

ATTACHMENT B

THE CHANGING FINANCIAL MARKETPLACE

Banking was a simpler business in the early decades of the Federal Deposit Insurance Corporation. Interest rates were regulated and stable. Competition from nonbanking companies was limited. Banks were the primary source of borrowed funds for even the strongest, best-established businesses. In more recent years, the financial services industry, technology and capital markets have evolved, creating new risks and new opportunities. Bankers have had to manage the risks, but the Glass-Steagall Act and other legislation limit the ability of bankers to mitigate risk by diversifying their sources of income.

Tables I-A and I-B show that credit-risk exposure has increased dramatically since enactment of the Glass-Steagall Act. In 1935, about one-third of the industry's balance sheet was concentrated in assets that bear significant credit risk. Now, over 60 percent of banking assets are exposed to credit risk.

Beginning in the mid-1960s and lasting through the mid-1980s, the industry experienced rapid asset growth, typically exceeding ten percent per year (See Table I-A). In that 20-year span, the assets of the industry increased nearly tenfold, from \$345 billion to almost \$3 trillion. This growth was achieved by increasing credit risk and decreasing the proportion of lower risk investments. During this period, commercial banks built up large portfolios of loans with concentrated credit risk including loans with large balances at risk to a single borrower.¹

The industry's growing credit-risk exposure is illustrated in Tables I and II. In 1935, about one-quarter of the balance sheet was invested in loans with "credit-risk concentrations." That level increased to almost 45 percent in 1984 (prior to the wave of recent bank failures), and has declined to 34 percent more recently. Until the early 1980s, asset growth was fueled by commercial and industrial ("C&I") loans. C&I loan concentrations reached their highest level in 1982, peaking at nearly 25 percent of the industry's balance sheet. There were some notable lending excesses during these boom years, including real estate investment trusts, less-developed-country loans, and energy credits.

In the early 1980s, the largest commercial borrowers learned to bypass banks and replace loans from banks with lower-cost commercial paper. Burgeoning loan demand from energy related businesses supported continued C&I loan growth for a time, but by

¹Credit-risk-concentrated loans include commercial and industrial loans, commercial real estate and construction loans, and loans secured by multifamily residential properties.

1994, C&I loans had declined to 15 percent of the industry's total assets.

When C&I loans began to decline, many banks turned to commercial real estate loans and construction loans for new -- but high risk -- profit opportunities. In the mid- to late-1980s, growing concentrations in commercial real estate loans and construction loans offset shrinkage in C&I loans (see Table II). In 1976, commercial real estate loans and construction loans together comprised about five percent of the balance sheet. In ten years, the concentration increased to nearly eight percent of assets. It reached its highest level -- 11 percent -- in 1990. Banks were not the only providers of these loans. Savings and loan associations and other nonbank lenders also financed the speculative real estate development. Consequently, real estate markets in many regions became overbuilt, credit losses soared and commercial real estate loan demand diminished.

Loan growth since 1990 has been concentrated in loans where credit risk is more diversified (see Table II). Credit card, consumer and home mortgage loans extend relatively small and often collateralized balances to a relatively large number of borrowers. Failure of a single borrower to repay does not have a significant impact on a bank's earnings or capital. Most of the growth in "credit-risk-diversified" loans has come from home mortgages. Concentrations in home mortgage loans have nearly doubled since 1984, increasing from almost 8 percent of the industry's balance sheet to nearly 15 percent as of September 30, 1994. Credit card loans constitute 4.5 percent of assets and other "consumer" loans constitute 7.8 percent.

Beginning in 1990, the industry's risk profile began to change direction. Banks were able to take advantage of a widening difference between shorter- and longer-term interest rates to improve earnings while reducing credit risk. They shortened the average maturity of their liabilities and increased their concentrations of fixed-rate securities and residential mortgages. In effect, the industry replaced some of its credit risk with higher levels of interest-rate risk. Tables I and II show how the industry's asset composition has changed since the deregulation of deposit interest rates. In the early 1990s, the growth of investment securities held by banks -- primarily mortgage-backed instruments and U.S. Treasury securities -- accelerated. Market conditions also favored the growth of home mortgages, which have more than doubled since 1986, increasing from \$223 billion at year-end 1986 to \$550 billion as of September 30, 1994. While about 46 percent of these loans in the portfolios of banks carry adjustable rates, there is still interest-rate exposure, due to repricing lags, as well as caps that limit the amount by which the interest rates on the loans can increase.

In recent years, increased market volatility has made it more important for banks to manage risks other than credit risk, such as interest-rate risk, prepayment risk, and foreign-exchange risk. Banks have responded to this challenge by devoting considerable resources to asset-liability management and other risk management systems.

The tools for managing these risks have expanded considerably over the past decade, particularly with the increasing use of off-balance-sheet instruments such as swaps, options, and forward contracts. While smaller banks for the most part still use on-balance-sheet instruments to manage risk, these off-balance-sheet instruments have become an integral part of risk management for most large banks.

Banks are not only end users of these swaps, options, and forwards. Several large banks are major dealers of over-the-counter instruments. This activity has provided an important source of revenue and allowed these banks to respond to the needs of their customers. Nevertheless, a series of recent losses has raised concerns about the potential risks of these investments.

Record bank failures in the 1980s and early 1990s were quickly replaced with record earnings as the economy improved in a very favorable interest-rate environment. As Table IV shows, in the last ten years, the industry achieved both its lowest annual return on assets (about 0.09 percent in 1987) and its highest return on assets (1.20 percent in 1993) since the implementation of deposit insurance in 1933. Declining loan losses account for the wide swing in earnings. Declining loan-loss provisions have added roughly 25 basis points (pre-tax) to the industry's return on assets in each of the last three years. Interest margins have improved steadily since 1984, but these improvements have had relatively little impact compared with the reduced burden of loan-loss provisions. Ten year growth in noninterest income has outstripped noninterest expense growth by a narrow margin, providing a relatively small boost to the industry's bottom line.

Bankers were not able to obtain expanded powers when the industry was in trouble, as in the late 1980s, owing to concerns about adding new potential risks to an industry struggling with existing risks. Now, opponents may argue that expanded powers are not needed, given the record profits the industry has reported for the last three years. The tables suggest, however, that volatile swings in the health and performance of the industry may result in part from constraints that limit alternatives for generating profits. The data show that credit risk, interest-rate risk and competition have all increased since the enactment of Glass-Steagall. While the earnings trend recently has been positive, the wide swings in past performance

indicate heightened uncertainty and increased risks in the industry.

International Developments

Global competitive pressures also present a compelling need to reconsider the Glass-Steagall prohibitions between investment and commercial banking. Domestic financial deregulation in major industrialized nations, the development of new financial instruments, and advances in communication and computer technologies have contributed to the rapid integration of international financial markets during the past two decades. These changes in the financial marketplace, both domestic and international, have led several major industrialized nations to change their laws governing financial institutions, with the goal of creating a more level competitive playing field. In particular, there has been a growing worldwide trend toward easing traditional distinctions among the three major segments of the financial services industry -- commercial banks, investment firms, and insurance companies.

It should be noted that commercial and investment banking have long been combined in countries with universal banking systems, such as Germany and most of western Europe. Universal banks have the authority to offer the full range of banking and financial services -- including securities underwriting and brokering of both government and corporate debt and equity -- within a single legal entity, the bank. Although some financial services are provided through subsidiaries, the bank or financial services holding company structure is virtually unknown in other countries.

In contrast to the universal banking structure allowed in Continental European countries, Canada, Japan and the United Kingdom traditionally maintained barriers and restrictions against combining commercial and investment banking activities. These restrictions have been largely removed by legislation in each of these countries. For example, British banks were permitted to join the stock exchange in 1986 and to acquire or develop investment banking subsidiaries. These affiliations are important to the ability of British banks to compete within the European Union's single market.

Canada amended its laws governing financial institutions in 1987 and 1992, removing many of the statutory barriers separating banks, trust companies, insurance companies and securities firms, to allow greater latitude in bank ownership of institutions in the other financial sectors. As a result, most of the major Canadian securities firms are now owned by banks. Additionally, banks were permitted to offer more services "in-house," and to set up networking arrangements through which their branches sell

the products of institutions in other sectors of the financial industry.

In 1992, Japan approved the "Financial System Reform Act," amending Japan's Securities and Exchange Law, and effectively removing the barriers between investment and commercial banking. By law since 1993, banks and securities companies have been allowed to enter each other's businesses through subsidiaries, although the establishment of securities subsidiaries by Japan's City Banks was delayed until July 1994. Additionally, the Ministry of Finance has elected to restrict the range of powers permissible for new subsidiaries of banks and securities firms. Thus, new trust banking subsidiaries are not permitted to manage pension funds and new securities subsidiaries of banks are only permitted to underwrite corporate bonds. In any event, Japan has had a moratorium on new equity offerings, with the exception of initial public offerings, since 1990.

As a result of these legislative changes in other countries, the United States stands alone among the 25 nations comprising the Organization for Economic Cooperation and Development (OECD) in continuing to impose domestic legal restrictions on affiliations between commercial banks and securities firms. Efforts to quantify the effect of these restrictions on the international competitiveness of U.S. banks are hampered by cross-border differences in accounting practices, tax laws, and other regulations governing financial institutions. Moreover, the data may be misleading due to currency fluctuations. Therefore, while we hesitate to provide any statistics regarding international competitiveness, some anecdotal evidence may be instructive.

Among the advantages of universal banking often cited are the cost savings derived from the ability to cross-sell a wider range of products and to offer highly-competitive products at a lower cost by subsidizing them with higher margins on less-competitive products. Universal banks may have a significant competitive advantage in customer loyalty through their ability to provide customers with all their financial services needs. Finally, universal banks have greater opportunities to spread risk and to smooth out income fluctuations in different areas of their business.

Not surprisingly, universal banks tend to be large and profitable institutions. The degree to which they dominate domestic market share varies according to the number, powers, and other structural characteristics of countries with universal banks. In Germany, for example, the four largest universal banks controlled less than 10 percent of total domestic bank assets in 1991; during the same year, the four largest Swiss banks controlled nearly 50 percent of domestic bank assets. These differences may be attributed to differences in their respective

domestic markets: German banks directly compete with approximately 200 regional banks, over 700 government-owned savings banks, and nearly 3,000 cooperative banks, many of which are also universal banks; in Switzerland, which has only about 600 institutions, most of the regional banks are small savings banks that specialize in mortgage lending.

There are several disadvantages inherent to universal banking as well. The one most often cited is the obvious potential for conflicts of interest among different areas of business. Another disadvantage is that capital markets are not as developed in countries with universal banking. It should be noted here that universal banks typically are permitted to own fairly sizeable equity positions in nonfinancial firms.

Banking and commerce links also exist in Japan, where banks are permitted to own equity investments in up to five percent in any one company. Studies comparing the German-style universal banking system and Japan's "keiretsu" form of industrial organization with the segmented U.S. banking system have concluded that the former may provide several important economic benefits. While these banking and commerce links no doubt have contributed to the industrial growth in these countries in the postwar era, they do raise serious concerns over concentration of power.

In Japan, these concerns are addressed through limitations on equity investments and the absence of bank personnel in the day-to-day management of nonfinancial firms. In contrast to Japan, where banks typically interfere only in cases of corporate distress, Germany not only permits banks to own shares, but also to serve on the supervisory boards of corporations and to exercise proxy rights over large blocks of shares through bank-managed portfolios. Other countries with universal banking have tended to curb bank control over industrial firms in recent years. Proposals to do so in Germany recently have been introduced as a result of the near-failure of several of Germany's nonfinancial firms.

These highly publicized cases were more of an embarrassment to Germany's major banks than a threat to their safety and soundness. These banks have been able to withstand losses due to their sheer size and strength, and to the very conservative accounting practices that allow equities to be carried at historical cost and allow banks to transfer portions of income to hidden reserves.

In fact, there are no cases in recent memory of a major bank failing in another country due to its securities activities or affiliations with commercial firms. The majority of banking problems in industrialized countries have been the result of traditional banking activities. For example, losses from

foreign-exchange trading have caused isolated cases of bank failures, while real estate lending in "boom" years led to system-wide banking crises in the United Kingdom, most of the Scandinavian countries and Japan, in addition to the well-known problems encountered by U.S. banks and savings and loan institutions.

If other problems have occurred, and no doubt there have been some, they have been dealt with quietly and effectively, without recourse to deposit insurance funds. This is largely due to the differences in the supervisory structure of countries that permit such affiliations, and to differences in failure-resolution methods and the role of deposit insurance. For example, while deposit insurance coverage is roughly comparable between the United States and Japan, the private sector plays a larger role in the operation of deposit insurance in many other countries. Consequently, the direct link to the government's "full faith and credit" is less explicit than in the United States. Major banks in other countries also are called upon more often to help in "bailouts" of other banks, voluntarily or otherwise, due to a traditionally close relationship with the central bank and more highly concentrated banking systems.

Given the greater potential for conflicts of interest between insured and uninsured functions, the governmental nature of deposit insurance in the United States, and the more dynamic and diverse financial marketplace in the United States, the universal banking model does not seem to be as suited to the current U.S. environment as other Models with which the United States has experience.

TABLE I-A

Composition of Assets for Insured Commercial Banks 1934-1994

(\$ Millions)

Classification of Assets According to Risk Categories									
Dollar values									
Year	Capital Market & Interest Rate Risk		Credit Risk & Interest Rate Risk		(Data are for all insured commercial banks)				
	Cash & Other Earning Assets	Investment Securities	Credit Risk Diversified ¹	Credit Risk Concentrated ²	Residual—All Other Assets	Loan Loss Reserves ³	Total Assets	Asset Growth	Adjusted Gross Assets (Assets + reserve - residual)
	Total Consumer	Total Consumer	Total (Loans, Consumer)	Total (Loans, Consumer)					
09/94	622,991	836,980	1,010,866	1,269,712	235,140	52,443	3,923,246	5.86%	3,740,549
1993	545,658	836,562	934,676	1,215,139	226,544	52,631	3,705,948	5.72%	3,532,035
1992	537,076	772,875	848,753	1,183,105	218,189	54,478	3,505,520	2.18%	3,341,809
1991	520,678	691,384	822,550	1,230,174	220,966	55,144	3,430,608	1.21%	3,264,786
1990	512,598	604,622	804,125	1,306,039	217,612	55,532	3,389,464	2.73%	3,227,384
1989	539,475	558,639	752,038	1,306,157	196,795	53,743	3,299,361	5.38%	3,156,309
1988	518,778	535,995	679,736	1,252,640	190,312	46,666	3,130,795	4.36%	2,987,149
1987	521,473	520,713	614,408	1,214,767	178,479	49,890	2,999,949	2.01%	2,871,360
1986	561,434	484,865	558,293	1,198,145	166,862	28,900	2,940,699	7.69%	2,802,736
1985	514,406	439,407	507,752	1,123,038	169,332	23,262	2,730,672	8.84%	2,584,602
1984	463,055	385,549	448,550	1,060,051	170,370	18,705	2,508,870	7.12%	2,357,205
1983	452,388	424,295	391,948	924,832	164,110	15,472	2,342,101	6.78%	2,193,463
1982	457,143	366,676	357,452	866,832	158,439	13,203	2,193,339	8.10%	2,048,103
1981	431,358	339,337	347,356	784,180	138,166	11,415	2,028,982	9.40%	1,902,231
1980	411,646	324,058	334,241	682,220	112,574	10,053	1,854,686	9.63%	1,752,165
1979	377,615	284,092	329,469	615,234	94,561	9,182	1,691,789	12.19%	1,606,410
1978	330,043	269,120	289,827	551,108	75,794	7,956	1,507,936	12.58%	1,440,098
1977	299,232	258,125	238,017	491,688	59,006	6,692	1,339,376	13.27%	1,287,062
1976	257,540	246,513	199,986	433,029	51,531	6,187	1,182,412	8.81%	1,137,068
1975	232,085	226,024	183,829	406,389	47,002	8,655	1,086,674	4.77%	1,048,327
1974	225,228	188,892	178,266	405,789	47,399	8,377	1,037,197	26.43%	998,175
1973	159,974	179,401	168,179	287,018	33,357	7,529	820,400	12.24%	794,572
1972	142,607	178,459	144,473	244,429	27,558	6,624	730,902	15.36%	709,968
1971	123,642	163,681	122,678	205,548	24,176	6,151	633,573	11.12%	615,549
1970	114,664	141,370	108,221	189,965	21,937	5,999	570,158	8.68%	554,220
1969	102,229	122,019	104,424	182,328	19,531	5,886	524,645	4.90%	511,000
1968	89,793	135,202	99,551	165,089	15,740	5,215	500,160	10.99%	489,635
1967	81,453	123,241	88,790	148,699	13,196	4,732	450,647	11.85%	442,183
1966	71,110	104,271	82,646	137,660	11,549	4,337	402,899	7.33%	395,687
1965	62,501	103,651	77,657	125,405	10,192	4,011	375,394	8.77%	369,213
1964	60,033	100,960	68,554	110,095	9,042	3,553	345,130	10.69%	339,641
1963	50,445	97,472	60,777	98,151	7,939	2,995	311,790	5.34%	306,846
1962	53,799	94,912	53,892	88,826	7,248	2,694	295,983	6.71%	291,429
1961	56,181	89,662	48,970	78,444	6,724	2,606	277,374	8.21%	273,257
1960	51,902	81,020	46,665	73,213	5,879	2,356	256,322	5.30%	252,800
1959	49,211	78,582	44,381	68,486	4,934	2,172	243,422	2.50%	240,660
1958	48,792	86,056	39,100	60,986	4,494	1,955	237,474	7.20%	234,935
1957	48,219	75,330	37,190	58,387	4,184	1,776	221,534	2.49%	219,125
1956	48,444	73,947	35,665	56,040	3,612	1,562	216,146	3.35%	214,096
1955	46,560	77,240	32,875	50,753	2,984	1,268	209,145	4.27%	207,428
1954	43,235	84,142	28,699	42,713	2,871	1,071	200,589	4.99%	198,789
1953	44,478	76,851	27,156	41,071	2,466	961	191,062	2.35%	189,557
1952	44,299	76,280	24,638	40,091	2,278	904	186,682	5.20%	185,308
1951	44,242	73,673	21,481	36,704	2,164	814	177,449	6.39%	176,099
1950	39,865	73,198	20,311	32,170	1,921	673	166,792	7.39%	165,544
1949	35,222	75,824	16,520	26,527	1,774	548	155,319	2.07%	154,093
1948	38,097	70,339	14,719	27,669	1,748	409	152,163	-0.40%	150,824
1947	36,936	76,712	12,471	25,121	1,532	NA	152,773	3.67%	151,240
1946	33,704	81,469	9,089	21,651	1,452	NA	147,365	-6.48%	145,913
1945	34,303	96,066	5,693	20,076	1,444	NA	157,582	17.06%	156,138
1944	29,746	82,053	5,045	16,310	1,459	NA	134,613	19.93%	133,154
1943	27,191	64,678	5,072	13,772	1,533	NA	112,246	17.59%	110,713
1942	27,593	47,344	5,534	13,373	1,615	NA	95,459	24.25%	93,844
1941	25,793	28,032	3,209	18,053	1,740	NA	76,827	8.64%	75,087
1940	26,291	24,163	2,883	15,515	1,868	NA	70,720	11.99%	68,852
1939	21,876	22,428	2,597	14,269	1,977	NA	63,147	11.17%	61,170
1938	17,176	21,451	2,417	13,607	2,149	NA	56,800	4.77%	54,651
1937	14,931	20,476	3,139	13,611	2,055	NA	54,212	-3.56%	52,157
1936	15,730	22,307	2,959	13,006	2,208	NA	56,210	10.38%	54,002
1935	13,851	20,116	2,835	11,884	2,240	NA	50,926	9.64%	48,686
1934	11,202	18,172	2,836	11,777	2,461	NA	46,448	--	43,988

Footnotes are at the end of the tables

TABLE I-B

Composition of Assets for Insured Commercial Banks 1934-1994

(Percentages)

Classification of Assets According to Risk Categories								
Percent of adjusted gross assets (Data are for all insured commercial banks)								
Year	Capital Market & Interest Rate Risk		Credit Risk & Interest Rate Risk		Adjusted Gross Assets (Assets + reserve - residual)	Adjusted Gross Assets (Assets + reserve - residual)		
	Cash & Other Earning Assets	Investment Securities	Credit Risk Diversified Total (Loans, Total - Consumer)	Credit Risk Concentrated Total Consum.)		Residual - All Other Assets	Loan Loss	Adjusted Gross Assets (Assets + reserve - residual)
	Total	Total	Total	Total		Reserves	Assets	Reserves
09/94	16.66%	22.38%	27.02%	33.94%	100.00%	6.29%	1.40%	107.69%
1993	15.45%	23.68%	26.46%	34.40%	100.00%	6.41%	1.49%	107.90%
1992	16.07%	23.13%	25.40%	35.40%	100.00%	6.53%	1.63%	108.16%
1991	15.95%	21.18%	25.19%	37.68%	100.00%	6.77%	1.69%	108.46%
1990	15.88%	18.73%	24.92%	40.47%	100.00%	6.74%	1.72%	108.46%
1989	17.09%	17.70%	23.83%	41.38%	100.00%	6.23%	1.70%	107.94%
1988	17.37%	17.94%	22.76%	41.93%	100.00%	6.37%	1.56%	107.93%
1987	18.16%	18.13%	21.40%	42.31%	100.00%	6.22%	1.74%	107.95%
1986	20.03%	17.30%	19.92%	42.75%	100.00%	5.95%	1.03%	106.98%
1985	19.90%	17.00%	19.65%	43.45%	100.00%	6.55%	0.90%	107.45%
1984	19.64%	16.36%	19.03%	44.97%	100.00%	7.23%	0.79%	108.02%
1983	20.62%	19.34%	17.87%	42.16%	100.00%	7.48%	0.71%	108.19%
1982	22.32%	17.90%	17.45%	42.32%	100.00%	7.74%	0.64%	108.38%
1981	22.68%	17.84%	18.26%	41.22%	100.00%	7.26%	0.60%	107.86%
1980	23.49%	18.49%	19.08%	38.94%	100.00%	6.42%	0.57%	107.00%
1979	23.51%	17.68%	20.51%	38.30%	100.00%	5.89%	0.57%	106.46%
1978	22.92%	18.69%	20.13%	38.27%	100.00%	5.26%	0.55%	105.82%
1977	23.25%	20.06%	18.49%	38.20%	100.00%	4.58%	0.52%	105.10%
1976	22.65%	21.68%	17.59%	38.08%	100.00%	4.53%	0.54%	105.08%
1975	22.14%	21.56%	17.54%	38.77%	100.00%	4.48%	0.83%	105.31%
1974	22.56%	18.92%	17.86%	40.65%	100.00%	4.75%	0.84%	105.59%
1973	20.13%	22.58%	21.17%	36.12%	100.00%	4.20%	0.95%	105.15%
1972	20.09%	25.14%	20.35%	34.43%	100.00%	3.88%	0.93%	104.81%
1971	20.09%	26.59%	19.93%	33.39%	100.00%	3.93%	1.00%	104.93%
1970	20.69%	25.51%	19.53%	34.28%	100.00%	3.96%	1.08%	105.04%
1969	20.01%	23.88%	20.44%	35.68%	100.00%	3.82%	1.15%	104.97%
1968	18.34%	27.61%	20.33%	33.72%	100.00%	3.21%	1.07%	104.28%
1967	18.42%	27.87%	20.08%	33.63%	100.00%	2.98%	1.07%	104.05%
1966	17.97%	26.35%	20.89%	34.79%	100.00%	2.92%	1.10%	104.01%
1965	16.93%	28.07%	21.03%	33.97%	100.00%	2.76%	1.09%	103.85%
1964	17.68%	29.73%	20.18%	32.42%	100.00%	2.66%	1.05%	103.71%
1963	16.44%	31.77%	19.81%	31.99%	100.00%	2.59%	0.98%	103.56%
1962	18.46%	32.57%	18.49%	30.48%	100.00%	2.49%	0.92%	103.41%
1961	20.56%	32.81%	17.92%	28.71%	100.00%	2.46%	0.95%	103.41%
1960	20.53%	32.05%	18.46%	28.96%	100.00%	2.33%	0.93%	103.26%
1959	20.45%	32.65%	18.44%	28.46%	100.00%	2.05%	0.90%	102.95%
1958	20.77%	36.63%	16.64%	25.96%	100.00%	1.91%	0.83%	102.74%
1957	22.01%	34.38%	16.97%	26.65%	100.00%	1.91%	0.81%	102.72%
1956	22.63%	34.54%	16.66%	26.18%	100.00%	1.69%	0.73%	102.42%
1955	22.45%	37.24%	15.85%	24.47%	100.00%	1.44%	0.61%	102.05%
1954	21.75%	42.33%	14.44%	21.49%	100.00%	1.44%	0.54%	101.98%
1953	23.46%	40.54%	14.33%	21.67%	100.00%	1.30%	0.51%	101.81%
1952	23.91%	41.16%	13.30%	21.63%	100.00%	1.23%	0.49%	101.72%
1951	25.12%	41.84%	12.20%	20.84%	100.00%	1.23%	0.46%	101.69%
1950	24.08%	44.22%	12.27%	19.43%	100.00%	1.16%	0.41%	101.57%
1949	22.86%	49.21%	10.72%	17.21%	100.00%	1.15%	0.36%	101.51%
1948	25.26%	46.64%	9.76%	18.35%	100.00%	1.16%	0.27%	101.43%
1947	24.42%	50.72%	8.25%	16.61%	100.00%	1.01%	NA	101.01%
1946	23.10%	55.83%	6.23%	14.84%	100.00%	1.00%	NA	101.00%
1945	21.97%	61.53%	3.65%	12.86%	100.00%	0.92%	NA	100.92%
1944	22.34%	61.62%	3.79%	12.25%	100.00%	1.10%	NA	101.10%
1943	24.56%	58.42%	4.58%	12.44%	100.00%	1.38%	NA	101.38%
1942	29.40%	50.45%	5.90%	14.25%	100.00%	1.72%	NA	101.72%
1941	34.35%	37.33%	4.27%	24.04%	100.00%	2.32%	NA	102.32%
1940	38.18%	35.09%	4.19%	22.53%	100.00%	2.71%	NA	102.71%
1939	35.76%	36.67%	4.25%	23.33%	100.00%	3.23%	NA	103.23%
1938	31.43%	39.25%	4.42%	24.90%	100.00%	3.93%	NA	103.93%
1937	28.63%	39.26%	6.02%	26.10%	100.00%	3.94%	NA	103.94%
1936	29.13%	41.31%	5.48%	24.08%	100.00%	4.09%	NA	104.09%
1935	28.45%	41.32%	5.82%	24.41%	100.00%	4.60%	NA	104.60%
1934	25.47%	41.31%	6.45%	26.77%	100.00%	5.59%	NA	105.59%

TABLE II-A

Composition of Loans for Insured Commercial Banks 1934-1994

(\$ Millions)

(Data are for all insured commercial banks)

End	Credit Risk Diversified ¹				Credit Risk Concentrated ²				Credit Risk Concen. Total
	Credit Cards & Related Plans	All Other	1-4 Family Residential Properties	Credit Risk Diversified Total	Commercial & Industrial	Real Estate Construction and Land Developmen	Nonfarm Non-Residential	All Other	
09/94	169,828	291,022	550,016	1,010,866	575,426	64,108	278,649	351,529	1,269,712
1993	153,493	265,494	515,689	934,676	538,952	66,419	267,657	342,111	1,215,139
1992	135,900	249,406	463,447	848,753	536,169	78,626	257,746	310,564	1,183,105
1991	139,097	252,758	430,695	822,550	558,862	102,645	249,581	319,086	1,230,174
1990	133,593	269,907	400,625	804,125	614,984	126,160	238,220	326,675	1,306,039
1989	131,460	269,735	350,843	752,038	618,468	135,987	215,382	336,320	1,306,157
1988	117,236	260,733	301,767	679,736	600,213	128,441	189,036	334,950	1,252,640
1987	102,911	248,276	263,222	614,408	589,036	119,911	167,538	338,282	1,214,767
1986	91,857	243,846	222,590	558,293	600,454	106,744	140,362	350,584	1,198,145
1985	78,446	230,555	198,751	507,752	577,359	89,234	113,450	342,995	1,123,038
1984	61,196	205,715	181,639	448,550	565,252	76,140	96,133	322,525	1,060,051
1983	45,242	179,367	167,339	391,948	524,749	60,577	81,431	258,075	924,832
1982	36,728	162,251	158,473	357,452	504,125	52,305	72,072	238,330	866,832
1981	32,816	159,569	154,971	347,356	455,246	44,946	67,257	216,731	784,180
1980	29,872	157,504	146,865	334,241	390,973	36,591	63,875	190,781	682,220
1979	29,934	162,759	136,776	329,469	351,066	32,720	59,587	171,861	615,234
1978	24,438	147,445	117,944	289,827	307,592	27,024	53,604	162,888	551,108
1977	18,461	122,791	96,765	238,017	197,092	21,395	47,803	225,398	491,688
1976	14,428	104,478	81,080	199,986	178,751	17,273	41,253	195,752	433,029
1975	12,377	94,433	77,019	183,829	175,923	NA	46,882	183,584	406,389
1974	11,138	92,576	74,552	178,266	184,217	NA	43,577	177,995	405,789
1973	9,141	91,242	67,796	168,179	158,688	NA	38,642	89,688	287,018
1972	7,224	80,406	56,843	144,473	132,498	NA	31,715	80,216	244,429
1971	5,988	68,809	47,881	122,678	118,401	NA	26,278	60,869	205,548
1970	5,152	60,852	42,217	108,221	112,268	NA	23,239	54,458	189,965
1969	3,722	59,633	41,068	104,424	108,394	NA	22,053	51,881	182,328
1968	2,110	56,297	41,144	99,551	98,143	NA	20,449	46,497	165,089
1967	1,350	50,070	37,370	88,790	88,182	NA	17,885	42,632	148,699
1966	NA	47,986	34,660	82,646	80,394	NA	16,330	40,936	137,660
1965	NA	45,497	32,159	77,657	71,235	NA	14,346	39,823	125,405
1964	NA	39,815	28,739	68,554	60,040	NA	12,378	37,677	110,095
1963	NA	34,532	26,245	60,777	52,702	NA	10,540	34,909	98,151
1962	NA	30,524	23,368	53,892	48,668	NA	8,939	31,219	88,826
1961	NA	27,820	21,150	48,970	45,157	NA	7,449	25,839	78,444
1960	NA	26,377	20,288	46,665	43,132	NA	6,775	23,305	73,213
1959	NA	24,134	20,247	44,381	40,195	NA	6,214	22,077	68,486
1958	NA	20,680	18,420	39,100	40,457	NA	5,394	15,135	60,986
1957	NA	20,200	16,990	37,190	40,546	NA	4,766	13,076	58,387
1956	NA	18,829	16,836	35,665	38,707	NA	4,331	13,002	56,040
1955	NA	17,160	15,715	32,875	33,210	NA	3,773	13,770	50,753
1954	NA	14,720	13,979	28,699	26,823	NA	3,229	12,661	42,713
1953	NA	14,412	12,744	27,156	27,158	NA	2,806	11,108	41,071
1952	NA	12,642	11,996	24,638	27,816	NA	2,583	9,691	40,091
1951	NA	10,399	11,081	21,481	25,788	NA	2,423	8,493	36,704
1950	NA	10,061	10,250	20,311	21,808	NA	2,219	8,143	32,170
1949	NA	8,007	8,513	16,520	16,939	NA	2,014	7,573	26,527
1948	NA	6,806	7,913	14,719	18,765	NA	1,911	6,993	27,669
1947	NA	5,655	6,816	12,471	18,015	NA	1,661	5,445	25,121
1946	NA	4,031	5,058	9,089	14,019	NA	1,365	6,267	21,651
1945	NA	2,361	3,332	5,693	9,462	NA	840	9,774	20,076
1944	NA	1,888	3,157	5,045	7,921	NA	738	7,651	16,310
1943	NA	1,868	3,204	5,072	7,778	NA	786	5,208	13,772
1942	NA	2,270	3,263	5,534	7,758	NA	907	4,709	13,373
1941	NA	NA	3,209	3,209	9,215	NA	1,031	7,807	18,053
1940	NA	NA	2,883	2,883	7,179	NA	1,044	7,292	15,515
1939	NA	NA	2,597	2,597	6,331	NA	1,006	6,931	14,269
1938	NA	NA	2,417	2,417	5,633	NA	923	7,051	13,607
1937	NA	NA	3,139	3,139	NA	NA	NA	13,611	13,611
1936	NA	NA	2,959	2,959	NA	NA	NA	13,006	13,006
1935	NA	NA	2,835	2,835	NA	NA	NA	11,884	11,884
1934	NA	NA	2,836	2,836	NA	NA	NA	11,777	11,777

TABLE II-B

Composition of Loans for Insured Commercial Banks 1934-1994

(Percentages)

(Data are for all insured commercial banks)

End	Credit Risk Diversified ¹				Credit Risk Diversified	Credit Risk Concentrated ²				Credit Risk Concent.
	Credit Cards & Related Plans	All Other	1-4 Family Residential Properties	Total		Commercial & Industrial	Real Estate - Construction and Land Development	Nonfarm Non-Residential	All Other	
09/94	4.54%	7.78%	14.70%	27.02%	15.38%	1.71%	7.45%	9.40%	33.94%	
1993	4.35%	7.52%	14.60%	26.46%	15.26%	1.88%	7.58%	9.69%	34.40%	
1992	4.07%	7.46%	13.87%	25.40%	16.04%	2.35%	7.71%	9.29%	35.40%	
1991	4.26%	7.74%	13.19%	25.19%	17.12%	3.14%	7.64%	9.77%	37.68%	
1990	4.14%	8.36%	12.41%	24.92%	19.06%	3.91%	7.38%	10.12%	40.47%	
1989	4.16%	8.55%	11.12%	23.83%	19.59%	4.31%	6.82%	10.66%	41.38%	
1988	3.92%	8.73%	10.10%	22.76%	20.09%	4.30%	6.33%	11.21%	41.93%	
1987	3.58%	8.65%	9.17%	21.40%	20.51%	4.18%	5.83%	11.78%	42.31%	
1986	3.28%	8.70%	7.94%	19.92%	21.42%	3.81%	5.01%	12.51%	42.75%	
1985	3.04%	8.92%	7.69%	19.65%	22.34%	3.45%	4.39%	13.27%	43.45%	
1984	2.60%	8.73%	7.71%	19.03%	23.98%	3.23%	4.08%	13.68%	44.97%	
1983	2.06%	8.18%	7.63%	17.87%	23.92%	2.76%	3.71%	11.77%	42.16%	
1982	1.79%	7.92%	7.74%	17.45%	24.61%	2.55%	3.52%	11.64%	42.32%	
1981	1.73%	8.39%	8.15%	18.26%	23.93%	2.36%	3.54%	11.39%	41.22%	
1980	1.70%	8.99%	8.38%	19.08%	22.31%	2.09%	3.65%	10.89%	38.94%	
1979	1.86%	10.13%	8.51%	20.51%	21.85%	2.04%	3.71%	10.70%	38.30%	
1978	1.70%	10.24%	8.19%	20.13%	21.36%	1.88%	3.72%	11.31%	38.27%	
1977	1.43%	9.54%	7.52%	18.49%	15.31%	1.66%	3.71%	17.51%	38.20%	
1976	1.27%	9.19%	7.13%	17.59%	15.72%	1.52%	3.63%	17.22%	38.08%	
1975	1.18%	9.01%	7.35%	17.54%	16.78%	NA	4.47%	17.51%	38.77%	
1974	1.12%	9.27%	7.47%	17.86%	18.46%	NA	4.37%	17.83%	40.65%	
1973	1.15%	11.48%	8.53%	21.17%	19.97%	NA	4.86%	11.29%	36.12%	
1972	1.02%	11.33%	8.01%	20.35%	18.66%	NA	4.47%	11.30%	34.43%	
1971	0.97%	11.18%	7.78%	19.93%	19.24%	NA	4.27%	9.89%	33.39%	
1970	0.93%	10.98%	7.62%	19.53%	20.26%	NA	4.19%	9.83%	34.28%	
1969	0.73%	11.67%	8.04%	20.44%	21.21%	NA	4.32%	10.15%	35.68%	
1968	0.43%	11.50%	8.40%	20.33%	20.04%	NA	4.18%	9.50%	33.72%	
1967	0.31%	11.32%	8.45%	20.08%	19.94%	NA	4.04%	9.64%	33.63%	
1966	NA	12.13%	8.76%	20.89%	20.32%	NA	4.13%	10.35%	34.79%	
1965	NA	12.32%	8.71%	21.03%	19.29%	NA	3.89%	10.79%	33.97%	
1964	NA	11.72%	8.46%	20.18%	17.68%	NA	3.64%	11.09%	32.42%	
1963	NA	11.25%	8.55%	19.81%	17.18%	NA	3.43%	11.38%	31.99%	
1962	NA	10.47%	8.02%	18.49%	16.70%	NA	3.07%	10.71%	30.48%	
1961	NA	10.18%	7.74%	17.92%	16.53%	NA	2.73%	9.46%	28.71%	
1960	NA	10.43%	8.03%	18.46%	17.06%	NA	2.68%	9.22%	28.96%	
1959	NA	10.03%	8.41%	18.44%	16.70%	NA	2.58%	9.17%	28.46%	
1958	NA	8.80%	7.84%	16.64%	17.22%	NA	2.30%	6.44%	25.96%	
1957	NA	9.22%	7.75%	16.97%	18.50%	NA	2.17%	5.97%	26.65%	
1956	NA	8.79%	7.86%	16.66%	18.08%	NA	2.02%	6.07%	26.18%	
1955	NA	8.27%	7.58%	15.85%	16.01%	NA	1.82%	6.64%	24.47%	
1954	NA	7.40%	7.03%	14.44%	13.49%	NA	1.62%	6.37%	21.49%	
1953	NA	7.60%	6.72%	14.33%	14.33%	NA	1.48%	5.86%	21.67%	
1952	NA	6.82%	6.47%	13.30%	15.01%	NA	1.39%	5.23%	21.63%	
1951	NA	5.91%	6.29%	12.20%	14.64%	NA	1.38%	4.82%	20.84%	
1950	NA	6.08%	6.19%	12.27%	13.17%	NA	1.34%	4.92%	19.43%	
1949	NA	5.20%	5.52%	10.72%	10.99%	NA	1.31%	4.91%	17.21%	
1948	NA	4.51%	5.25%	9.76%	12.44%	NA	1.27%	4.64%	18.35%	
1947	NA	3.74%	4.51%	8.25%	11.91%	NA	1.10%	3.60%	16.61%	
1946	NA	2.76%	3.47%	6.23%	9.61%	NA	0.94%	4.29%	14.84%	
1945	NA	1.51%	2.13%	3.65%	6.06%	NA	0.54%	6.26%	12.86%	
1944	NA	1.42%	2.37%	3.79%	5.95%	NA	0.55%	5.75%	12.25%	
1943	NA	1.69%	2.89%	4.58%	7.03%	NA	0.71%	4.70%	12.44%	
1942	NA	2.42%	3.48%	5.90%	8.27%	NA	0.97%	5.02%	14.25%	
1941	NA	NA	4.27%	4.27%	12.27%	NA	1.37%	10.40%	24.04%	
1940	NA	NA	4.19%	4.19%	10.43%	NA	1.52%	10.59%	22.53%	
1939	NA	NA	4.25%	4.25%	10.35%	NA	1.64%	11.33%	23.33%	
1938	NA	NA	4.42%	4.42%	10.31%	NA	1.69%	12.90%	24.90%	
1937	NA	NA	6.02%	6.02%	NA	NA	NA	26.10%	26.10%	
1936	NA	NA	5.48%	5.48%	NA	NA	NA	24.08%	24.08%	
1935	NA	NA	5.82%	5.82%	NA	NA	NA	24.41%	24.41%	
1934	NA	NA	6.45%	6.45%	NA	NA	NA	26.77%	26.77%	

TABLE III
INCOME AND EXPENSES OF INSURED COMMERCIAL BANKS 1934-1994

(\$ Millions)

Income Components, % of average assets				(Data are for all insured commercial banks)							
Year	Number of Banks	Total Interest Income	% of Average Assets	Total Interest Expense	% of Average Assets	Net Interest Income	% of Average Assets	Total Nonint Income	% of Average Assets	Total Nonint Expense	% of Average Assets
09/94	10,592	189,128	6.59%	80,305	2.80%	108,823	3.79%	56,534	1.97%	105,875	3.69%
1993	10,960	245,158	6.80%	105,780	2.93%	139,378	3.87%	74,962	2.08%	139,585	3.87%
1992	11,466	255,228	7.36%	121,812	3.51%	133,416	3.85%	65,614	1.89%	130,917	3.77%
1991	11,927	289,217	8.48%	167,308	4.91%	121,909	3.58%	59,736	1.75%	124,790	3.66%
1990	12,347	320,476	9.58%	204,952	6.13%	115,524	3.45%	54,899	1.64%	115,768	3.46%
1989	12,715	317,371	9.87%	205,142	6.38%	112,229	3.49%	50,916	1.58%	108,121	3.36%
1988	11,137	272,277	8.88%	165,028	5.38%	107,249	3.50%	44,953	1.47%	101,330	3.31%
1987	13,723	244,839	8.24%	144,953	4.88%	99,886	3.36%	41,481	1.40%	97,244	3.27%
1986	14,210	237,765	8.38%	142,829	5.04%	94,936	3.35%	35,877	1.27%	90,250	3.18%
1985	14,417	248,220	9.47%	157,323	6.01%	90,898	3.47%	31,054	1.19%	82,365	3.14%
1984	14,496	250,350	10.32%	169,084	6.97%	81,266	3.35%	26,515	1.09%	73,818	3.04%
1983	14,469	217,226	9.58%	143,887	6.35%	73,339	3.23%	23,269	1.03%	66,910	2.95%
1982	14,451	238,315	11.29%	169,343	8.02%	68,972	3.27%	20,176	0.96%	61,561	2.92%
1981	14,414	231,271	11.91%	169,840	8.75%	61,431	3.16%	17,527	0.90%	53,658	2.76%
1980	14,434	176,420	9.95%	120,123	6.77%	56,297	3.17%	14,348	0.81%	46,662	2.63%
1979	14,364	138,901	8.68%	87,913	5.50%	50,988	3.19%	11,381	0.71%	40,693	2.54%
1978	14,391	103,957	7.30%	59,383	4.17%	44,574	3.13%	9,625	0.68%	35,572	2.50%
1977	14,411	82,252	6.52%	44,565	3.53%	37,687	2.99%	8,106	0.64%	30,925	2.45%
1976	14,410	73,033	6.44%	39,328	3.47%	33,705	2.97%	7,631	0.67%	27,731	2.44%
1975	14,384	57,915	5.45%	30,240	2.85%	27,675	2.61%	8,643	0.81%	23,729	2.23%
1974	14,230	61,218	6.59%	35,070	3.78%	26,148	2.82%	6,926	0.75%	21,546	2.32%
1973	13,976	47,034	6.06%	24,489	3.16%	22,545	2.91%	6,000	0.77%	18,572	2.39%
1972	13,733	35,030	5.13%	15,603	2.29%	19,427	2.85%	5,220	0.77%	16,423	2.41%
1971	13,612	31,628	5.25%	13,603	2.26%	18,025	2.99%	4,747	0.79%	15,191	2.52%
1970	13,511	30,513	5.57%	12,456	2.28%	18,057	3.30%	4,202	0.77%	14,429	2.64%
1969	13,473	27,285	5.32%	11,532	2.25%	15,753	3.07%	3,520	0.69%	12,024	2.35%
1968	13,487	22,501	4.73%	9,315	1.96%	13,186	2.77%	2,975	0.63%	10,140	2.13%
1967	13,514	19,152	4.49%	7,734	1.81%	11,418	2.68%	2,626	0.62%	8,903	2.09%
1966	13,538	17,136	4.40%	6,628	1.70%	10,508	2.70%	2,373	0.61%	8,002	2.06%
1965	13,547	14,715	4.08%	5,316	1.48%	9,399	2.61%	2,114	0.59%	7,298	2.03%
1964	13,493	13,111	3.99%	4,241	1.29%	8,870	2.70%	1,925	0.59%	6,780	2.06%
1963	13,291	11,770	3.87%	3,574	1.18%	8,196	2.70%	1,750	0.58%	6,206	2.04%
1962	13,124	10,570	3.69%	2,911	1.02%	7,659	2.67%	1,660	0.58%	5,746	2.00%
1961	13,115	9,540	3.58%	2,146	0.80%	7,394	2.77%	1,550	0.58%	5,383	2.02%
1960	13,126	9,176	3.67%	1,874	0.75%	7,302	2.92%	1,578	0.63%	5,142	2.06%
1959	13,114	8,247	3.43%	1,662	0.69%	6,585	2.74%	1,456	0.61%	4,853	2.02%
1958	13,124	7,187	3.13%	1,407	0.61%	5,780	2.52%	1,334	0.58%	4,287	1.87%
1957	13,165	6,818	3.12%	1,193	0.55%	5,625	2.57%	1,244	0.57%	4,047	1.85%
1956	13,218	6,126	2.88%	854	0.40%	5,272	2.48%	1,122	0.53%	3,725	1.75%
1955	13,237	5,381	2.63%	704	0.34%	4,677	2.28%	1,020	0.50%	3,370	1.64%
1954	13,323	4,861	2.48%	630	0.32%	4,231	2.16%	931	0.48%	3,087	1.58%
1953	13,432	4,660	2.47%	562	0.30%	4,098	2.17%	837	0.44%	2,902	1.54%
1952	13,439	4,160	2.28%	483	0.27%	3,677	2.02%	787	0.43%	2,603	1.43%
1951	13,455	3,658	2.13%	399	0.23%	3,259	1.89%	755	0.44%	2,345	1.36%
1950	13,446	3,249	2.02%	352	0.22%	2,897	1.80%	700	0.43%	2,120	1.32%
1949	13,436	2,975	1.94%	337	0.22%	2,638	1.72%	651	0.42%	1,971	1.28%
1948	13,419	2,798	1.84%	325	0.21%	2,473	1.62%	642	0.42%	1,852	1.21%
1947	13,403	2,541	1.69%	307	0.20%	2,234	1.49%	602	0.40%	1,687	1.12%
1946	13,359	2,346	1.54%	279	0.18%	2,067	1.36%	576	0.38%	1,505	0.99%
1945	13,302	2,027	1.39%	248	0.17%	1,779	1.22%	578	0.40%	1,309	0.90%
1944	13,268	1,788	1.45%	202	0.16%	1,586	1.28%	519	0.42%	1,199	0.97%
1943	13,274	1,567	1.51%	179	0.17%	1,388	1.34%	484	0.47%	1,118	1.08%
1942	13,347	1,427	1.66%	190	0.22%	1,237	1.44%	420	0.49%	1,085	1.26%
1941	13,430	1,357	1.84%	208	0.28%	1,149	1.56%	446	0.60%	1,102	1.49%
1940	13,442	1,268	1.89%	219	0.33%	1,049	1.57%	436	0.65%	1,033	1.54%
1939	13,538	1,249	2.08%	234	0.39%	1,015	1.69%	423	0.71%	992	1.65%
1938	13,661	1,237	2.23%	250	0.45%	987	1.78%	409	0.74%	968	1.74%
1937	13,797	1,282	2.32%	261	0.47%	1,021	1.85%	410	0.74%	958	1.74%
1936	13,973	1,237	2.31%	273	0.51%	964	1.80%	505	0.94%	950	1.77%
1935	14,125	1,191	2.45%	298	0.61%	893	1.83%	583	1.20%	854	1.75%
1934	14,146	1,241	--	328	--	913	--	470	--	863	--

Note: All percentages for 9/94 have been annualized (x1.33), dollar amounts have not been annualized

Source: Statistics on Banking, 1934-1993

TABLE III, cont.

INCOME AND EXPENSES OF INSURED COMMERCIAL BANKS 1934-1994, cont.

(\$ Millions)

Income Components, % of average assets						(Data are for all insured commercial banks)							
Year	Provision for Loan & Lease Losses		Pre-tax		Securiti	% of Average Assets	Applicabl	% of Average Assets	Net Extraordinar		% of Average Assets	Net Income	% of Average Assets
	Net Income	% of Average Assets	Operati	% of Average Assets					Gains	Losses	Average Assets		
09/94	8,027	0.28%	51,454	1.79%	343	0.01%	17,786	0.62%	(29)	-0.00%	33,982	1.18%	
1993	16,588	0.46%	58,167	1.61%	3,064	0.08%	19,892	0.55%	2,090	0.06%	43,429	1.20%	
1992	26,046	0.75%	42,067	1.21%	4,007	0.12%	14,486	0.42%	410	0.01%	31,998	0.92%	
1991	34,313	1.01%	22,542	0.66%	2,972	0.09%	8,265	0.24%	687	0.02%	17,936	0.53%	
1990	32,088	0.96%	22,567	0.67%	481	0.01%	7,704	0.23%	647	0.02%	15,991	0.48%	
1989	31,020	0.96%	24,004	0.75%	801	0.02%	9,540	0.30%	310	0.01%	15,575	0.48%	
1988	17,163	0.56%	33,709	1.10%	279	0.01%	9,988	0.33%	812	0.03%	24,812	0.81%	
1987	37,544	1.26%	6,579	0.22%	1,427	0.05%	5,404	0.18%	201	0.01%	2,803	0.09%	
1986	22,106	0.78%	18,456	0.65%	3,951	0.14%	5,266	0.19%	276	0.01%	17,418	0.61%	
1985	17,774	0.68%	21,813	0.83%	1,565	0.06%	5,629	0.21%	228	0.01%	17,977	0.69%	
1984	13,816	0.57%	20,146	0.83%	(140)	-0.01%	4,721	0.19%	218	0.01%	15,502	0.64%	
1983	10,802	0.48%	18,896	0.83%	(21)	-0.00%	4,017	0.18%	73	0.00%	14,931	0.66%	
1982	8,342	0.40%	19,245	0.91%	(1,280)	-0.06%	3,037	0.14%	68	0.00%	14,996	0.71%	
1981	5,066	0.26%	20,234	1.04%	(1,583)	-0.08%	3,904	0.20%	56	0.00%	14,803	0.76%	
1980	4,478	0.25%	19,505	1.10%	(854)	-0.05%	4,658	0.26%	17	0.00%	14,010	0.79%	
1979	3,785	0.24%	17,891	1.12%	(650)	-0.04%	4,442	0.28%	39	0.00%	12,838	0.80%	
1978	3,526	0.25%	15,101	1.06%	(447)	-0.03%	3,940	0.28%	45	0.00%	10,759	0.76%	
1977	3,303	0.26%	11,565	0.92%	142	0.01%	2,875	0.23%	47	0.00%	8,879	0.70%	
1976	3,691	0.33%	9,914	0.87%	312	0.03%	2,409	0.21%	26	0.00%	7,843	0.69%	
1975	3,612	0.34%	8,977	0.85%	37	0.00%	1,793	0.17%	34	0.00%	7,255	0.68%	
1974	2,290	0.25%	9,238	0.99%	(87)	-0.01%	2,084	0.22%	12	0.00%	7,079	0.76%	
1973	1,264	0.16%	8,709	1.12%	(27)	-0.00%	2,122	0.27%	22	0.00%	6,582	0.85%	
1972	972	0.14%	7,252	1.06%	92	0.01%	1,708	0.25%	20	0.00%	5,656	0.83%	
1971	868	0.14%	6,713	1.12%	213	0.04%	1,689	0.28%	(1)	-0.00%	5,236	0.87%	
1970	703	0.13%	7,127	1.30%	(104)	-0.02%	2,173	0.40%	(13)	-0.00%	4,837	0.88%	
1969	521	0.10%	6,728	1.31%	(237)	-0.05%	2,164	0.42%	7	0.00%	4,334	0.85%	
1968	512	0.11%	5,509	1.16%	(457)	-0.10%	1,266	0.27%	NA	0.00%	3,786	0.80%	
1967	434	0.10%	4,707	1.10%	(21)	-0.00%	1,177	0.28%	NA	0.00%	3,509	0.82%	
1966	417	0.11%	4,462	1.15%	(392)	-0.10%	1,030	0.26%	NA	0.00%	3,040	0.78%	
1965	324	0.09%	3,891	1.08%	(0)	-0.00%	1,029	0.29%	NA	0.00%	2,861	0.79%	
1964	251	0.08%	3,764	1.15%	(14)	-0.00%	1,148	0.35%	NA	0.00%	2,602	0.79%	
1963	238	0.08%	3,502	1.15%	118	0.04%	1,227	0.40%	NA	0.00%	2,393	0.79%	
1962	167	0.06%	3,406	1.19%	198	0.07%	1,256	0.44%	NA	0.00%	2,348	0.82%	
1961	190	0.07%	3,371	1.26%	409	0.15%	1,406	0.53%	NA	0.00%	2,374	0.89%	
1960	206	0.08%	3,532	1.41%	110	0.04%	1,384	0.55%	NA	0.00%	2,257	0.90%	
1959	53	0.02%	3,135	1.30%	(698)	-0.29%	884	0.37%	NA	0.00%	1,553	0.65%	
1958	61	0.03%	2,766	1.21%	588	0.26%	1,271	0.55%	NA	0.00%	2,082	0.91%	
1957	72	0.03%	2,750	1.26%	(173)	-0.08%	998	0.46%	NA	0.00%	1,578	0.72%	
1956	92	0.04%	2,577	1.21%	(286)	-0.13%	815	0.38%	NA	0.00%	1,476	0.69%	
1955	49	0.02%	2,278	1.11%	(164)	-0.08%	794	0.39%	NA	0.00%	1,320	0.64%	
1954	44	0.02%	2,031	1.04%	350	0.18%	908	0.46%	NA	0.00%	1,473	0.75%	
1953	59	0.03%	1,974	1.05%	(117)	-0.06%	786	0.42%	NA	0.00%	1,070	0.57%	
1952	35	0.02%	1,826	1.00%	(64)	-0.03%	695	0.38%	NA	0.00%	1,067	0.59%	
1951	35	0.02%	1,634	0.95%	(27)	-0.02%	559	0.33%	NA	0.00%	1,047	0.61%	
1950	29	0.02%	1,448	0.90%	52	0.03%	428	0.27%	NA	0.00%	1,072	0.67%	
1949	59	0.04%	1,259	0.82%	35	0.02%	325	0.21%	NA	0.00%	968	0.63%	
1948	28	0.02%	1,235	0.81%	(19)	-0.01%	275	0.18%	NA	0.00%	941	0.62%	
1947	53	0.04%	1,096	0.73%	(18)	-0.01%	302	0.20%	NA	0.00%	775	0.52%	
1946	(3)	-0.00%	1,141	0.75%	76	0.05%	323	0.21%	NA	0.00%	894	0.59%	
1945	(11)	-0.01%	1,059	0.72%	134	0.09%	299	0.20%	NA	0.00%	894	0.61%	
1944	(14)	-0.01%	920	0.75%	19	0.02%	203	0.16%	NA	0.00%	736	0.60%	
1943	(10)	-0.01%	764	0.74%	(13)	-0.01%	128	0.12%	NA	0.00%	623	0.60%	
1942	12	0.01%	560	0.65%	(54)	-0.06%	80	0.09%	NA	0.00%	426	0.49%	
1941	33	0.04%	460	0.62%	(16)	-0.02%	8	0.01%	NA	0.00%	436	0.59%	
1940	48	0.07%	404	0.60%	(15)	-0.02%	6	0.01%	NA	0.00%	383	0.57%	
1939	71	0.12%	375	0.63%	(0)	-0.00%	5	0.01%	NA	0.00%	370	0.62%	
1938	94	0.17%	334	0.60%	(49)	-0.09%	4	0.01%	NA	0.00%	281	0.51%	
1937	52	0.09%	421	0.76%	(59)	-0.11%	5	0.01%	NA	0.00%	357	0.65%	
1936	140	0.26%	379	0.71%	113	0.21%	2	0.00%	NA	0.00%	490	0.91%	
1935	237	0.49%	385	0.79%	(211)	-0.43%	NA	0.00%	NA	0.00%	174	0.36%	
1934	500	--	20	--	(377)	--	NA	--	NA	--	(357)	--	

Note: All percentages for 9/94 have been annualized (x1.33), dollar amounts have not been annualized

Source: Statistics on Banking, 1934–1993

Source

Selected Condition and Performance Ratios for Insured Commercial Banks 1934-1994

(Percentages)

Year	Troubled Allow for Ln Assets/ & Lse Losses		Net C/O to Average		Allow for Ln & Lse Losses		Net C/O to Provision for Ln & Lse Losses		Tot Eq Cap + Reserves - Noncurr Lns/ Assets		Total Eq Cap/ Assets	Return on Assets	* Return on Equity
	Total Assets	Noncurrent Assets	Total Loans	Loans	/Loans	Lse Losses	for Ln & Lse Losses	Reserves - Noncurr Lns/ Assets	Total Eq Cap/ Assets				
09/94	1.17%	157.04%	0.37%	2.30%	100.87%	8.43%	7.95%	1.19%	14.89%				
1993	1.61%	123.14%	0.84%	2.45%	105.27%	8.28%	8.01%	1.20%	15.50%				
1992	2.53%	87.57%	1.26%	2.68%	98.46%	7.29%	7.51%	0.92%	12.93%				
1991	3.02%	72.55%	1.58%	2.69%	95.79%	6.15%	6.75%	0.53%	7.97%				
1990	2.94%	71.07%	1.43%	2.63%	92.57%	5.78%	6.45%	0.48%	7.55%				
1989	2.30%	86.50%	1.15%	2.61%	73.81%	5.95%	6.21%	0.48%	7.76%				
1988	2.16%	82.74%	0.99%	2.41%	108.47%	5.97%	6.28%	0.81%	13.16%				
1987	2.48%	78.74%	0.92%	2.73%	43.76%	5.57%	6.02%	0.09%	1.55%				
1986	1.96%	59.61%	0.98%	1.65%	74.99%	5.53%	6.19%	0.61%	9.92%				
1985	1.87%	53.00%	0.84%	1.43%	74.54%	5.44%	6.19%	0.69%	11.12%				
1984	1.97%	42.90%	0.77%	1.24%	78.45%	5.15%	6.14%	0.64%	10.52%				
1983	NA	NA	0.67%	1.17%	78.78%	NA	6.00%	0.66%	11.11%				
1982	NA	NA	0.56%	1.08%	78.63%	NA	5.84%	0.71%	12.18%				
1981	NA	NA	0.35%	1.01%	74.04%	NA	5.82%	0.76%	13.18%				
1980	NA	NA	0.37%	0.99%	80.28%	NA	5.75%	0.79%	13.77%				
1979	NA	NA	0.29%	0.97%	67.74%	NA	5.73%	0.80%	13.96%				
1978	NA	NA	0.32%	0.95%	70.82%	NA	5.77%	0.76%	12.94%				
1977	NA	NA	0.41%	0.94%	84.68%	NA	5.92%	0.70%	11.72%				
1976	NA	NA	0.57%	1.00%	94.93%	NA	6.11%	0.69%	11.50%				
1975	NA	NA	0.55%	1.53%	89.78%	NA	5.90%	0.68%	11.78%				
1974	NA	NA	0.38%	1.47%	85.46%	NA	5.70%	0.76%	12.43%				
1973	NA	NA	0.27%	1.65%	91.32%	NA	6.68%	0.85%	12.75%				
1972	NA	NA	0.25%	1.70%	91.27%	NA	6.62%	0.83%	12.24%				
1971	NA	NA	0.35%	1.87%	125.25%	NA	6.95%	0.87%	12.37%				
1970	NA	NA	0.34%	2.01%	139.61%	NA	7.12%	0.88%	12.36%				
1969	NA	NA	0.18%	2.05%	93.80%	NA	7.18%	0.85%	12.02%				
1968	NA	NA	0.16%	1.97%	80.27%	NA	6.89%	0.80%	11.40%				
1967	NA	NA	0.19%	1.99%	99.54%	NA	7.09%	0.82%	11.34%				
1966	NA	NA	0.19%	1.97%	96.40%	NA	7.42%	0.78%	10.45%				
1965	NA	NA	0.17%	1.98%	99.89%	NA	7.53%	0.79%	10.43%				
1964	NA	NA	0.15%	1.99%	100.16%	NA	7.73%	0.79%	10.43%				
1963	NA	NA	0.16%	1.88%	100.11%	NA	7.72%	0.79%	10.04%				
1962	NA	NA	0.12%	1.89%	100.10%	NA	8.08%	0.79%	9.78%				
1961	NA	NA	0.15%	2.05%	100.01%	NA	8.02%	0.82%	10.24%				
1960	NA	NA	0.18%	1.97%	100.12%	NA	7.97%	0.89%	11.11%				
1959	NA	NA	0.05%	1.92%	100.82%	NA	7.89%	0.65%	11.33%				
1958	NA	NA	0.06%	1.95%	100.09%	NA	7.65%	0.91%	11.82%				
1957	NA	NA	0.08%	1.86%	99.40%	NA	7.70%	0.72%	9.55%				
1956	NA	NA	0.11%	1.70%	100.07%	NA	7.40%	0.69%	9.53%				
1955	NA	NA	0.06%	1.52%	100.82%	NA	7.16%	0.64%	9.03%				
1954	NA	NA	0.06%	1.50%	100.83%	NA	7.11%	0.75%	10.72%				
1953	NA	NA	0.09%	1.41%	99.87%	NA	6.93%	0.57%	8.30%				
1952	NA	NA	0.06%	1.40%	99.23%	NA	6.73%	0.59%	8.73%				
1951	NA	NA	0.06%	1.40%	99.65%	NA	6.71%	0.61%	9.04%				
1950	NA	NA	0.06%	1.28%	99.14%	NA	6.75%	0.67%	9.80%				
1949	NA	NA	0.14%	1.27%	100.43%	NA	6.84%	0.63%	9.33%				
1948	NA	NA	0.07%	0.97%	101.03%	NA	6.66%	0.62%	9.48%				
1947	NA	NA	0.15%	NA	99.40%	NA	6.35%	0.52%	8.18%				
1946	NA	NA	-0.01%	NA	108.20%	NA	6.28%	0.59%	10.00%				
1945	NA	NA	-0.05%	NA	101.03%	NA	5.48%	0.61%	10.79%				
1944	NA	NA	-0.07%	NA	100.96%	NA	5.90%	0.60%	9.56%				
1943	NA	NA	-0.06%	NA	104.41%	NA	6.64%	0.60%	8.59%				
1942	NA	NA	0.06%	NA	100.84%	NA	7.39%	0.49%	6.13%				
1941	NA	NA	0.17%	NA	99.76%	NA	8.91%	0.59%	6.46%				
1940	NA	NA	0.27%	NA	99.61%	NA	9.44%	0.57%	5.80%				
1939	NA	NA	0.43%	NA	99.37%	NA	10.33%	0.62%	5.71%				
1938	NA	NA	0.57%	NA	99.68%	NA	11.33%	0.51%	4.37%				
1937	NA	NA	0.32%	NA	99.38%	NA	11.81%	0.65%	5.61%				
1936	NA	NA	0.91%	NA	99.76%	NA	11.26%	0.91%	7.81%				
1935	NA	NA	1.62%	NA	99.97%	NA	12.19%	0.36%	2.82%				
1934	NA	NA	--	NA	100.00%	NA	13.24%	--	--				

* 9/94 percentage is annualized
Data are for all insured commercial banks

NOTES TO TABLES I-IV

Data are for all insured commercial banks

¹Credit risk diversified – Lending relatively small amounts of credit to a large number of borrowers. The degree of credit risk varies from geographic location to location and from institution to institution.

²Credit risk concentrated – Lending relatively large amounts of credit to a relatively small number of borrowers. Repayment failure could impair the income or capital position of individual institutions.

³Beginning in 1976, banks were required to allocate their IRS Reserve for Bad Debt Losses on Loans into its three components: the valuation portion, to be reflected as a deduction from loans, the deferred tax portion, to be shown as an other liability, and the contingency portion, to be reflected in the equity capital section as undivided profits or as reserves for contingencies and other capital reserves. Hence, the nearly 30% drop in the dollar amount of the reserve between 1975 and 1976.