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WASHINGTON, D.C. IS EMERGING AS A CENTER OF COMMERCIAL FINANCE

Commercial banks serving the Washington, D.C., metropolitan area are enjoying the benefits of the strong regional economy and are helping to make the District of Columbia a major commercial finance center, according to Federal Deposit Insurance Corporation Chairman L. William Seidman.

Mr. Seidman, in remarks to the Greater Washington Financial Institutions Association, said that the Washington metropolitan area is an excellent banking market, the ninth largest in the nation in terms of deposits held by commercial banks. Furthermore, Mr. Seidman noted that there has not been a bank failure in the District of Columbia in decades; Maryland has not experienced a commercial bank failure since 1940; and only one small bank failed in Virginia within the past six years.

"That's the kind of news that makes the banks' insurance corporation feel warm all over," he remarked.

Commercial banks headquartered in the metropolitan area showed a return on assets during 1987 of 0.63 percent, Mr. Seidman said. "I'm also happy to report that the credit quality of metro area bank loans is much stronger than the national average. Net charge offs on loans and leases were less than half the national average," he added.

While many banks headquartered in the region are proving to be above average performers, there are some important performance indicators that could be improved, Mr. Seidman commented. He noted that "the percentage of D.C. area banks with earnings losses was roughly a quarter higher than the national norm," and capital ratios should be strengthened.

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While often viewed as the federal government's "company town," Mr. Seidman said the Washington metropolitan area is also a recognized leader in the evolution of interstate networks, including those now emerging within the banking system. The region's banks, he added, are gaining the reputation of being on the cutting edge of new ideas, in part because of their ability to operate successfully in a market that stretches across three political jurisdictions.

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