

Highlights

First

Quarter



1990



The FDIC

Quarterly

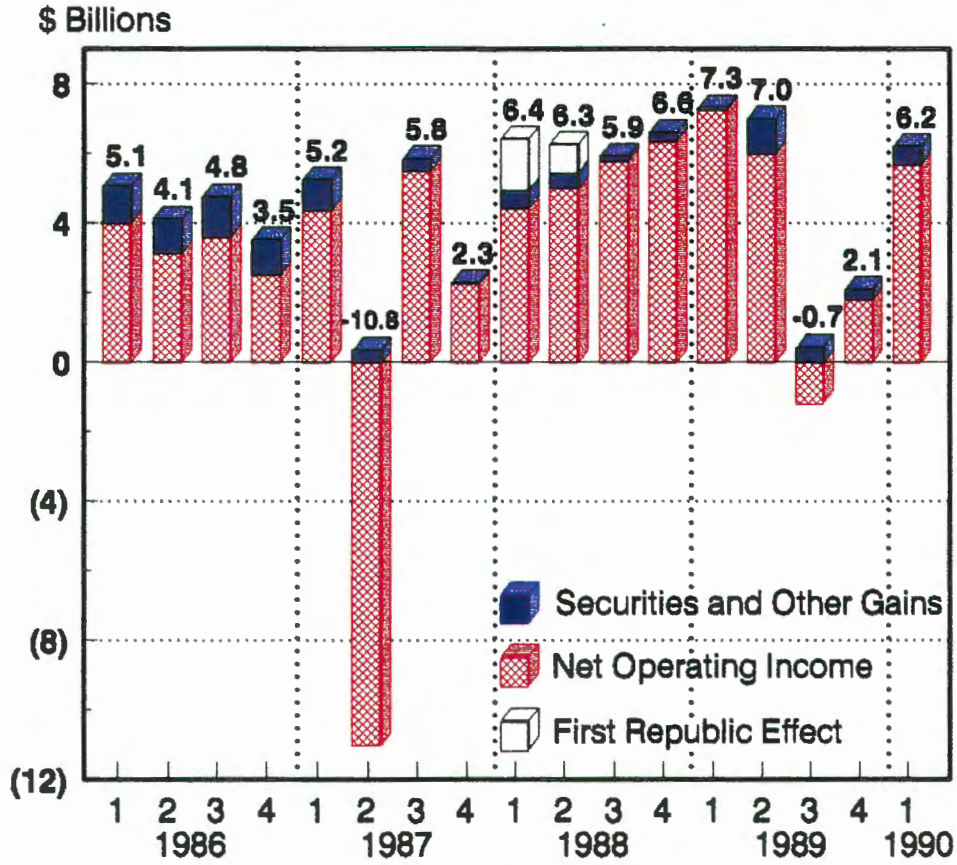
Banking Profile

L. William Seidman, Chairman

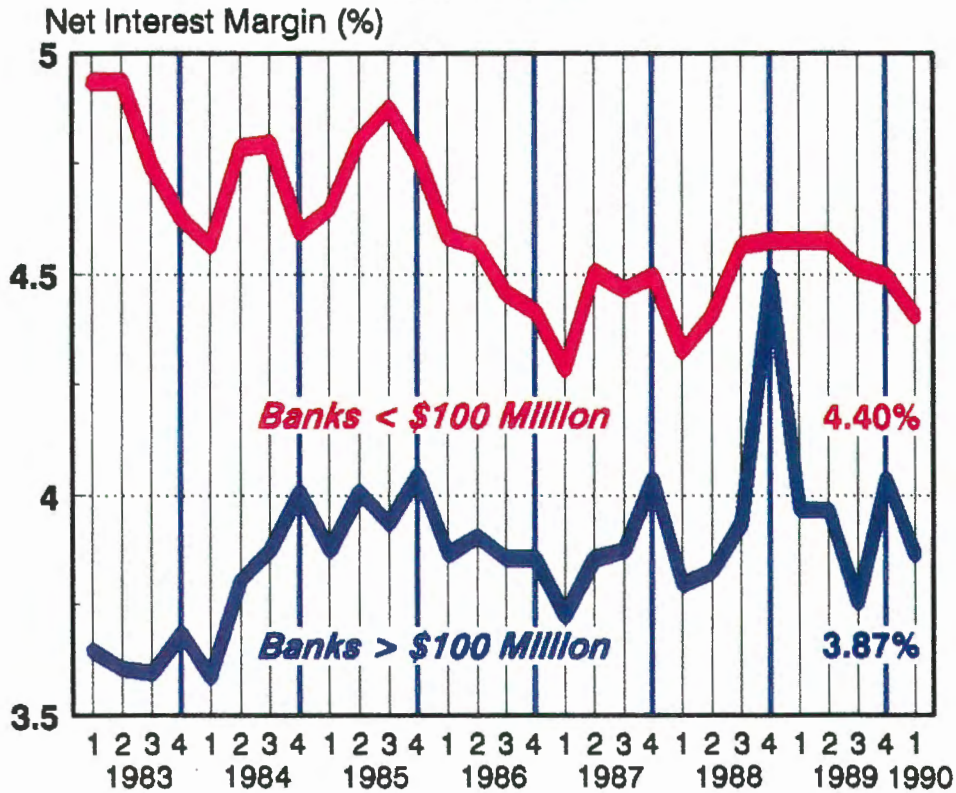
HIGHLIGHTS OF FIRST QUARTER 1990 BANK PERFORMANCE

- o The \$6.2 billion earned by commercial banks in the first quarter was \$1.1 billion lower than the record total of \$7.3 billion earned in the first quarter of 1989. The main reason for the decline was higher provisioning for domestic loan losses, particularly for real estate loans in the Northeast. Domestic loan-loss provisions were \$2.2 billion above the level of a year ago. \$1.7 billion of the increase was at banks in the Northeast Region.
- o The commercial banking industry continues to rely on real estate lending to support overall asset growth. Total real estate loans outstanding grew by \$75.5 billion, or 11 percent, in the twelve months ending March 31; during the same period, noncurrent real estate loans grew by \$7 billion, a 40 percent increase. In the first three months of 1990, real estate loans were up \$9 billion (1.2 percent), while noncurrent real estate loans increased by \$2.3 billion (10.3 percent). At the end of March, real estate loans represented 38 percent of all loans at commercial banks.
- o The \$3.1 billion increase in net loan charge-offs over the level of 1989's first quarter was led by growth in charge-offs on loans to foreign borrowers. The next-highest increase, in dollar terms, was in commercial and industrial loan charge-offs, followed by real estate and consumer charge-offs.
- o Both the delinquency and net charge-off rates on loans to consumers were lower than in the fourth quarter of 1989. In a continuation of recent trends, both rates were higher than in the first quarter of 1989.
- o Nonrecurring gains contributed a larger share of banks' earnings in the first quarter than a year earlier. Profits from sales of securities and other gains contributed \$510 million of the \$6.2 billion in industry net income. Some of the \$1.4 billion increase in noninterest income over last year's level reflected proceeds from asset sales.
- o Net interest income registered no increase from the level of last year's first quarter, even though earning assets were 3.7 percent higher. Rising interest rates increased the industry's cost of funds more rapidly than its asset yields, resulting in a net interest margin of 3.94 percent, down from 4.09 percent in the previous quarter, and 4.08 percent in the first quarter of 1989.
- o Bank failure resolutions led to improvements in asset quality for banks in the Southwest Region. Provisions for loan losses were lower than a year ago, as were net loan charge-offs, so that earnings improved considerably, even though net interest income was lower. Absent government assistance, there are no indicators yet of a strong performance rebound by Texas banks.

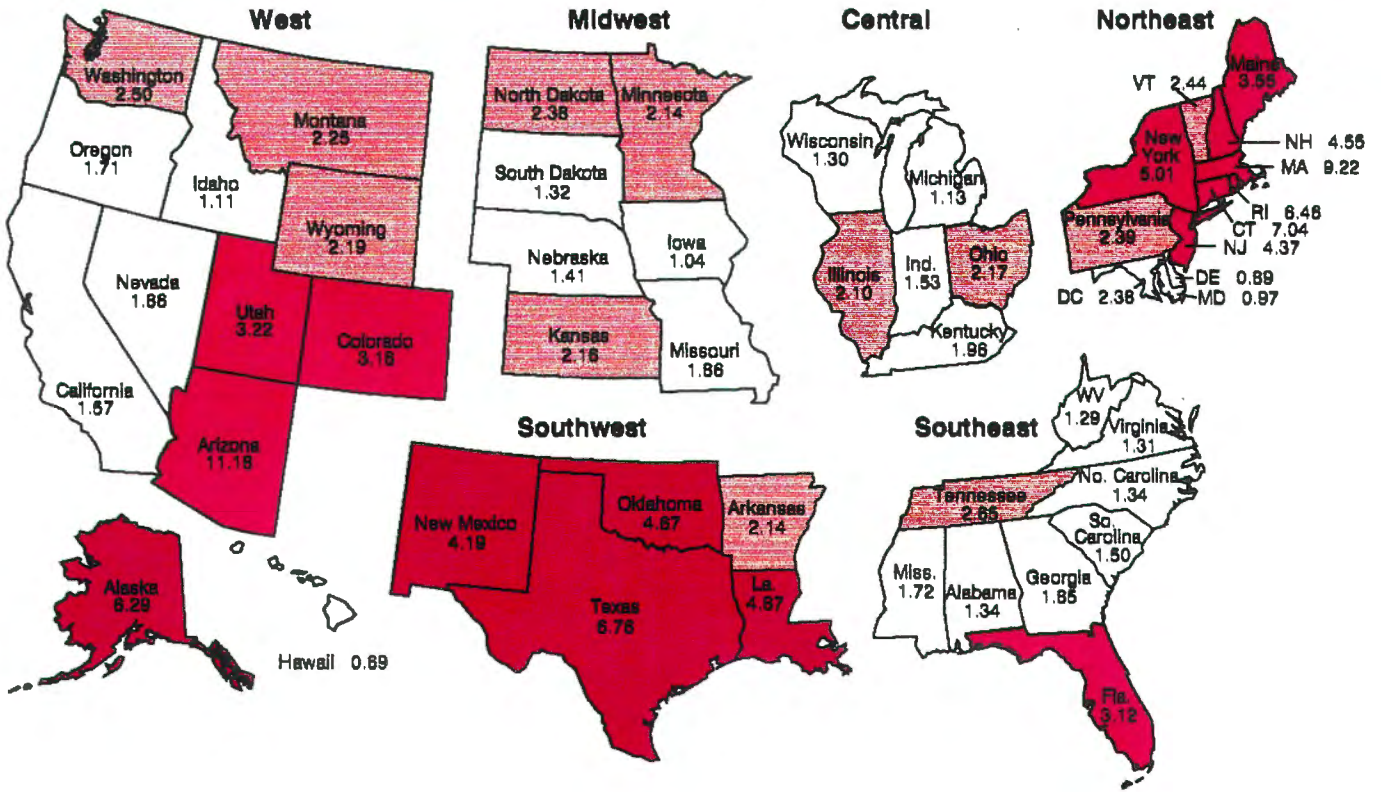
Quarterly Net Income of FDIC-Insured Banks, 1986 - 1990



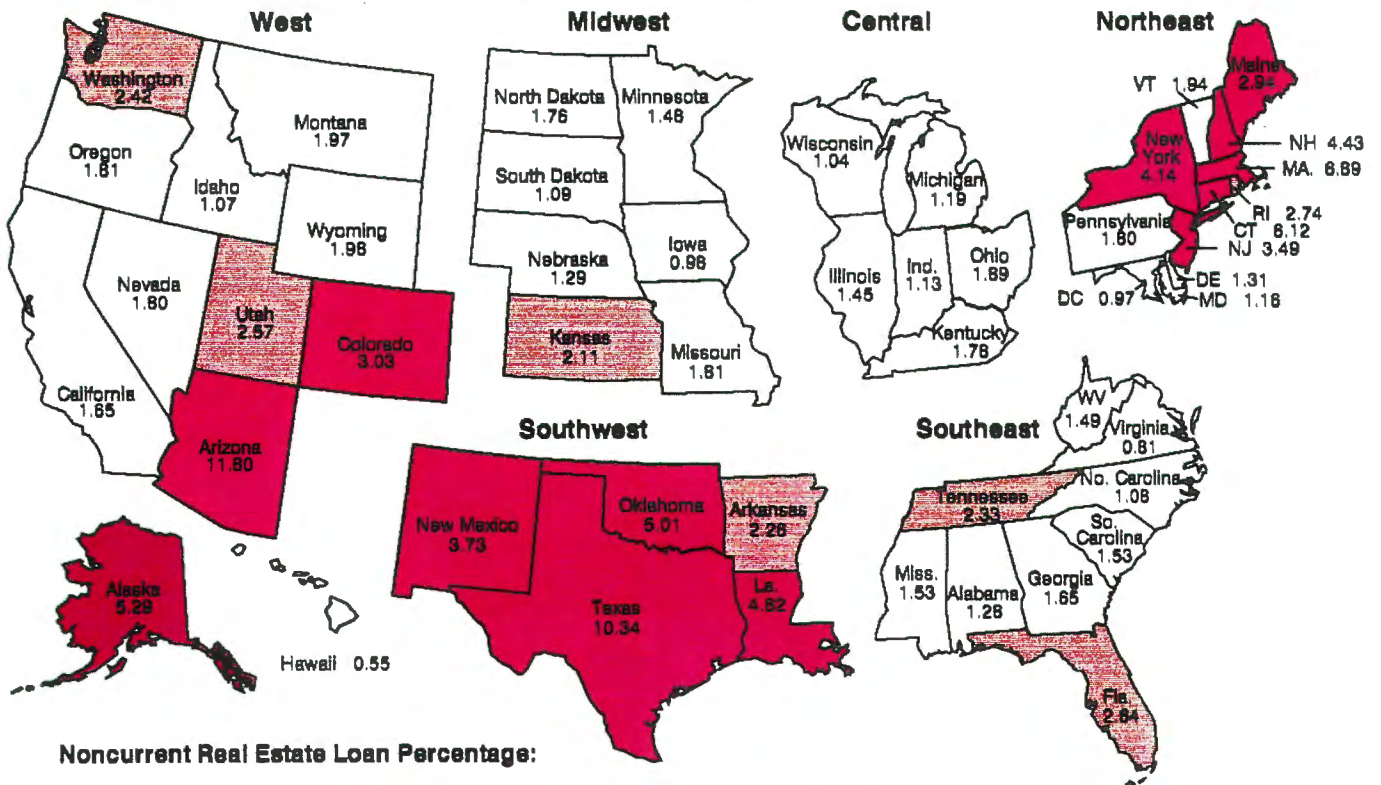
Quarterly Net Interest Margins 1983 - 1990



Noncurrent Real Estate Loan Rates by State March 31, 1990



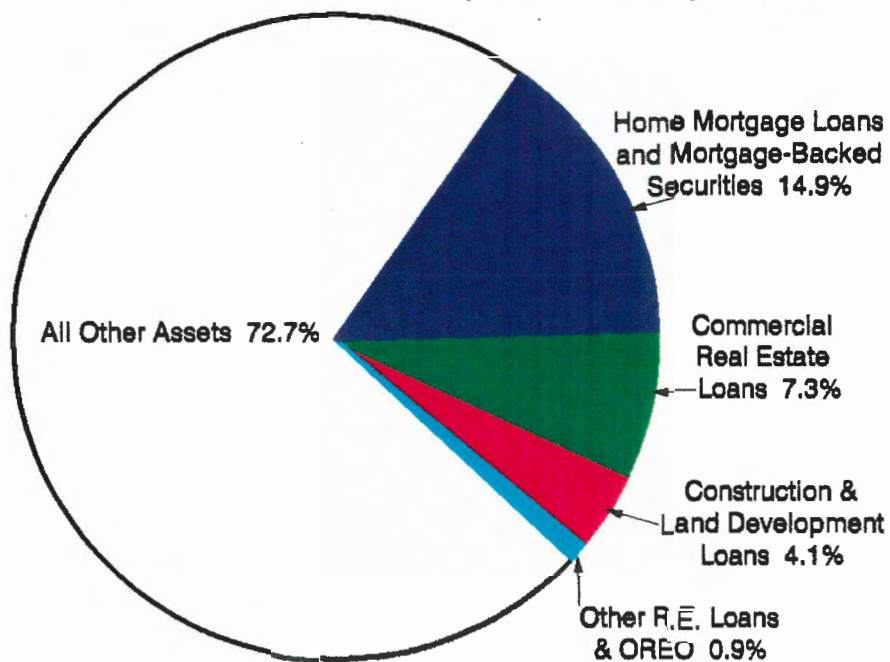
December 31, 1989



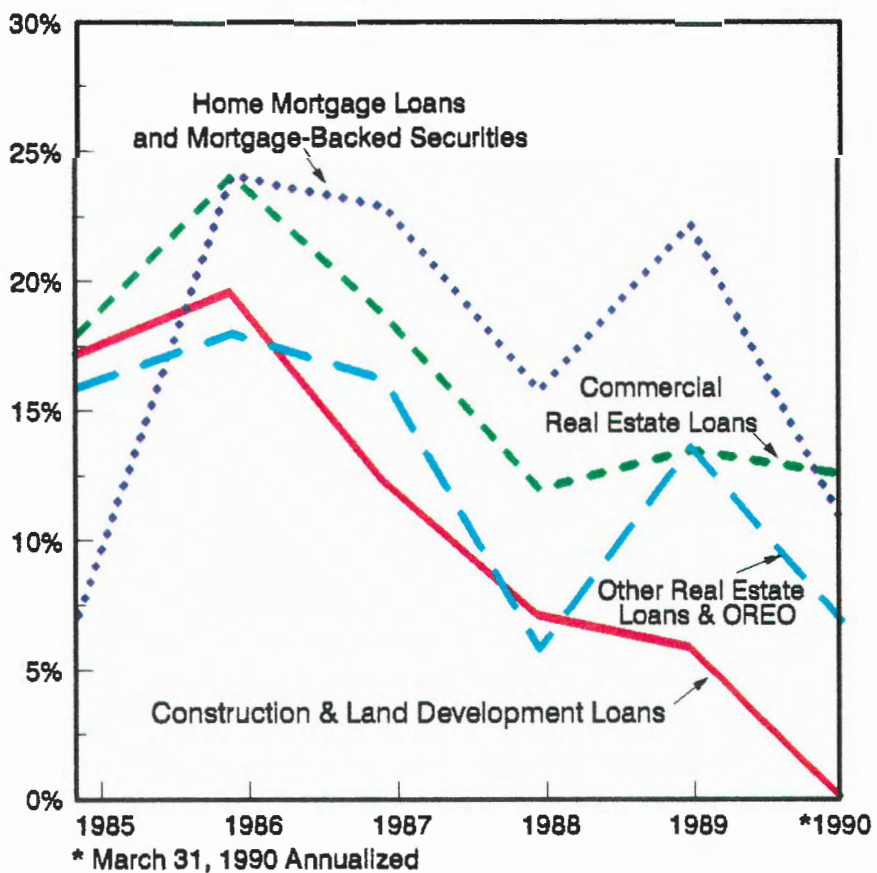
Noncurrent Real Estate Loan Percentage:

- 2% or Less
- Between 2% and 3%
- 3% or Higher

Real Estate Assets % of Total Assets, March 31, 1990



Real Estate Asset Growth Rates 1985 - 1990



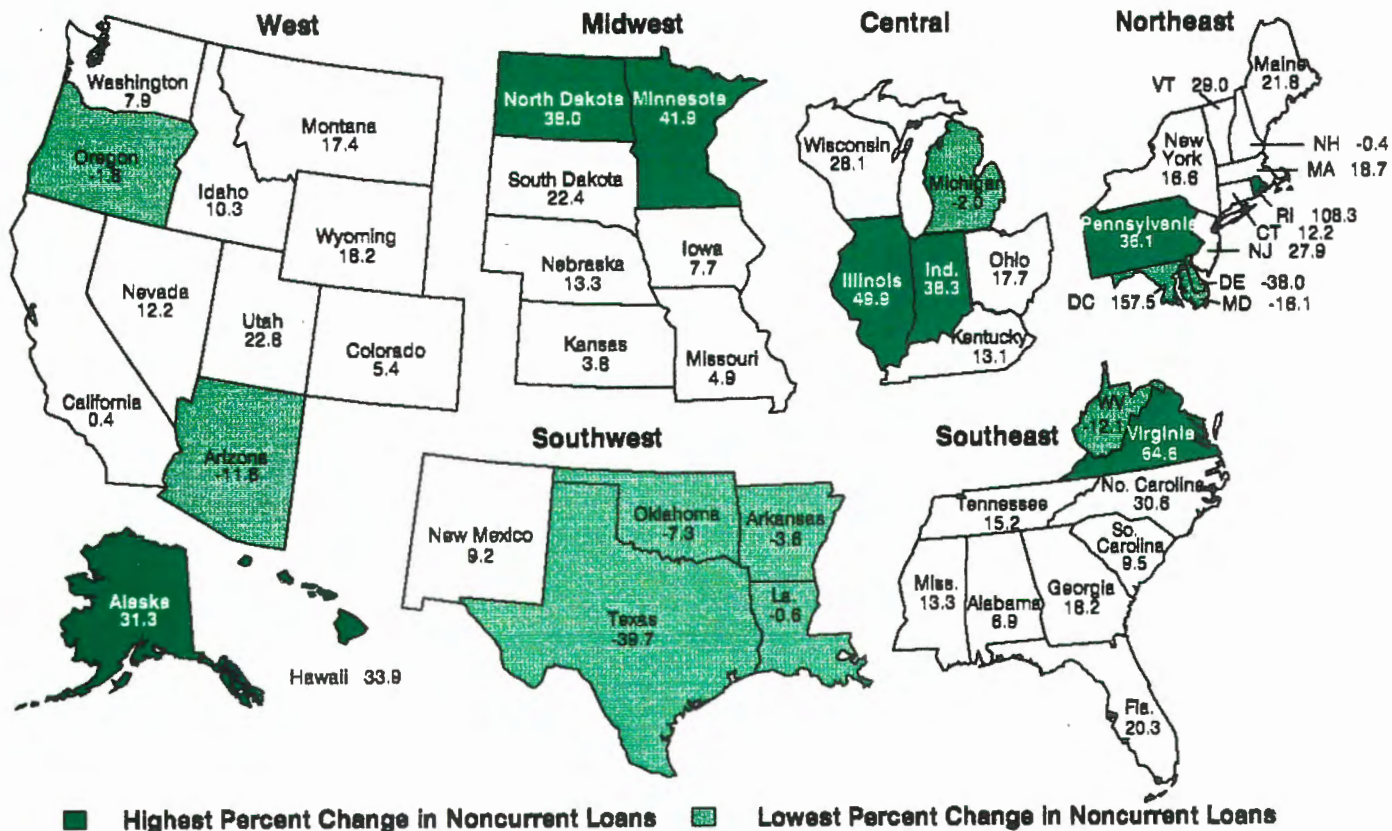
Real Estate Loan Concentrations

March 31, 1990

All Dollar Amounts Shown in Millions

	Total Assets	Real Estate Loans	RE Loans as a Percent of Assets	Rank	Noncurrent Real Estate Loans			
					As a Percent of Real Estate Loans	Rank	Percent Change 12/31/89 to 3/3/90	Rank
Vermont	\$5,784	\$2,889	49.94%	1	2.44%	19	28.0%	12
Connecticut	36,853	15,713	42.64	2	7.04	3	12.2	29
Maine	7,958	3,313	41.64	3	3.55	13	21.8	17
New Hampshire	10,229	3,683	36.01	4	4.55	10	-0.4	41
Florida	135,580	48,760	35.97	5	3.12	16	20.3	18
New Jersey	92,558	31,399	33.92	6	4.37	11	27.9	14
California	329,366	110,617	33.58	7	1.57	36	0.4	40
District of Columbia	20,154	6,613	32.81	8	2.38	21	157.5	1
Washington	38,188	11,920	31.22	9	2.50	18	7.9	34
South Carolina	24,010	7,357	30.64	10	1.50	38	9.5	32
Maryland	54,242	16,539	30.49	11	0.97	49	-16.1	49
Wisconsin	44,260	13,331	30.12	12	1.30	44	28.1	13
Missouri	58,094	17,096	29.43	13	1.86	31	4.9	38
Virginia	67,780	19,856	29.30	14	1.31	43	64.8	3
North Carolina	77,957	22,045	28.28	15	1.34	41	30.6	11
Massachusetts	106,672	29,933	28.06	16	9.22	2	18.7	19
Hawaii	17,464	4,878	27.93	17	0.69	51	33.9	9
West Virginia	16,967	4,658	27.46	18	1.29	45	-12.1	48
New Mexico	10,429	2,804	26.89	19	4.19	12	9.2	33
Tennessee	46,141	12,209	26.46	20	2.65	17	15.2	25
Alabama	36,135	9,495	26.28	21	1.34	40	6.9	36
Indiana	55,169	14,344	26.00	22	1.53	37	38.3	6
Arkansas	19,531	5,052	25.86	23	2.14	28	-3.6	45
Arizona	27,112	6,938	25.59	24	11.18	1	-11.6	47
Kentucky	39,562	10,107	25.55	25	1.96	30	13.1	28
Georgia	66,104	16,641	25.17	26	1.85	33	18.2	21
Rhode Island	17,780	4,427	24.90	27	6.48	5	108.3	2
Utah	12,265	3,047	24.84	28	3.22	14	22.8	15
Michigan	90,682	22,262	24.55	29	1.13	46	-2.0	44
Mississippi	20,307	4,867	23.97	30	1.72	34	13.3	26
Ohio	106,881	24,747	23.15	31	2.17	25	17.7	22
Colorado	25,980	5,959	22.94	32	3.18	15	5.4	37
Louisiana	36,746	8,407	22.88	33	4.87	8	-0.6	42
Pennsylvania	167,237	36,846	22.03	34	2.39	20	36.1	8
Oregon	22,335	4,784	21.42	35	1.71	35	-1.8	43
Kansas	27,067	5,442	20.11	36	2.16	26	3.8	39
Minnesota	50,330	9,762	19.40	37	2.14	27	41.9	5
Oklahoma	26,007	4,956	19.06	38	4.67	9	-7.3	46
Illinois	194,731	35,435	18.20	39	2.10	29	49.9	4
Idaho	8,078	1,444	17.88	40	1.11	47	10.3	31
Iowa	32,576	5,740	17.62	41	1.04	48	7.7	35
North Dakota	7,001	1,200	17.13	42	2.38	22	38.0	7
Alaska	4,238	714	16.86	43	6.29	6	31.3	10
Texas	170,097	27,534	16.19	44	6.76	4	-39.7	51
Wyoming	4,286	682	15.91	45	2.19	24	18.2	20
New York	650,800	100,227	15.40	46	5.01	7	16.6	24
Montana	6,949	1,021	14.70	47	2.25	23	17.4	23
Nebraska	18,509	2,692	14.54	48	1.41	39	13.3	27
Nevada	15,961	2,222	13.92	49	1.86	32	12.2	30
Delaware	67,026	4,523	6.75	50	0.89	50	-38.0	50
South Dakota	18,028	1,063	5.90	51	1.32	42	22.4	16
50 States and D.C.	\$3,246,156	\$768,194	23.66%		3.15%		8.3%	

Noncurrent Real Estate Loan Growth December 31, 1989 - March 31, 1990

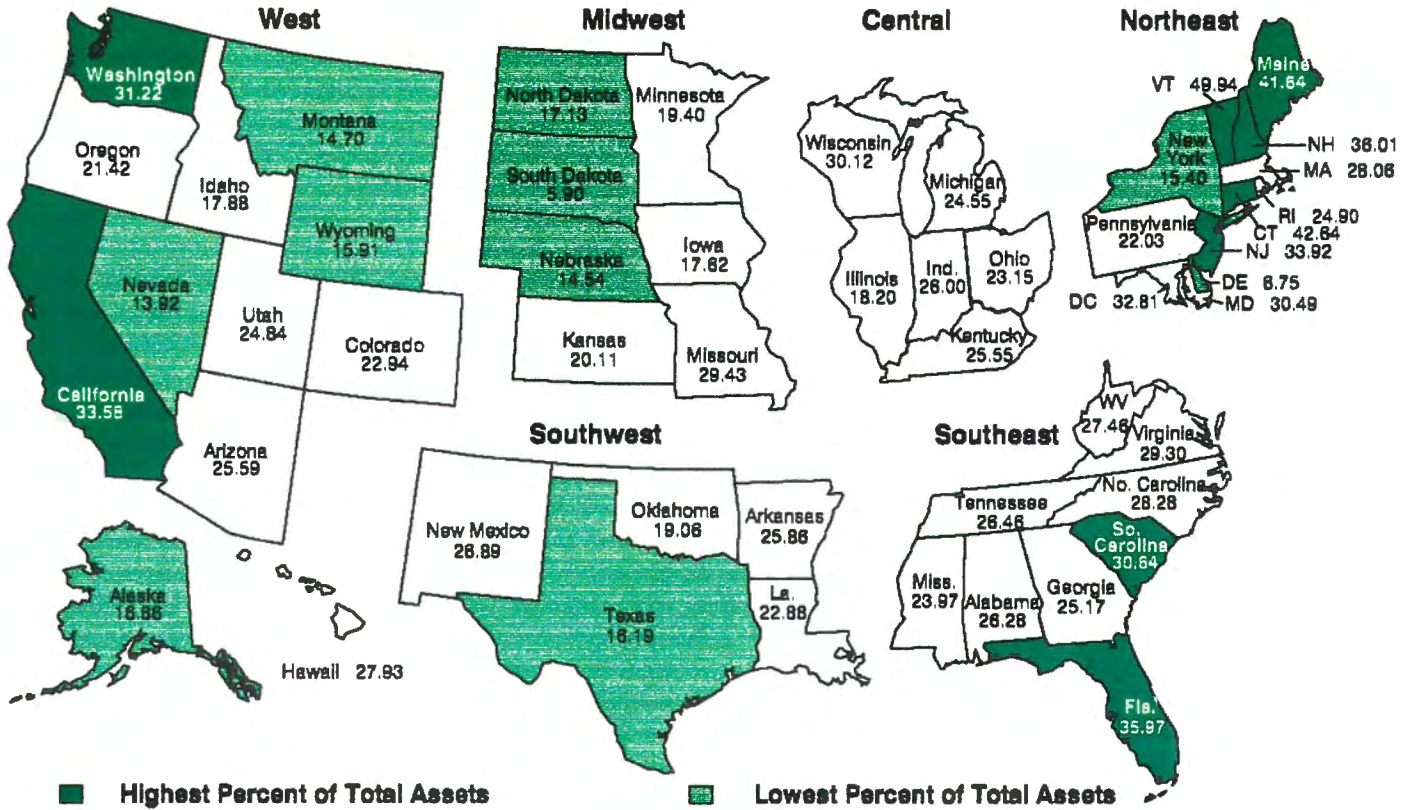


State Rankings

	Noncurrent RE Loans Percent Change	Rank
District of Columbia	157.5 %	1
Rhode Island	108.3	2
Virginia	84.8	3
Illinois	49.9	4
Minnesota	41.9	5
Indiana	38.3	6
North Dakota	38.0	7
Pennsylvania	36.1	8
Hawaii	33.9	9
Alaska	31.3	10
North Carolina	30.6	11
Vermont	29.0	12
Wisconsin	28.1	13
New Jersey	27.9	14
Utah	22.8	15
South Dakota	22.4	16
Maine	21.8	17
Florida	20.3	18
Massachusetts	18.7	19
Wyoming	18.2	20
Georgia	18.2	21
Ohio	17.7	22
Montana	17.4	23
New York	16.6	24
Tennessee	15.2	25
Mississippi	13.3	26

	Noncurrent RE Loans Percent Change	Rank
Nebraska	13.3 %	27
Kentucky	13.1	28
Connecticut	12.2	29
Nevada	12.2	30
Idaho	10.3	31
South Carolina	9.5	32
New Mexico	9.2	33
Washington	7.9	34
Iowa	7.7	35
Alabama	6.9	36
Colorado	5.4	37
Missouri	4.9	38
Kansas	3.8	39
California	0.4	40
New Hampshire	-0.4	41
Louisiana	-0.6	42
Oregon	-1.8	43
Michigan	-2.0	44
Arkansas	-3.8	45
Oklahoma	-7.3	46
Arizona	-11.6	47
West Virginia	-12.1	48
Maryland	-18.1	49
Delaware	-38.0	50
Texas	-39.7	51
50 States and D.C.	8.3	

Real Estate Loans as a Percent of Total Assets March 31, 1990



State Rankings

	RE Loans As a % of Total Assets	Rank
Vermont	49.94%	1
Connecticut	42.64	2
Maine	41.64	3
New Hampshire	36.01	4
Florida	35.97	5
New Jersey	33.92	6
California	33.58	7
District of Columbia	32.81	8
Washington	31.22	9
South Carolina	30.64	10
Maryland	30.49	11
Wisconsin	30.12	12
Missouri	29.43	13
Virginia	29.30	14
North Carolina	28.28	15
Massachusetts	28.06	16
Hawaii	27.93	17
West Virginia	27.46	18
New Mexico	26.89	19
Tennessee	26.46	20
Alabama	26.28	21
Indiana	26.00	22
Arkansas	25.86	23
Arizona	25.59	24
Kentucky	25.55	25
Georgia	25.17	26

	RE Loans As a % of Total Assets	Rank
Rhode Island	24.90%	27
Utah	24.84	28
Michigan	24.55	29
Mississippi	23.97	30
Ohio	23.15	31
Colorado	22.94	32
Louisiana	22.88	33
Pennsylvania	22.03	34
Oregon	21.42	35
Kansas	20.11	36
Minnesota	19.40	37
Oklahoma	19.06	38
Illinois	18.20	39
Idaho	17.88	40
Iowa	17.62	41
North Dakota	17.13	42
Alaska	16.86	43
Texas	16.19	44
Wyoming	15.91	45
New York	15.40	46
Montana	14.70	47
Nebraska	14.54	48
Nevada	13.92	49
Delaware	8.75	50
South Dakota	5.90	51
50 States and D.C.	23.66	