The FDIC Quarterly Banking Profile

Ricki Tigert Helfer, Chairman

Fourth Quarter, 1994

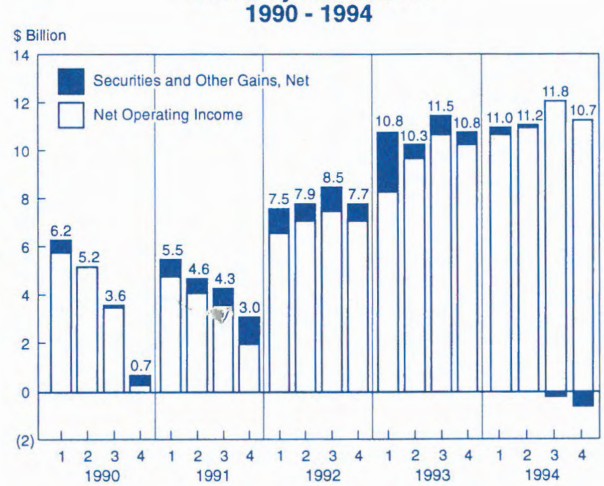
COMMERCIAL BANKING PERFORMANCE — FOURTH QUARTER, 1994

- ***Commercial Banks Earn $10.7 Billion In Fourth Quarter***
- ***Full-Year Earnings Of $44.7 Billion Set New Record***
- ***Loan Growth Continues To Support Strong Industry Performance***
- ***Assets Of Commercial Banks Pass $4 Trillion Mark***

Commercial banks reported $10.7 billion in fourth-quarter earnings, lifting their net income for the year to a record $44.7 billion. Net interest income was $1.9 billion higher in the fourth quarter than a year earlier, while loan-loss provisions were $1.1 billion lower. However, these year-to-year improvements were outweighed by a $1.7-billion increase in overhead expense, a $1.1-billion decline in after-tax proceeds from securities sales and extraordinary items, and a $342-million decline in noninterest income. As a result, fourth-quarter earnings were $55 million lower than a year earlier. The average return on assets (ROA) in the fourth quarter was 1.08 percent, down from 1.18 percent a year ago.

For the full year, industry earnings of $44.7 billion were $1.6 billion (3.7 percent) above 1993's $43.1 billion, even though securities sales and extraordinary transactions produced $4.7 billion less after taxes than in 1993. Net operating (core) earnings, which exclude these nonrecurring items, were $6.3 billion (16.2 percent) higher than in 1993. Banks registered $570 million in losses on securities sales and $15 million in extraordinary losses in 1994, compared to $3.1 billion in securities *gains* and $2.1 billion in extraordinary *gains* in 1993. This marks the first year since 1982 that banks have reported a combined net loss on securities and extraordinary transactions. The main sources of earnings improvement in 1994 were higher net interest income (up $7.3 billion), and lower loan-loss provisioning (down $5.9 billion). The increase in net interest income was attributable to strong growth in interest-bearing assets, especially loans, as net interest margins were slightly lower than in 1993. The $10.9 billion banks set aside in provisions for loan losses in 1994 was the smallest annual total since 1983. Noninterest income grew by only $1.3 billion, held down by a $2.9-billion decline in trading account and foreign-exchange gains and fees.

Quarterly Net Income 1990 - 1994



Slightly more than half (54.4 percent) of the 10,450 commercial banks reporting year-end results registered higher earnings than in 1993. Fewer than one in 25 banks was unprofitable in 1994. For the third consecutive year, almost two-thirds of all commercial banks posted average returns on assets of one percent or greater. Banks paid dividends to shareholders totaling $28.1 billion in 1994, an increase of over $6 billion (27.5 percent) from 1993. Dividend payments were equal to 62.9 percent of banks' net income, the highest payout level since 1991. Retained earnings were $16.6 billion, a decline of $4.4 billion (21.1 percent) from 1993.

Average net interest margins declined slightly in the fourth quarter, to 4.42 percent from 4.46 percent in the previous quarter and 4.43 percent in the fourth quarter of 1993. Margin strength was evidenced by the smallest and largest banks. Banks with assets of $1 billion or less and banks with assets greater than $10 billion experienced no decline in their average margins from third-quarter levels, and had higher margins than a year

FDIC
Division of Research & Statistics

Don Inscoe
Associate Director, Statistics Branch
(202) 898-3940

Tim Critchfield
(202) 898-8557

Jim McFadyen
(202) 898-7027

Ross Waldrop
(202) 898-3951

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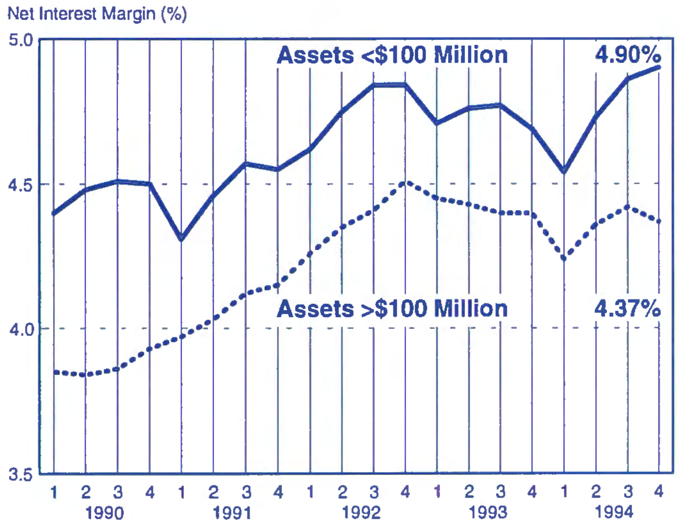
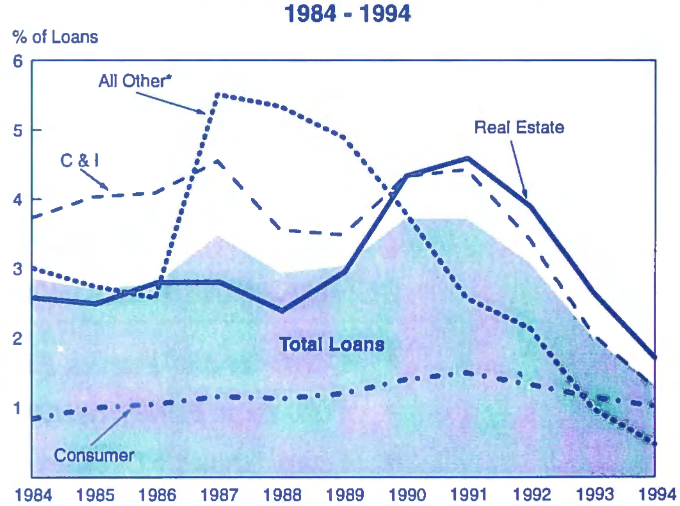
ago. Fourth-quarter margins at banks with assets between $1 billion and $10 billion were lower than in either the third quarter of 1994 or the fourth quarter of 1993. The increase in the share of loans in the industry's total assets helped lift average asset yields, while higher proportions of nondeposit liabilities and foreign-office deposits in banks' funding contributed to the larger increase in average funding costs as short-term interest rates rose.

Quarterly Net Interest Margins
1990 - 1994



Commercial bank assets grew by $87.8 billion in the fourth quarter, to $4.01 trillion at year-end. The 8.2-percent asset growth rate registered for full-year 1994 is misleading, however, because new accounting rules changed the reporting of assets in 1994. At the beginning of the year, a change in the accounting treatment of assets in trading accounts (FASB Interpretation # 39) caused a one-time increase in assets of approximately $100 billion. Another accounting change affecting the reporting of banks' securities and equity capital (FASB Statement 115) reduced reported assets by $11.5 billion and equity capital by $7.9 billion at the end of 1994 (See Notes to Users, p. 21). Without these changes, asset growth in 1994 would have been slightly below 6 percent. In contrast, the reported growth in loans is actual; the 9.7 percent increase in 1994 was the largest annual growth rate since loans grew 14.5 percent in 1984. All major loan categories except loans for real estate construction and development increased in 1994. Credit card loans had the most rapid expansion, increasing by over 21 percent. The largest dollar increases came in real estate loans, which grew by $74.7 billion (with 1-4 family residential loans growing by $53.1 billion), loans to individuals, which increased by $68.1 billion, and commercial and industrial loans, which rose by $50.5 billion. The increase in commercial and industrial loans was the largest full-year increase since 1981. In contrast, banks' securities holdings registered their first year-to-year decline since 1985, falling by $13.6 billion. Most of the decrease ($11.5 billion, or 84.6 percent) was attributable to mark-to-market adjustments under new accounting rules that took effect in 1994 (FASB Statement 115).

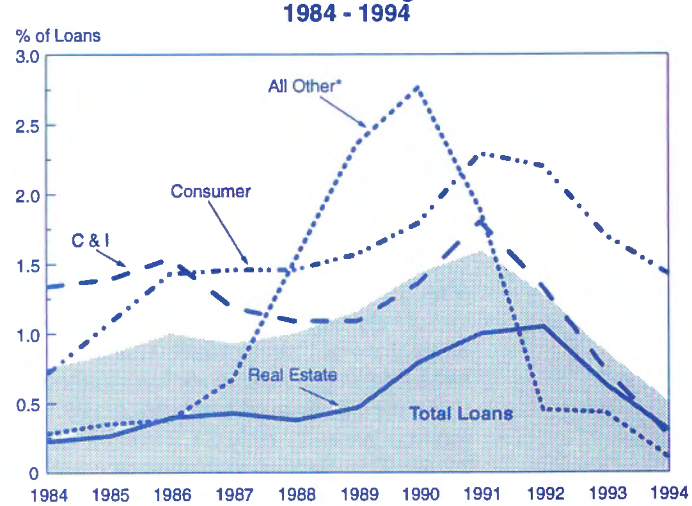
Noncurrent Loan Rates At Year-End
1984 - 1994



*Includes loans to foreign governments, depository institutions and lease receivables.

Troubled asset levels continued to decline through the end of 1994. Noncurrent loans registered their fifteenth consecutive quarterly decline in the fourth quarter, falling by $2.7 billion. This brought the reduction for all of 1994 to $12.1 billion (28.2 percent). The industry's inventory of other real estate owned (OREO) fell by $2.3 billion in the fourth quarter; the full-year net reduction in OREO was $6.7 billion. Together, these troubled assets totaled $40.3 billion at the end of 1994, almost two-thirds (63.0 percent) below the peak level of $109.5 billion reached at midyear, 1991. Banks charged-off $3.1 billion (net) in the fourth quarter, a decrease of 36.2 percent from the fourth quarter of 1993. Net loan charge-offs for the full year totaled $11.2 billion, a 35.9 percent drop from the previous year, and the lowest annual total since banks charged-off $10.8 billion in 1984. Reserve levels fell for the fourth consecutive year, declining by $655 million in 1994. At the same time, the ratio of reserves to noncurrent loans, or "coverage ratio", rose to $1.69 in reserves for every dollar of noncurrent loans at year-end, the highest level registered in the thirteen years banks have reported noncurrent loan amounts.

Annual Net Loan Charge-Off Rates
1984 - 1994

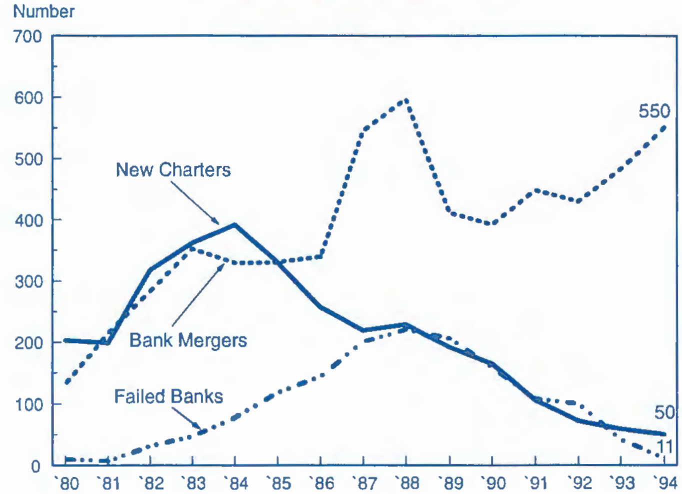


*Includes loans to foreign governments, depository institutions and lease receivables.

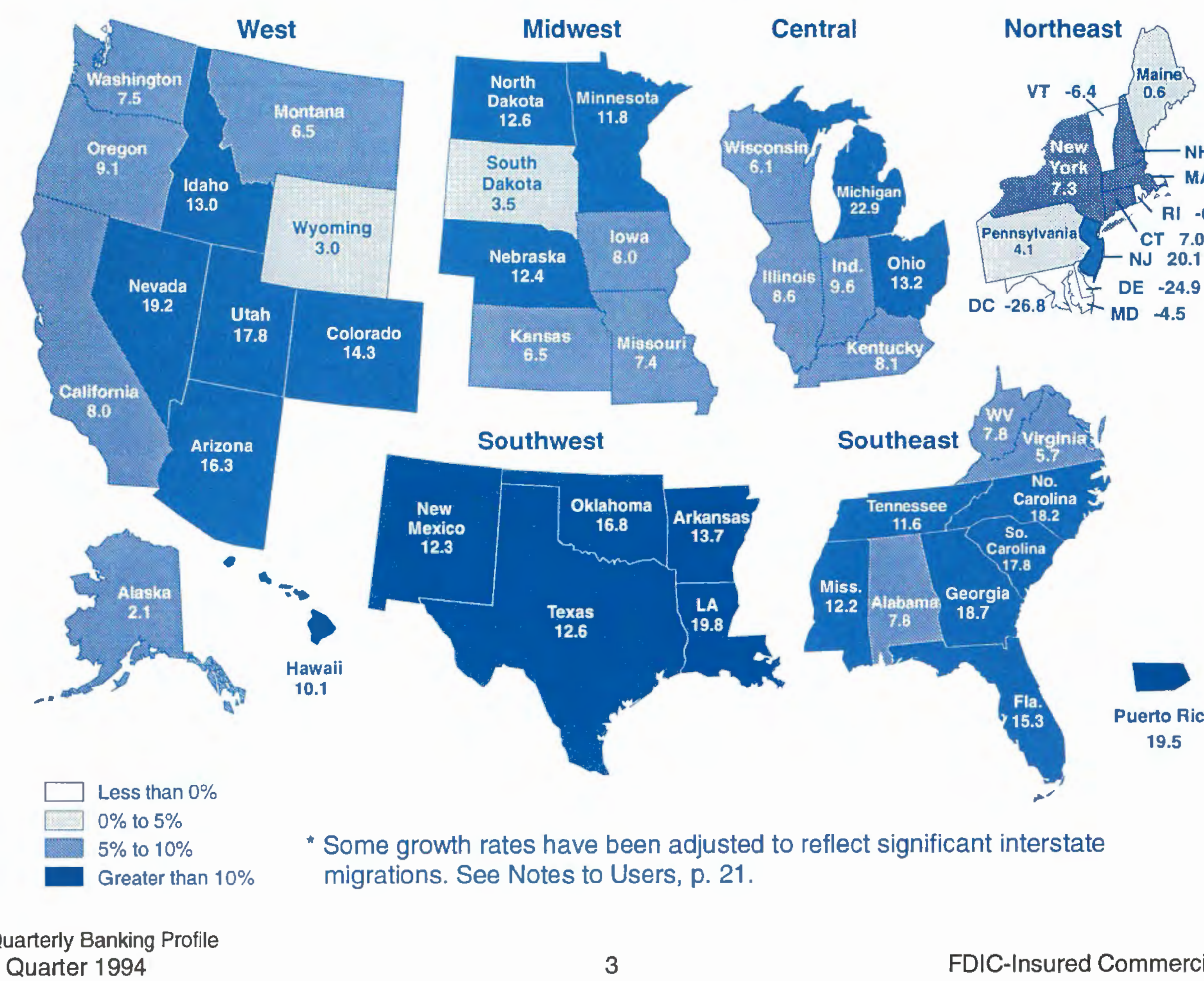
With troubled assets continuing to recede, with reserve coverage levels at all-time highs, and with more than 98 percent of the industry well-capitalized according to regulatory capital standards, a number of banks sought to convert some of their reserves back into earnings, while some converted equity into dividends. In the fourth quarter, 803 banks reported $700 million in negative loan-loss provisions. For the full year, 749 banks reported negative loan-loss provisions totaling $912 million. Both groups had above-average coverage ratios of reserves to noncurrent loans. Of the 8,291 banks paying dividends to shareholders in 1994, more than half (4,782 banks, or 57.7 percent) reported higher dividend payments than in 1993. There were 905 banks that paid more in dividends than they earned in 1994 (the difference being a net reduction in equity capital). Together, they paid $11.6 billion in dividends, while posting aggregate earnings of only $8.3 billion, so their equity capital was reduced by more than $3.2 billion to support dividend payments. These institutions tended to have capital levels above the industry average.

The number of banks reporting financial results fell by 142 institutions in the fourth quarter, from 10,592 to 10,450. There were 14 new banks chartered, and 160 banks absorbed through mergers or consolidations. No commercial banks failed in the fourth quarter. For all of 1994, the net reduction in commercial banks totaled 508 institutions. There were 50 new charters issued, and 550 banks were absorbed by mergers or consolidations. Eleven banks failed in 1994, the lowest full-year total since 1981. The number and assets of "problem" banks continued to shrink. At year-end, there were 247 banks with combined assets of $33 billion on the FDIC's "Problem List", a net reduction of 46 banks and $3 billion in assets during the fourth quarter, and a net decline of 179 banks and $209 billion in assets since the end of 1993.

Structural Changes Among FDIC-Insured Commercial Banks, 1980 - 1994



Commercial and Industrial Loan Growth Rates*
December 31, 1993 — December 31, 1994



* Some growth rates have been adjusted to reflect significant interstate migrations. See Notes to Users, p. 21.

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

	1994	1993	1992	1991	1990	1989	1988
Return on assets (%)	1.15	1.20	0.93	0.53	0.48	0.49	0.82
Return on equity (%)	14.63	15.35	12.98	7.94	7.45	7.71	13.19
Core capital (leverage) ratio (%)	7.64	7.65	7.20	6.48	6.17	6.11	6.16
Noncurrent assets plus other real estate owned to assets (%)	1.01	1.61	2.54	3.02	2.94	2.30	2.14
Net charge-offs to loans (%)	0.50	0.85	1.27	1.59	1.43	1.16	1.00
Asset growth rate (%)	8.22	5.72	2.19	1.21	2.73	5.38	4.36
Net interest margin (%)	4.36	4.40	4.41	4.11	3.94	4.02	4.02
Net operating income growth (%)	16.23	35.48	92.41	-0.63	2.53	-38.70	N/M
Number of institutions reporting	10,450	10,958	11,462	11,921	12,343	12,709	13,123
Percentage of unprofitable institutions	3.79	4.86	6.85	11.60	13.44	12.50	14.68
Number of problem institutions	247	426	787	1,016	1,012	1,092	1,394
Assets of problem institutions (in billions)	$33	$242	$408	$528	$342	$188	$305
Number of failed/assisted institutions	11	42	100	108	159	206	221

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

(dollar figures in millions)	Preliminary 4th Quarter 1994	3rd Quarter 1994	4th Quarter 1993	%Change 93:4-94:4
Number of institutions reporting	10,450	10,592	10,958	-4.6
Total employees (full-time equivalent)	1,488,076	1,484,441	1,493,505	-0.4
CONDITION DATA				
Total assets	$4,010,664	$3,922,907	$3,706,189	8.2
Loans secured by real estate	997,677	971,100	922,961	8.1
Commercial & industrial loans	589,120	575,398	538,574	9.4
Loans to individuals	487,170	460,866	419,049	16.3
Farm loans	39,172	41,123	37,133	5.5
Other loans & leases	251,388	238,276	238,765	5.3
Less: Unearned income	6,350	6,177	6,748	-5.9
Total loans & leases	2,358,177	2,280,587	2,149,733	9.7
Less: Reserve for losses	52,101	52,444	52,756	-1.2
Net loans & leases	2,306,076	2,228,142	2,096,978	10.0
Securities	822,949	836,958	836,598	*
Other real estate owned	9,579	11,920	16,237	-41.0
Goodwill and other intangibles	23,986	22,514	18,027	33.1
All other assets	848,074	823,374	738,349	*
Total liabilities and capital	4,010,664	3,922,907	3,706,189	8.2
Noninterest-bearing deposits	572,293	543,053	572,099	0.0
Interest-bearing deposits	2,302,059	2,249,805	2,182,233	5.5
Other borrowed funds	591,079	573,123	497,888	*
Subordinated debt	40,747	38,601	37,372	9.0
All other liabilities	192,300	206,534	120,074	*
Equity capital	312,187	311,791	296,523	*
Loans and leases 30-89 days past due	28,105	26,015	28,743	-2.2
Noncurrent loans and leases	30,738	33,400	42,819	-28.2
Restructured loans and leases	6,456	6,368	10,177	-36.6
Direct and indirect investments in real estate	610	604	547	11.6
1-4 Family residential mortgages	568,939	550,008	515,866	10.3
Mortgage-backed securities	327,181	330,951	336,784	*
Earning assets	3,470,028	3,388,646	3,290,827	5.5
Long-term assets (5+ years)	544,818	556,730	527,863	3.2
Volatile liabilities	1,174,227	1,121,357	N/M	*
Foreign office deposits	431,915	403,247	329,997	30.9
Unused loan commitments	1,775,302	1,690,314	1,457,538	21.8
Off-balance-sheet derivatives	15,773,534	15,768,156	11,878,059	32.8

INCOME DATA	Preliminary Full Year 1994	Full Year 1993	%Change	Preliminary 4th Quarter 1994	4th Quarter 1993	%Change 93:4-94:4
Total interest income	$257,843	$245,058	5.2	$68,841	$63,178	9.0
Total interest expense	111,266	105,742	5.2	30,971	27,251	13.7
Net interest income	146,577	139,316	5.2	37,870	35,927	5.4
Provision for loan losses	10,912	16,812	-35.1	2,886	4,010	-28.0
Total noninterest income	76,222	74,961	1.7	19,769	20,111	-1.7
Total noninterest expense	144,196	139,689	3.2	38,468	36,812	4.5
Securities gains (losses)	(570)	3,061	N/M	(914)	392	N/M
Applicable income taxes	22,426	19,838	13.1	4,645	5,026	-7.6
Extraordinary gains, net	(15)	2,070	N/M	15	216	-92.9
Net income	44,680	43,069	3.7	10,742	10,797	-0.5
Net charge-offs	11,225	17,515	-35.9	3,148	4,931	-36.2
Cash dividends	28,084	22,028	27.5	10,216	8,096	26.2
Net operating income	45,087	38,792	16.2	11,342	10,259	10.6

*New accounting rules and/or reporting detail became effective March 31, 1994. See Notes to Users, pp. 21-23. N/M - Not meaningful

TABLE III-A. Full Year 1994, FDIC-Insured Commercial Banks

		Asset Size Distribution				Geographic Distribution by Region					
						East			West		
FULL YEAR 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	Northeast	Southeast	Central	Midwest	Southwest	West
Number of institutions reporting	10,450	7,258	2,800	328	64	834	1,740	2,272	2,622	1,857	1,125
Total assets (in billions)	$4,010.7	$315.9	$683.0	$1,072.3	$1,939.4	$1,545.1	$646.2	$659.5	$262.3	$304.6	$593.0
Total deposits (in billions)	2,874.4	275.5	572.9	766.7	1,259.2	990.8	486.8	491.2	201.0	250.9	453.5
Net income (in millions)	44,680	3,494	7,907	13,432	19,847	16,058	7,337	7,174	3,695	3,338	7,078
% of unprofitable institutions	3.8	4.3	2.6	3.7	1.6	6.2	3.6	3.3	1.7	2.9	9.7
% of institutions with earnings gains	54.4	52.1	59.1	65.2	56.3	66.8	63.6	51.3	49.0	43.9	67.4
Performance Ratios (%)											
Yield on earning assets	7.67	7.63	7.65	7.63	7.71	8.06	7.37	7.27	7.80	6.98	7.78
Cost of funding earning assets	3.31	2.90	2.87	3.00	3.74	4.03	3.02	3.07	3.03	2.68	2.56
Net interest margin	4.36	4.73	4.78	4.63	3.97	4.03	4.35	4.20	4.77	4.30	5.21
Noninterest income to earning assets	2.27	1.19	1.44	2.47	2.67	2.90	1.67	1.57	2.42	1.69	2.38
Noninterest expense to earning assets	4.29	3.96	4.00	4.41	4.39	4.57	3.86	3.65	4.40	4.06	4.86
Net operating income to assets	1.16	1.15	1.22	1.34	1.05	1.06	1.19	1.16	1.47	1.15	1.26
Return on assets	1.15	1.13	1.20	1.31	1.06	1.07	1.18	1.13	1.46	1.12	1.24
Return on equity	14.63	11.36	13.48	16.04	15.01	14.71	14.78	14.08	16.76	13.49	14.48
Net charge-offs to loans and leases	0.50	0.24	0.37	0.54	0.57	0.75	0.27	0.29	0.46	0.16	0.58
Loan loss provision to net charge-offs	97.21	126.45	110.66	114.22	82.01	94.05	109.20	117.95	110.94	103.59	84.31
Condition Ratios (%)											
Loss allowance to:											
Loans and leases	2.21	1.65	1.70	2.09	2.56	2.70	1.73	1.75	1.84	1.65	2.52
Noncurrent loans and leases	169.50	155.00	154.20	184.28	168.37	149.27	206.56	201.56	212.73	191.48	165.66
Noncurrent assets plus other real estate owned to assets	1.01	0.86	0.92	0.90	1.13	1.28	0.72	0.66	0.68	0.67	1.33
Equity capital ratio	7.78	9.84	8.80	7.94	7.01	7.33	7.84	7.88	8.43	8.16	8.33
Core capital (leverage) ratio	7.64	10.15	8.93	7.91	6.64	7.19	7.73	7.84	8.68	8.17	7.79
Net loans and leases to deposits	80.23	62.49	69.99	87.34	84.44	81.79	81.60	80.76	77.81	62.84	85.46
Growth Rates (year-to-year, %)											
Assets	8.2	-	-	-	-	10.4	8.7	7.7	4.4	3.7	7.0
Equity capital	*	-	-	-	-	*	*	*	*	*	*
Net interest income	5.2	-	-	-	-	6.6	6.6	1.9	9.0	3.2	3.8
Net income	3.7	-	-	-	-	5.7	8.4	-5.7	5.5	-16.0	17.3
Noncurrent assets plus other real estate owned	-32.1	-	-	-	-	-34.5	-27.2	-23.6	-28.5	-24.4	-35.1
Net charge-offs	-35.9	-	-	-	-	-37.9	-28.5	-38.2	-17.1	-38.1	-36.6
Loan loss provision	-35.1	-	-	-	-	-34.6	-33.1	-39.5	-19.3	41.1	-43.3
PRIOR FULL YEARS ***(The way it was . . .)***											
Number of institutions 1993	10,958	7,789	2,787	327	55	878	1,818	2,412	2,706	1,937	1,207
1991	11,921	8,798	2,755	319	49	994	1,924	2,634	2,881	2,103	1,385
1989	12,709	9,724	2,607	334	44	1,086	1,964	2,838	3,016	2,325	1,480
Total assets (in billions) 1993	$3,706.2	$335.1	$676.9	$1,063.7	$1,630.5	$1,399.6	$594.8	$612.4	$251.3	$293.8	$554.3
1991	3,430.6	353.8	674.5	1,050.1	1,352.2	1,285.5	514.6	568.4	232.9	270.3	558.9
1989	3,299.4	365.6	625.6	1,056.1	1,252.1	1,292.2	483.9	534.3	214.2	267.4	507.4
Return on assets (%) 1993	1.20	1.14	1.17	1.32	1.16	1.12	1.20	1.28	1.44	1.40	1.11
1991	0.53	0.76	0.74	0.55	0.35	0.27	0.62	0.86	1.05	0.65	0.44
1989	0.49	0.77	0.89	0.63	0.10	-0.02	0.88	0.99	1.00	-0.09	0.99
Net charge-offs to loans & leases (%) 1993	0.85	0.35	0.51	0.92	1.02	1.27	0.43	0.51	0.61	0.28	0.96
1991	1.59	0.69	0.97	1.68	2.01	2.33	1.23	0.88	1.06	1.26	1.32
1989	1.16	0.76	0.75	1.05	1.55	1.32	0.60	0.91	1.19	1.93	1.18
Noncurrent assets plus OREO to assets (%) 1993	1.61	1.05	1.29	1.43	1.97	2.16	1.08	0.93	0.99	0.92	2.19
1991	3.02	1.63	2.07	2.81	4.01	4.20	2.21	1.64	1.54	2.39	3.38
1989	2.30	1.76	1.73	1.86	3.12	2.83	1.23	1.18	1.41	4.41	2.41
Equity capital ratio (%) 1993	8.00	9.76	8.74	8.13	7.25	7.48	8.02	8.12	8.68	8.26	8.73
1991	6.75	9.09	7.78	6.94	5.48	6.06	7.24	7.31	8.12	6.87	6.72
1989	6.21	8.92	7.46	6.12	4.86	5.55	6.93	6.86	7.62	5.55	6.26

*New accounting rules and/or reporting detail became effective March 31, 1994. See Notes to Users, pp. 21-23.

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. Fourth Quarter 1994, FDIC-Insured Commercial Banks

		Asset Size Distribution				Geographic Distribution by Region					
						East			West		
FOURTH 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	10,450	7,258	2,800	328	64	834	1,740	2,272	2,622	1,857	1,125
Total assets (in billions)	$4,010.7	$315.9	$683.0	$1,072.3	$1,939.4	$1,545.1	$646.2	$659.5	$262.3	$304.6	$593.0
Total deposits (in billions)	2,874.4	275.5	572.9	766.7	1,259.2	990.8	486.8	491.2	201.0	250.9	453.5
Net income (in millions)	10,742	795	1,954	3,183	4,809	3,661	1,746	1,714	864	774	1,982
% of unprofitable institutions	9.2	10.7	5.9	7.6	1.6	9.5	8.2	7.9	10.0	8.5	12.8
% of institutions with earnings gains	57.5	56.2	60.7	60.7	51.6	67.0	63.9	56.2	51.0	53.6	65.0
Performance Ratios (%)											
Yield on earning assets	8.03	8.03	8.10	8.10	7.96	8.18	7.81	7.83	8.27	7.44	8.31
Cost of funding earning assets	3.61	3.13	3.16	3.46	3.96	4.13	3.46	3.57	3.39	3.05	2.93
Net interest margin	4.42	4.90	4.93	4.64	3.99	4.05	4.34	4.26	4.88	4.39	5.38
Noninterest income to earning assets	2.30	1.29	1.52	2.54	2.65	2.96	1.77	1.62	2.40	1.69	2.35
Noninterest expense to earning assets	4.48	4.30	4.18	4.51	4.62	4.90	3.94	3.79	4.61	4.25	4.92
Net operating income to assets	1.14	1.08	1.24	1.33	1.02	0.99	1.16	1.18	1.38	1.11	1.40
Return on assets	1.08	1.01	1.16	1.21	1.00	0.96	1.09	1.05	1.33	1.03	1.36
Return on equity	13.76	10.19	13.02	14.91	14.19	12.99	13.80	13.19	15.42	12.38	16.04
Net charge-offs to loans and leases	0.54	0.38	0.48	0.62	0.54	0.74	0.38	0.39	0.56	0.26	0.58
Loan loss provision to net charge-offs	91.68	93.38	96.99	113.58	74.15	97.56	108.64	77.60	99.17	55.61	77.63
Growth Rates (year-to-year, %)											
Net interest income	5.41	-	-	-	-	5.70	7.34	4.50	3.93	-1.72	7.93
Net income	-0.51	-	-	-	-	-7.38	8.39	-7.26	-6.66	-17.42	30.28
			-	-							
Net charge-offs	-36.15	-	-	-	-	-44.57	-12.20	-24.45	-16.55	-28.48	-35.60
Loan loss provision	-28.03	-	-	-	-	-26.01	4.34	-43.69	-8.83	19.89	-46.73
PRIOR FOURTH QUARTERS (The way it was . . .)											
Return on assets (%) 1993	1.18	0.92	1.04	1.36	1.16	1.14	1.11	1.22	1.49	1.28	1.11
1991	0.35	0.56	0.65	0.39	0.12	0.12	0.37	0.81	0.95	0.59	0.05
1989	0.24	0.35	0.69	0.08	0.12	-0.36	0.65	0.88	0.73	-0.61	0.95
Net charge-offs to loans & leases (%)											
1993	0.93	0.52	0.66	0.95	1.11	1.42	0.49	0.56	0.73	0.40	0.97
1991	1.86	1.06	1.38	2.00	2.15	2.41	1.80	1.12	1.25	1.53	1.76
1989	1.91	1.19	1.10	1.43	2.91	2.43	0.87	1.64	1.49	3.25	1.52

Commercial Banks Make More Credit Available to Businesses and Consumers

Quarterly Increase in Loans ($ Billions)

Most of the loan growth has occurred in real estate loans. In the fourth quarter of 1994, home mortgage loans increased by $18.9 billion, credit card loans increased by $17.0 billion, and commercial and industrial loans increased by $13.7 billion.

Quarterly Increase in Unused Loan Commitments ($ Billions)

Most of the growth in loan commitments has occurred in unused credit card commitments. In the fourth quarter of 1994, unused credit card commitments increased $47.0 billion, and unused commitments for loans to businesses and consumers increased $34.1 billion.

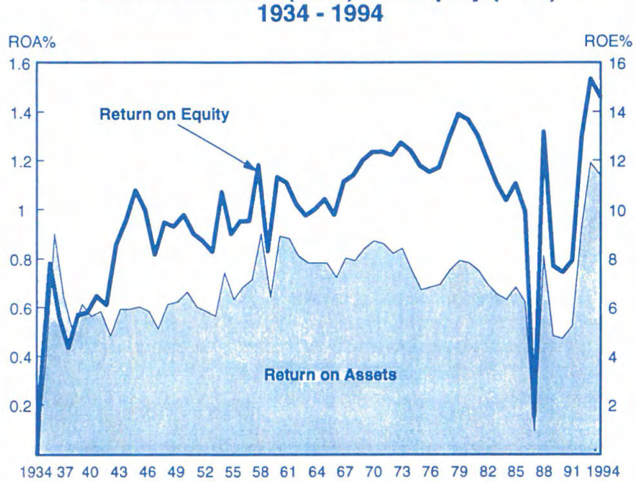
TABLE V-A. Real Estate Loan Performance and Other Real Estate Owned, FDIC-Insured Commercial Banks

December 31, 1994	All Institutions	Asset Size Distribution: Less than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater than $10 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	1.31	1.33	1.15	1.16	1.53	1.71	1.14	1.09	0.91	1.22	1.27
Construction and development	1.64	1.05	1.10	1.20	2.75	3.24	1.03	1.14	1.30	0.76	1.64
Commercial real estate	1.27	1.05	0.95	1.10	1.79	1.94	0.95	0.97	0.82	1.03	1.27
Multifamily residential real estate	1.65	0.75	1.05	1.09	2.97	2.21	0.69	1.32	0.69	0.68	2.92
1-4 Family residential*	1.34	1.63	1.36	1.26	1.30	1.51	1.38	1.24	0.98	1.40	1.22
Home equity loans	0.84	1.37	0.78	0.76	0.88	1.13	0.52	0.59	0.57	2.03	0.82
Commercial RE loans not secured by real estate	0.78	0.52	0.45	0.80	0.81	1.14	0.49	0.77	2.85	0.20	0.40
Percent of Loans Noncurrent**											
All real estate loans	1.70	1.02	1.19	1.46	2.41	2.65	1.02	0.99	0.89	1.05	2.23
Construction and development	4.14	1.08	1.79	2.89	8.48	7.60	1.23	2.64	0.73	1.02	7.66
Commercial real estate	2.61	1.35	1.70	2.37	4.05	4.56	1.64	1.51	1.67	1.50	2.90
Multifamily residential real estate	2.73	1.19	1.38	1.95	5.04	3.25	1.32	1.04	1.48	1.01	6.12
1-4 Family residential*	0.91	0.81	0.81	0.81	1.07	1.32	0.70	0.57	0.47	0.75	1.07
Home equity loans	0.54	0.86	0.57	0.46	0.57	0.78	0.31	0.35	0.24	0.90	0.53
Commercial RE loans not secured by real estate	2.12	1.02	0.86	0.87	2.66	4.37	1.31	0.82	1.76	0.65	0.83
Percent of Loans Charged-off (net)											
All real estate loans	0.32	0.08	0.19	0.24	0.52	0.69	0.10	0.13	0.04	-0.01	0.39
Construction and development	0.87	0.09	0.57	0.35	1.77	2.61	0.09	0.28	0.18	-0.11	0.84
Commercial real estate	0.53	0.11	0.23	0.44	1.01	1.26	0.19	0.23	0.04	-0.06	0.58
Multifamily residential real estate	0.51	0.22	0.49	0.46	0.64	0.99	0.10	0.29	0.00	-0.12	0.88
1-4 Family residential*	0.14	0.07	0.10	0.12	0.20	0.29	0.06	0.05	0.05	0.04	0.16
Home equity loans	0.21	0.20	0.10	0.12	0.32	0.23	0.07	0.03	0.04	0.09	0.43
Commercial RE loans not secured by real estate	0.64	0.94	0.34	0.42	0.73	1.52	0.04	-0.02	0.08	-0.03	0.35
Total Loans Outstanding (in billions)											
All real estate loans	$997.7	$98.2	$235.6	$298.1	$365.8	$283.7	$212.8	$174.9	$64.9	$72.3	$189.1
Construction and development	64.5	6.4	16.6	21.7	19.8	13.5	16.5	10.7	4.0	5.8	14.0
Commercial real estate	283.2	26.6	78.9	89.9	87.8	73.4	62.4	53.2	17.6	21.5	55.1
Multifamily residential real estate	31.9	2.3	8.3	11.1	10.2	8.1	6.6	6.2	2.3	2.2	6.5
1-4 Family residential*	493.1	49.5	111.0	147.1	185.5	137.7	110.2	85.1	31.2	39.2	89.7
Home equity loans	75.8	2.4	13.2	25.4	34.8	26.5	13.4	13.9	2.6	0.9	18.6
Commercial RE loans not secured by real estate	17.7	0.3	1.2	3.9	12.4	6.1	2.1	2.1	0.6	1.0	5.8
Other Real Estate Owned (in millions)											
All other real estate owned	$9,579	$833	$1,792	$1,821	$5,133	$4,721	$1,285	$765	$391	$608	$1,811
Construction and development	1,745	130	396	537	682	650	349	193	70	107	375
Commercial real estate	5,193	402	877	922	2,993	2,656	649	419	215	346	908
Multifamily residential real estate	444	35	100	66	242	245	29	30	31	16	92
1-4 Family residential	1,497	212	370	264	652	633	224	107	49	98	386
Farmland	177	55	50	28	45	13	33	16	26	39	50
Other real estate owned in foreign offices	523	0	0	4	519	523	0	0	0	0	0

*Excludes home equity loans.

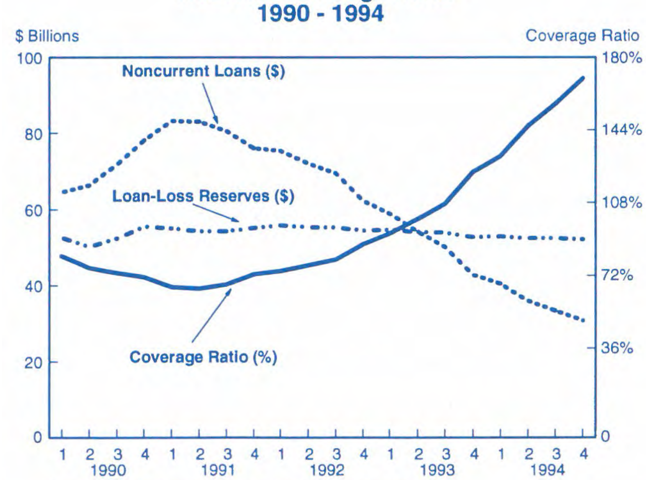
**Noncurrent loan rates represent the percentage of loans in each category that are past due 90 days or more or that are in nonaccrual status.

Return on Assets (ROA) and Equity (ROE) 1934 - 1994



In 1934 ROA was -0.77% and ROE was -5.80%

Reserve Coverage Ratio* 1990 - 1994



* Loan-Loss Reserves to Noncurrent Loans and Leases.

SAVINGS INSTITUTION PERFORMANCE — FOURTH QUARTER, 1994

Savings Institutions Earned $1.7 Billion In The Fourth Quarter, $6.4 Billion For The Full Year

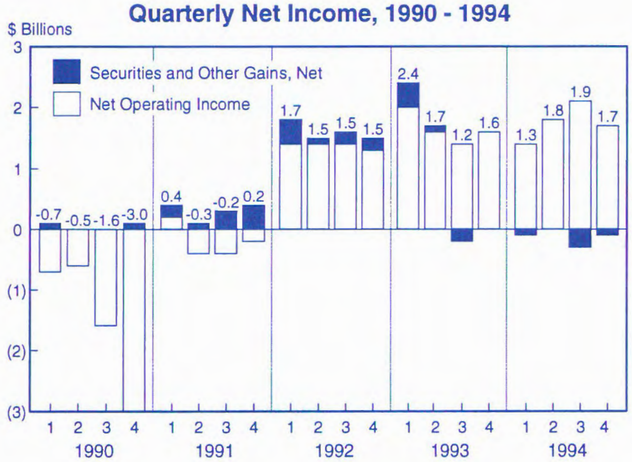
High Funding Costs And Restructuring Charges Hold Down Earnings

Assets Register First Full-Year Increase Since 1988

Four Institutions Failed In 1994, Two In The Fourth Quarter

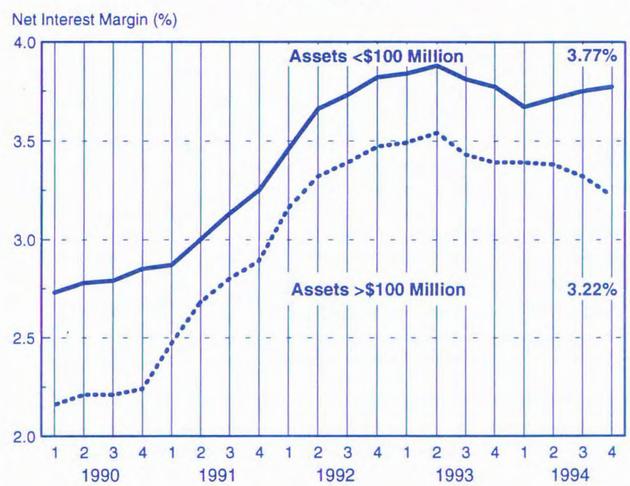
Private-sector savings institutions earned $1.7 billion in the fourth quarter of 1994, for an annualized return on assets (ROA) of 0.67 percent. Net income was down by $207 million from the third quarter[1] due to lower net interest income (down by $250 million) and increased noninterest expense (up by $248 million). Provisions for loan losses were $80 million higher than in the previous quarter, but were 45 percent lower than in the fourth quarter of 1993, when thrifts set aside $1 billion for loan losses. Securities sales produced losses of $80 million in the fourth quarter, compared with a $10 million gain in the third quarter and a $400 million gain in 1993. Although thrifts had $5 million in extraordinary losses in the fourth quarter, this represents a dramatic improvement over the third quarter when extraordinary losses were $265 million. More than half of all thrifts, 55 percent, had lower earnings in the fourth quarter than a year earlier.

Quarterly Net Income, 1990 - 1994



With rising interest rates, net interest margins continued to fall. Net interest margins declined to 3.25 percent in the fourth quarter from 3.35 percent in the previous quarter. The 10 basis point drop in net interest margins was the largest quarterly drop all year. Average asset yields rose 23 basis points this quarter, but were out-paced by a 33-basis point increase in funding costs. Net interest margins were down in all but the smallest size group and in all regions. The Southwest Region reported a higher margin for the fourth quarter only because the accounting treatment of one large merger transaction[2] caused average earning assets to be understated. Adjusting for the merger using year-end earning assets (rather than an average for the quarter), causes the region's net interest margin to fall by 18 basis points.

Quarterly Net Interest Margins 1990 - 1994



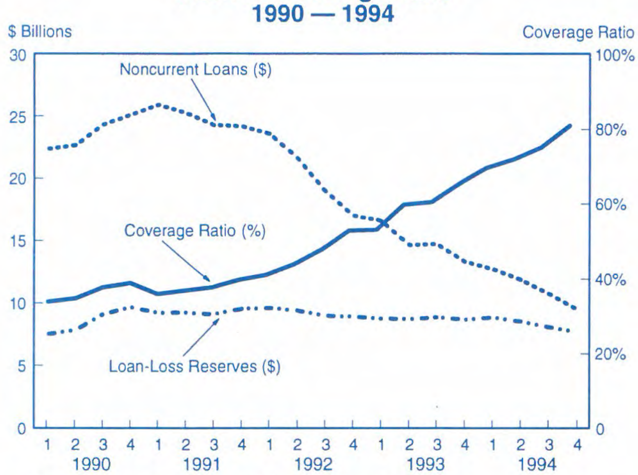
Net income for the full year, at $6.4 billion, was below the pace set in 1993, when thrifts earned $6.8 billion, but net operating income improved by 4.8 percent. Net operating income (which exclude proceeds from securities sales and extraordinary items) increased from $6.6 billion in 1993 to $6.9 billion in 1994. Provisions for loan losses were down by $1.9 billion as asset quality improved, but this improvement was partially offset by a $1.7 billion drop in net interest income. Securities sales, which produced a $400 million gain in 1993, generated a $28 million loss for 1994. Extraordinary losses were up by $433 million, as several large institutions took charges to strengthen their balance sheet. Over 93 percent of all savings institutions reported profits for 1994, but one

[1]Third quarter earnings were adjusted down from $2.1 billion reported in the last *Quarterly Banking Profile* to $1.9 billion, due to an amendment filed by a savings institution in California reflecting an extraordinary charge.

[2]First Madison Bank, FSB of Dallas, Texas ($981 million in total assets) merged with First Nationwide FSB of San Francisco, California ($14 billion in assets) during the fourth quarter of 1994. The combined institution is headquartered in Dallas, Texas.

of every four large institutions (over $5 billion in assets) lost money. Despite the $431 million drop in net income, thrifts increased cash dividends by $272 million. Earnings retained by the industry fell from $4.6 billion in 1993 to $3.8 billion during 1994.

Reserve Coverage Ratio *
1990 — 1994



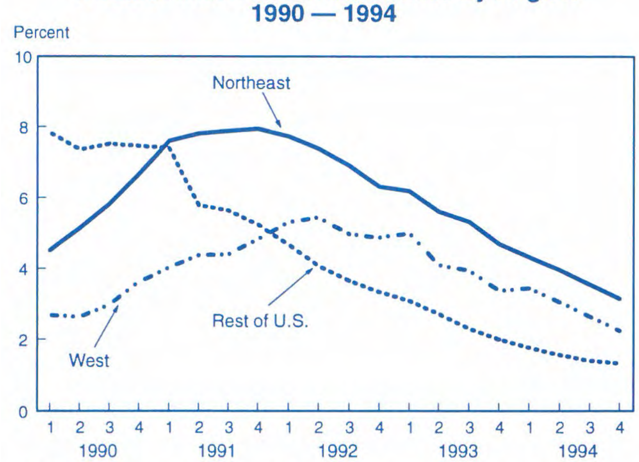
* Loan-loss reserves to noncurrent loans and leases.

Reserves for loan losses fell during 1994, as net charge-offs of $3.1 billion exceeded loan-loss provisions of $2.4 billion, but noncurrent loans declined more rapidly. Reserves declined $386 million during the fourth quarter and by $991 million, or 11.4 percent, over the year. However, noncurrent loans fell by $1.2 billion in the quarter and by $3.8 billion (28.6 percent) for the year. As a result, the "coverage ratio" (reserves to noncurrent loans), improved to 81 cents for each dollar of noncurrent loans at year-end, up from 75 cents at the end of the third quarter and from 65 cents at the end of 1993.

Earnings improved in the Southwest and West regions in the fourth quarter. Thrifts in the West Region showed a $104 million increase in earnings compared to the previous quarter. Southwest Region thrifts reported $60 million more in earnings than in the third quarter, with $34 million contributed by the addition of a large California institution in the fourth quarter (see footnote 2). All other regions had lower earnings in the fourth quarter. The Midwest Region reported a loss for the quarter because one institution with 15 percent of the region's assets took a restructuring charge. All regions reported aggregate profits for the full year, but restructuring charges significantly reduced profits in the Midwest and West regions. The Midwest Region reported an ROA of 0.39 percent for 1994 while the West Region had an ROA of 0.31 percent. All other regions reported ROAs of over 0.75 percent.

The industry reduced its overhang of troubled real estate assets during 1994. Troubled real estate assets — noncurrent real estate loans plus other real estate owned — declined by one-third ($6.8 billion) in the year. Troubled real estate assets fell by $2.7 billion in the West Region and $3.0 billion in the Northeast. However, charge-offs were significantly higher in the West, reflecting weaker real estate markets there. Real estate loan charge-offs in the West ($1.6 billion) were more than double the amount ($709 million) charged off by thrifts in the Northeast. The higher losses in the West meant lower earnings. In 1994, the West Region set aside $1.4 billion in provisions to replenish loan loss reserves, in contrast to the $699 million loss provision reported by Northeast institutions.

Troubled Real Estate Asset Rates by Region
1990 — 1994



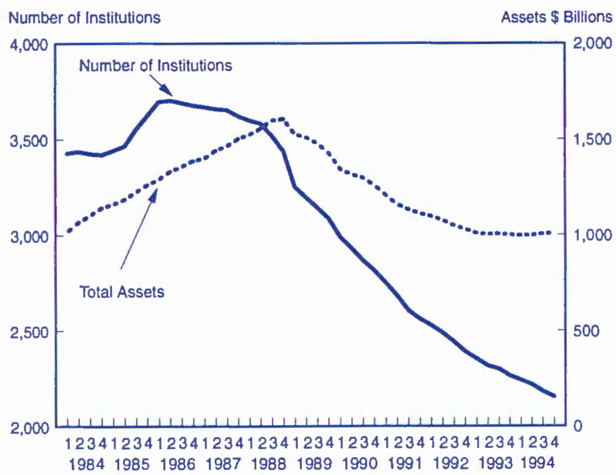
*Loans secured by real estate past due 90 days or more or in nonaccrual status plus other real estate owned (OREO) as a percent of total real estate loans plus OREO.

Total assets held by savings institutions increased for the second consecutive quarter. Industry assets rose by $2.5 billion during the fourth quarter and registered a $7.8-billion increase for the year. This is the first annual growth in assets since 1988. The largest increase during the fourth quarter was in loans secured by 1-4 family residential properties, which grew by $11.1 billion, accounting for most of the year's increase in mortgage loans of $12.1 billion.[3] Securities decreased $5.8 billion during the fourth quarter, but grew by $14.5 billion for the year. Some of the reduction is attributable to new accounting rules (FASB Statement 115) which require institutions to value certain securities at fair (market) value, see Notes to Users, page 21.

[3] In the fourth quarter, American Savings Bank, Stockton, California reclassified securities as loans, adding $3.2 billion to 1-4 family residential loans and reducing securities by $2.4 billion.

For the ninth consecutive quarter, thrifts reduced their reliance on deposits in favor of other borrowed funds. Deposits declined by $11.2 billion while other borrowed funds increased by $15.0 billion. For the year, deposits declined by $37.0 billion (4.8 percent), while other borrowings increased by $44.4 billion. The industry's core capital (leverage) ratio stood at 7.66 percent at the end of the fourth quarter, up from

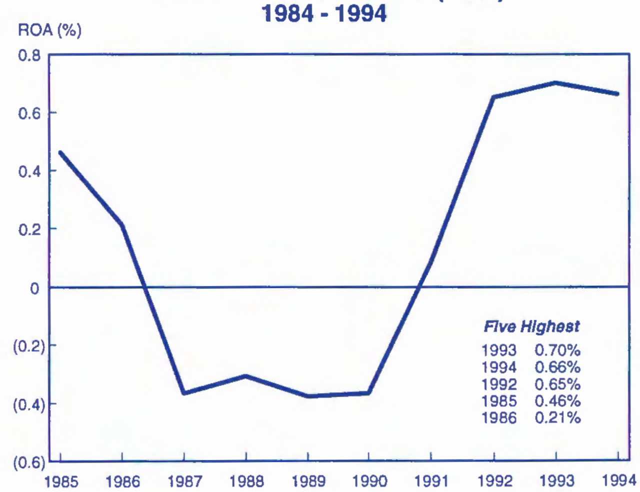
Number and Assets of FDIC-Insured Savings Institutions, 1984 - 1994



7.45 percent at the beginning of the year and a marked improvement compared with 1990 when it stood at 4.62 percent. Savings institutions' core capital ratio now exceeds commercial banks' core capital ratio of 7.64 percent.

The number of savings institutions continued to decline through year-end. During 1994 the number of institutions declined by 110, from 2,262 to 2,152. Commercial banks acquired 80 institutions with $40.6 billion in assets during 1994, while consolidation within the thrift industry accounted for a decline

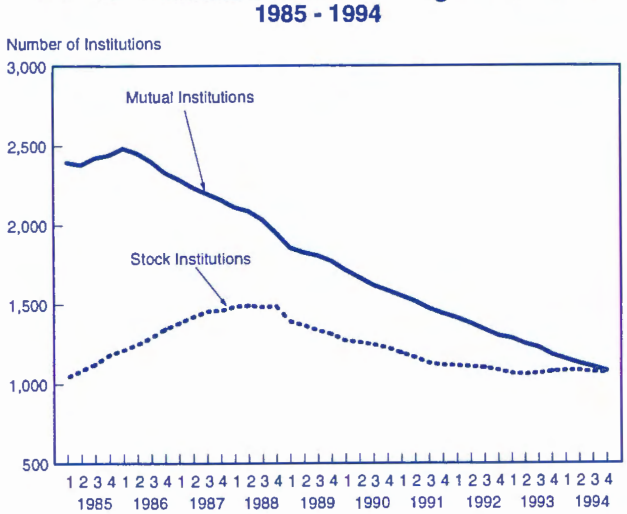
Annual Return on Assets (ROA) 1984 - 1994



of 46 institutions. During the fourth quarter, commercial banks purchased 13 thrifts with $8.2 billion in assets. Six thrifts with $5.6 billion in assets converted to commercial banks in the fourth quarter. The thrift industry gained $1 billion in assets from commercial banks, primarily through acquisitions. During the year, one hundred thrifts with about $38 billion in assets converted from mutual to stock ownership, down from 122 conversions and $45.8 billion in assets in 1993.

Two institutions failed in the fourth quarter. For all of 1994, four institutions failed, half the number that failed in 1993. The number of "problem" institutions at year end was 71 with $39 billion in assets, down from 84 institutions with $59 billion in assets at the end of the third quarter, and 146 institutions with $92 billion in assets at the end of 1993. Steady improvement in the condition of the industry has reduced the assets of "problem" institutions, for the second straight year, assets of these institutions were reduced by about half.

Number of Mutual and Stock Savings Institutions 1985 - 1994



Assets of Mutual and Stock Savings Institutions 1985 - 1994

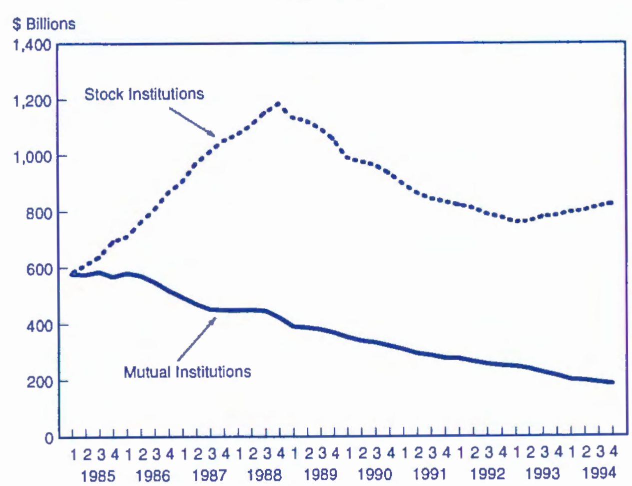


TABLE I-B. Selected Indicators, FDIC-Insured Savings Institutions*

	1994	1993	1992	1991	1990
Return on assets (%)	0.66	0.70	0.65	0.08	-0.37
Return on equity (%)	8.34	9.24	9.48	1.26	-6.68
Core capital (leverage) ratio (%)	7.66	7.45	6.77	5.54	4.62
Noncurrent assets plus other real estate owned to assets (%)	1.38	2.10	3.07	3.96	3.98
Net charge-offs to loans (%)	0.50	0.65	0.59	0.65	0.61
Asset growth rate (%)	0.77	-2.85	-7.44	-11.61	-11.79
Net interest margin (%)	3.34	3.48	3.40	2.76	2.27
Net operating income growth (%)	4.76	11.62	N/M	N/M	N/M
Number of institutions	2,152	2,262	2,390	2,561	2,815
Percentage of unprofitable institutions	6.92	5.84	7.57	18.35	30.09
Number of problem institutions	71	146	276	410	480
Assets of problem institutions (in billions)	$39	$92	$183	$291	$298
Number of failed/assisted institutions	4	8	81	163	223

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

(dollar figures in millions)	Preliminary 4th Quarter 1994	3rd Quarter 1994	4th Quarter 1993	%Change 93:4-94:4
Number of institutions reporting	2,152	2,181	2,262	-4.9
Total employees (full-time equivalent)	261,449	270,037	286,592	-8.8
CONDITION DATA				
Total assets	$1,008,644	$1,006,192	$1,000,889	0.8
Loans secured by real estate	602,925	594,318	595,436	1.3
1-4 Family residential	467,898	456,773	455,760	2.7
Multifamily residential property	62,671	63,641	64,283	-2.5
Commercial real estate	52,332	53,359	56,367	-7.2
Construction, development and land	20,024	20,546	19,026	5.3
Commercial & industrial loans	9,894	9,518	9,825	0.7
Loans to individuals	38,577	38,601	37,568	2.7
Other loans & leases	1,604	1,552	1,479	8.5
Less: Unearned income & contra accounts	10,197	10,725	9,264	10.1
Total loans & leases	642,803	633,264	635,045	1.2
Less: Reserve for losses	7,672	8,058	8,662	-11.4
Net loans & leases	635,132	625,206	626,382	1.4
Securities	290,271	296,075	275,773	**
Other real estate owned	4,418	5,065	7,669	-42.4
Goodwill and other intangibles	5,746	5,823	5,976	-3.9
All other assets	73,078	74,023	85,089	**
Total liabilities and capital	1,008,644	1,006,192	1,000,889	0.8
Deposits	737,143	748,311	774,144	-4.8
Other borrowed funds	178,381	163,402	134,016	**
Subordinated debt	2,395	2,485	2,533	-5.5
All other liabilities	10,679	11,079	11,773	**
Equity capital	80,046	80,916	78,422	**
Loans and leases 30-89 days past due	8,578	8,308	9,932	-13.6
Noncurrent loans and leases	9,509	10,749	13,310	-28.6
Restructured loans and leases	7,219	8,042	10,298	-29.9
Direct and indirect investments in real estate	414	492	751	-44.9
Mortgage-backed securities	214,009	216,338	198,641	**
Earning assets	941,995	940,400	930,102	1.3
FHLB Advances (TFR filers only)	88,861	83,362	76,035	16.9
Unused loan commitments	71,084	70,919	95,394	-25.5

INCOME DATA	Preliminary Full Year 1994	Full Year 1993	%Change	Preliminary 4th Quarter 1994	4th Quarter 1993	%Change 93:4-94:4
Total interest income	$63,470	$66,139	-4.0	$17,037	$16,174	5.3
Total interest expense	33,410	34,521	-3.2	9,500	8,312	14.3
Net interest income	30,060	31,619	-4.9	7,537	7,862	-4.1
Provision for loan losses	2,421	4,311	-43.9	570	1,037	-45.1
Total noninterest income	6,238	7,896	-21.0	1,741	2,289	-23.9
Total noninterest expense	23,218	24,898	-6.8	6,065	6,478	-6.4
Securities gains (losses)	(28)	400	N/M	(80)	55	N/M
Applicable income taxes	3,781	3,858	-2.0	888	1,010	-12.0
Extraordinary gains, net	(437)	(4)	N/M	(5)	(55)	N/M
Net income	6,412	6,844	-6.3	1,669	1,611	3.6
Net charge-offs	3,053	4,027	-24.2	673	1,103	-39.0
Cash dividends	2,564	2,293	11.9	1,024	838	22.3
Net operating income	6,866	6,554	4.8	1,727	1,626	6.2

*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. 21-23.

TABLE III-B. Full Year 1994, FDIC-Insured Savings Institutions*

		Asset Size Distribution				Geographic Distribution by Region					
						East			West		
FULL YEAR 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	2,152	996	992	133	31	786	343	547	160	141	175
Total assets (in billions)	$1,008.6	$50.4	$286.0	$292.3	$379.9	$330.9	$82.1	$155.5	$53.1	$70.8	$316.1
Total deposits (in billions)	737.1	42.9	230.2	207.3	256.8	263.0	62.5	115.9	37.5	43.8	214.5
Net income (in millions)	6,412.3	397.7	2,180.3	2,326.2	1,508.0	2,888.3	660.8	1,142.2	200.3	573.4	947.3
% of unprofitable institutions	6.9	6.5	6.6	8.3	25.8	5.1	8.5	3.8	5.0	5.0	25.1
% of institutions with earnings gains	35.6	35.2	34.2	47.4	45.2	40.5	38.5	32.4	22.5	38.3	28.6
Performance Ratios (%)											
Yield on earning assets	7.06	7.25	7.21	7.10	6.88	7.16	7.16	7.17	7.05	6.96	6.87
Cost of funding earning assets	3.71	3.55	3.59	3.71	3.84	3.42	3.78	3.83	4.07	4.12	3.81
Net interest margin	3.34	3.70	3.62	3.39	3.03	3.74	3.38	3.34	2.98	2.85	3.06
Noninterest income to earning assets	0.69	0.58	0.59	0.82	0.69	0.63	0.72	0.61	0.49	1.06	0.76
Noninterest expense to earning assets	2.58	2.89	2.73	2.55	2.44	2.69	2.59	2.42	2.57	2.42	2.57
Net operating income to assets	0.71	0.79	0.78	0.85	0.54	0.90	0.86	0.86	0.41	0.97	0.40
Return on assets	0.66	0.80	0.78	0.83	0.42	0.89	0.84	0.76	0.39	0.97	0.31
Return on equity	8.34	8.24	8.76	10.29	6.14	10.74	9.91	8.75	4.97	13.50	4.31
Net charge-offs to loans and leases	0.50	0.10	0.23	0.49	0.78	0.49	0.16	0.11	0.15	0.29	0.85
Loan loss provision to net charge-offs	79.28	151.08	109.95	86.11	68.25	75.86	92.64	119.35	153.66	77.57	76.25
Condition Ratios (%)											
Loss allowance to:											
Loans and leases	1.19	0.84	1.12	1.36	1.18	1.47	1.01	0.80	0.77	1.04	1.26
Noncurrent loans and leases	80.68	68.76	88.10	91.26	71.10	72.09	87.48	140.93	125.90	77.77	77.49
Noncurrent assets plus other real estate owned to assets	1.38	1.08	1.23	1.47	1.46	1.83	1.07	0.50	0.61	1.37	1.57
Noncurrent RE loans to RE loans	1.47	1.16	1.24	1.53	1.64	2.03	1.11	0.54	0.62	1.36	1.64
Equity capital ratio	7.94	9.95	9.04	8.12	6.70	8.52	8.59	8.76	7.71	7.01	6.99
Core capital (leverage) ratio	7.66	9.88	8.97	7.85	6.23	8.39	8.42	8.45	7.25	6.72	6.58
Gross real estate assets to gross assets	80.05	73.58	75.82	78.05	85.67	75.16	78.70	81.13	78.74	80.20	85.19
Gross 1-4 family mortgages to gr. assets	45.58	52.27	45.62	38.92	49.79	40.88	47.69	49.71	45.08	36.06	50.18
Net loans and leases to deposits	86.16	79.11	78.95	82.87	96.46	73.21	84.45	85.74	85.55	90.12	102.06
Growth Rates (year-to-year, %)											
Assets	0.8	-	-	-	-	-1.7	-7.9	3.2	4.3	24.5	-0.1
Equity capital	***	-	-	-	-	***	***	***	***	***	***
Net interest income	-4.9	-	-	-	-	-2.5	-7.3	-3.9	-2.5	2.5	-9.4
Net income	-6.3	-	-	-	-	29.6	7.0	-19.7	-58.4	-35.8	-21.1
Noncurrent assets plus other real estate owned	-33.6	-	-	-	-	-34.0	-33.4	-28.5	-23.4	-24.7	-35.9
Net charge-offs	-24.2	-	-	-	-	-30.7	-58.4	4.2	11.0	24.0	-20.9
Loan loss provision	-43.9	-	-	-	-	-42.8	-68.5	-42.1	28.6	-8.5	-44.9
PRIOR FULL YEARS ***(The way it was . . .)***											
Number of institutions 1993	2,262	1,048	1,040	146	28	826	367	568	166	147	188
1992	2,390	1,109	1,094	158	29	852	416	590	176	154	202
1991	2,561	1,184	1,166	182	29	909	459	620	187	163	223
Total assets (in billions) 1993	$1,000.9	$53.4	$298.8	$306.8	$341.9	$336.6	$89.1	$150.8	$50.9	$56.9	$316.6
1992	1,030.2	55.9	316.2	325.3	332.7	341.2	109.0	150.5	49.5	61.4	318.7
1991	1,113.0	58.9	334.5	380.9	338.7	377.1	122.2	155.0	49.7	63.5	345.4
Return on assets (%) 1993	0.70	1.00	0.93	0.62	0.52	0.68	0.71	0.97	0.98	1.58	0.38
1992	0.65	0.86	0.81	0.67	0.47	0.59	0.77	0.89	1.09	1.55	0.34
1991	0.08	0.35	0.24	0.05	-0.10	-0.39	0.09	0.51	0.58	0.54	0.21
Net charge-offs to loans & leases (%) 1993	0.65	0.15	0.29	0.53	1.10	0.68	0.34	0.11	0.15	0.28	1.00
1992	0.59	0.23	0.37	0.67	0.77	0.88	0.38	0.20	0.26	0.34	0.60
1991	0.65	0.30	0.50	0.84	0.66	1.12	0.58	0.21	0.28	0.41	0.45
Noncurrent assets plus OREO to assets (%) 1993	2.10	1.43	1.74	2.16	2.45	2.72	1.48	0.72	0.83	2.26	2.44
1992	3.07	1.83	2.35	3.12	3.92	3.80	2.43	0.99	1.24	3.92	3.60
1991	3.96	2.25	3.13	4.57	4.40	5.13	3.65	1.38	1.61	7.44	3.65
Equity capital ratio (%) 1993	7.84	9.33	8.61	7.71	7.04	7.99	7.97	8.53	7.90	7.12	7.42
1992	7.22	8.47	7.71	7.12	6.62	7.26	7.48	7.89	7.05	6.32	6.96
1991	6.17	7.78	6.79	5.85	5.62	6.19	6.02	6.87	5.47	4.62	6.26

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

**Not adjusted to reflect the migration of a $14 billion institution from the West Region to the Southwest Region during the fourth quarter.

***New accounting rules and/or reporting detail became effective March 31, 1994. See Notes to Users, pp. 21-23.

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

Total Domestic Deposits Increase
BIF Rises To $21.8 Billion And Coverage Ratio To $1.15
SAIF Dips Slightly Due To Fourth-Quarter Reserves
"Oakar" And "Sasser" Share Of SAIF Domestic Deposits Surpasses 32 Percent

The total assets of all 12,596 private-sector FDIC-insured institutions surpassed the $5 trillion level at year-end 1994, having risen $90 billion (1.8 percent) in the fourth quarter and $312 billion (6.6 percent) for the full year (the year-to-year growth includes accounting changes; see Notes to Users). Of the $90 billion growth in the fourth quarter, $70 billion was funded by deposit growth. In contrast to recent quarters, deposits in domestic offices increased by $41.7 billion, outpacing growth in foreign-office deposits of $28.7 billion.

Two FDIC-insured institutions failed in the fourth quarter, including one BIF-member savings bank and one SAIF-member savings bank. For all of 1994, there were 13 BIF-member failures, with total assets of $1.4 billion, and two SAIF-member failures, with total assets of $137 million. By comparison, failures in 1993 included 41 BIF members ($3.5 billion) and nine SAIF members ($6.1 billion). At year-end 1994, the BIF had a balance of $21.8 billion (unaudited), or $1.15 for each $100 of insured deposits, and the SAIF had a balance of $1.9 billion (unaudited) and a coverage ratio of $0.28. The BIF coverage ratio rose from $1.03 at the end of September, while the SAIF balance and coverage ratio slipped from September levels ($2.0 billion and $0.29) as reserves were set aside in the fourth quarter for anticipated future losses. The Resolution Trust Corporation is responsible for the resolution costs of SAIF-insured institutions that fail before July 1, 1995, after which the SAIF assumes responsibility.

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, as described below, these relationships can be altered by deposit acquisitions and charter switches.

"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. At year-end 1994, there were 718 BIF-member Oakars, compared to 688 in September and 570 at year-end 1993. At year-end 1994, these institutions held $180 billion in SAIF-insured deposits. This was 25 percent of all SAIF domestic deposits (including conservatorships), up from 23.3 percent in September and 18.8 percent at year-end 1993. SAIF-insured deposits held by BIF members grew $13.5 billion during the fourth quarter, but a portion of this growth was attributable to the annual reporting adjustment to these deposits required by the enabling legislation.[1] On December 31, 52 SAIF-member institutions held an estimated $10.7 billion in BIF-insured deposits, which was 0.4 percent of BIF domestic deposits. SAIF-member Oakar deposits are up from $8.7 billion in September and $4.8 billion at the end of 1993.

"Sasser" institutions. Since 1989, institutions have been permitted to switch charter type and primary federal supervisor without changing insurance fund membership. On December 31, 1994, 319 SAIF-member institutions were subject to supervision by one of the three federal banking agencies. The number of Sassers, which include both state-chartered savings banks and commercial banks, was up from 308 in September and 276 at the end of 1993. At year-end 1994, these institutions held SAIF deposits of $52.8 billion, or 7.3 percent of all SAIF deposits, compared to 7.1 percent in September and 6.1 percent in December 1993.

FICO bonds. The Financing Corporation (FICO) was established by Congress in 1987 to issue bonds to fund an early attempt to resolve the problems of the thrift industry and its former deposit insurance fund. While this attempt fell short, the thrift industry is required to pay interest on these bonds of about $780 million per year until they mature in the years 2017 to 2019. To accomplish this, Congress gave FICO a priority claim on SAIF assessment income. However, this claim can only be paid from assessments of savings associations that are SAIF members, and this excludes BIF-member Oakar banks and all Sasser institutions, which are savings banks. As the proportion of SAIF deposits held by Oakars and Sassers grows, the fixed FICO assessment must be paid from a shrinking base. Oakar and Sasser institutions currently hold about one-third of the SAIF assessment base, but if this portion were to increase to about one-half, assessment income available to FICO would be insufficient. Under certain assumptions, this could occur within ten years. Other possible causes of assessment-base shrinkage would also contribute to a potential FICO-assessment shortfall.

[1] An institution's Oakar deposits are adjusted annually by the institution's overall deposit growth rate, net of acquisitions, thereby holding the proportion of Oakar deposits constant.

Estimated FDIC-Insured Deposits by Fund Membership and Type of Institution

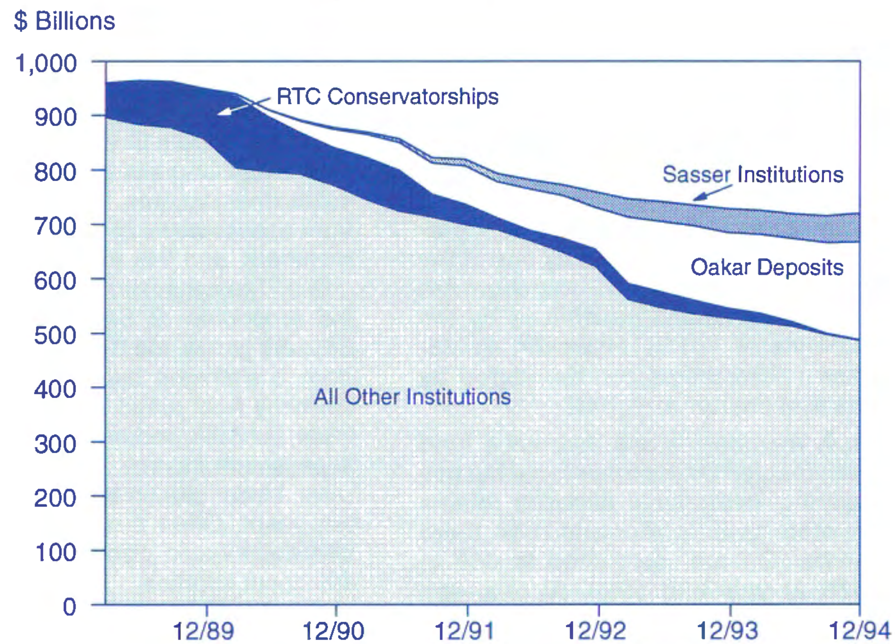
December 31, 1994

(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	10,450	4,010,664	2,874,351	1,731,896	149,962	1,881,859
BIF-member	10,371	3,988,681	2,857,648	1,730,292	138,441	1,868,734
SAIF-member	79	21,983	16,704	1,604	11,521	13,125
FDIC-Insured Savings Institutions	2,152	1,008,644	737,143	162,269	541,426	703,694
OTS-Supervised Savings Institutions	1,542	774,124	551,062	25,674	500,141	525,815
BIF-member	17	73,531	55,406	16,672	36,886	53,558
SAIF-member*	1,525	700,593	495,656	9,002	463,255	472,257
FDIC-Supervised State Savings Banks	610	234,521	186,081	136,595	41,285	177,879
BIF-member	370	184,754	148,300	136,526	4,791	141,316
SAIF-member	240	49,766	37,781	69	36,494	36,563
Total Private-Sector Commercial and Savings Institutions	12,602	5,019,308	3,611,494	1,894,165	691,388	2,585,553
BIF-member	10,758	4,246,966	3,061,353	1,883,490	180,118	2,063,608
SAIF-member	1,844	772,342	550,141	10,675	511,270	521,946
Other FDIC-Insured Institutions						
RTC Conservatorships	2	1,993	1,239	0	1,238	1,238
U.S. Branches of Foreign Banks	51	11,346	3,818	1,895	0	1,895
Total FDIC-Insured Institutions	12,655	5,032,647	3,616,551	1,896,060	692,626	2,588,686

*Excludes one self-liquidating savings institution with less than $1 million in SAIF-insured deposits.
**Includes $431.9 billion in foreign office deposits, which are uninsured.

SAIF Domestic Deposits

March 31, 1989 - December 31, 1994



($ Billions)	12/89	12/90	12/91	12/92	12/93	12/94
Sasser Institutions	$0	$2.8	$12.0	$28.8	$43.5	$52.8
Oakar Deposits (BIF-members)	2.1	34.0	70.4	77.4	139.8	180.1
RTC Conservatorships	89.7	67.8	37.2	31.5	17.9	1.2
All Other Institutions	858.5	773.1	700.6	622.8	528.2	486.7
Total	**$950.3**	**$877.7**	**$820.2**	**$760.5**	**$729.4**	**$720.8**

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

(dollar figures in millions)	1994	1993	1992	1991	1990
Number of institutions reporting	12,602	13,220	13,852	14,482	15,158
Total assets	$5,019,308	$4,707,078	$4,535,890	$4,543,642	$4,648,642
Total deposits	3,611,494	3,528,476	3,527,044	3,594,303	3,637,267
Number of problem institutions	318	572	1,063	1,426	1,492
Assets of problem institutions (in billions)	$73	$334	$592	$819	$640
Number of failed/assisted institutions	15	50	181	271	382
Assets of failed/assisted institutions (in billions)	$1.57	$9.67	$88	$142	$145

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

(dollar figures in millions)	Preliminary 4th Quarter 1994	3rd Quarter 1994	4th Quarter 1993	% Change 93:4-94:4
Number of institutions reporting	12,602	12,773	13,220	-4.7
Total employees (full-time equivalent)	1,749,525	1,754,478	1,780,097	-1.7
CONDITION DATA				
Total assets	$5,019,308	$4,929,099	$4,707,078	6.6
Loans secured by real estate	1,600,602	1,565,418	1,518,397	5.4
1-4 Family residential	1,036,836	1,006,781	971,626	6.7
Home equity loans	93,207	92,082	90,462	3.0
Multifamily residential property	94,598	94,289	93,976	0.7
Commercial real estate	335,439	331,960	324,011	3.5
Construction, development and land	84,536	84,662	85,438	-1.1
Other real estate loans	49,193	47,727	43,345	13.5
Commercial & industrial loans	599,014	584,916	548,399	9.2
Loans to individuals	525,747	499,466	456,617	15.1
Credit cards & related plans	195,963	178,670	163,866	19.6
Other loans & leases	292,165	280,952	277,377	5.3
Less: Unearned income & contra accounts	16,547	16,902	16,012	3.3
Total loans & leases	3,000,980	2,913,851	2,784,778	7.8
Less: Reserve for losses	59,773	60,502	61,418	-2.7
Net loans & leases	2,941,208	2,853,349	2,723,360	8.0
Securities	1,113,220	1,133,032	1,112,371	***
Other real estate owned	13,997	16,985	23,906	-41.5
Goodwill and other intangibles	29,731	28,338	24,003	23.9
All other assets	921,151	897,396	823,437	***
Total liabilities and capital	5,019,308	4,929,100	4,707,078	6.6
Deposits	3,611,494	3,541,169	3,528,476	2.4
Other borrowed funds	769,461	736,525	631,904	***
Subordinated debt	43,142	41,086	39,905	8.1
All other liabilities	202,978	217,613	131,847	***
Equity capital	392,233	392,706	374,946	***
Loans and leases 30-89 days past due	36,682	34,322	38,674	-5.2
Noncurrent loans and leases	40,247	44,150	56,130	-28.3
Restructured loans and leases	13,675	14,410	20,475	-33.2
Direct and indirect investments in real estate	1,024	1,096	1,298	-21.1
Mortgage-backed securities	541,190	547,289	535,425	***
Earning assets	4,412,023	4,329,046	4,220,929	4.5
Unused loan commitments	1,846,387	1,761,232	1,552,931	18.9
Including RTC conservatorships and IBA's:				
Estimated BIF-insured deposits	1,896,060	1,888,039	1,904,920	-0.5
Domestic deposits (reflects Oakar adjustments)	2,463,813	2,427,002	2,490,816	-1.1
BIF balance (unaudited figures)	21,848	19,359	13,122	66.5
BIF coverage ratio (%)****	1.15	1.03	0.69	
Estimated SAIF-insured deposits	692,626	687,176	698,455	-0.8
Domestic deposits (reflects Oakar adjustments)	720,823	716,320	729,164	-1.1
SAIF balance (unaudited figures)	1,937	2,011	1,156	67.6
SAIF coverage ratio (%)****	0.28	0.29	0.17	
Estimated FDIC-insured deposits, BIF and SAIF	2,588,686	2,575,215	2,603,375	-0.6

INCOME DATA	Preliminary Full Year 1994	Full Year 1993	%Change	Preliminary 4th Quarter 1994	4th Quarter 1993	%Change 93:4-94:4
Total interest income	$321,313	$311,198	3.3	$85,878	$79,352	8.2
Total interest expense	144,676	140,263	3.2	40,471	35,563	13.8
Net interest income	176,637	170,935	3.3	45,407	43,789	3.7
Provision for loan losses	13,333	21,123	-36.9	3,456	5,048	-31.5
Total noninterest income	82,460	82,857	-0.5	21,510	22,400	-4.0
Total noninterest expense	167,414	164,587	1.7	44,533	43,289	2.9
Securities gains (losses)	(598)	3,460	N/M	(994)	446	N/M
Applicable income taxes	26,207	23,696	10.6	5,533	6,036	-8.3
Extraordinary gains, net	(452)	2,066	N/M	10	161	-93.9
Net income	51,092	49,913	2.4	12,411	12,408	0.0

*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. 21-23. 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	1992	1991	1990
Number of institutions reporting	10,758	11,291	11,813	12,305	12,791
Total assets	$4,246,966	$3,949,720	$3,711,624	$3,660,455	$3,646,838
Total deposits	3,061,353	2,951,982	2,873,178	2,881,769	2,861,441
Number of problem institutions	264	472	856	1,089	1,046
Assets of problem institutions (in billions)	$42	$269	$464	$610	$409
Number of failed/assisted institutions	13	41	122	127	169
Assets of failed/assisted institutions (in billions)	$1.43	$3.54	$44	$63	$15

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

(dollar figures in millions)	Preliminary 4th Quarter 1994	3rd Quarter 1994	4th Quarter 1993	% Change 93:4-94:4
Number of institutions reporting	10,758	10,905	11,291	-4.7
Commercial banks	10,371	10,517	10,887	-4.7
Savings institutions	387	388	404	-4.2
Total employees (full-time equivalent)	1,544,033	1,543,569	1,556,408	-0.8
CONDITION DATA				
Total assets	$4,246,966	$4,164,978	$3,949,720	7.5
Loans secured by real estate, total	1,136,107	1,109,148	1,068,972	6.3
1-4 Family residential	668,534	649,066	622,115	7.5
Multifamily residential property	51,078	49,837	48,184	6.0
Commercial real estate	300,861	296,493	286,566	5.0
Construction, development and land	66,535	66,115	68,818	-3.3
Commercial & industrial loans	592,929	579,292	542,881	9.2
Reserve for losses	54,382	54,886	55,407	-1.9
Total deposits	3,061,353	2,984,350	2,951,982	3.7
Estimated insured deposits	2,063,608	2,043,727	2,037,604	1.3
BIF-insured deposits (estimated)	1,883,490	1,877,117	1,897,809	-0.8
SAIF-insured deposits (estimated)	180,118	166,610	139,795	28.8
Noncurrent loans and leases	33,870	36,989	47,555	-28.8
Other real estate owned	10,914	13,559	18,499	-41.0
Equity capital	332,413	332,350	316,310	**
CAPITAL CATEGORY DISTRIBUTION				
Number of institutions:				
Well capitalized	10,583	10,720	11,052	-4.2
Adequately capitalized	138	149	182	-24.2
Undercapitalized	23	23	20	15.0
Significantly undercapitalized	10	12	23	-56.5
Critically undercapitalized	4	1	14	-71.4
Total assets:				
Well capitalized	$4,142,534	$4,004,593	$3,797,959	9.1
Adequately capitalized	99,194	155,110	140,946	-29.6
Undercapitalized	4,209	3,899	1,856	126.8
Significantly undercapitalized	557	1,373	5,069	-89.0
Critically undercapitalized	472	3	3,891	-87.9

INCOME DATA	Preliminary Full Year 1994	Full Year 1993	%Change	Preliminary 4th Quarter 1994	4th Quarter 1993	%Change 93:4-94:4
Net interest income	$154,655	$147,834	4.6	$39,896	$38,109	4.7
Provision for loan losses	11,551	18,279	-36.8	3,036	4,312	-29.6
Net income	46,935	44,531	5.4	11,338	11,351	-0.1
Net charge-offs	12,067	19,106	-36.9	3,367	5,302	-36.5
Number of institutions reporting net losses	409	562	-27.2	981	1,183	-17.1

*Excludes insured branches of foreign banks.

**New accounting rules and/or reporting detail became effective March 31, 1994. See Notes to Users, pp. 21-23.

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

(dollar figures in millions)	1994	1993	1992	1991	1990
Number of institutions reporting	1,844	1,929	2,039	2,177	2,367
Total assets	$772,342	$757,358	$824,266	$883,187	$1,001,804
Total deposits	550,141	576,493	653,865	712,533	775,826
Number of problem institutions	54	100	207	337	446
Assets of problem institutions (in billions)	$31	$65	$128	$209	$231
Number of failed/assisted institutions	2	9	59	144	213
Assets of failed/assisted institutions (in billions)	$0.14	$6.13	$44	$79	$130

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

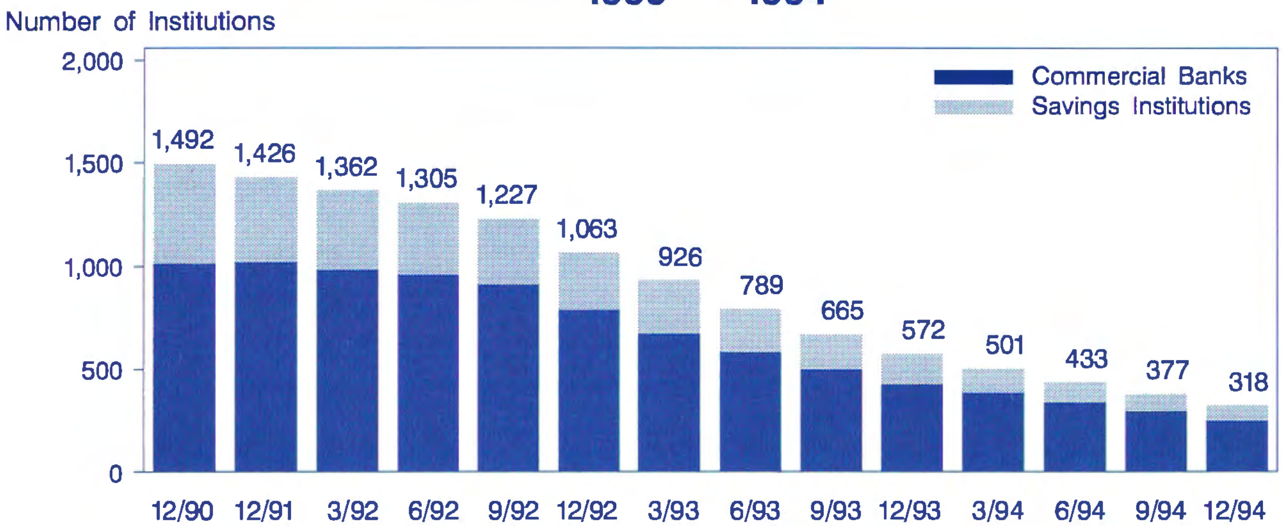
(dollar figures in millions)	Preliminary 4th Quarter 1994	3rd Quarter 1994	4th Quarter 1993	% Change 93:4-94:4
Number of institutions reporting	1,844	1,868	1,929	-4.4
Commercial banks	79	75	71	11.3
Savings institutions	1,765	1,793	1,858	-5.0
Total employees (full-time equivalent)	205,492	210,909	223,689	-8.1
CONDITION DATA				
Total assets	$772,342	$764,121	$757,358	2.0
Loans secured by real estate, total	464,494	456,271	449,425	3.4
1-4 Family residential	368,303	357,716	349,511	5.4
Multifamily residential property	43,520	44,452	45,792	-5.0
Commercial real estate	34,577	35,466	37,445	-7.7
Construction, development and land	18,001	18,547	16,621	8.3
Commercial & industrial loans	6,085	5,624	5,518	10.3
Reserve for losses	5,391	5,616	6,011	-10.3
Total deposits	550,141	556,819	576,493	-4.6
Estimated insured deposits	521,946	527,678	545,784	-4.4
BIF-insured deposits (estimated)	10,675	8,738	4,807	122.1
SAIF-insured deposits (estimated)	511,270	518,940	540,977	-5.5
Noncurrent loans and leases	6,378	7,160	8,574	-25.6
Other real estate owned	3,084	3,426	5,407	-43.0
Equity capital	59,820	60,357	58,635	**
CAPITAL CATEGORY DISTRIBUTION				
Number of institutions:				
Well capitalized	1,743	1,773	1,821	-4.3
Adequately capitalized	91	83	93	-2.2
Undercapitalized	5	6	12	-58.3
Significantly undercapitalized	4	5	1	300.0
Critically undercapitalized	1	1	2	-50.0
Total assets:				
Well capitalized	$702,525	$680,245	$664,415	5.7
Adequately capitalized	65,316	79,095	87,373	-25.3
Undercapitalized	1,566	1,408	3,301	-52.6
Significantly undercapitalized	1,206	3,329	107	N/M
Critically undercapitalized	1,730	44	2,162	-20.0

INCOME DATA	Preliminary Full Year 1994	Full Year 1993	%Change	Preliminary 4th Quarter 1994	4th Quarter 1993	%Change 93:4-94:4
Net interest income	$21,982	$23,101	-4.9	$5,511	$5,680	-3.0
Provision for loan losses	1,782	2,844	-37.3	420	736	-43.0
Net income	4,157	5,381	-22.8	1,073	1,057	1.5
Net charge-offs	2,212	2,435	-9.2	454	732	-37.9
Number of institutions reporting net losses	136	103	32.0	168	163	3.1

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

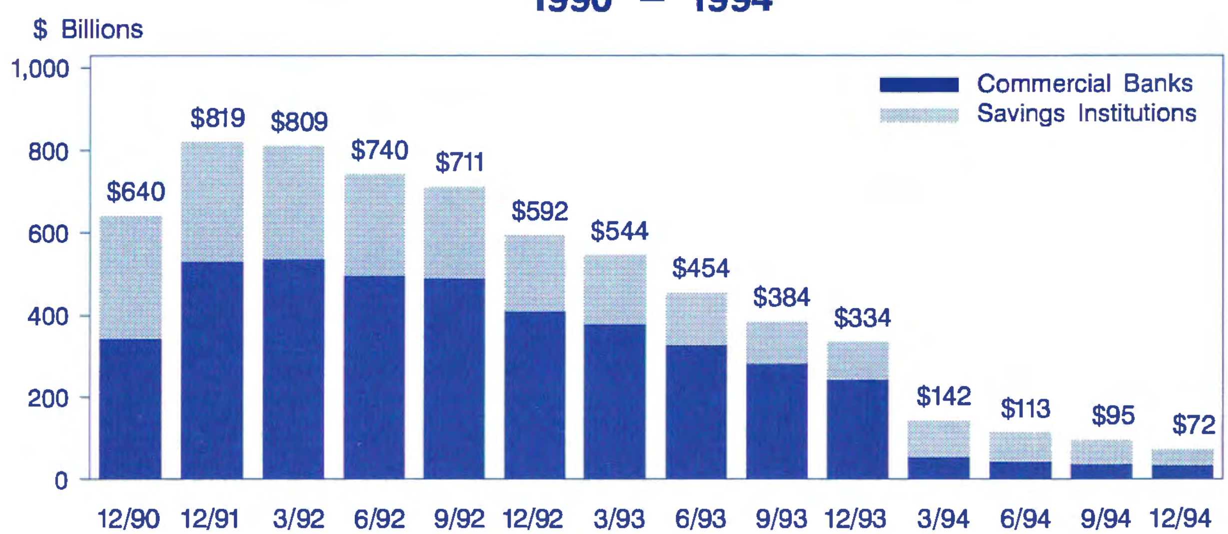
** New accounting rules and/or reporting detail became effective March 31, 1994. See Notes to Users, pp. 21-23.

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



	12/90	12/91	3/92	6/92	9/92	12/92	3/93	6/93	9/93	12/93	3/94	6/94	9/94	12/94
Savings Institutions	480	410	381	349	318	276	255	209	169	146	118	95	84	71
Commercial Banks	1,012	1,016	981	956	909	787	671	580	496	426	383	338	293	247

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



	12/90	12/91	3/92	6/92	9/92	12/92	3/93	6/93	9/93	12/93	3/94	6/94	9/94	12/94
Savings Institutions	298	291	274	245	223	184	167	128	103	92	89	71	59	39
Commercial Banks	342	528	535	495	488	408	377	326	281	242	53	42	36	33

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 have 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 Research Information System (RIS) 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.

Asset Migrations

All data are collected and presented based on the location of each reporting institution's main office. When a main office is relocated to another state, adjustments to prior-period data may be made to more accurately reflect geographic growth rates. In other situations, no adjustments are possible. For example, reported data may include assets and liabilities located outside of the reporting institution's home state. Also, institutions may change their charters, resulting in an inter-industry migration, e.g. savings institutions can convert to commercial banks. These situations can affect state and regional totals.

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.