tax effects. In spite of the $3.6-billion charge to capital, the industry's total equity increased by $4.3 billion in the quarter. Retained earnings contributed $5.3 billion to capital, as banks paid $5.9 billion in dividends. *(Note: due to a reporting error, the first-quarter 1994 dividend total of $6.2 billion shown in the previous Quarterly Banking Profile was incorrect. The revised amount was $5.2 billion.)* The increase in equity kept pace with asset growth, and the industry's equity-to-assets ratio increased by a single basis point, to 7.84 percent.

Noncurrent loans fell by $4.5 billion in the second quarter, to $35.9 billion. Much of the improvement was in noncurrent real estate loans, which declined by $2.3 billion. Noncurrent commercial and industrial loans shrank by $1.6 billion. The greatest improvements in both loan categories occurred at banks in the Northeast and West regions. Banks in these regions also had the largest increase in net charge-offs from first-quarter levels, although they were roughly one-third lower than a year ago. Compared to last year's second quarter, net charge-offs were more than 20 percent lower at banks in all regions.

The reduction in noncurrent loans helped lift the industry's reserve coverage level to $1.46 for every dollar of noncurrent loans, despite a $483-million decline in total reserves. Banks in all regions showed improvement in reserve coverage in the second quarter. Further evidence of a broadening trend of improved asset quality is provided by the increase in the number of banks converting reserves into income through negative loan-loss provisions. In the second quarter, the number of banks reporting negative provisions rose to 408, from 348 in the previous quarter and 399 a year earlier. The total amount of negative provisions in the second quarter was $194 million, up from $172 million in the previous quarter, but well below the $318 million in negative provisions taken a year ago.

The number of commercial banks reporting at midyear fell to 10,715, a net reduction of 124 from the end of March. There were 12 new commercial banks chartered in the second quarter, while four failed and one bank liquidated voluntarily. Mergers within the industry absorbed 132 institutions, and charter changes between savings institutions and commercial banks accounted for a net addition of one institution. The number of banks on the FDIC's "Problem List" declined by 45 to 338 during the quarter, while the total assets of "problem" commercial banks fell from $53 billion to $42 billion.

Commercial and Industrial Loan Growth Rates*
June 30, 1993 — June 30, 1994



- Less Than 0%
- Between 0% and 5%
- Greater than 5%

* Growth rates reflect adjustments for the consolidation of one D.C. bank with $3.4 billion in assets into a bank domiciled in Maryland.

TABLE I-A. Selected Indicators, FDIC-Insured Commercial Banks

	1994*	1993*	1993	1992	1991	1990	1989
Return on assets (%)	1.17	1.20	1.20	0.93	0.53	0.48	0.49
Return on equity (%)	14.82	15.46	15.35	12.98	7.94	7.45	7.71
Core capital (leverage) ratio (%)	7.70	7.59	7.65	7.20	6.48	6.17	6.11
Noncurrent assets plus other real estate owned to assets (%)	1.27	2.18	1.61	2.54	3.02	2.94	2.30
Net charge-offs to loans (%)	0.53	0.87	0.85	1.27	1.59	1.43	1.16
Asset growth rate (%)	9.05	3.81	5.72	2.19	1.21	2.73	5.38
Net interest margin (%)	4.33	4.45	4.40	4.41	4.11	3.94	4.02
Net operating income growth (%)	20.91	29.51	35.52	92.40	-0.62	2.53	-38.70
Number of institutions reporting	10,715	11,199	10,958	11,462	11,921	12,343	12,709
Percentage of unprofitable institutions	3.67	4.84	4.83	6.85	11.59	13.44	12.50
Number of problem institutions	338	580	426	787	1,016	1,012	1,092
Assets of problem institutions (in billions)	$42	$326	$242	$408	$528	$342	$188
Number of failed/assisted institutions	4	23	42	100	108	159	206

*Through June 30, ratios annualized where appropriate. Asset growth rates are for 12 months ending June 30.

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

(dollar figures in millions)	Preliminary 2nd Quarter 1994	1st Quarter 1994	2nd Quarter 1993	%Change 93:2-94:2
Number of institutions reporting	10,715	10,839	11,199	-4.3
Total employees (full-time equivalent)	1,495,602	1,488,446	1,476,641	1.3
CONDITION DATA				
Total assets	$3,892,523	$3,843,212	$3,569,334	9.1
Loans secured by real estate	943,912	922,964	889,675	6.1
Commercial & industrial loans	564,793	549,362	533,873	5.8
Loans to individuals	438,495	421,803	390,026	12.4
Farm loans	39,727	36,002	35,716	11.2
Other loans & leases	239,551	238,863	225,762	6.1
Less: Unearned income	6,130	6,201	7,723	-20.6
Total loans & leases	2,220,348	2,162,792	2,067,329	7.4
Less: Reserve for losses	52,431	52,914	54,107	-3.1
Net loans & leases	2,167,917	2,109,878	2,013,223	7.7
Securities	848,945	855,468	809,930	**
Other real estate owned	13,276	14,964	22,586	-41.2
Goodwill and other intangibles	20,256	18,408	16,770	20.8
All other assets	842,129	844,494	706,826	**
Total liabilities and capital	3,892,523	3,843,212	3,569,334	9.1
Noninterest-bearing deposits	547,441	549,546	526,200	4.0
Interest-bearing deposits	2,218,431	2,207,351	2,154,308	3.0
Other borrowed funds	556,425	538,351	446,106	**
Subordinated debt	37,448	37,227	36,954	1.3
All other liabilities	227,762	209,985	124,269	**
Equity capital	305,015	300,752	281,496	**
Loans and leases 30-89 days past due	25,666	29,344	29,384	-12.7
Noncurrent loans and leases	35,915	40,444	54,173	-33.7
Restructured loans and leases	6,264	6,224	11,152	-43.8
Direct and indirect investments in real estate	570	609	461	23.8
1-4 Family residential mortgages	529,787	514,410	485,161	9.1
Mortgage-backed securities	335,162	332,796	334,605	**
Earning assets	3,337,333	3,312,291	3,157,163	5.7
Long-term assets (5+ years)	549,958	533,961	513,441	7.1
Volatile liabilities	1,078,993	1,042,999	N/M	**
Foreign office deposits	377,397	355,877	312,362	20.8
Unused loan commitments	1,594,118	1,536,726	1,338,406	19.1
Off-balance-sheet derivatives	15,322,453	13,916,774	10,949,140	39.9

INCOME DATA	Preliminary First Half 1994	First Half 1993	%Change	Preliminary 2nd Quarter 1994	2nd Quarter 1993	%Change 93:2-94:2
Total interest income	$124,841	$121,785	2.5	$64,299	$60,971	5.5
Total interest expense	53,177	52,451	1.4	27,763	26,050	6.6
Net interest income	71,664	69,334	3.4	36,536	34,921	4.6
Provision for loan losses	5,523	8,998	-38.6	2,802	4,309	-35.0
Total noninterest income	37,105	36,179	2.6	18,496	18,630	-0.7
Total noninterest expense	70,136	69,519	0.9	35,575	34,751	2.4
Securities gains (losses)	745	1,722	-56.7	186	745	-75.1
Applicable income taxes	11,542	9,486	21.7	5,636	5,005	12.6
Extraordinary gains, net	(31)	1,879	N/M	6	103	-94.3
Net income	22,281	21,110	5.6	11,210	10,334	8.5
Net charge-offs	5,725	8,857	-35.4	3,122	4,602	-32.2
Cash dividends	11,098	8,742	26.9	5,895	4,518	30.5
Net operating income	21,791	18,023	20.9	11,061	9,702	14.0

**New accounting rules and/or reporting detail became effective March 31, 1994. See Notes to Users, pp. 18-19. N/M - Not meaningful

TABLE III-A. First Half 1994, FDIC-Insured Commercial Banks

		Asset Size Distribution				Geographic Distribution by Region					
						East			West		
FIRST HALF Preliminary ***(The way it is . . .)***	All Institutions	Less than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater than $10 Billion	North-east	South-east	Central	Mid-west	South-west	West
Number of institutions reporting	10,715	7,558	2,774	328	55	852	1,788	2,351	2,667	1,899	1,158
Total assets (in billions)	$3,892.5	$326.2	$676.7	$1,079.4	$1,810.3	$1,526.4	$613.6	$639.3	$251.1	$293.5	$568.7
Total deposits (in billions)	2,765.9	284.8	568.6	778.1	1,134.4	953.0	463.3	471.2	193.6	241.9	442.8
Net income (in millions)	22,281	1,902	4,033	7,472	8,874	7,956	3,703	3,724	1,844	1,748	3,307
% of unprofitable institutions	3.7	4.1	2.6	3.0	0.0	6.1	3.1	3.4	1.8	2.6	9.5
% of institutions with earnings gains	49.6	48.1	51.2	68.0	63.6	57.9	56.5	45.1	47.2	41.7	60.3
Performance Ratios (annualized, %)											
Yield on earning assets	7.54	7.40	7.39	7.40	7.72	8.13	7.14	7.13	7.41	6.72	7.45
Cost of funding earning assets	3.21	2.78	2.69	2.70	3.86	4.15	2.77	2.88	2.79	2.45	2.34
Net interest margin	4.33	4.63	4.70	4.70	3.86	3.98	4.37	4.25	4.62	4.27	5.11
Noninterest income to earning assets	2.24	1.18	1.41	2.61	2.56	2.84	1.64	1.62	2.39	1.69	2.36
Noninterest expense to earning assets	4.23	3.84	3.94	4.50	4.27	4.44	3.85	3.72	4.29	4.00	4.84
Net operating income to assets	1.14	1.16	1.19	1.38	0.97	1.04	1.20	1.17	1.46	1.18	1.17
Return on assets	1.17	1.17	1.20	1.40	1.01	1.08	1.22	1.19	1.47	1.19	1.18
Return on equity	14.82	11.89	13.59	17.10	14.54	14.91	15.27	14.76	16.84	14.25	13.60
Net charge-offs to loans and leases	0.53	0.17	0.32	0.64	0.59	0.83	0.23	0.29	0.40	0.10	0.62
Loan loss provision to net charge-offs	96.48	157.06	121.00	105.53	81.02	91.19	110.40	128.35	117.79	107.63	84.68
Condition Ratios (%)											
Loss allowance to:											
Loans and leases	2.36	1.70	1.79	2.35	2.72	2.86	1.83	1.84	1.93	1.79	2.77
Noncurrent loans and leases	145.99	140.95	132.15	159.47	143.37	128.72	181.43	179.55	180.58	172.32	138.19
Noncurrent assets plus other real estate owned to assets	1.27	0.97	1.14	1.16	1.43	1.62	0.88	0.78	0.86	0.79	1.70
Equity capital ratio	7.84	9.91	8.89	8.24	6.83	7.11	8.04	7.99	8.81	8.44	8.63
Core capital (leverage) ratio	7.70	9.97	8.86	8.03	6.64	7.16	7.92	7.99	8.73	8.11	7.92
Net loans and leases to deposits	78.38	61.37	68.55	84.50	83.38	81.01	80.03	79.85	76.21	59.49	80.70
Growth Rates (year-to-year, %)											
Assets	9.1	-	-	-	-	13.2	8.0	8.9	5.0	2.5	5.3
Equity capital	*	-	-	-	-	*	*	*	*	*	*
Net interest income	3.4	-	-	-	-	3.8	5.2	2.2	7.7	2.0	0.8
Net income	5.6	-	-	-	-	10.8	8.5	-0.7	8.5	-21.4	16.6
Noncurrent assets plus other real estate owned	-36.6	-	-	-	-	-37.9	-34.2	-29.9	-25.2	-34.0	-40.0
Net charge-offs	-35.4	-	-	-	-	-35.3	-40.2	-36.5	-21.6	-53.7	-34.4
Loan loss provision	-38.6	-	-	-	-	-36.5	-48.2	-39.3	-26.4	0.8	-44.3
PRIOR FIRST HALVES ***(The way it was . . .)***											
Number of institutions 1993	11,199	8,089	2,737	319	54	895	1,870	2,454	2,744	1,988	1,248
1991	12,154	9,075	2,712	321	46	1,038	1,935	2,681	2,921	2,128	1,451
1989	12,945	10,083	2,486	336	40	1,093	1,960	2,884	3,064	2,446	1,498
Total assets (in billions) 1993	$3,569.3	$340.7	$667.1	$1,010.7	$1,550.8	$1,348.4	$568.4	$587.0	$239.1	$286.3	$540.1
1991	3,377.3	357.5	664.1	1,058.2	1,297.6	1,276.7	509.4	553.1	226.6	265.7	545.9
1989	3,206.9	371.8	588.7	1,042.9	1,203.4	1,275.6	457.7	520.3	207.4	258.1	487.7
Return on assets (%) 1993	1.20	1.25	1.22	1.28	1.12	1.08	1.22	1.29	1.43	1.59	1.05
1991	0.60	0.97	0.79	0.53	0.47	0.31	0.63	0.92	1.13	0.64	0.72
1989	0.91	0.89	0.95	0.86	0.92	0.87	0.98	1.08	1.15	0.05	1.10
Net charge-offs to loans & leases (%)											
1993	0.87	0.30	0.50	0.93	1.10	1.35	0.42	0.50	0.56	0.25	0.96
1991	1.45	0.56	0.82	1.63	1.81	2.18	1.02	0.76	1.00	1.30	1.12
1989	0.89	0.65	0.64	0.87	1.10	0.91	0.47	0.67	0.92	1.79	1.05
Noncurrent assets plus OREO to assets (%) 1993	2.18	1.28	1.58	1.91	2.81	2.95	1.45	1.21	1.21	1.23	2.98
1991	3.24	1.78	2.10	3.17	4.29	4.74	2.41	1.78	1.56	2.59	3.00
1989	2.28	1.93	1.82	1.64	3.16	2.52	1.23	1.29	1.59	4.77	2.64
Equity capital ratio (%) 1993	7.89	9.80	8.63	8.20	6.94	7.14	7.94	8.14	8.94	8.24	8.76
1991	6.71	9.10	7.85	6.74	5.45	5.94	7.19	7.35	8.08	6.77	6.83
1989	6.44	9.07	7.54	6.36	5.17	6.06	7.02	6.89	7.84	5.84	6.16

*New accounting rules and/or reporting detail became effective March 31, 1994. See Notes to Users, pp. 18-19.

REGIONS: ***Northeast*** — Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, U.S. Virgin Islands
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-A. Second Quarter 1994, FDIC-Insured Commercial Banks

		Asset Size Distribution				Geographic Distribution by Region					
						East			West		
SECOND QUARTER Preliminary* *(The way it is . . .)	All Institutions	Less than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater than $10 Billion	North-east	South-east	Central	Mid-west	South-west	West
Number of institutions reporting	10,715	7,558	2,774	328	55	852	1,788	2,351	2,667	1,899	1,158
Total assets (in billions)	$3,892.5	$326.2	$676.7	$1,079.4	$1,810.3	$1,526.4	$613.6	$639.3	$251.1	$293.5	$568.7
Total deposits (in billions)	2,765.9	284.8	568.6	778.1	1,134.4	953.0	463.3	471.2	193.6	241.9	442.8
Net income (in millions)	11,210	971	2,029	3,686	4,525	3,899	1,901	1,918	952	850	1,691
% of unprofitable institutions	4.1	4.4	3.2	3.4	3.6	6.9	3.8	3.4	2.3	3.2	9.5
% of institutions with earnings gains	54.0	52.8	55.6	64.9	67.3	62.9	61.0	49.2	49.8	50.2	61.8
Performance Ratios (annualized, %)											
Yield on earning assets	7.74	7.54	7.54	7.54	7.99	8.41	7.29	7.28	7.60	6.85	7.62
Cost of funding earning assets	3.34	2.81	2.75	2.82	4.04	4.35	2.85	3.00	2.89	2.52	2.42
Net interest margin	4.40	4.73	4.79	4.72	3.95	4.06	4.45	4.28	4.71	4.33	5.19
Noninterest income to earning assets	2.23	1.19	1.43	2.64	2.51	2.79	1.58	1.66	2.46	1.64	2.40
Noninterest expense to earning assets	4.28	3.88	3.98	4.54	4.32	4.55	3.83	3.75	4.29	4.00	4.87
Net operating income to assets	1.14	1.20	1.21	1.38	0.97	0.99	1.24	1.19	1.55	1.15	1.20
Return on assets	1.16	1.19	1.21	1.38	1.01	1.03	1.25	1.21	1.52	1.15	1.19
Return on equity	14.81	12.06	13.58	16.72	14.75	14.48	15.54	15.09	17.36	13.77	13.87
Net charge-offs to loans and leases	0.57	0.21	0.38	0.68	0.63	0.93	0.22	0.31	0.40	0.13	0.66
Loan loss provision to net charge-offs	89.75	134.29	112.28	104.62	70.56	83.33	107.19	115.27	114.93	109.90	83.30
Growth Rates (year-to-year, %)											
Net interest income	4.63	-	-	-	-	5.55	6.95	3.35	7.90	2.26	1.73
Net income	8.48	-	-	-	-	13.61	4.62	0.99	7.54	-5.39	20.55
Net charge-offs	-32.15	-	-	-	-	-28.90	-45.26	-31.07	-21.75	-53.06	-36.30
Loan loss provision	-34.97	-	-	-	-	-33.71	-45.12	-34.74	-19.69	715.32	-42.90
PRIOR SECOND QUARTERS* *(The way it was . . .)											
Return on assets (%) 1993	1.17	1.21	1.19	1.33	1.04	1.03	1.29	1.31	1.50	1.26	1.04
1991	0.55	0.76	0.76	0.42	0.50	0.23	0.66	0.92	1.15	0.65	0.54
1989	0.88	0.84	0.95	0.79	0.94	0.87	0.98	1.07	1.06	-0.05	1.04
Net charge-offs to loans & leases (%)											
1993	0.90	0.34	0.56	0.96	1.12	1.38	0.45	0.49	0.56	0.30	1.07
1991	1.71	0.68	0.93	1.72	2.32	2.79	1.10	0.83	1.09	1.37	1.09
1989	1.05	0.76	0.70	0.93	1.41	1.20	0.51	0.75	0.90	1.93	1.15

TABLE V-A. Real Estate Loan Performance and Other Real Estate Owned, FDIC-Insured Commercial Banks

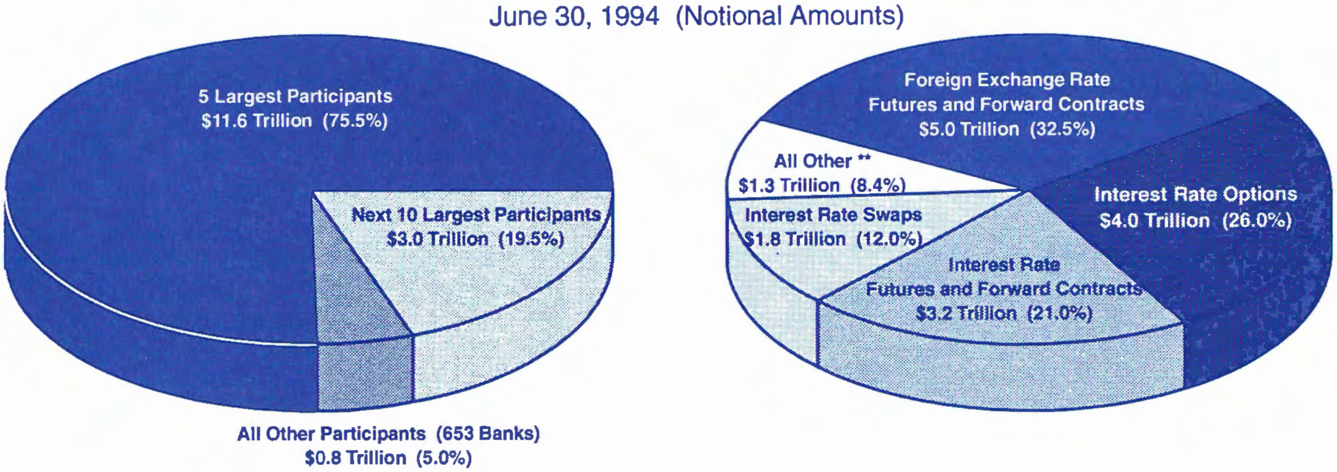
		Asset Size Distribution				Geographic Distribution by Region					
						East			West		
June 30, 1994	All Institutions	Less than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater than $10 Billion	North-east	South-east	Central	Mid-west	South-west	West
Percent of Loans 30-89 Days Past Due											
All loans secured by real estate	1.28	1.25	1.11	1.27	1.43	1.68	1.06	1.11	0.79	1.12	1.32
Construction and development	1.64	0.88	1.48	2.03	1.58	2.17	1.38	1.82	0.86	1.35	1.52
Commercial real estate	1.40	1.06	1.02	1.37	1.94	2.15	0.80	1.02	0.79	0.98	1.77
Multifamily residential real estate	1.09	1.02	0.83	1.34	1.07	1.69	0.62	1.14	0.86	0.51	1.01
1-4 Family residential*	1.27	1.50	1.21	1.20	1.29	1.48	1.26	1.19	0.83	1.21	1.22
Home equity loans	0.70	1.16	0.75	0.65	0.69	0.93	0.51	0.54	0.47	1.70	0.61
Commercial RE loans not secured by real estate	1.18	1.27	0.62	1.05	1.28	1.68	0.70	0.99	0.54	0.43	1.10
Percent of Loans Noncurrent**											
All real estate loans	2.24	1.16	1.48	2.02	3.31	3.51	1.27	1.21	1.21	1.33	3.06
Construction and development	6.05	1.42	2.56	5.17	11.18	9.91	2.14	3.38	1.23	1.13	11.07
Commercial real estate	3.48	1.50	2.11	3.11	5.94	5.80	2.09	1.72	2.35	2.15	4.38
Multifamily residential real estate	3.27	1.67	2.28	2.82	5.00	5.37	1.59	1.10	2.57	1.22	5.31
1-4 Family residential*	1.08	0.87	0.92	1.03	1.29	1.60	0.75	0.76	0.53	0.81	1.29
Home equity loans	0.53	0.70	0.58	0.50	0.51	0.74	0.31	0.32	0.18	1.12	0.53
Commercial RE loans not secured by real estate	3.20	1.58	1.24	1.44	4.14	6.49	2.33	1.13	2.61	0.41	1.33
Percent of Loans Charged-off (net, annualized)											
All real estate loans	0.33	0.06	0.16	0.27	0.59	0.77	0.05	0.14	0.00	-0.03	0.40
Construction and development	0.74	0.15	0.52	0.57	1.22	1.80	-0.05	0.89	0.08	-0.10	0.70
Commercial real estate	0.56	0.07	0.19	0.45	1.22	1.47	0.12	0.19	-0.07	-0.08	0.58
Multifamily residential real estate	0.49	0.24	0.36	0.43	0.72	1.24	0.06	0.19	-0.11	-0.12	0.64
1-4 Family residential*	0.13	0.05	0.08	0.11	0.22	0.31	0.03	0.03	0.04	0.03	0.17
Home equity loans	0.25	0.17	0.12	0.15	0.39	0.26	0.07	0.04	0.01	0.08	0.53
Commercial RE loans not secured by real estate	0.60	0.57	0.15	0.13	0.84	1.08	0.06	0.43	-0.15	-0.21	0.58
Total Loans Outstanding (in billions)											
All real estate loans	$943.9	$98.8	$226.6	$292.5	$325.9	$271.8	$200.2	$164.5	$62.3	$66.4	$178.7
Construction and development	62.6	6.2	15.3	21.4	19.7	14.8	14.9	10.0	3.6	5.3	14.1
Commercial real estate	275.0	27.2	76.9	92.4	78.5	73.8	60.1	51.0	16.6	20.6	52.8
Multifamily residential real estate	30.5	2.4	8.4	10.2	9.6	8.0	6.3	5.9	2.3	2.1	6.0
1-4 Family residential*	456.3	49.6	106.0	139.0	161.8	126.9	102.5	79.0	30.5	35.1	82.4
Home equity loans	73.4	2.5	12.8	26.8	31.3	26.2	12.7	13.0	2.4	0.8	18.3
Commercial RE loans not secured by real estate	16.7	0.3	1.2	4.2	11.0	5.7	2.3	1.9	0.5	0.8	5.5
Other Real Estate Owned (in millions)											
All other real estate owned	$13,276	$987	$2,346	$2,628	$7,316	$7,042	$1,606	$1,032	$552	$793	$2,250
Construction and development	2,676	146	563	883	1,083	1,089	459	246	104	135	642
Commercial real estate	6,837	468	1,107	1,265	3,997	3,715	809	546	339	467	962
Multifamily residential real estate	660	43	131	101	384	408	36	59	20	26	112
1-4 Family residential	1,992	261	486	349	897	896	276	164	60	115	482
Farmland	191	68	58	24	41	16	27	18	29	50	52
Other real estate owned in foreign offices	919	0	0	7	913	919	0	0	0	0	0

*Excludes home equity loans.

**Noncurrent loan rates represent the percentage of loans in each category that are past due 90 days or more or that are in nonaccrual status.

Concentration and Composition of Off-Balance-Sheet Derivatives

June 30, 1994 (Notional Amounts)



* Notional amounts do not represent either the net market position or the credit exposure of banks' off-balance-sheet derivatives activities; they represent the gross value of all contracts written.

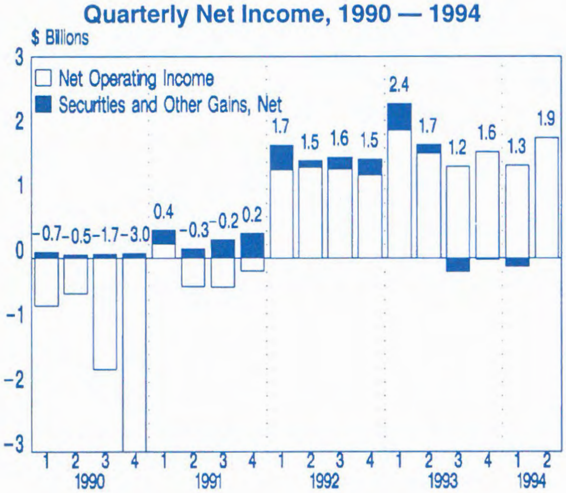
** Includes foreign exchange rate swaps, foreign currency options, and all other forwards, swaps and options.

SAVINGS INSTITUTION PERFORMANCE — SECOND QUARTER, 1994

- ***Savings Institutions Earned $1.9 Billion***
- ***Equity Capital Increased To Over 8 Percent Of Assets***
- ***Troubled Real Estate Asset Rates Fall Below 3 Percent***
- ***Two Savings Institutions Fail During The Quarter***

Private-sector insured savings institutions earned $1.9 billion in the second quarter of 1994, for an annualized return on assets (ROA) of 0.75 percent. Net income was $562 million higher than in the first quarter and $111 million higher than in the second quarter of 1993. Ninety-three percent of all savings institutions were profitable in the quarter. The provision for loan losses, which totaled $709 million, was $648 million lower than a year ago, when a $433-million provision was taken by one large institution. Relative to the previous quarter, noninterest income increased by $209 million, and overhead expenses declined by $97 million. Almost all of the second-quarter profits consisted of net operating (core) income, since nonrecurring items (security and extraordinary gains or losses) totaled only $2 million. The $1.9 billion in core net operating income was a $429-million increase over the previous quarter. Core earnings this quarter were the second highest since quarterly reports were first filed in 1984, after the $2 billion reported in the first quarter of 1993. Earnings for the first half of this year, at $3.1 billion, ran almost $1 billion behind the first half of 1993, when earnings were bolstered by accounting adjustments.

Quarterly Net Income, 1990 — 1994

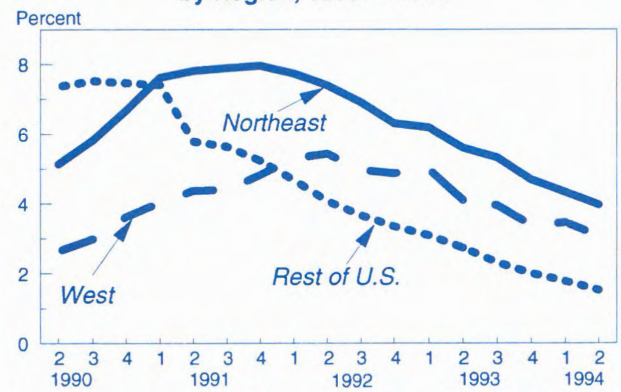


Savings institutions maintained net interest margins despite a rise in interest rates. The average margin in the second quarter was 3.40 percent, little changed from 3.41 percent in the first quarter, but down from 3.56 percent a year ago. Over the past year, average asset yields have declined faster than funding costs, but both rose slightly in the second quarter. Margins widened at all institutions with less than $5 billion in assets, as their asset yields increased slightly faster than their funding costs. Institutions with over $5 billion in assets showed a drop in their net interest margin from 3.18 to 3.11 percent.

Earnings did not increase in all regions of the country. Net income in the Midwest Region fell by $67 million, to $47 million. Expenses associated with one merger accounted for most of the decline in earnings for that region. Thrifts in the West Region improved earnings by $437 million, to $367 million, from a net loss last quarter. This region reported an annualized ROA of 0.46 percent in the second quarter even though one out of every five (21 percent) of the thrifts in the West Region lost money. All other regions reported average annualized ROAs of 0.88 percent or higher.

Savings institutions in the West Region continue to sacrifice earnings in order to improve their financial condition. For the first half of 1994, they had the highest net charge-off rate on real estate loans (0.86 percent), with the Northeast Region a distant second at 0.39 percent. California thrifts account for most of the real estate problems in the West Region. They reported a $45-million loss for the first half of 1994, for an annualized ROA of -0.03 percent. California institutions hold 27 percent of all savings institution industry assets, but they accounted for 59 percent of the loan-loss provisions and 68 percent of net charge-offs on real estate taken by the industry in the first half of 1994.

Troubled Real Estate Asset Rates,* by Region, 1990 — 1994



* Loans secured by real estate past due 90 days or more or in nonaccrual status plus other real estate owned (OREO) as a percent of total real estate loans plus OREO.

Real estate market improvements helped to strengthen the industry's balance sheet. Troubled real estate assets — noncurrent real estate loans and other real estate owned (OREO) — fell by almost $2 billion during the second quarter. Troubled real estate assets comprised 2.83 percent of total real estate assets, down from 3.17 percent last quarter. This marks the first time that troubled real estate asset rates have fallen below three percent since savings institutions began uniform reporting of noncurrent assets in 1990. Noncurrent real estate loans decreased by $892 million during the second quarter and other real estate owned fell by over $1 billion. A few large institutions took restructuring charges in the previous quarter in order to remove noncurrent loans and OREO from their books.

Total assets increased this quarter by $2.4 billion, to $999 billion. Loans secured by 1-4 family residential properties increased by $5.6 billion (one percent) from last quarter. At the same time, securities increased by $4.8 billion (two percent). Asset growth was partially offset by a $1-billion drop in OREO and a $7-billion drop in other assets, mostly cash equivalents and short-term liquid assets. Savings institutions continue to shift their funding from deposits to borrowed funds. During the second quarter, deposits declined by $9.4 billion while other borrowings increased by $12.7 billion.

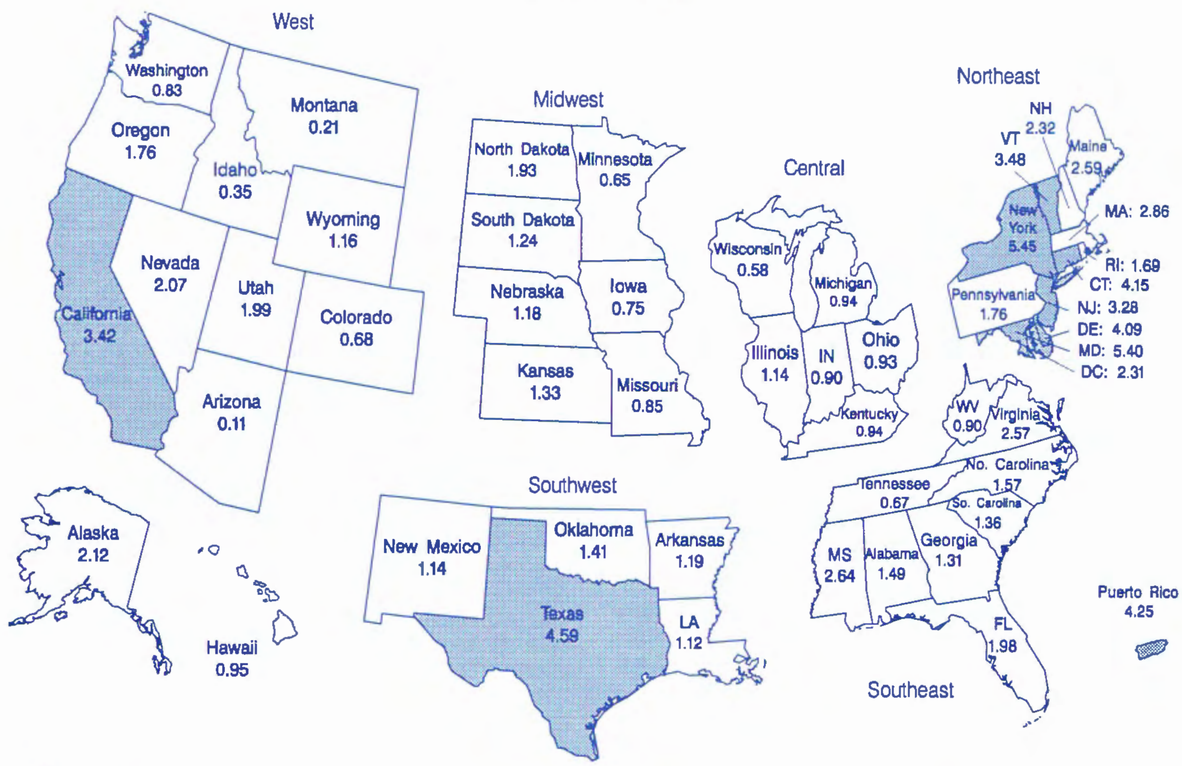
The ratio of loan-loss reserves to noncurrent loans, or "coverage ratio," reached 72 cents for each dollar of noncurrent loans at the end of the second quarter. This ratio continues to improve, up from 70 cents at the end of the first quarter and 60 cents a year ago. Noncurrent loans dropped by $940 million while loan-loss reserves decreased by $315 million (four percent) during the quarter as net charge-offs exceeded provisions by 25 percent.

The industry's equity capital ratio increased for the fifteenth consecutive quarter, to 8.01 percent of assets. Equity capital climbed by $638 million during the quarter and is now $4.2 billion higher than a year ago. After paying dividends, thrifts retained $1.3 billion of their earnings this quarter. Savings institutions also raised about $850 million in capital through stock sales. The increase in thrifts' equity capital this quarter was partially offset by almost $700 million in unrealized losses on securities classified as available-for-sale under new accounting rules adopted this year (FASB 115). There was a net shift of $764 million in thrift equity capital to the commercial banking industry through mergers and charter changes during the quarter.

The number of insured private-sector thrifts in the industry shrank by 23 in the second quarter, to 2,217. Savings institutions had a net transfer of $9.6 billion in assets to commercial banks, as commercial banks continue to acquire thrifts. During the quarter, 19 savings institutions, with $9.7 billion in assets, merged with or converted to commercial banks; three commercial banks, with $131 million in assets, were merged into savings institutions. Savings institutions also acquired 13 Resolution Trust Corporation (RTC) conservatorships, with $2.7 billion in assets, during the quarter. Consolidation within the thrift industry accounted for a reduction of 12 institutions. During the quarter, 23 mutual savings institutions, with $4.5 billion in assets, converted to stock ownership.

Two savings institutions failed in the second quarter — one insured by the Bank Insurance Fund (BIF) and one by the Savings Association Insurance Fund (SAIF). These are the first failures since the third quarter of 1993. The number of "problem" savings institutions continues to shrink. At the end of the quarter, there were 95 "problem" institutions, with $71 billion in assets, compared to 118 institutions, with assets of $89 billion, at the end of the first quarter.

Troubled Real Estate Asset Rates*
June 30, 1994



■ Greater than 6%
▒ Between 3% and 6%
□ Less than 3%

* Noncurrent real estate loans plus other real estate owned (OREO) as a percent of total real estate loans plus OREO.

TABLE I-B. Selected Indicators, FDIC-Insured Savings Institutions*

	1994**	1993**	1993	1992	1991	1990
Return on assets (%)	0.63	0.83	0.70	0.66	0.07	-0.38
Return on equity (%)	7.95	11.18	9.22	9.53	1.20	-6.82
Core capital (leverage) ratio (%)	7.60	7.18	7.48	6.77	5.54	4.62
Noncurrent assets plus other real estate owned to assets (%)	1.76	2.63	2.09	3.07	3.96	3.98
Net charge-offs to loans (%)	0.53	0.66	0.65	0.59	0.65	0.60
Asset growth rate (%)	-0.48	-6.84	-2.85	-7.44	-11.61	-11.79
Net interest margin (%)	3.39	3.54	3.48	3.40	2.76	2.20
Net operating income growth (%)	-9.09	37.37	10.51	N/M	N/M	N/M
Number of institutions	2,217	2,314	2,262	2,390	2,561	2,815
Percentage of unprofitable institutions	6.31	5.06	5.84	7.66	18.51	30.12
Number of problem institutions	95	209	146	276	410	480
Assets of problem institutions (in billions)	$71	$128	$92	$183	$291	$298
Number of failed/assisted institutions	2	6	8	81	163	223

***Through June 30, ratios annualized where appropriate. Asset growth rates are for 12 months ending June 30.*

TABLE II-B. Aggregate Condition and Income Data, FDIC-Insured Savings Institutions*

(dollar figures in millions)	Preliminary 2nd Quarter 1994	1st Quarter 1994	2nd Quarter 1993	%Change 93:2-94:2
Number of institutions reporting	2,217	2,240	2,314	-4.2
Total employees (full-time equivalent)	279,374	285,114	284,377	-1.8
CONDITION DATA				
Total assets	$999,150	$996,717	$1,003,919	-0.5
Loans secured by real estate	588,474	583,367	604,961	-2.7
1-4 Family residential	450,494	444,898	464,356	-2.7
Multifamily residential property	63,748	64,055	64,118	-0.6
Commercial real estate	54,322	55,647	58,159	-6.6
Construction, development and land	19,910	18,766	18,327	8.6
Commercial & industrial loans	9,444	9,488	9,932	-4.9
Loans to individuals	38,122	36,893	36,843	3.5
Other loans & leases	1,729	1,576	1,505	14.9
Less: Unearned income & contra accounts	10,901	9,704	9,124	19.5
Total loans & leases	626,868	621,620	644,117	-2.7
Less: Reserve for losses	8,524	8,839	8,706	-2.1
Net loans & leases	618,343	612,781	635,411	-2.7
Securities	291,471	286,656	264,264	***
Other real estate owned	5,785	6,798	11,782	-50.9
Goodwill and other intangibles	5,801	5,565	6,613	-12.3
All other assets	77,750	84,918	85,849	***
Total liabilities and capital	999,150	996,717	1,003,919	-0.5
Deposits	756,946	766,337	788,012	-3.9
Other borrowed funds	148,408	135,698	126,233	***
Subordinated debt	2,515	2,537	2,679	-6.1
All other liabilities	11,248	12,750	11,131	***
Equity capital	80,033	79,395	75,863	***
Loans and leases 30-89 days past due	8,737	10,449	10,312	-15.3
Noncurrent loans and leases	11,778	12,718	14,604	-19.4
Restructured loans and leases	8,761	9,426	13,086	-33.1
Direct and indirect investments in real estate	605	711	1,048	-42.3
Mortgage-backed securities	210,402	205,781	187,821	***
Earning assets	932,179	927,490	929,123	0.3
FHLB Advances (TFR filers only)	79,247	75,190	71,448	10.9
Unused loan commitments	72,838	96,169	87,367	-16.6

INCOME DATA	Preliminary First Half 1994	First Half 1993	%Change	Preliminary 2nd Quarter 1994	2nd Quarter 1993	%Change 93:2-94:2
Total interest income	$31,755	$34,385	-7.7	$16,084	$17,209	-6.5
Total interest expense	16,146	18,169	-11.1	8,224	9,012	-8.7
Net interest income	15,609	16,217	-3.8	7,860	8,198	-4.1
Provision for loan losses	1,447	2,292	-36.9	709	1,357	-47.7
Total noninterest income	3,030	3,893	-22.2	1,634	1,964	-16.8
Total noninterest expense	12,032	12,337	-2.5	6,022	6,278	-4.1
Securities gains (losses)	40	258	-84.3	2	123	-98.7
Applicable income taxes	1,915	1,969	-2.7	905	946	-4.3
Extraordinary gains, net	(160)	347	N/M	0	43	-100.0
Net income	3,125	4,116	-24.1	1,858	1,747	6.4
Net charge-offs	1,660	2,102	-21.1	886	1,224	-27.6
Cash dividends	1,068	1,067	0.1	520	426	22.1
Net operating income	3,257	3,583	-9.1	1,858	1,621	14.7

*Excludes institutions in Resolution Trust Corporation conservatorship and one self-liquidating institution. N/M - Not meaningful

***New accounting rules and/or reporting detail became effective March 31, 1994. See Notes to Users, pp.18-19.

TABLE III-B. First Half 1994, FDIC-Insured Savings Institutions*

		Asset Size Distribution				Geographic Distribution by Region					
						East			West		
FIRST HALF Preliminary ***(The way it is . . .)***	All Institutions	Less than $100 Million	$100 Million to $1 Billion	$1 Billion to $5 Billion	Greater than $5 Billion	North-east	South-east	Central	Mid-west	South-west	West
Number of institutions reporting	2,217	1,032	1,016	140	29	813	354	558	162	144	186
Total assets (in billions)	$999.1	$52.4	$295.1	$299.0	$352.6	$337.4	$83.2	$151.6	$52.3	$55.9	$318.8
Total deposits (in billions)	756.9	45.3	242.7	220.9	248.1	271.7	64.6	115.8	38.3	36.3	230.3
Net income (in millions)	3,124.7	219.5	1,197.1	1,096.5	611.5	1,464.2	361.2	539.9	157.6	304.7	297.0
% of unprofitable institutions	6.3	6.5	5.2	10.0	20.7	5.5	6.2	3.6	3.1	4.2	22.6
% of institutions with earnings gains	32.3	31.0	31.7	42.1	48.3	34.6	34.5	29.7	22.2	38.2	29.6
Performance Ratios (annualized, %)											
Yield on earning assets	6.90	7.15	7.06	6.91	6.72	7.00	7.01	6.96	6.85	6.66	6.79
Cost of funding earning assets	3.51	3.47	3.45	3.49	3.59	3.27	3.63	3.61	3.84	3.76	3.59
Net interest margin	3.39	3.68	3.61	3.43	3.13	3.73	3.38	3.35	3.01	2.91	3.20
Noninterest income to earning assets	0.66	0.61	0.69	0.76	0.55	0.61	0.77	0.66	0.71	1.10	0.59
Noninterest expense to earning assets	2.62	2.86	2.79	2.60	2.45	2.69	2.59	2.44	2.46	2.47	2.68
Net operating income to assets	0.66	0.83	0.81	0.75	0.43	0.87	0.91	0.89	0.67	1.09	0.18
Return on assets	0.63	0.84	0.82	0.74	0.35	0.88	0.88	0.72	0.62	1.09	0.19
Return on equity	7.95	8.82	9.31	9.45	4.96	10.78	10.43	8.37	7.76	15.08	2.53
Net charge-offs to loans and leases	0.53	0.11	0.20	0.52	0.87	0.45	0.21	0.11	0.14	0.27	0.94
Loan loss provision to net charge-offs	87.21	125.85	119.45	102.63	73.66	86.76	66.23	128.75	142.66	85.10	85.49
Condition Ratios (%)											
Loss allowance to:											
Loans and leases	1.36	0.89	1.21	1.57	1.39	1.64	1.12	0.85	0.82	0.87	1.51
Noncurrent loans and leases	72.37	65.16	80.34	83.79	61.71	64.30	102.58	124.38	131.75	71.51	68.06
Noncurrent assets plus other real estate owned to assets	1.76	1.22	1.54	1.84	1.95	2.25	1.15	0.60	0.62	1.61	2.17
Noncurrent RE loans to RE loans	1.88	1.29	1.47	1.92	2.25	2.56	1.03	0.65	0.62	1.22	2.25
Equity capital ratio	8.01	9.68	8.91	7.93	7.07	8.27	8.55	8.66	7.98	7.41	7.39
Core capital (leverage) ratio	7.60	9.57	8.73	7.53	6.41	8.10	8.24	8.30	7.43	6.88	6.72
Gross real estate assets to gross assets	79.06	72.36	74.73	77.97	84.63	74.19	78.01	80.43	77.97	77.08	84.36
Gross 1-4 family mortgages to gr. assets	44.23	50.46	43.86	37.30	49.48	39.47	46.22	47.79	43.80	29.62	49.74
Net loans and leases to deposits	81.69	75.43	74.92	77.96	92.77	70.89	80.49	80.95	79.77	69.61	97.37
Growth Rates (year-to-year, %)											
Assets	-0.5	-	-	-	-	2.0	-9.6	1.0	3.4	-3.3	-1.3
Equity capital	**	-	-	-	-	**	**	**	**	**	**
Net interest income	-3.8	-	-	-	-	-0.7	-14.0	-5.9	-4.6	-3.9	-3.0
Net income	-24.1	-	-	-	-	-1.4	-2.3	-32.3	-38.0	-45.6	-54.4
Noncurrent assets plus other real estate owned	-33.5	-	-	-	-	-30.8	-50.4	-26.4	-36.9	-53.9	-29.8
Net charge-offs	-21.1	-	-	-	-	-37.6	-39.9	-13.4	1.5	-19.2	-10.8
Loan loss provision	-36.9	-	-	-	-	-42.1	-74.2	-47.9	15.4	-37.2	-30.3
PRIOR FIRST HALVES ***(The way it was . . .)***											
Number of institutions 1993	2,314	1,073	1,068	146	27	838	387	573	171	150	195
1992	2,489	1,154	1,133	172	30	882	434	614	185	160	214
1991	2,684	1,251	1,209	193	31	942	491	644	193	172	242
Total assets (in billions) 1993	$1,003.9	$54.3	$309.0	$307.5	$333.1	$330.7	$92.0	$150.0	$50.6	$57.8	$322.8
1992	1,077.7	58.0	326.1	354.1	339.5	368.3	110.9	154.4	49.4	61.2	333.5
1991	1,160.7	61.8	347.2	390.4	361.4	386.0	132.5	163.2	50.4	63.0	365.7
Return on assets (%) 1993	0.83	1.08	1.00	0.97	0.50	0.91	0.81	1.08	1.03	1.91	0.41
1992	0.60	0.79	0.70	0.66	0.42	0.42	0.73	0.83	0.96	1.44	0.45
1991	0.03	0.28	0.10	0.06	-0.10	-0.41	0.00	0.50	0.58	0.45	0.16
Net charge-offs to loans & leases (%)											
1993	0.66	0.16	0.28	0.58	1.13	0.71	0.30	0.13	0.14	0.34	1.02
1992	0.60	0.23	0.43	0.71	0.70	0.93	0.41	0.22	0.21	0.31	0.56
1991	0.62	0.27	0.55	0.75	0.63	1.10	0.59	0.19	0.28	0.47	0.40
Noncurrent assets plus											
OREO to assets (%) 1993	2.63	1.70	2.13	2.84	3.05	3.31	2.10	0.82	1.02	3.37	3.05
1992	3.66	2.02	2.74	3.90	4.56	4.56	2.85	1.31	1.38	5.04	4.09
1991	3.97	2.38	3.34	4.66	4.10	5.20	3.63	1.40	1.74	9.61	3.29
Equity capital ratio (%) 1993	7.56	8.99	8.27	7.46	6.75	7.76	7.93	8.26	7.55	6.81	7.05
1992	6.70	8.08	7.19	6.69	5.99	6.72	6.75	7.35	6.27	5.83	6.57
1991	5.92	7.48	6.49	5.53	5.52	6.21	5.66	6.40	5.10	3.91	5.96

*Excludes institutions in Resolution Trust Corporation conservatorship and one self-liquidating institution.

**New accounting rules and/or reporting detail became effective March 31, 1994. See Notes to Users, pp.18-19.

REGIONS:

Northeast — Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, U.S. Virgin Islands

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-B. Second Quarter 1994, FDIC-Insured Savings Institutions*

		Asset Size Distribution				Geographic Distribution by Region					
						East			West		
SECOND QUARTER Preliminary ***(The way it is . . .)***	All Institutions	Less than $100 Million	$100 Million to $1 Billion	$1 Billion to $5 Billion	Greater than $5 Billion	North-east	South-east	Central	Mid-west	South-west	West
Number of institutions reporting	2,217	1,032	1,016	140	29	813	354	558	162	144	186
Total assets (in billions)	$999.1	$52.4	$295.1	$299.0	$352.6	$337.4	$83.2	$151.6	$52.3	$55.9	$318.8
Total deposits (in billions)	756.9	45.3	242.7	220.9	248.1	271.7	64.6	115.8	38.3	36.3	230.3
Net income (in millions)	1,858	103	606	492	657	740	195	348	47	163	367
% of unprofitable institutions	7.0	7.7	6.0	8.6	10.3	6.3	7.3	4.1	4.9	5.6	21.0
% of institutions with earnings gains	35.2	32.3	36.0	45.7	62.1	43.1	37.9	28.1	27.2	36.1	23.7
Performance Ratios (annualized, %)											
Yield on earning assets	6.96	7.19	7.12	7.00	6.76	7.06	7.09	7.06	6.94	6.68	6.82
Cost of funding earning assets	3.56	3.48	3.48	3.56	3.65	3.30	3.68	3.68	3.91	3.81	3.64
Net interest margin	3.40	3.71	3.64	3.44	3.11	3.76	3.41	3.39	3.03	2.87	3.17
Noninterest income to earning assets	0.71	0.58	0.68	0.70	0.75	0.61	0.81	0.69	0.58	0.99	0.77
Noninterest expense to earning assets	2.61	2.87	2.82	2.63	2.37	2.72	2.61	2.44	2.70	2.42	2.57
Net operating income to assets	0.75	0.78	0.81	0.68	0.76	0.89	0.94	0.92	0.40	1.16	0.46
Return on assets	0.75	0.79	0.83	0.66	0.75	0.88	0.95	0.93	0.36	1.16	0.46
Return on equity	9.37	8.20	9.31	8.40	10.61	10.74	11.10	10.70	4.54	15.92	6.24
Net charge-offs to loans and leases	0.57	0.14	0.22	0.42	1.03	0.40	0.19	0.10	0.12	0.21	1.10
Loan loss provision to net charge-offs	80.05	108.51	106.42	134.67	58.36	98.85	64.42	159.72	208.59	99.67	69.52
Growth Rates (year-to-year, %)											
Net interest income	-4.1	-	-	-	-	-0.1	-13.4	-6.4	-3.9	-4.2	-5.0
Net income	6.4	-	-	-	-	15.9	-4.3	-17.7	-61.5	-20.9	136.1
Net charge-offs	-27.6	-	-	-	-	-47.2	-13.2	-15.2	-16.3	1.2	-20.2
Loan loss provision	-47.7	-	-	-	-	-40.0	-80.5	-37.9	30.4	-43.3	-49.7
PRIOR SECOND QUARTERS ***(The way it was . . .)***											
Return on assets (%) 1993	0.70	1.12	0.96	0.85	0.26	0.78	0.89	1.14	0.97	1.44	0.19
1992	0.55	0.80	0.70	0.62	0.30	0.38	0.73	0.81	1.15	1.28	0.35
1991	-0.10	0.29	-0.09	-0.06	-0.23	-0.68	-0.23	0.53	0.58	0.50	0.07
Net charge-offs to loans&leases (%)											
1993	0.77	0.16	0.31	0.50	1.47	0.74	0.19	0.12	0.15	0.21	1.32
1992	0.63	0.27	0.49	0.64	0.79	0.96	0.37	0.23	-0.02	0.31	0.65
1991	0.69	0.27	0.66	0.75	0.74	1.22	0.74	0.18	0.26	0.34	0.44

*Excludes institutions in Resolution Trust Corporation conservatorship and one self-liquidating institution.

TABLE V-B. Real Estate Loan Performance and Other Real Estate Owned, FDIC-Insured Savings Institutions*

June 30, 1994	All Institutions	Asset Size Distribution: Less than $100 Million	$100 Million to $1 Billion	$1 Billion to $5 Billion	Greater than $5 Billion	Geographic Distribution by Region: East: North-east	South-east	Central	West: Mid-west	South-west	West
Percent of Loans 30-89 Days Past Due											
All loans secured by real estate	1.34	2.00	1.30	1.25	1.34	1.63	1.21	0.98	1.14	1.22	1.33
Construction, development and land	0.98	1.22	0.86	1.06	1.15	1.36	0.80	0.98	0.82	0.69	0.99
Commercial real estate	1.56	1.98	1.69	1.56	1.31	1.85	1.52	1.17	1.45	0.73	1.41
Multifamily residential real estate	1.39	1.58	1.13	1.56	1.38	1.89	1.20	0.79	0.56	0.47	1.38
1-4 Family residential	1.32	2.08	1.28	1.16	1.34	1.57	1.21	0.98	1.16	1.40	1.31
Percent of Loans Noncurrent**											
All real estate loans	1.88	1.29	1.47	1.92	2.25	2.56	1.03	0.65	0.62	1.22	2.25
Construction, development and land	2.67	1.27	2.16	4.63	1.44	5.90	1.79	0.84	0.81	0.88	3.49
Commercial real estate	3.98	2.37	3.34	4.74	4.30	5.09	2.34	1.90	2.36	2.34	4.01
Multifamily residential real estate	3.21	3.39	2.81	3.68	3.05	4.78	1.99	1.07	1.13	2.05	3.15
1-4 Family residential	1.40	1.08	1.01	1.07	1.95	1.79	0.75	0.51	0.43	1.08	1.81
Percent of Loans Charged-off (net, annualized)											
All real estate loans	0.48	0.09	0.18	0.44	0.79	0.39	0.16	0.08	0.09	0.15	0.86
Construction, development and land	0.48	0.20	0.43	0.57	0.62	0.95	0.32	0.14	0.53	0.02	0.67
Commercial real estate	1.32	0.35	0.48	1.30	2.61	0.94	0.68	0.45	0.58	1.47	2.28
Multifamily residential real estate	1.29	0.50	0.53	1.01	1.81	0.58	0.68	0.37	0.25	0.14	1.84
1-4 Family residential	0.26	0.03	0.08	0.21	0.46	0.26	0.06	0.03	0.02	0.04	0.47
Total Loans Outstanding (in billions)											
All real estate loans	$588.5	$32.9	$174.9	$155.4	$225.3	$176.9	$50.4	$90.2	$27.6	$22.9	$220.5
Construction, development and land	19.9	1.8	10.0	5.5	2.7	4.2	4.2	4.2	0.9	2.3	4.1
Commercial real estate	54.3	2.7	20.1	16.9	14.6	22.6	5.0	5.4	2.0	1.7	17.5
Multifamily residential real estate	63.7	1.3	12.4	19.6	30.5	14.9	1.6	6.8	1.4	1.5	37.5
1-4 Family residential	450.5	27.0	132.4	113.5	177.5	135.1	39.6	73.9	23.2	17.4	161.3
Other Real Estate Owned (in millions)***											
All other real estate owned	$5,785	$169	$1,773	$2,219	$1,623	$2,582	$385	$257	$133	$586	$1,842
Construction, development and land	1,555	22	539	812	183	784	129	37	17	273	315
Commercial real estate	1,887	51	694	669	473	838	167	134	91	168	488
Multifamily residential real estate	1,104	21	259	499	326	358	13	32	24	148	529
1-4 Family residential	2,015	92	503	506	914	800	119	94	35	68	899
Troubled Real Estate Asset Rates**** **(% of total RE assets)**											
All real estate loans	2.83	1.80	2.46	3.30	2.95	3.96	1.78	0.94	1.09	3.69	3.06
Construction, development and land	9.72	2.48	7.17	16.89	7.76	20.59	4.70	1.71	2.74	11.35	10.37
Commercial real estate	7.21	4.16	6.57	8.38	7.29	8.48	5.49	4.28	6.53	11.14	6.61
Multifamily residential real estate	4.85	4.89	4.80	6.08	4.08	7.02	2.79	1.53	2.74	11.07	4.49
1-4 Family residential	1.84	1.42	1.38	1.50	2.45	2.36	1.05	0.64	0.58	1.47	2.36

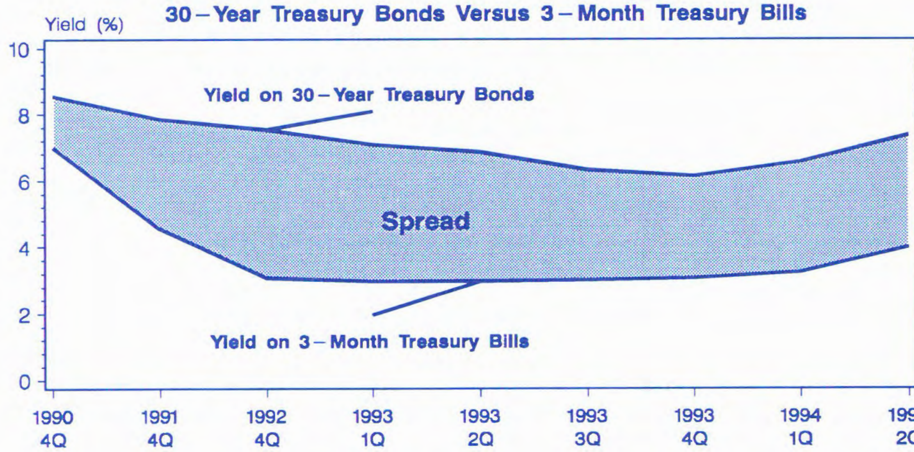
*Excludes institutions in Resolution Trust Corporation conservatorship and one self-liquidating institution.

**Noncurrent loan rates represent the percentage of loans in each category that are past due 90 days or more or that are in nonaccrual status.

***"All other real estate owned" is shown net of valuation allowances. The individual categories of OREO do not net out valuation allowances of TFR filers.

****Noncurrent real estate loans plus other real estate owned as a percent of total real estate loans plus OREO.

Spread Between Short-Term and Long-Term Yields
30-Year Treasury Bonds Versus 3-Month Treasury Bills



	1990 4Q	1991 4Q	1992 4Q	1993 1Q	1993 2Q	1993 3Q	1993 4Q	1994 1Q	1994 2Q
30-Year Bonds	8.55	7.85	7.53	7.08	6.86	6.32	6.13	6.56	7.36
3-Month Bills	6.99	4.54	3.07	2.96	2.97	3.00	3.06	3.24	3.99
Spread	1.56	3.31	4.46	4.12	3.89	3.32	3.07	3.32	3.37

ALL FDIC-INSURED INSTITUTIONS

- ***Loan Growth Paces Gain In Total Assets***
- ***Total Deposits Fall For Second Consecutive Quarter***
- ***Six Institutions Fail In The Second Quarter***
- ***BIF Coverage Ratio Rises To 0.93 Percent; SAIF Coverage Ratio Reaches 0.24 Percent***

The nation's 12,932 private-sector FDIC-insured institutions recorded total assets of $4.89 trillion on June 30, up $52 billion (1.1 percent) over March 31. Loan growth for the quarter totaled $63 billion, led by 1-to-4 family mortgage lending (up $21 billion), loans to individuals (up $18 billion) and commercial and industrial loans (up $15 billion). Total securities declined $1.7 billion from March to June.

Asset growth was also funded by a greater proportion of nondeposit liabilities, as total deposits dipped slightly during the second quarter. Estimated deposits insured by the Bank Insurance Fund (BIF), including those at U.S. branches of foreign banks, declined $8.2 billion (0.4 percent) during the second quarter; estimated deposits insured by the Savings Association Insurance Fund (SAIF), including those at RTC conservatorships, fell $5.4 billion (0.8 percent). Growth in equity capital kept pace with asset growth despite the impact on capital accounts of more than $4 billion in unrealized losses on securities available for sale, caused by rising interest rates.

Six FDIC-insured institutions failed in the second quarter of 1994, after no insured institution failures in the first quarter. The second-quarter failures included five BIF members (four commercial banks and one savings bank) and one SAIF-member savings institution. Failed-institution assets totaled $654 million. On June 30, BIF had an estimated balance of $17.5 billion, or 93 cents for each $100 of insured deposits. SAIF had an estimated balance of $1.7 billion and a coverage ratio of 24 cents (see new items in Table II-C).

An institution's insurance fund membership and primary federal supervisor are generally determined by the institution's charter type. BIF members are predominantly commercial banks supervised by one of the three federal banking agencies, and SAIF members are predominantly savings institutions supervised by the Office of Thrift Supervision (OTS). However, charter switches and deposit acquisitions can alter the relationships among charter type, primary federal supervisor and insuring fund. These developments are discussed below.

"Sasser" institutions. Since 1989, institutions have been permitted to switch charter type and primary federal supervisor without changing insurance fund membership. In the second quarter of 1994, 11 SAIF-member institutions changed charters, with seven becoming state-chartered savings banks, supervised by the FDIC, and four becoming national banks, supervised by the OCC. On June 30, 300 SAIF-member institutions were subject to supervision by one of the three federal banking agencies, including 227 state-chartered savings banks and 73 commercial banks.

"Oakar" deposits. A member of one insurance fund may acquire deposits insured by the other fund, but this portion of the acquiring institution's deposits retains coverage under the other fund. On June 30, 1994, 652 BIF-member institutions held an estimated $154 billion in SAIF-insured deposits, or 22.2 percent of all SAIF-insured deposits; and 34 SAIF-member institutions held an estimated $5.9 billion in BIF-insured deposits, or 0.3 percent of all BIF-insured deposits. Including SAIF members owned by bank holding companies, the proportion of SAIF-insured deposits held by BIF members and SAIF members affiliated with BIF members increases from 22.2 percent to 27.6 percent ($191 billion).

Estimated FDIC-Insured Deposits by Fund Membership and Type of Institution
June 30, 1994*

(dollar figures in millions)	Number of Institutions	Total Assets	Total Deposits	Estimated Insured Deposits BIF	SAIF	Total
Private-Sector Commercial and Savings Institutions						
FDIC-Insured Commercial Banks	10,715	3,892,523	2,765,873	1,722,413	122,916	1,845,329
BIF-member	10,642	3,876,486	2,753,458	1,721,523	114,560	1,836,083
SAIF-member	73	16,037	12,414	891	8,355	9,246
FDIC-Insured Savings Institutions	2,217	999,150	756,946	163,006	560,365	723,371
OTS-Supervised Savings Institutions	1,612	772,862	572,453	22,670	523,839	546,509
BIF-member	18	73,275	54,944	17,663	35,202	52,865
SAIF-member*	1,594	699,587	517,509	5,008	488,636	493,644
FDIC-Supervised State Savings Banks	605	226,287	184,493	140,335	36,526	176,861
BIF-member	378	185,446	150,753	140,332	3,768	144,100
SAIF-member	227	40,841	33,740	3	32,758	32,761
Total Private-Sector Commercial and Savings Institutions	12,932	4,891,673	3,522,819	1,885,419	683,280	2,568,699
BIF-member	11,038	4,135,207	2,959,155	1,879,518	153,531	2,033,048
SAIF-member	1,894	756,466	563,663	5,901	529,750	535,651
Other FDIC-Insured Institutions						
RTC Conservatorships	18	1,199	7,847	0	7,776	7,776
U.S. Branches of Foreign Banks	52	10,874	3,680	2,335	0	2,335
Total FDIC-Insured Institutions	13,002	4,914,546	3,534,346	1,887,754	691,056	2,578,811

*Excludes one self-liquidating savings institution with less than $1 million in SAIF-insured deposits.

TABLE I-C. Selected Indicators, All FDIC-Insured Institutions*

(dollar figures in millions)	1994**	1993**	1993	1992	1991	1990
Number of institutions reporting	12,932	13,513	13,220	13,852	14,482	15,158
Total assets	$4,891,673	$4,573,253	$4,706,831	$4,535,791	$4,543,612	$4,648,642
Total deposits	3,522,819	3,468,520	3,528,255	3,526,945	3,594,272	3,637,267
Number of problem institutions	433	789	572	1,063	1,426	1,492
Assets of problem institutions (in billions)	$113	$454	$334	$592	$819	$640
Number of failed/assisted institutions	6	29	50	181	271	382
Assets of failed/assisted institutions (in billions)	$0.65	$8.57	$9.69	$88	$142	$145

**As of June 30.

TABLE II-C. Aggregate Condition and Income Data, All FDIC-Insured Institutions*

(dollar figures in millions)	Preliminary 2nd Quarter 1994	1st Quarter 1994	2nd Quarter 1993	% Change 93:2-94:2
Number of institutions reporting	12,932	13,079	13,513	-4.3
Total employees (full-time equivalent)	1,774,976	1,773,560	1,761,018	0.8
CONDITION DATA				
Total assets	$4,891,673	$4,839,928	$4,573,253	7.0
Loans secured by real estate	1,532,386	1,506,330	1,494,636	2.5
1-4 Family residential	980,281	959,308	949,517	3.1
Home equity loans	90,796	89,174	93,515	-2.9
Multifamily residential property	94,283	93,772	92,470	2.0
Commercial real estate	329,245	325,862	321,239	2.5
Construction, development and land	82,504	82,812	88,535	-6.8
Other real estate loans	46,074	44,576	42,876	7.5
Commercial & industrial loans	574,237	558,850	543,806	5.6
Loans to individuals	476,616	458,695	426,869	11.7
Credit cards & related plans	168,067	159,847	147,298	14.1
Other loans & leases	281,008	276,442	262,982	6.9
Less: Unearned income & contra accounts	17,031	15,906	16,847	1.1
Total loans & leases	2,847,216	2,784,412	2,711,446	5.0
Less: Reserve for losses	60,955	61,753	62,813	-3.0
Net loans & leases	2,786,260	2,722,658	2,648,634	5.2
Securities	1,140,416	1,142,124	1,074,194	***
Other real estate owned	19,061	21,762	34,368	-44.5
Goodwill and other intangibles	26,057	23,972	23,383	11.4
All other assets	919,879	929,412	792,675	***
Total liabilities and capital	4,891,673	4,839,928	4,573,253	7.0
Deposits	3,522,819	3,523,234	3,468,520	1.6
Other borrowed funds	704,833	674,048	572,339	***
Subordinated debt	39,963	39,764	39,633	0.8
All other liabilities	239,010	222,735	135,401	***
Equity capital	385,048	380,147	357,359	***
Loans and leases 30-89 days past due	34,403	39,793	39,696	-13.3
Noncurrent loans and leases	47,693	53,162	68,777	-30.7
Restructured loans and leases	15,025	15,651	24,238	-38.0
Direct and indirect investments in real estate	1,176	1,320	1,509	-22.1
Mortgage-backed securities	545,564	538,577	522,426	***
Earning assets	4,269,511	4,239,782	4,086,285	4.5
Unused loan commitments	1,666,956	1,632,895	1,425,773	16.9
Including RTC conservatorships and IBA's:				
Estimated BIF-insured deposits	1,887,754	1,895,911	1,893,947	-0.3
Domestic deposits (reflects Oakar adjustments)	2,437,809	2,461,564	2,445,566	-0.3
BIF balance (unaudited figures)	17,490	15,238	6,769	158.4
BIF coverage ratio (%)****	0.93	0.80	0.36	
Estimated SAIF-insured deposits	691,057	696,428	714,196	-3.2
Domestic deposits (reflects Oakar adjustments)	719,140	725,794	742,869	-3.2
SAIF balance (unaudited figures)	1,662	1,418	638	160.5
SAIF coverage ratio (%)****	0.24	0.20	0.09	
Estimated FDIC-insured deposits, BIF and SAIF	2,578,811	2,592,339	2,608,143	-1.1

INCOME DATA	Preliminary First Half 1994	First Half 1993	%Change	Preliminary 2nd Quarter 1994	2nd Quarter 1993	%Change 93:2-94:2
Total interest income	$156,596	$156,171	0.3	$80,383	$78,180	2.8
Total interest expense	69,323	70,620	-1.8	35,987	35,061	2.6
Net interest income	87,273	85,551	2.0	44,396	43,119	3.0
Provision for loan losses	6,970	11,291	-38.3	3,511	5,665	-38.0
Total noninterest income	40,135	40,072	0.2	20,129	20,594	-2.3
Total noninterest expense	82,168	81,856	0.4	41,597	41,029	1.4
Securities gains (losses)	785	1,980	-60.3	187	868	-78.5
Applicable income taxes	13,458	11,455	17.5	6,541	5,951	9.9
Extraordinary gains, net	(192)	2,226	N/M	6	146	-96.0
Net income	25,406	25,226	0.7	13,069	12,081	8.2

*Excludes institutions in RTC conservatorship, one self-liquidating savings institution, insured branches of foreign banks (IBA's), unless indicated otherwise.

***New accounting rules and/or reporting detail became effective March 31, 1994. See Notes to Users, pp. 18-19. N/M-Not meaningful

****Coverage ratios reflect the insurance fund balance as a percentage of estimated insured deposits.

TABLE I-D. Selected Indicators, BIF-Member Depository Institutions*

(dollar figures in millions)	1994**	1993**	1993	1992	1991	1990
Number of institutions reporting	11,038	11,541	11,291	11,813	12,305	12,791
Total assets	$4,135,207	$3,808,824	$3,949,479	$3,711,525	$3,660,425	$3,646,838
Total deposits	2,959,155	2,879,640	2,951,765	2,873,080	2,881,739	2,861,441
Number of problem institutions	360	636	472	856	1,089	1,046
Assets of problem institutions (in billions)	$54	$362	$269	$464	$610	$409
Number of failed/assisted institutions	5	23	41	122	127	169
Assets of failed/assisted institutions (in billions)	$0.56	$2.61	$3.56	$44	$63	$15

**As of June 30.

TABLE II-D. Selected Aggregate Condition and Income Data, BIF-Member Depository Institutions*

(dollar figures in millions)	Preliminary 2nd Quarter 1994	1st Quarter 1994	2nd Quarter 1993	% Change 93:2-94:2
Number of institutions reporting	11,038	11,172	11,541	-4.4
Commercial banks	10,642	10,767	11,131	-4.4
Savings institutions	396	405	410	-3.4
Total employees (full-time equivalent)	1,556,547	1,550,622	1,541,626	1.0
CONDITION DATA				
Total assets	$4,135,207	$4,087,402	$3,808,824	8.6
Loans secured by real estate, total	1,084,301	1,064,763	1,037,967	4.5
1-4 Family residential	630,710	616,341	593,970	6.2
Multifamily residential property	49,558	48,502	46,434	6.7
Commercial real estate	293,442	289,220	282,155	4.0
Construction, development and land	64,602	66,185	72,583	-11.0
Commercial & industrial loans	568,850	553,581	537,887	5.8
Reserve for losses	55,036	55,547	56,700	-2.9
Total deposits	2,959,155	2,953,367	2,879,640	2.8
Estimated insured deposits	2,033,048	2,033,255	2,017,081	0.8
BIF-insured deposits (estimated)	1,879,518	1,887,977	1,886,298	-0.4
SAIF-insured deposits (estimated)	153,531	145,278	130,784	17.4
Noncurrent loans and leases	39,926	44,723	59,027	-32.4
Other real estate owned	15,053	16,985	26,271	-42.7
Equity capital	325,320	321,134	300,294	**
CAPITAL CATEGORY DISTRIBUTION				
Number of institutions:				
Well capitalized	10,837	10,943	11,216	-3.4
Adequately capitalized	159	179	229	-30.6
Undercapitalized	20	20	50	-60.0
Significantly undercapitalized	15	22	32	-53.1
Critically undercapitalized	7	8	14	-50.0
Total assets:				
Well capitalized	$4,012,027	$3,930,803	$3,642,153	10.2
Adequately capitalized	118,661	150,104	149,450	-20.6
Undercapitalized	2,028	1,415	9,085	-77.7
Significantly undercapitalized	1,645	4,029	7,157	-77.0
Critically undercapitalized	846	1,051	979	-13.6

INCOME DATA	Preliminary First Half 1994	First Half 1993	%Change	Preliminary 2nd Quarter 1994	2nd Quarter 1993	%Change 93:2-94:2
Net interest income	$75,903	$73,542	3.2	$38,672	$37,058	4.4
Provision for loan losses	5,895	9,947	-40.7	2,962	4,956	-40.2
Net income	23,382	21,748	7.5	11,787	10,450	12.8
Net charge-offs	6,117	9,897	-38.2	3,286	5,293	-37.9
Number of institutions reporting net losses	411	568	-27.6	461	623	-26.0

*Excludes insured branches of foreign banks.

**New accounting rules and/or reporting detail became effective March 31, 1994. See Notes to Users, pp. 18-19.

TABLE I-E. Selected Indicators, SAIF-Member Depository Institutions*

(dollar figures in millions)	1994**	1993**	1993	1992	1991	1990
Number of institutions reporting	1,894	1,972	1,929	2,039	2,177	2,367
Total assets	$756,466	$764,429	$757,352	$824,266	$883,187	$1,001,804
Total deposits	563,663	588,880	576,490	653,865	712,533	775,826
Number of problem institutions	73	153	100	207	337	446
Assets of problem institutions (in billions)	$59	$92	$65	$128	$209	$231
Number of failed/assisted institutions	1	6	9	59	144	213
Assets of failed/assisted institutions (in billions)	$0.09	$5.96	$6.13	$44	$79	$130

**As of June 30.

TABLE II-E. Selected Aggregate Condition and Income Data, SAIF-Member Depository Institutions*

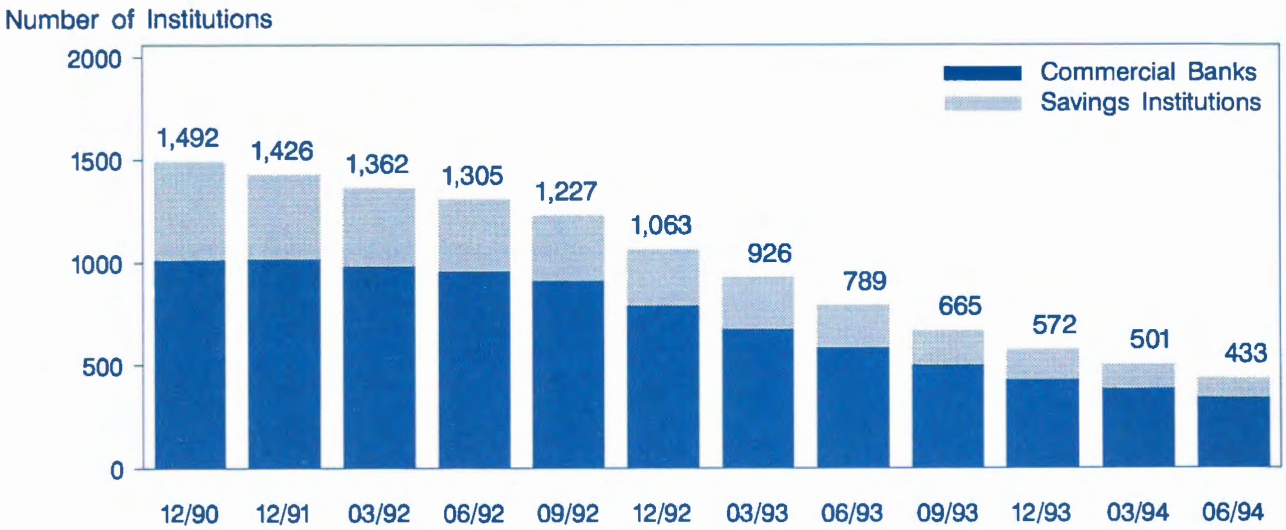
(dollar figures in millions)	Preliminary 2nd Quarter 1994	1st Quarter 1994	2nd Quarter 1993	% Change 93:2-94:2
Number of institutions reporting	1,894	1,907	1,972	-4.0
Commercial banks	73	72	68	7.4
Savings institutions	1,821	1,835	1,904	-4.4
Total employees (full-time equivalent)	218,429	222,938	219,392	-0.4
CONDITION DATA				
Total assets	$756,466	$752,526	$764,429	-1.0
Loans secured by real estate, total	448,085	441,568	456,669	-1.9
1-4 Family residential	349,571	342,967	355,547	-1.8
Multifamily residential property	44,724	45,271	46,036	-2.9
Commercial real estate	35,802	36,643	39,083	-8.4
Construction, development and land	17,902	16,627	15,951	12.2
Commercial & industrial loans	5,387	5,269	5,919	-9.0
Reserve for losses	5,919	6,206	6,112	-3.2
Total deposits	563,663	569,867	588,880	-4.3
Estimated insured deposits	535,651	540,671	560,784	-4.5
BIF-insured deposits (estimated)	5,901	5,584	5,235	12.7
SAIF-insured deposits (estimated)	529,750	535,087	555,549	-4.6
Noncurrent loans and leases	7,767	8,439	9,749	-20.3
Other real estate owned	4,007	4,777	8,097	-50.5
Equity capital	59,728	59,013	57,065	**
CAPITAL CATEGORY DISTRIBUTION				
Number of institutions:				
Well capitalized	1,789	1,798	1,790	-0.1
Adequately capitalized	91	98	137	-33.6
Undercapitalized	7	9	23	-69.6
Significantly undercapitalized	6	2	14	-57.1
Critically undercapitalized	1	0	8	-87.5
Total assets:				
Well capitalized	$661,347	$646,602	$655,556	0.9
Adequately capitalized	85,677	99,520	78,014	9.8
Undercapitalized	2,823	6,184	6,184	-54.4
Significantly undercapitalized	2,561	220	19,154	-86.6
Critically undercapitalized	4,058	0	5,521	-26.5

INCOME DATA	Preliminary First Half 1994	First Half 1993	%Change	Preliminary 2nd Quarter 1994	2nd Quarter 1993	%Change 93:2-94:2
Net interest income	$11,370	$12,009	-5.3	$5,724	$6,061	-5.6
Provision for loan losses	1,075	1,344	-20.0	549	709	-22.6
Net income	2,024	3,478	-41.8	1,281	1,631	-21.4
Net charge-offs	1,268	1,061	19.4	722	532	35.8
Number of institutions reporting net losses	122	91	34.1	132	98	34.7

*Excludes institutions in Resolution Trust Corporation conservatorship and one self-liquidating institution.

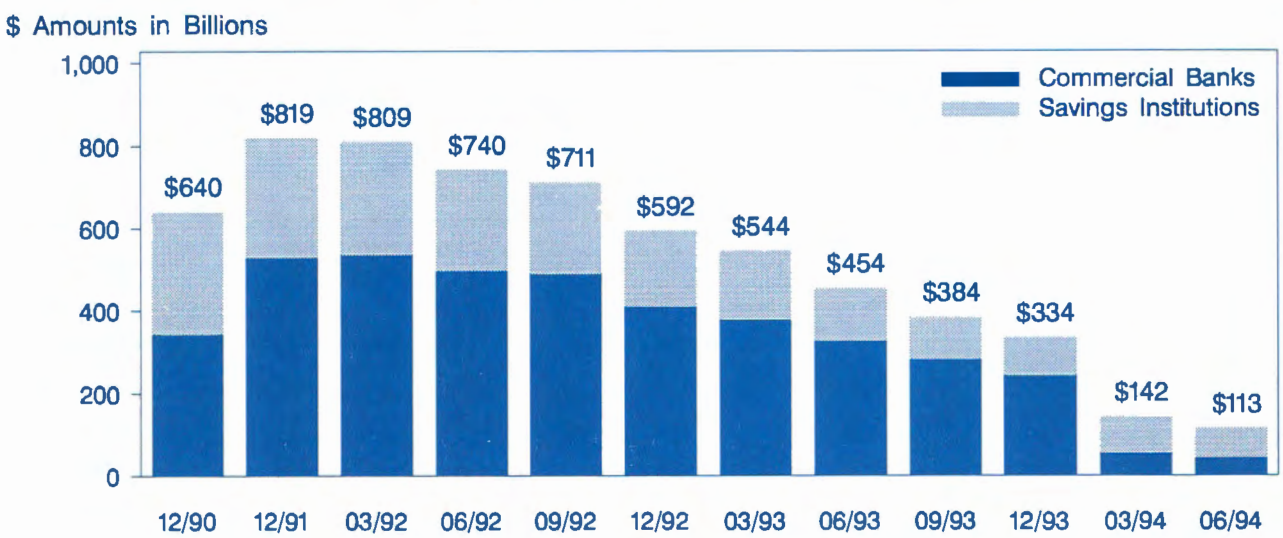
** New accounting rules and/or reporting detail became effective March 31, 1994. See Notes to Users, pp. 18-19.

Number of FDIC–Insured "Problem" Institutions
1990 – 1994



	12/90	12/91	03/92	06/92	09/92	12/92	03/93	06/93	09/93	12/93	03/94	06/94
Savings Institutions	480	410	381	349	318	276	255	209	169	146	118	95
Commercial Banks	1,012	1,016	981	956	909	787	671	580	496	426	383	338

Assets of FDIC–Insured "Problem" Institutions
1990 – 1994



	12/90	12/91	03/92	06/92	09/92	12/92	03/93	06/93	09/93	12/93	03/94	06/94
Savings Institutions	298	291	274	245	223	184	167	128	103	92	89	71
Commercial Banks	342	528	535	495	488	408	377	326	281	242	53	42

NOTES TO USERS

This publication contains financial data and other information for depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). These notes are an integral part of this publication and provide information regarding the comparability of source data and reporting differences over time. The information presented in the *FDIC Quarterly Banking Profile* is divided into the following groups of institutions:

FDIC-Insured Commercial banks (Tables I-A through V-A.)
This section covers commercial banks insured by the FDIC either through the Bank Insurance Fund (BIF) or through the Savings Association Insurance Fund (SAIF). These institutions are regulated by and submit financial reports to one of the three federal commercial bank regulators (the Board of Governors of the Federal Reserve System, the FDIC or the Office of the Comptroller of the Currency).

FDIC-Insured Savings Institutions (Tables I-B through V-B.)
This section covers savings institutions insured by either BIF or SAIF that operate under state or federal banking codes applicable to thrift institutions, except for one self-liquidating institution primarily funded by the FSLIC Resolution Fund (FRF). Savings institutions that have been placed in Resolution Trust Corporation conservatorship are also excluded from these tables while in conservatorship. The institutions covered in this section are regulated by and submit financial reports to one of two Federal regulators — the FDIC or the Office of Thrift Supervision (OTS).

FDIC-Insured Institutions by Insurance Fund (Tables I-C through II-E.)
Summary balance-sheet and earnings data are provided for commercial banks and savings institutions according to insurance fund membership. BIF-member institutions may acquire SAIF-insured deposits, resulting in institutions with some deposits covered by both insurance funds. Also, SAIF members may acquire BIF-insured deposits. The insurance fund membership does not necessarily reflect which fund insures the largest percentage of an institution's deposits. Therefore, the BIF-member and the SAIF-member tables each include deposits from both insurance funds. Depository institutions that are not insured by the FDIC through either the BIF or SAIF are not included in the *FDIC Quarterly Banking Profile*. U.S. branches of institutions headquartered in foreign countries and non-deposit trust companies are not included. Efforts are made to obtain financial reports for all active institutions. However, in some cases, final financial reports are not available for institutions that are closed or converted their charter.

DATA SOURCES
The financial information appearing in this publication is obtained primarily from the Federal Financial Institutions Examination Council (FFIEC) *Call Reports* and the OTS *Thrift Financial Reports* submitted by all FDIC-insured depository institutions. This information is stored on and retrieved from the FDIC's Financial Time Series (FTS) data base.

COMPUTATION METHODOLOGY
Certain adjustments are made to the OTS *Thrift Financial Reports* to provide closer conformance with the reporting and accounting requirements of the FFIEC *Call Reports*. The detailed schedules of the *Thrift Financial Report* reflect the consolidation of the parent thrift with all finance subsidiaries. All other subsidiaries are reported as investments on an equity basis or a cost basis. Some accounting differences exist, such as asset sales with recourse, for which the data necessary to reconcile these differences are not reported.

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 interim periods, divided by the total number of periods). For "pooling-of-interest" mergers, the assets of the acquired institution(s) are included in average assets since the year-to-date income includes the results of all merged institutions. No adjustments are made for "purchase accounting" mergers. Growth rates represent the percentage change over a 12-month period in totals for institutions in the base period to totals for institutions in the current period. Tables III and IV do not provide growth rates for the "Asset Size Distribution" since many institutions migrate between size groups.

RECENT ACCOUNTING CHANGES
FASB Statement 115, "Accounting for Certain Investments in Debt and Equity Securities." Requires that securities that are not held in trading accounts be measured at either amortized cost or fair (market) value, depending on their classification category. For additional details, see "Notes to Users," First Quarter, 1994, *Quarterly Banking Profile.*

FASB Interpretation 39, "Offsetting of Amounts Related to Certain Contracts." Covers fair value amounts recognized as assets and liabilities on the balance sheet for off-balance-sheet derivative contracts under which the amounts to be received or paid or items to be exchanged depend on future events or other factors (e.g., future and forward contracts, interest-rate swaps, exchange-rate swaps, and other conditional and exchange contracts). For additional details, see "Notes to Users," First Quarter, 1994, *Quarterly Banking Profile.*

DEFINITIONS (in alphabetical order)
All other assets — total cash, balances due from depository institutions, premises, fixed assets, direct investments in real estate, investment in unconsolidated subsidiaries, customers' liability on acceptances outstanding, assets held in trading accounts, federal funds sold, securities purchased with agreements to resell, and other assets. Beginning 3/31/94, FASB Interpretation 39 limited the netting of related trading assets and liabilities, which had the effect of increasing the amount of trading account assets reported.

All other liabilities — bank's liability on acceptances, limited-life preferred stock, and other liabilities. Effective 3/31/94, includes revaluation losses on assets held in trading accounts.

BIF-insured deposits (estimated) — the amount of deposits in accounts of less than $100,000 insured by the BIF. For SAIF-member "Oakar" institutions, it represents the adjusted attributable amount acquired from BIF members.

Capital category distribution — each institution's capital category is calculated or estimated from its financial report and does not reflect supervisory upgrades or downgrades:

	Total Risk-Based Capital *		Tier 1 Risk-Based Capital *		Tier 1 Leverage	Tangible Equity
Well-capitalized	≥10%	and	≥6%	and	≥5%	—
Adequately capitalized	≥8%	and	≥4%	and	≥4%	—
Undercapitalized	<8%	or	<4%	or	<4%	—
Significantly undercapitalized	<6%	or	<3%	or	<3%	—
Critically undercapitalized	—		—		—	≤2%

*As a percentage of risk-weighted assets.

Construction and development loans — includes loans for all property types under construction, as well as loans for land acquisition and development.

Core capital — common equity capital plus noncumulative perpetual preferred stock plus minority interest in consolidated subsidiaries, less goodwill and other ineligible intangible assets. The amount of eligible intangibles (including mortgage servicing rights) included in core capital is limited in accordance with supervisory capital regulations.

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

Direct and indirect investments in real estate — excludes loans secured by real estate and property acquired through foreclosure.

Earning assets — all loans and other investments that earn interest or dividend income.

Estimated insured deposits — estimated amount of insured deposits (account balances less than $100,000). The sum of all deposit balances in accounts of less than $100,000 plus the number of accounts with balances greater than $100,000 multiplied by $100,000.

Failed/assisted institutions — An institution fails when regulators take control of the institution, placing the assets and liabilities into a bridge bank, conservatorship, receivership, or another healthy institution. This action may require the FDIC — or the RTC — to provide funds to cover losses. An institution is defined as "assisted" when the institution remains open and receives some insurance funds in order to continue operating.

FHLB advances — borrowings from the Federal Home Loan Bank (FHLB) reported by institutions that file a Thrift Financial Report. Institutions that file a *Call Report* do not report borrowings ("advances") from the FHLB separately.

Goodwill and other intangibles — intangible assets include mortgage servicing rights, purchased credit card relationships and other identifiable intangible assets.

Loans secured by real estate — includes home equity loans, junior liens secured by 1-4 family residential properties and all other loans secured by real estate.

Loans to individuals — includes outstanding credit card balances and other secured and unsecured consumer loans.

Long-term assets (5+ years) — loans and debt securities with remaining maturities or repricing intervals of over five years.

Mortgage-backed securities — certificates of participation in pools of residential mortgages and collateralized mortgage obligations issued or guaranteed by government-sponsored or private enterprises. Effective 3/31/94, the full implementation of FASB 115 meant that a portion of banks' mortgage-backed securities portfolio is now reported based upon fair (market) values; previously, all mortgage-backed securities not held in trading accounts were reported at either amortized cost or lower of cost or market.

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

Net interest margin — the difference between interest and dividends earned on interest-bearing assets and interest paid to depositors and other creditors, expressed as a percentage of average earning assets. No adjustments are made for interest income that is tax exempt.

Net operating income — income excluding discretionary transactions such as gains (or losses) on the sale of investment securities and extraordinary items. Income taxes subtracted from operating income have been adjusted to exclude the portion applicable to securities gains (or losses).

Noncurrent assets — the sum of loans, leases, debt securities and other assets that are 90 days or more past due, or in nonaccrual status. Noncurrent debt securities and other assets were not included prior to March 1991.

Noncurrent loans & leases — the sum of loans and leases 90 days or more past due, and loans and leases in nonaccrual status.

Number of institutions reporting — the number of institutions that actually filed a financial report.

Off-balance-sheet derivatives — represents the sum of the following: interest-rate contracts, defined as: the notional value of interest-rate swaps, futures and forward contracts and option contracts; foreign-exchange-rate contracts and commodity and equity contracts (defined similarly to interest-rate contracts).

Futures and forward contracts - a contract in which the buyer agrees to purchase and the seller agrees to sell, at a specified future date, a specific quantity of underlying at a specified price or yield. These contracts exist for a variety of underlyings, including the traditional agricultural or physical commodities, as well as currencies and interest rates. Futures contracts are standardized and are traded on organized exchanges which set limits on counterparty credit exposure. Forward contracts do not have standardized terms, and are traded over the counter.

Option contracts - a contract in which the buyer acquires the right to buy from or sell to another party some specified amount of underlying at a stated price (strike price) during a period or on a specified future date, in return for compensation (such as a fee or premium). The seller is obligated to purchase or sell the underlying at the discretion of the buyer of the contract.

Swaps - an obligation between two parties to exchange a series of cash flows at periodic intervals (settlement dates), for a specified period. The cash flows of a swap are either fixed, or determined for each settlement date by multiplying the quantity of the underlying (notional principal) by specified reference rates or prices. Except for currency swaps, the notional principal is used to calculate each payment but is not exchanged.

Other borrowed funds — federal funds purchased, securities sold with agreements to repurchase, demand notes issued to the U.S. Treasury, other borrowed money, mortgage indebtedness and obligations under capitalized leases. Effective 3/31/94, includes newly-reported item "Trading liabilities," less revaluation losses on assets held in trading accounts.

Other real estate owned — primarily foreclosed property. Direct and indirect investments in real estate ventures are excluded. The amount is reflected net of valuation allowances. For institutions that file a *Thrift Financial Report* (TFR), the valuation allowance subtracted also includes allowances for other repossessed assets. Also, for TFR filers the components of other real estate owned are reported gross of valuation allowances.

Percent of institutions with earnings gains — the percent of institutions that increased their net income (or decreased their losses) compared to the same period a year earlier.

"Problem" institutions — Federal regulators assign a composite rating to each financial institution, 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" institutions 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 a "4" or "5". For all BIF-member institutions, and for all SAIF-member institutions for which the FDIC is the primary federal regulator, FDIC composite ratings are used. For all SAIF-member institutions whose primary federal regulator is the OTS, the OTS composite rating is used.

Restructured loans and leases — loan and lease financing receivables with terms restructured from the original contract. Excludes restructured loans and leases that are not in compliance with the modified terms.

Return on assets — net income (including gains or losses on securities and extraordinary items) as a percentage of average total assets. The basic yardstick of bank profitability.

Return on equity — net income (including gains or losses on securities and extraordinary items) as a percentage of average total equity capital.

Risk-weighted assets — assets adjusted for risk-based capital definitions which include on-balance-sheet as well as off-balance-sheet items multiplied by risk-weights that range from zero to 100 percent. A conversion factor is used to assign a balance sheet equivalent amount for selected off-balance-sheet accounts.

SAIF-insured deposits (estimated) — the amount of deposits in accounts of less than $100,000 insured by the SAIF. For BIF-member "Oakar" institutions, it represents the adjusted attributable amount acquired from SAIF members.

Securities — excludes securities held in trading accounts. Effective 3/31/94, the full implementation of FASB 115 meant that a portion of banks' securities portfolios is now reported based upon fair (market) values; previously, all securities not in held trading accounts were reported at either amortized cost or lower of cost or market.

Troubled real estate asset rate — noncurrent real estate loans plus other real estate owned as a percent of total real estate loans and other real estate owned.

Unused loan commitments — includes credit card lines, home equity lines, commitments to make loans for construction, loans secured by commercial real estate, and unused commitments to originate or purchase loans.

Volatile liabilities — the sum of large-denomination time deposits, foreign-office deposits, federal funds purchased, securities sold under agreements to repurchase, and other borrowings. Beginning 3/31/94, new reporting detail permits the exclusion of other borrowed money with original maturity of more than one year; previously, all other borrowed money was included. Also beginning 3/31/94, the newly-reported item "Trading liabilities," less revaluation losses on assets held in trading accounts, is included.

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