



NEWS RELEASE

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PR-90-92 (6-10-92)

**FDIC REPORTS THAT COMMERCIAL BANKS
EARNED A RECORD \$7.6 BILLION IN THE FIRST QUARTER OF 1992**

Preliminary data released today by the FDIC show that insured commercial banks had record profits in the first quarter of 1992, with net earnings totaling \$7.6 billion during the three-month period. The first-quarter 1992 earnings were \$2 billion higher than a year earlier and \$300 million above the previous quarterly record of \$7.3 billion set in the first quarter of 1989.

First-quarter performance results for 11,806 FDIC-insured commercial banks and 435 savings banks insured by the FDIC's Bank Insurance Fund (BIF) 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.

More than 93 percent of commercial banks reported a profit for the first quarter, and nearly 73 percent reported increased earnings from last year's first quarter. Low interest rates were a major factor in the year-to-year improvement in earnings. For example, favorable interest rate conditions resulted in wider net interest margins and in increased gains from sales of investment securities.

Asset-quality problems continue to limit bank earnings. Noncurrent loans and leases fell from their peak level of \$83.3 billion a year ago, to \$75.3 billion. Nonetheless, loan losses (\$6.3 billion) and provisions for future losses (\$7.2 billion) remain at the same levels as a year earlier.

The dollar amount of loans held by commercial banks fell for the fifth consecutive quarter, to \$2.04 trillion. Residential mortgage loans were the only major loan category to grow during the first quarter.

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The 435 savings banks insured by the Bank Insurance Fund reported an aggregate net profit of \$176 million for the first quarter. This was the first profitable quarter for this group of institutions in three years. Six savings banks failed during the quarter, including two of the ten largest BIF-insured savings banks.

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NOTE

Copies of the Quarterly Banking Profile are available in the lobby of the FDIC's main building at 550 17th Street, N.W., Washington, D.C., or on request from the FDIC's Office of Corporate Communications at (202) 898-6995.