



# PRESS RELEASE

Federal Deposit Insurance Corporation

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## **FDIC REPORTS RECORD PROFITS AT COMMERCIAL BANKS, SAVINGS INSTITUTIONS IN 1993**

### **FOR IMMEDIATE RELEASE**

Preliminary data released today by the FDIC show that insured commercial banks and savings institutions finished 1993 with another strong quarter and, as expected, record earnings for the two industries during the year.

Commercial banks earned \$43.4 billion during 1993, more than one-third higher than the previous record of \$32.0 billion, set in 1992. Commercial bank earnings during the fourth quarter of 1993 reached \$11.1 billion, their second-highest quarterly total ever. Industry profits for the fourth quarter were \$3.4 billion higher than the same period a year earlier, and just \$331 million below the all-time quarterly record, set in the third quarter of 1993.

Savings institutions insured by the FDIC reported full-year earnings of \$7.0 billion, the highest total ever reported by the industry. Savings institutions in the fourth quarter had an aggregate net profit of \$1.8 billion, the ninth consecutive profitable quarter for this group of institutions. These figures include savings banks and savings and loans but exclude 63 institutions being operated in conservatorship by the Resolution Trust Corporation and one privately owned thrift that is "self-liquidating."

Fourth-quarter and full-year 1993 performance results for 10,957 FDIC-insured commercial banks and for 2,264 FDIC-insured savings institutions are contained in the agency's latest Quarterly Banking Profile, which is based on quarterly Reports of Condition and Income filed by FDIC-insured banks and quarterly Thrift Financial Reports filed by savings institutions regulated by the Office of Thrift Supervision (OTS). The latest Profile analyzes trends in banking performance during 1993, with emphasis on the last quarter of the year.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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The annualized return on assets (ROA), a basic yardstick of bank profitability, averaged 1.21 percent at insured commercial banks' average RCA was 0.89 percent in the fourth quarter, and 0.93 percent for the full year. This is the first time since the FDIC was created in 1933 that commercial banks had an ROA over one percent for a full year.

The strong performance by commercial banks in 1993 was broad-based. Banks in all six geographic regions and four asset size groups covered by the Profile averaged ROAs above one percent. Almost two out of every three by banks reported higher earnings than a year ago, and over 95 percent of all commercial banks were profitable.

The main factors in the record earnings were lower amounts set aside for loan losses during 1993 than in 1992, and continued strong margins between the interest income banks earned and the amounts they paid depositors and other creditors.

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