



NEWS RELEASE

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FDIC REPORTS THAT COMMERCIAL BANKS EARNED \$4.3 BILLION IN THIRD QUARTER

Preliminary data from the FDIC today show that insured commercial banks earned \$4.3 billion in the third quarter of 1991, a decline from the \$4.6 billion earned in the second quarter but an improvement from the \$3.6 billion earned in last year's third quarter. The results also showed that troubled loans at commercial banks continued to increase during the third quarter of this year, but at a slower rate.

Third-quarter performance results for 12,072 FDIC-insured commercial banks and for the 445 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. The latest Profile analyzes trends in banking performance between the end of June and the end of September.

More than 88 percent of commercial banks reported a profit for the third quarter, and almost 58 percent reported increased earnings from last year's third quarter.

The need to cover historically high levels of loan losses remains the primary factor limiting bank earnings. The rate of growth in troubled loans at banks in the West is increasing, while the rising trend in troubled loan levels at banks in the Northeast has slowed.

The banking industry's ratio of equity capital to assets remained unchanged at 6.7 percent, its highest level since banks began reporting their foreign assets in 1976. This key net worth ratio measures the stake that bank stockholders have in their institutions and banks' capacity to absorb losses.

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As for savings banks insured by the Bank Insurance Fund, these institutions reported an aggregate net loss of \$344 million for the third quarter. This result was an improvement from the \$506 million net loss for the previous quarter and the \$776 million net loss for the third quarter of 1990. Most of these savings banks are located in the Northeast and their performance has been adversely affected by depressed real estate markets in that region.

Copies of the third quarter Quarterly Banking Profile are available at the reception desk in the FDIC's Main Building at 550 17th Street, N.W., Washington, D.C., or by calling (202) 898-6996.

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