The FDIC Quarterly Banking Profile

Andrew C. Hove, Jr., Chairman

Fourth Quarter, 1992

COMMERCIAL BANKING PERFORMANCE - FOURTH QUARTER, 1992

- ***Record Year For Bank Earnings Ends On A Strong Note***
- ***Fourth-quarter Net Income Of $8.2 Billion Brings Total For 1992 To $32.2 Billion***
- ***Interest Rate Conditions, Improving Asset Quality Boost Earnings***
- ***Loan Volume At Commercial Banks Resumes Decline***

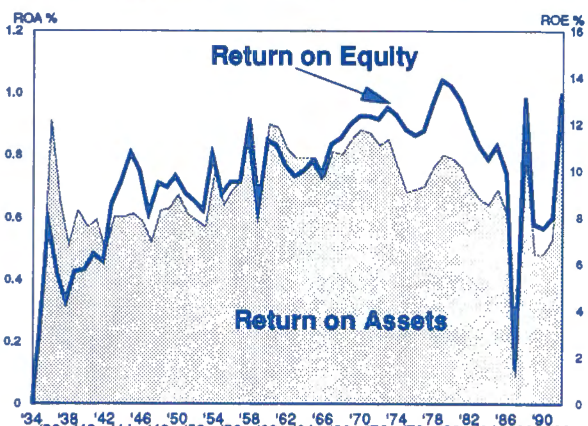
Insured commercial banks earned $8.2 billion in the fourth quarter of 1992 as interest-rate conditions remained extremely favorable and the outlook for asset quality improved considerably. This is the second highest quarterly total ever reported, after the $8.5 billion earned in the third quarter of 1992, and represents a $5.2-billion increase over the $3 billion banks earned in the fourth quarter of 1991. Full-year earnings for 1992 totaled $32.2 billion, easily eclipsing the previous record of $24.8 billion set in 1988. The four highest quarterly earnings records all have been registered in 1992. Earnings continue to benefit from low interest rates and wide spreads between short- and long-term rates, as well as from fundamental improvements in asset quality.

In addition to the record dollar level of earnings, industry profitability also reached new heights in 1992, as the average return on assets (ROA) for the year rose to 0.96 percent, the highest level since the creation of the FDIC. Fourth-quarter ROA was 0.94 percent, up from 0.35 percent a year earlier. The greatest improvement in profitability was at large banks in the Northeast and the West, which are recovering from asset-quality problems. Only one of the twenty-five largest banks reported a net loss for the fourth quarter of 1992 compared with the fourth quarter of 1991, when eight of the twenty-five largest banks were unprofitable. For the full year, two of the twenty-five largest banks lost money, compared with seven in 1991.

The year-to-year improvement in quarterly earnings was mainly attributable to a $4.3 billion drop in loan-loss provisions and a $3.3 billion increase in net interest income. Loan-loss provisioning of $6.4 billion was the lowest fourth-quarter total since 1988. Net interest margins widened for the seventh consecutive quarter, to an average of 4.67 percent, producing a 10.2 percent increase in net interest income over the fourth quarter of 1991. Unlike the first three quarters of 1992, the improvement in earnings in the fourth quarter was not supported by higher gains from sales of investment securities. Gains of $761 million in the fourth quarter were substantially below the $1.4 billion in gains reported in the fourth quarter of 1991.

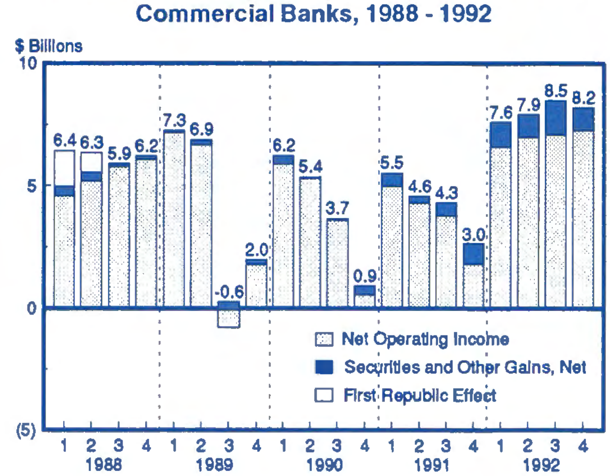
For all of 1992, net interest income totaled $133.5 billion, an improvement of $11.6 billion over the $121.9 billion earned in 1991. Net interest margins averaged 4.51 percent, compared with 4.18 percent for 1991. Loss provisions totaled $25.9 billion in 1992, a decrease of $8.4 billion from 1991, and the lowest

Chart A - Return on Assets (ROA) and Equity (ROE) of Insured Commercial Banks, 1934 - 1992



* In 1934 ROA was -0.77 and ROE was -5.80

Chart B - Quarterly Net Income of FDIC-Insured Commercial Banks, 1988 - 1992



Requests for copies of and subscriptions to the FDIC Quarterly Banking Profile should be made through the FDIC's Office of Corporate Communications, 550 17th Street, N.W., Washington, D.C. 20429; telephone (202) 898-6996.

FDIC
Division of Research & Statistics

Don Inscoe
(202) 898-3940

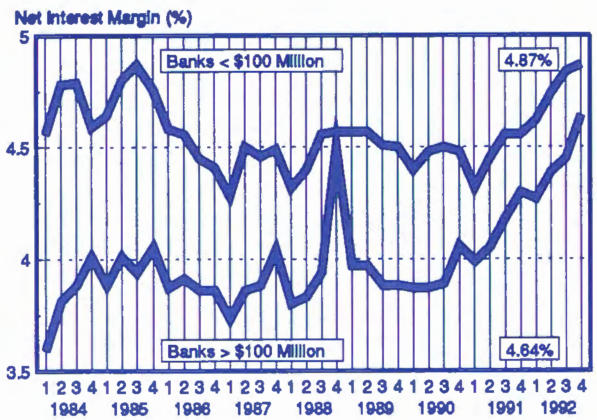
Ross Waldrop
(202) 898-3951

level since 1988, when banks set aside $17.1 billion. Securities gains totaled $4 billion, one-third higher than the $3 billion in gains realized in 1991.

Banks continued to adjust their balance sheets in response to the interest-rate environment and lackluster lending markets. The relative share of low-cost liabilities increased throughout 1992. Total liabilities grew by $43.3 billion in 1992. Demand deposits were up by $56.9 billion, with most of the growth occurring in the fourth quarter. Overnight borrowings increased by $21.4 billion during the year. NOW accounts and money-market deposit accounts (MMDAs) increased by $77.6 billion, while other savings deposits increased by $54.9 billion. Time deposits fell during 1992 by $160.8 billion, and deposits in foreign offices shrank by $17.8 billion. The shifts in funding sources, combined with the overall decline in interest rates, helped reduce banks' interest expense by over 27 percent in 1992.

A substantial increase in equity capital in 1992 also helped limit interest expenses, by reducing the amount of liabilities needed to fund the industry's assets. Total equity capital grew by $31.9 billion in 1992, with $6.4 billion of the increase occurring in the fourth quarter. The average equity-capital-to-assets ratio of commercial banks improved from 6.75 percent at the end of 1991 to 7.52 percent at the end of 1992. This is the highest equity capital ratio for the industry since the end of 1965, when it was 7.53 percent. Retained earnings contributed $18.4 billion to equity capital in 1992. Banks paid 43 percent of their earnings in dividends, the lowest proportion since the 40 percent paid out in 1981.

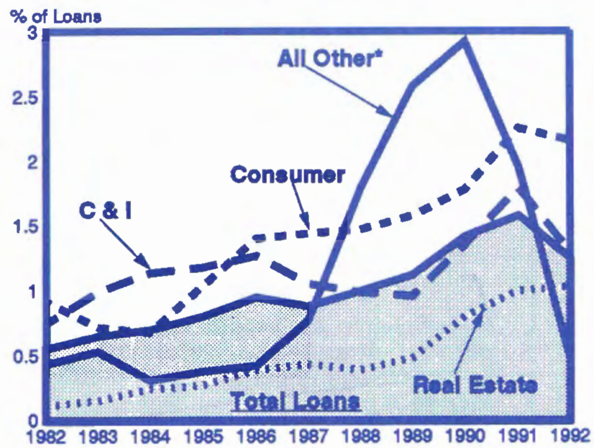
Chart C - Quarterly Net Interest Margins of FDIC-Insured Commercial Banks, 1984 - 1992



Assets of commercial banks increased by $24.4 billion in the fourth quarter, bringing the growth for all of 1992 to $75.2 billion, an increase of 2.2 percent. After registering a $3.7-billion increase in the previous quarter, total loans held by commercial banks shrank by $4.2 billion in the fourth quarter. This was the seventh time in eight quarters, dating back to the first quarter of 1991, that loans at commercial banks have declined. During this interval, total loans have declined by $77.2 billion. Most of the shrinkage has been in commercial and industrial loans, which have decreased by $78.8 billion. Loan shrinkage in the fourth quarter of 1992 and for the full year was limited to banks in the Northeast and West Regions, where asset-quality problems have been greatest. Banks in the other regions had modest loan growth in the fourth quarter, and for the full year. Commercial bank asset growth has resulted primarily from increased holdings of investment securities, mainly U.S. Treasury and mortgage-backed securities. Most of the new securities have maturities of one to five years, as banks have sought to boost yields by lengthening the average maturities of their securities holdings. Growth in the fourth quarter, however, consisted mainly of increases in U.S. Treasury securities with maturities of less than one year.

For the third consecutive quarter, banks charged off a lower amount of loans than a year earlier. Fourth-quarter net loan charge-offs totaled $7.1 billion, an improvement of $2.7 billion from the $9.8 billion charged-off in the fourth quarter of 1991. For all of 1992, the dollar amount of net loan charge-offs was $25.5 billion, a decrease of $7.3 billion from the $32.8 billion in net charge-offs taken in 1991. This is the first decline in full-year net charge-offs since 1978. Most of the decrease was in commercial and industrial loans and loans to foreign borrowers.

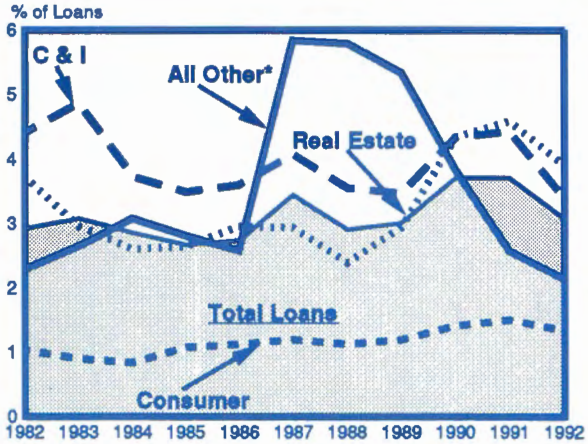
Chart D - Annual Net Loan Charge-off Rates, 1982 - 1992



Noncurrent loans continue to shrink, despite the slowing rate of charge-offs, indicating that fewer new loans are becoming noncurrent. Noncurrent loans declined by $7.0 billion in the fourth quarter, the largest quarterly drop since the fourth quarter of 1988, when they fell by $7.1 billion. Noncurrent loans have now decreased for seven consecutive quarters. During this period, they have declined by a total of $20.9 billion, from an all-time high of $83.3 billion at the end of the first quarter of 1991 to $62.4 billion at the end of 1992. Loan-loss reserves have decreased slightly during the same interval, but banks still held 87.3 cents in reserves for every dollar of noncurrent loans at year-end. This is the highest coverage level reported since banks began reporting noncurrent loan amounts in 1982. Commercial bank holdings of other real estate owned (OREO) registered their first quarterly decline since the second quarter of 1989. OREO fell by $2.3 billion in the fourth quarter, to $25.7 billion, the lowest level since the third quarter of 1991.

At the end of 1992, there were 11,461 FDIC-insured commercial banks reporting financial results, a net decrease of 460 banks since the end of 1991. During 1992, there were 428 unassisted mergers, while 100 commercial banks failed or required assistance to

Chart E - Noncurrent Loan Rates At Year-end, 1982 - 1992



avert failure. There were 72 new bank charters issued in 1992, but 21 of these were temporary "bridge bank" charters given to failed banks as part of the resolution process. The 51 charters issued to non-bridge banks represent the lowest annual number since 1951. The number of commercial banks on the FDIC's "Problem List" fell by 229 in 1992, from 1,016 at the end of 1991 to 787 at the end of 1992. This represents the lowest number of "Problem" banks since 1983. Assets of commercial banks on the "Problem List" declined from $528 billion at the end of 1991 to $408.2 billion at the end of 1992.

Favorable interest-rate conditions and an improving trend in asset quality enabled banks to strengthen and clean up their balance sheets in 1992. The shrinkage in noncurrent loans in 1992 portends a further decline in loan charge-offs and loan-loss provisions in 1993. Absent a sharp rise in interest rates or a flattening of the yield curve, net interest margins should remain wide by historical standards, due to shifts in liability composition. The two main components of 1992's record earnings — the reduced burden of troubled assets and wide net interest margins — should carry over into 1993. Commercial banks as a whole are very well capitalized, and the liquidity of their asset portfolios continues to increase with the proportion of investment securities.

Chart F - Structural Changes Among FDIC-Insured Commercial Banks, 1980 - 1992

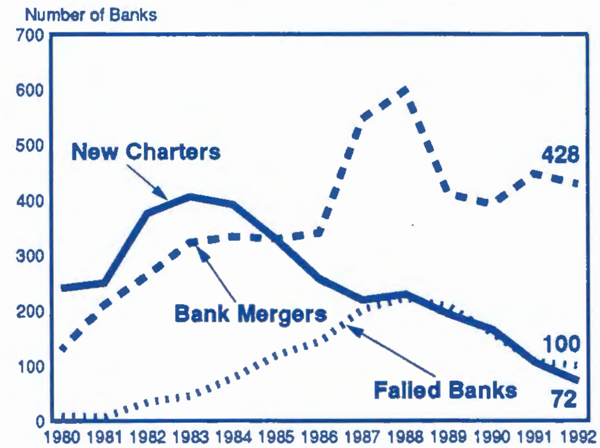
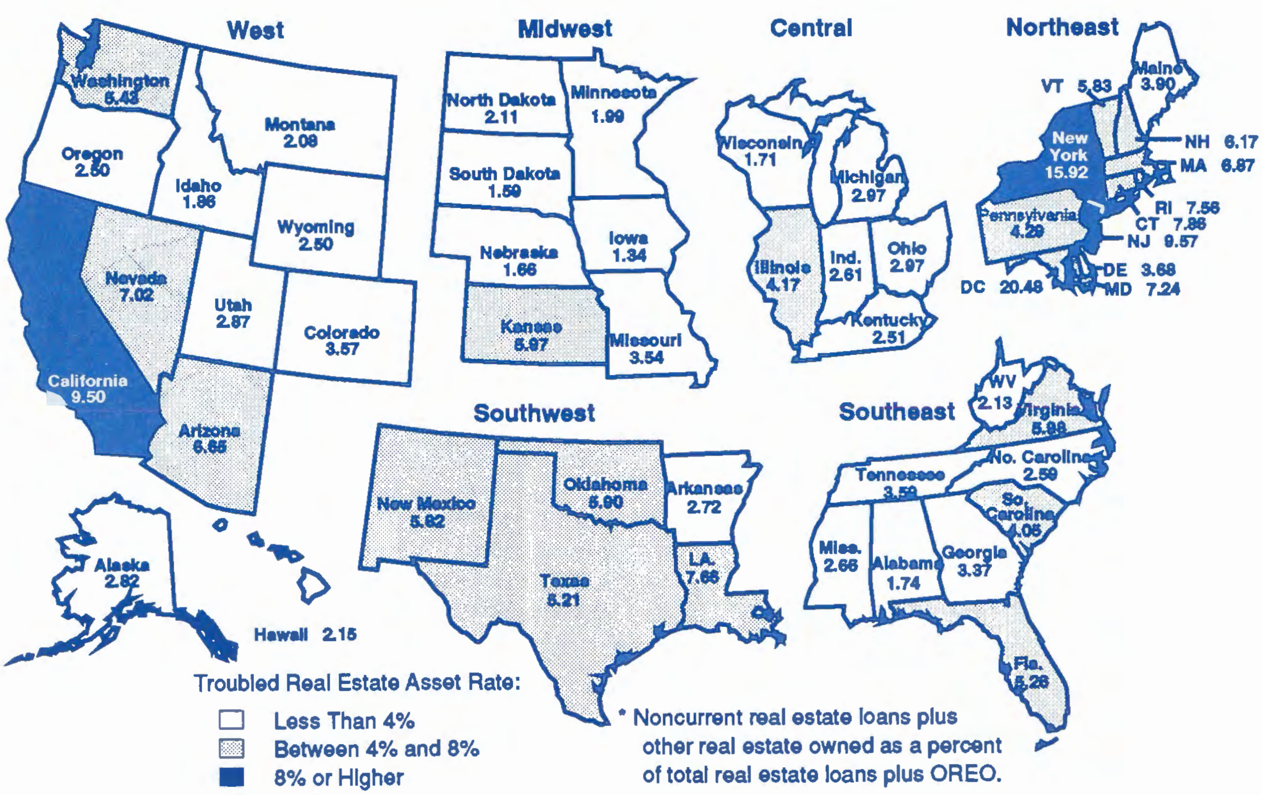


Chart G - Troubled Real Estate Asset Rates* By State, December 31, 1992



* Noncurrent real estate loans plus other real estate owned as a percent of total real estate loans plus OREO.

REAL ESTATE LOAN PERFORMANCE AND OTHER REAL ESTATE OWNED
DECEMBER 31, 1992

	ASSET SIZE					GEOGRAPHIC DISTRIBUTION					
	ALL BANKS	LESS THAN $100MM	$100MM TO $1B	$1B TO $10B	$10B OR MORE	NORTH-EAST REGION	SOUTH-EAST REGION	CENTRAL REGION	MID-WEST REGION	SOUTH-WEST REGION	WEST REGION
PERCENT OF LOANS 30-89 DAYS PAST DUE											
All real estate loans	1.95%	1.66%	1.61%	1.83%	2.40%	2.72%	1.42%	1.49%	1.29%	1.49%	2.06%
Construction and development	3.14	1.42	2.14	3.28	3.85	4.05	1.47	2.76	2.08	1.32	3.94
Commercial real estate	2.24	1.44	1.52	2.00	3.54	3.65	1.29	1.43	1.77	1.22	2.46
Multifamily residential real estate	2.64	1.58	1.34	1.86	4.76	5.40	1.36	1.45	1.42	1.18	1.80
1-4 Family residential	1.70	1.94	1.73	1.60	1.68	2.10	1.64	1.46	1.05	1.72	1.68
Home equity lines of credit	0.89	1.24	0.96	0.81	0.89	1.15	0.63	0.81	0.81	1.14	0.73
Commercial R/E loans not secured by real estate	2.61	0.86	1.15	1.94	3.06	3.77	0.85	2.63	3.89	0.61	2.24
PERCENT OF LOANS NONCURRENT*											
All real estate loans	3.90%	1.50%	1.93%	3.46%	6.52%	6.44%	2.20%	1.78%	1.27%	2.22%	4.95%
Construction and development	13.99	2.52	4.90	11.30	22.87	21.64	5.60	6.85	2.47	4.30	18.08
Commercial real estate	5.21	1.97	2.62	4.42	9.95	8.88	3.46	2.33	2.54	3.26	5.92
Multifamily residential real estate	4.77	1.58	1.97	3.36	9.29	9.32	2.52	1.51	1.77	2.30	4.97
1-4 Family residential	1.43	1.11	1.15	1.42	1.77	2.33	0.99	0.78	0.52	1.16	1.66
Home equity lines of credit	0.72	0.84	0.79	0.63	0.77	1.10	0.44	0.49	0.35	0.82	0.55
Commercial R/E loans not secured by real estate	7.24	2.84	2.43	4.72	8.79	13.13	2.98	3.21	3.98	1.22	5.08
PERCENT OF LOANS CHARGED-OFF *(NET)*											
All real estate loans	1.01%	0.23%	0.35%	0.90%	1.85%	2.31%	0.83%	0.96%	0.49%	0.55%	1.24%
Construction and development	3.71	0.40	0.99	2.99	6.15	8.41	2.47	2.05	1.24	1.14	5.04
Commercial real estate	1.45	0.35	0.53	1.25	2.98	2.91	1.45	2.23	1.20	0.86	1.34
Multifamily residential real estate	1.50	0.45	0.50	1.08	2.96	4.46	0.86	0.84	1.43	0.50	1.10
1-4 Family residential	0.22	0.16	0.15	0.23	0.31	0.60	0.22	0.11	0.11	0.27	0.20
Home equity lines of credit	0.18	0.25	0.17	0.18	0.17	0.36	0.18	0.08	0.13	0.23	0.23
Commercial R/E loans not secured by real estate	4.73	3.56	2.93	2.05	5.80	11.34	1.31	7.43	1.64	0.31	3.27
TOTAL LOANS OUTSTANDING *($ BILLIONS)*											
All real estate loans	$868.2	$98.3	$219.6	$254.1	$296.2	$263.2	$168.5	$150.1	$58.5	$56.0	$172.0
Construction and development	78.7	5.8	15.6	25.9	31.4	25.5	14.4	11.3	3.3	3.9	20.2
Commercial real estate	257.6	26.6	72.1	86.8	72.2	73.3	53.6	46.0	15.1	19.0	50.6
Multifamily residential real estate	27.2	2.2	7.3	8.9	8.8	7.9	4.8	5.1	1.9	1.7	5.9
1-4 Family residential	390.1	50.6	104.2	103.7	131.6	108.1	80.3	70.6	29.9	28.2	73.1
Home equity lines of credit	73.3	2.9	14.1	26.4	29.9	27.1	11.9	11.8	2.4	0.9	19.2
Commercial R/E loans not secured by real estate	20.0	0.5	1.7	4.3	13.5	7.1	2.9	2.2	0.6	0.8	6.4
OTHER REAL ESTATE OWNED *($ BILLIONS)*											
All other real estate owned	$25.7	$1.8	$4.4	$6.4	$13.0	$12.1	$3.2	$2.0	$0.9	$1.9	$5.5
Construction and development	6.4	0.3	1.1	2.3	2.8	2.8	0.9	0.4	0.2	0.4	1.8
Commercial real estate	13.2	0.8	2.1	3.0	7.3	6.1	1.6	1.2	0.5	1.0	2.8
Multifamily residential real estate	1.7	0.1	0.2	0.4	1.0	1.0	0.1	0.1	0.1	0.1	0.2
1-4 Family residential	3.0	0.6	0.9	0.6	0.9	1.2	0.5	0.2	0.1	0.3	0.6
Home equity lines of credit	0.4	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.1
Other real estate owned in foreign offices	1.0	0.0	0.0	0.0	0.9	1.0	0.0	0.0	0.0	0.0	0.0

* Noncurrent loan rates represent the percentage of loans in each category that are past due 90 days or more or that are in nonaccrual status.

Table I. Selected Indicators, FDIC-Insured Commercial Banks

	1992	1991	1990	1989	1988	1987	1986
Return on assets	0.96%	0.54%	0.48%	0.49%	0.82%	0.10%	0.63%
Return on equity	13.35	8.05	7.55	7.78	13.30	2.00	9.94
Equity capital to assets	7.52	6.75	6.45	6.21	6.28	6.02	6.20
Noncurrent loans and leases plus other real estate owned to assets	2.51	2.99	2.90	2.30	2.14	2.46	1.94
Net charge-offs to loans	1.29	1.61	1.44	1.14	1.00	0.92	0.98
Asset growth rate	2.19	1.21	2.72	5.37	4.36	2.01	7.71
Net operating income growth	93.97	−0.57	2.56	−38.53	1554.74	−89.65	N/A
Percentage of unprofitable banks	6.52	11.55	13.46	12.50	14.65	17.66	19.79
Number of institutions	11,461	11,921	12,341	12,707	13,139	13,696	14,200
Number of problem banks	787	1,016	1,012	1,092	1,394	1,559	1,457
Assets of problem banks (billions)	$408.2	$528.0	$341.6	$187.9	$304.8	$329.2	$285.8
Number of failed/assisted banks	100	108	159	206	221	201	144

Table II. Aggregate Condition and Income Data, FDIC-Insured Commercial Banks

(dollar figures in millions)

	Preliminary 4th Qtr 1992	3rd Qtr 1992	4th Qtr 1991	%Change 91:4-92:4
Number of banks reporting	11,461	11,590	11,921	−3.9
Total employees (full-time equivalent)	1,477,619	1,474,458	1,487,199	−0.6
CONDITION DATA				
Total assets	$3,505,843	$3,481,442	$3,430,597	2.2
Real estate loans	868,234	864,775	851,199	2.0
Commercial & industrial loans	536,328	539,425	558,882	−4.0
Loans to individuals	385,419	381,217	391,856	−1.6
Farm loans	35,016	36,706	34,980	0.1
Other loans and leases	207,112	214,156	215,758	−4.0
Total loans and leases	2,032,110	2,036,279	2,052,674	−1.0
LESS: Reserve for losses	54,487	55,294	55,148	−1.2
Net loans and leases	1,977,623	1,980,985	1,997,526	−1.0
Temporary investments	540,862	516,911	499,059	8.4
Securities over 1 year	569,479	575,027	514,471	10.7
All other assets	417,879	408,519	419,542	−0.4
Total liabilities and capital	3,505,843	3,481,442	3,430,597	2.2
Noninterest-bearing deposits	541,155	487,561	480,397	12.7
Interest-bearing deposits	2,157,772	2,157,916	2,207,199	−2.2
Other borrowed funds	406,519	422,688	379,680	7.1
Subordinated debt	33,730	30,268	24,962	35.1
All other liabilities	103,008	125,765	106,630	−3.4
Equity capital	263,659	257,244	231,728	13.8
Goodwill	6,876	6,067	4,502	52.7
Loans and leases 30-89 days past due	34,618	34,128	41,832	−17.3
Noncurrent loans and leases	62,382	69,384	75,990	−17.9
Restructured loans and leases	11,948	10,858	9,757	22.5
Other real estate owned	25,662	27,999	26,585	−3.5
Loan commitments and letters of credit	1,446,320	1,427,233	1,375,878	5.1
Domestic office assets	3,109,583	3,064,289	3,032,676	2.5
Foreign office assets	396,260	417,153	397,921	−0.4
Domestic office deposits	2,412,127	2,343,551	2,382,954	1.2
Foreign office deposits	286,800	301,926	304,642	−5.9
Earning assets	3,087,964	3,072,922	3,011,055	2.6
Volatile liabilities	918,895	971,129	987,280	−6.9

INCOME DATA	Preliminary Full Year 1992	Full Year 1991	%Change	Preliminary 4th Qtr 1992	4th Qtr 1991	%Change 91:4-92:4
Total interest income	$255,338	$289,230	−11.7	$63,989	$73,220	−12.6
Total interest expense	121,856	167,304	−27.2	28,197	40,740	−30.8
Net interest income	133,482	121,926	9.5	35,793	32,479	10.2
Provision for loan losses	25,878	34,312	−24.6	6,356	10,638	−40.3
Total noninterest income	65,635	59,730	9.9	17,004	15,985	6.4
Total noninterest expense	130,868	124,783	4.9	35,324	34,702	1.8
Securities gains (losses)	3,983	2,968	34.2	761	1,433	−46.9
Applicable income taxes	14,530	8,268	75.7	3,801	1,462	160.1
Extraordinary gains, net	421	686	−38.7	96	−75	N/M
Net income	32,245	17,946	79.7	8,171	3,020	170.5
Net charge-offs	25,527	32,862	−22.3	7,104	9,800	−27.5
Cash dividends on capital stock	13,852	14,297	−3.1	5,401	4,244	27.3
Net operating income	28,895	14,897	94.0	7,510	1,953	284.6

N/M – Not meaningful

Table III. Full Year 1992 Commercial Bank Data *(Dollar figures in billions, ratios in %)*

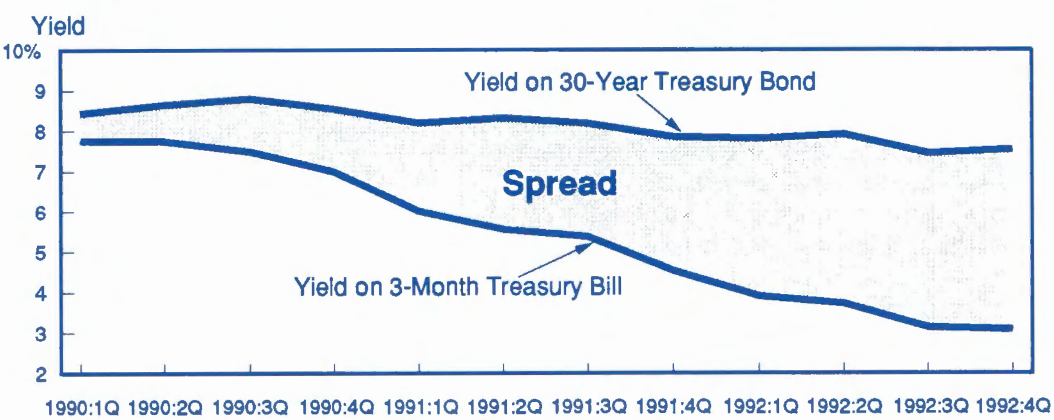
		ASSET SIZE DISTRIBUTION				GEOGRAPHIC DISTRIBUTION					
						EAST			WEST		
FULL YEAR *Preliminary* *(The way it is . . .)*	ALL BANKS	Less than $100 Million	$100 Million to $1 Billion	$1-10 Billion	Greater than $10 Billion	Northeast Region	Southeast Region	Central Region	Midwest Region	Southwest Region	West Region
Number of banks reporting	11,461	8,290	2,791	329	51	922	1,892	2,521	2,791	2,046	1,289
Total assets	$3,505.8	$345.9	$680.3	$1,034.1	$1,445.5	$1,307.6	$550.4	$581.5	$242.0	$282.6	$541.7
Total deposits	2,698.9	306.4	587.3	787.8	1,017.4	924.0	434.6	459.6	197.6	242.1	441.0
Net income *(in millions)*	32,245	3,560	6,765	10,406	11,514	10,597	5,278	5,843	3,060	3,080	4,386
Percentage of banks losing money	6.5%	6.5%	6.1%	10.6%	7.8%	15.4%	8.0%	3.6%	2.0%	5.0%	15.8%
Percentage of banks with earnings gains	79.9	79.1	82.2	79.9	90.2	80.2	85.3	79.9	77.9	82.8	71.8
Performance Ratios											
Yield on earning assets	8.64%	8.58%	8.44%	8.35%	8.97%	9.09%	8.32%	8.50%	8.24%	7.63%	8.70%
Cost of funding earning assets	4.12	3.82	3.66	3.54	4.87	5.01	3.66	3.87	3.74	3.27	3.31
Net interest margin	4.51	4.76	4.78	4.80	4.10	4.09	4.66	4.63	4.50	4.37	5.38
Noninterest income to earning assets	2.22	1.05	1.35	2.51	2.75	2.73	1.71	1.67	2.31	1.68	2.32
Noninterest expense to earning assets	4.43	3.90	4.00	4.67	4.60	4.51	4.23	3.99	4.23	4.18	5.11
Net operating income to assets	0.86	0.97	0.96	0.96	0.72	0.68	0.95	1.02	1.22	1.03	0.80
Return on assets	0.96	1.06	1.03	1.05	0.84	0.84	1.02	1.07	1.32	1.15	0.85
Return on equity	13.35	11.34	12.73	14.10	13.85	12.89	13.46	13.85	15.69	16.09	11.18
Net charge-offs to loans and leases	1.29	0.54	0.74	1.40	1.63	1.80	0.84	1.00	0.79	0.67	1.29
Loan loss provision to net charge-offs	101.37	117.37	124.13	108.26	91.00	96.97	106.04	109.34	115.36	88.58	105.11
Condition Ratios											
Loss allowance to:											
Loans and leases	2.68%	1.78%	1.90%	2.77%	3.16%	3.37%	1.99%	1.89%	2.04%	2.29%	3.00%
Noncurrent loans and leases	87.34	113.03	102.56	108.16	73.42	75.22	112.86	112.16	143.00	126.74	81.13
Noncurrent loans and leases plus other real estate to assets	2.51	1.35	1.70	2.15	3.43	3.49	1.61	1.35	1.18	1.49	3.44
Equity capital ratio	7.52	9.40	8.21	7.69	6.62	6.93	7.60	7.86	8.44	7.32	8.19
Core capital (leverage) ratio	7.23	9.36	8.13	7.42	6.19	6.71	7.51	7.66	8.37	7.28	7.26
Net loans and leases to deposits	73.27	57.21	64.75	76.10	80.85	78.10	72.57	73.61	66.34	52.16	78.20
Growth Rates *(year-to-year)*											
Assets	2.2%	5.3%	6.6%	6.9%	14.3%	1.7%	7.0%	2.3%	3.9%	4.6%	−3.1%
Equity capital	13.8	8.6	11.5	17.7	35.1	16.4	12.4	10.1	8.0	11.4	18.0
Net interest income	9.5	12.9	13.9	14.6	24.2	11.1	13.7	10.9	5.5	12.8	2.3
Net income	79.7	46.1	34.1	92.2	104.8	207.0	67.7	21.8	27.2	77.6	81.9
Noncurrent loans and leases plus other real estate owned	−14.2	−12.7	−4.3	−16.9	3.4	−14.2	−21.9	−15.3	−20.0	−34.6	−0.8
Net charge-offs	−22.3	−16.3	−11.7	−12.9	−12.4	−26.1	−31.5	10.0	−25.5	−47.6	−12.4
Loan loss provision	−24.6	−18.6	−9.3	−21.0	−7.2	−19.4	−38.6	0.9	−20.4	−45.6	−36.4
PRIOR FULL YEARS *(The way it was . . .)*											
Return on assets 1991	0.54%	0.76%	0.75%	0.56%	0.36%	0.28%	0.63%	0.87%	1.07%	0.65%	0.44%
1989	0.49	0.77	0.89	0.63	0.10	−0.02	0.88	0.99	1.00	−0.09	0.99
1987	0.10	0.51	0.68	0.47	−0.64	−0.13	0.92	0.43	0.66	−0.89	−0.03
Equity capital ratio 1991	6.75	9.09	7.78	6.95	5.48	6.06	7.24	7.31	8.12	6.87	6.73
1989	6.21	8.92	7.46	6.12	4.86	5.55	6.93	6.86	7.62	5.55	6.26
1987	6.02	5.84	7.22	7.52	4.43	5.44	6.81	6.52	7.44	5.83	5.76
Noncurrent loans and leases plus other real estate owned to assets 1991	2.99	1.62	2.07	2.81	3.95	4.13	2.21	1.63	1.53	2.38	3.36
1989	2.30	1.76	1.73	1.86	3.12	2.83	1.23	1.18	1.41	4.41	2.42
1987	2.46	2.10	1.81	1.81	3.47	2.44	1.04	1.27	1.87	5.78	3.28
Net charge-offs to loans and leases 1991	1.61	0.68	0.97	1.71	2.03	2.38	1.23	0.89	1.07	1.26	1.32
1989	1.14	0.75	0.74	1.05	1.51	1.29	0.59	0.91	1.19	1.91	1.18
1987	0.92	1.14	0.87	0.91	0.88	0.67	0.68	0.68	1.59	2.04	1.07

Regions: Northeast – Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont
Southeast – Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia
Central – Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin
Midwest – Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota
Southwest – Arkansas, Louisiana, New Mexico, Oklahoma, Texas
West – Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, Oregon, Pacific Islands, Utah, Washington, Wyoming

Table IV. Fourth Quarter 1992 Commercial Bank Data *(Dollar figures in billions, ratios in %)*

FOURTH QUARTER *Preliminary* *(The way it is . . .)*	ALL BANKS	ASSET SIZE DISTRIBUTION: Less than $100 Million	$100 Million to $1 Billion	$1-10 Billion	Greater than $10 Billion	GEOGRAPHIC DISTRIBUTION: EAST: Northeast Region	Southeast Region	Central Region	WEST: Midwest Region	Southwest Region	West Region
Number of banks reporting	11,461	8,290	2,791	329	51	922	1,892	2,521	2,791	2,046	1,289
Total assets	$3,505.8	$345.9	$680.3	$1,034.1	$1,445.5	$1,307.6	$550.4	$581.5	$242.0	$282.6	$541.7
Total deposits	2,698.9	306.4	587.3	787.8	1,017.4	924.0	434.6	459.6	197.6	242.1	441.0
Net income *(in millions)*	8,171	759	1,590	2,561	3,260	2,717	1,188	1,606	768	781	1,111
Percentage of banks losing money	12.4%	13.3%	9.5%	14.9%	7.8%	17.1%	14.5%	7.6%	10.2%	11.8%	20.8%
Percentage of banks with earnings gains	64.1	62.2	68.8	70.5	80.4	68.8	68.6	63.8	61.8	63.6	60.7
Performance Ratios *(annualized)*											
Yield on earning assets	8.34%	8.25%	8.20%	8.19%	8.55%	8.84%	7.81%	8.26%	7.92%	7.68%	8.31%
Cost of funding earning assets	3.68	3.38	3.25	3.18	4.32	4.59	3.10	3.46	3.31	2.99	2.78
Net interest margin	4.67	4.87	4.95	5.01	4.23	4.24	4.70	4.80	4.61	4.69	5.53
Noninterest income to earning assets	2.22	1.12	1.41	2.66	2.57	2.67	1.68	1.69	2.41	1.80	2.36
Noninterest expense to earning assets	4.60	4.21	4.25	5.07	4.54	4.63	4.42	4.10	4.49	4.65	5.31
Net operating income to assets	0.86	0.82	0.90	0.92	0.82	0.70	0.84	1.10	1.13	1.08	0.80
Return on assets	0.94	0.89	0.95	1.01	0.90	0.83	0.88	1.12	1.29	1.13	0.82
Return on equity	12.60	9.37	11.49	13.07	13.99	12.26	11.45	14.26	15.12	15.41	10.20
Net charge-offs to loans and leases	1.40	0.73	0.99	1.58	1.60	1.89	1.06	0.82	0.89	0.66	1.70
Loan loss provision to net charge-offs	89.48	102.91	106.50	98.50	77.05	91.35	83.43	115.14	96.24	62.79	79.05
Growth Rates *(year-to-year)*											
Net interest income	10.2%	12.6%	16.1%	13.8%	26.4%	7.9%	14.9%	13.2%	4.8%	17.1%	7.2%
Net income	170.5	59.3	32.3	117.6	272.1	751.5	146.3	36.2	35.3	93.4	1521.9
Net charge-offs	−27.5	−25.1	−17.0	−19.2	−10.8	−26.7	−40.4	−27.3	−27.8	−55.9	−11.4
Loan loss provision	−40.3	−32.6	−17.9	−30.5	−34.1	−30.8	−53.0	−25.2	−35.7	−65.1	−53.4
PRIOR FOURTH QUARTERS *(The way it was . . .)*											
Return on assets 1991	0.35%	0.57%	0.66%	0.43%	0.09%	0.10%	0.37%	0.84%	0.99%	0.60%	0.05%
1989	0.24	0.37	0.71	0.10	0.07	−0.41	0.66	0.92	0.75	−0.59	0.95
1987	0.29	0.08	0.39	0.16	0.41	0.65	0.81	0.42	0.63	−2.33	0.20
Net charge-offs to loans and leases											
1991	1.92	1.06	1.40	2.06	2.24	2.55	1.81	1.14	1.27	1.53	1.78
1989	1.90	1.16	1.11	1.43	2.89	2.40	0.87	1.64	1.50	3.22	1.51
1987	1.34	1.61	1.22	1.43	1.26	0.96	1.17	1.13	2.36	2.94	1.40

Spread Between Short-Term and Long-Term Yields
30-Year Treasury Bond Versus 3-Month Treasury Bill



Quarterly Average Yield:

30-Year Treasury Bond	8.44	8.65	8.80	8.55	8.20	8.32	8.18	7.85	7.80	7.90	7.44	7.53
3-Month Treasury Bill	*7.76*	*7.75*	*7.48*	*6.99*	*6.02*	*5.56*	*5.38*	*4.54*	*3.91*	*3.68*	*3.08*	*3.07*
Spread	0.68	0.90	1.32	1.56	2.18	2.76	2.80	3.31	3.89	4.22	4.36	4.46

SAVINGS BANK PERFORMANCE - FOURTH QUARTER, 1992

- *BIF-Insured Savings Banks Earn $1.4 Billion in 1992*
- *Fourth-Quarter Earnings Total $385 Million and Asset Quality Improves*
- *Six Institutions Fail During the Quarter; Twenty-two Fail During the Year*

The 414 savings banks insured by the FDIC Bank Insurance Fund ("BIF") returned to profitability following three consecutive unprofitable years, earning $1.4 billion during 1992. With fourth-quarter earnings of $385 million, savings banks showed a profit in each of the four quarters in 1992. The industry's return to profitability is attributable to the benefits of low short-term interest rates, declining loan-loss provisions and FDIC's resolution of troubled institutions.

Industry-wide return on assets reached 0.72 percent for the fourth quarter and 0.66 percent for the full year. The 308 institutions headquartered in the New England states turned in a much lower full-year return on assets (0.45 percent) compared with the 92 savings banks in the other Northeastern states (0.78 percent). The 14 savings banks located outside the Northeast reported an aggregate return on assets of 1.52 percent for 1992.

Savings banks' net interest margins continued to rise, as the interest they paid to depositors and other creditors declined by more than the interest they earned on loans and other assets. Interest expenses are also being reduced because savings banks are funding an increasing portion of their assets with noninterest-bearing deposits and equity capital. As a result, net interest income of $7.5 billion for full-year 1992 was $1.2 billion higher than the previous year. However, growth in net interest income slowed in the fourth quarter – it only increased by $9 million (0.5 percent) compared with the third quarter.

The industry's return to profitability also reflected improvement in the credit-quality problems that have plagued the industry. Troubled assets – including noncurrent loans and other real estate owned – declined by $1.3 billion (12 percent) in the fourth quarter and decreased $4.7 billion (34 percent) during the full year. Elimination of the most troubled institutions contributed to the industry-wide improvements in asset quality and to the reduced level of loan-loss provisions, but the 414 surviving savings banks also recorded substantial improvements. Troubled asset levels declined at these institutions by $694 million (12 percent) during the quarter and $2.2 billion (19 percent) during the year.

Net charge-offs of $1.4 billion taken during 1992 were $681 million below 1991 levels. These losses exceeded the loan-loss provision taken in 1992, causing reserves for future losses to decline. Nonetheless, the reserve coverage of troubled loans improved due to the larger reduction in troubled loans. As of December 31, 1992, institutions in the New England states held 60 cents in reserve for each dollar of noncurrent loans; those in the other Northeastern states held 33 cents.

Capital positions improved markedly in 1992. Equity capital ratios continued to benefit from retained industry profits and shrinking assets. Savings banks had an aggregate equity capital-to-assets ratio of 7.97 percent at the end of the fourth quarter, up from 7.69 percent the previous quarter and 6.74 percent one year ago.

Both the number of BIF-insured savings banks and the assets held by these institutions have declined four consecutive years. During 1992, total assets plunged by $22.4 billion (9.5 percent), dropping $7.7 billion (3.5 percent) in the final quarter of 1992 alone. The industry shrinkage resulted from the failure of 22 savings banks (including three of the ten largest) holding more than ten percent ($28.5 billion) of the industry's assets. Fifteen of the failed institutions were located in the six New England states but the five largest failures were located in three other Northeastern states (three in New York state and one each in New Jersey and Pennsylvania.) Consequently, the industry's loans decreased $21.5 billion during 1992, including a $5.7 billion reduction in the fourth quarter. Loans and other assets held by the surviving 414 savings banks were down slightly over the 12-month period ending December 31, 1992.

The number of savings banks on the FDIC's "Problem" list dropped during 1992's fourth quarter, from 84 as of September 30 to 76 as of December 31. Assets of "Problem" savings banks declined from $85.9 billion at the end of 1991 to $56.3 billion at the end of 1992. Despite the removal of failed institutions, and despite improved earnings and higher asset-quality indicators for many of the surviving institutions, nearly one in five savings banks remains on FDIC's "Problem" list. These institutions account for more than 26 percent of the industry's assets.

In 1993, savings banks' gains in net interest income are not expected to match the increases realized in 1992, and credit risks should continue to moderate. Whether reductions of troubled assets will continue at the pace seen during 1992 will be determined by the economy and real estate markets in the Northeast and will be less dependent on FDIC resolution of troubled institutions. Interest-rate risk may represent a greater concern, as a growing portion of savings banks' assets are being invested in fixed-rate mortgage loans and investment securities with maturities beyond one year.

Table I. Selected Indicators, Savings Banks Insured by the FDIC Bank Insurance Fund (BIF)

	1992	1991	1990	1989	1988	1987	1986
Return on assets	0.66%	−0.56%	−0.98%	−0.27%	0.44%	0.84%	1.08%
Equity capital to assets	7.97	6.67	6.62	7.06	7.44	7.69	7.41
Noncurrent loans and leases plus other real estate owned to assets*	4.29	5.87	5.13	2.64	1.51	0.95	0.83
Noncurrent RE loans to total RE loans*	3.96	5.64	5.32	3.14	1.67	1.01	1.02
Asset growth rate	−9.46	−8.41	−7.46	−1.52	8.52	10.54	15.40
Deposit growth rate	−9.15	−5.68	−4.98	1.36	7.90	5.81	8.26
Number of institutions	414	441	469	489	492	484	472
Number of problem savings banks	76	74	34	17	12	16	27
Assets of problem savings banks *(billions)*	$56.3	$81.8	$67.2	$47.6	$47.4	$29.3	$49.7
Number of failed savings banks	22	19	10	1	0	2	1

* Excludes Federally-chartered Savings Banks before 1990.

Table II. Aggregate Condition and Income Data, BIF-Insured Savings Banks

(dollar figures in millions)

	Preliminary 4th Qtr 1992	3rd Qtr 1992	4th Qtr 1991	% Change 91:4-92:4
Number of savings banks reporting	414	421	441	−6.1
Total employees (full-time equivalent)	63,467	65,185	68,366	−7.2
CONDITION DATA				
Total assets	$214,842	$222,520	$237,281	−9.5
Mortgage loans	123,638	128,619	141,861	−12.8
1-4 family residential	88,204	90,346	96,768	−8.9
Construction and land development	3,065	3,513	5,207	−41.1
Commercial and multi-family	32,369	34,760	39,885	−18.8
All other loans and leases	12,935	13,942	17,159	−24.6
LESS: Reserves for losses	2,376	2,661	3,147	−24.5
LESS: Other contra accounts	379	415	577	−34.3
Net loans and leases	133,818	139,485	155,296	−13.8
Mortgage-backed securities	17,735	19,751	20,746	−14.5
Other real estate owned	3,884	4,277	4,879	−20.4
Goodwill	536	759	1,146	−53.2
All other assets	58,869	58,248	55,214	6.6
Total liabilities and capital	214,842	222,520	237,281	−9.5
Interest-bearing deposits	174,537	180,447	193,908	−10.0
Noninterest-bearing deposits	7,679	7,160	6,651	15.5
Other borrowed funds	13,374	15,480	17,696	−24.4
Subordinated debt	192	261	517	−62.9
Other liabilities	1,944	2,070	2,672	−27.3
Equity capital	17,115	17,101	15,837	8.1
Loans and leases 30-89 days past due	3,374	3,629	5,232	−35.5
Noncurrent loans and leases	5,337	6,206	9,039	−41.0
Other noncurrent assets	13	24	27	−51.1
Direct and indirect investments in real estate	470	595	922	−49.0

INCOME DATA	Preliminary Full Year 1992	Full Year 1991	% Change	Preliminary 4th Qtr 1992	4th Qtr 1991	% Change 91:4-92:4
Total interest income	$16,408	$20,206	−18.8	$3,951	$4,895	−19.3
Total interest expense	8,927	13,891	−35.7	1,969	3,239	−39.2
Net interest income	7,481	6,316	18.4	1,982	1,656	19.7
Provisions for losses	1,200	2,637	−54.5	307	927	−66.9
Total noninterest income	1,307	1,238	5.6	347	370	−6.2
Total noninterest expense	5,660	6,185	−8.5	1,573	1,766	−10.9
Securities gains (losses)	357	298	19.8	84	148	−43.2
Applicable income taxes	925	443	109.0	196	71	174.5
Extraordinary gains, net	57	97	−41.0	47	21	127.7
Net income	1,415	(1,317)	N/M	385	(569)	N/M
Net charge-offs	1,426	2,107	−32.4	431	633	−32.2

N/M – Not meaningful

Table III. Full Year 1992 Savings Bank Data *(Dollar figures in billions, ratios in %)*

FULL YEAR *Preliminary*	All BIF-Insured Savings Banks	ASSET SIZE DISTRIBUTION: Less than $100 Million	$100 Million to $1 Billion	Greater than $1 Billion	GEOGRAPHIC DISTRIBUTION: New England	Other Northeast	Rest of U.S.
Number of savings banks reporting	414	120	242	52	308	92	14
Total assets	$214.8	$6.5	$75.8	$132.5	$99.6	$104.0	$11.2
Total deposits	182.2	5.8	66.0	110.4	86.0	89.5	6.7
Net income *(in millions)*	1,415	35	431	949	442	809	164
Percentage of savings banks losing money	11.4%	11.7%	10.3%	15.4%	12.7%	7.6%	7.1%
Percentage of savings banks with earnings gains	89.1	90.0	88.4	90.4	90.9	83.7	85.7
Performance Ratios							
Yield on earning assets	8.33%	8.63%	8.33%	8.31%	8.37%	8.21%	9.04%
Cost of funding earning assets	4.53	4.49	4.46	4.57	4.48	4.53	4.98
Net interest margin	3.80	4.15	3.86	3.74	3.89	3.68	4.06
Noninterest income to earning assets	0.66	0.43	0.50	0.77	0.67	0.56	1.65
Noninterest expense to earning assets	2.87	3.18	3.00	2.78	3.31	2.45	3.02
Return on assets	0.66	0.54	0.58	0.72	0.45	0.78	1.52
Return on equity	8.68	6.62	7.13	9.75	6.06	10.25	14.66
Net charge-offs to loans and leases	1.04	0.66	0.72	1.24	1.15	1.00	0.35
Loan loss provision to net charge-offs	84.18	99.17	106.14	76.65	86.36	78.59	163.45
Condition Ratios							
Loss allowance to:							
Loans and leases	1.75%	1.24%	1.54%	1.90%	1.91%	1.66%	1.20%
Noncurrent loans and leases	44.52	49.57	55.91	40.53	60.08	33.07	86.69
Noncurrent loans and leases plus other real estate owned to assets	4.29	2.79	3.34	4.91	3.96	4.87	1.89
Noncurrent RE loans to total RE loans	3.96	2.46	2.75	4.74	3.10	5.09	1.40
Equity capital ratio	7.97	8.41	8.36	7.72	7.65	7.80	12.34
Core capital (leverage) ratio	7.67	8.42	8.25	7.31	7.46	7.41	12.04
Net loans and leases to deposits	73.44	73.74	71.60	74.52	74.25	70.15	107.00
Growth Rates *(year-to-year)*							
Assets	−9.5%	4.3%	5.1%	2.8%	−5.1%	−14.0%	−1.6%
Equity capital	8.1	8.3	9.4	10.5	6.2	7.2	27.1
Net interest income	18.4	25.7	24.1	26.9	20.5	17.3	12.0
Net income	N/M	N/M	N/M	N/M	N/M	N/M	23.95
Net charge-offs	−32.4	−33.7	−31.9	−27.0	−37.6	−26.4	15.4
Loan loss provision	−54.5	−39.9	−38.7	−43.8	−49.7	−61.2	20.9

Table IV. Fourth Quarter 1992 Savings Bank Data *(Dollar figures in billions, ratios in %)*

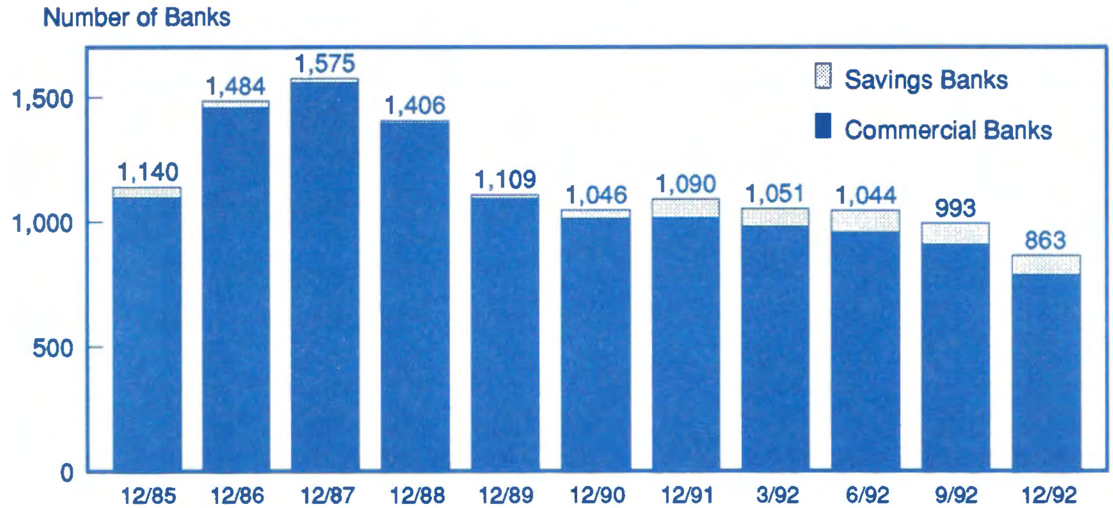
FOURTH QUARTER *Preliminary*	All BIF-Insured Savings Banks	ASSET SIZE DISTRIBUTION: Less than $100 Million	$100 Million to $1 Billion	Greater than $1 Billion	GEOGRAPHIC DISTRIBUTION: New England	Other Northeast	Rest of U.S.
Number of savings banks reporting	414	120	242	52	308	92	14
Net income *(in millions)*	385	13	114	258	147	194	43
Percentage of savings banks losing money	12.8%	12.5%	13.6%	9.6%	13.3%	12.0%	7.1%
Percentage of savings banks with earnings gains	76.1	75.8	75.6	78.8	77.6	72.8	64.3
Performance Ratios *(annualized)*							
Yield on earning assets	7.98%	8.30%	7.97%	7.97%	7.98%	7.87%	8.98%
Cost of funding earning assets	3.98	3.90	3.92	4.01	3.91	3.98	4.52
Net interest margin	4.00	4.40	4.05	3.96	4.07	3.89	4.47
Noninterest income to earning assets	0.70	0.55	0.56	0.79	0.72	0.54	2.00
Noninterest expense to earning assets	3.18	3.35	3.30	3.09	3.57	2.75	3.70
Return on assets	0.72	0.79	0.61	0.78	0.60	0.75	1.56
Return on equity	9.13	9.50	7.27	10.26	7.83	9.61	13.86
Net charge-offs to loans and leases	1.27	0.51	0.77	1.59	1.23	1.35	0.86
Loan loss provision to net charge-offs	71.36	99.93	113.08	59.33	76.32	64.78	97.83
Growth Rates *(year-to-year)*							
Net interest income	19.7%	24.8%	24.3%	27.7%	20.2%	19.1%	20.0%
Net income	N/M	N/M	622.1	N/M	N/M	N/M	27.9
Net charge-offs	−32.2	−39.4	−40.8	−15.3	−39.4	−28.4	258.3
Loan loss provision	−66.9	−59.5	−40.0	−66.2	−56.8	−75.5	143.4

Geographic Distribution:
New England – Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
Other Northeast – Delaware, Maryland, New Jersey, New York, Pennsylvania
Rest of U.S. – Alaska, Florida, Indiana, Oregon, Washington

N/M – not meaningful

Number of Commercial and Savings Banks on FDIC's "Problem List"

1985-1992

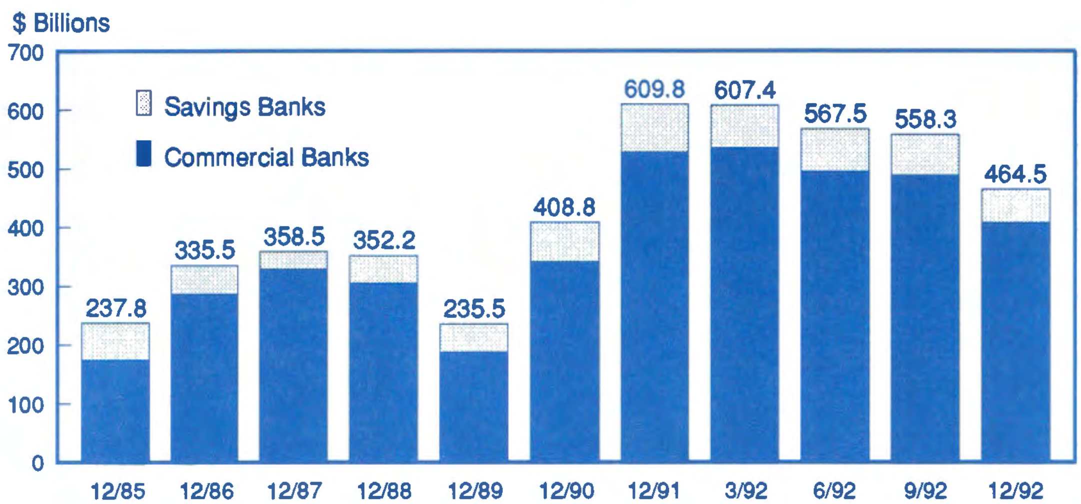


Number of Problem Institutions:

	12/85	12/86	12/87	12/88	12/89	12/90	12/91	3/92	6/92	9/92	12/92
Savings Banks	42	27	16	12	17	34	74	70	88	84	76
Commercial Banks	1,098	1,457	1,559	1,394	1,092	1,012	1,016	981	956	909	787

Assets of Commercial and Savings Banks on FDIC's "Problem List"

1985-1992



Assets of Problem Institutions:

	12/85	12/86	12/87	12/88	12/89	12/90	12/91	3/92	6/92	9/92	12/92
Savings Banks	63.9	49.7	29.3	47.4	47.6	67.2	81.8	72.0	73.0	70.4	56.3
Commercial Banks	173.9	285.8	329.2	304.8	187.9	341.6	528.0	535.4	494.5	487.9	408.2

NOTES TO USERS:

COMPUTATION METHODOLOGY FOR PERFORMANCE AND CONDITION RATIOS

The data on commercial banks and state-chartered savings banks were obtained from Call reports filed with the FDIC and Federal Reserve Board. Data on Federally-chartered savings banks were obtained from Thrift Financial Reports filed with the Office of Thrift Supervision. Certain adjustments are made to the Thrift Financial Reports to provide closer conformance with Call report disclosure requirements.

All income figures used in calculating performance ratios represent amounts for that period, annualized (multiplied by the number of periods in a year).

All asset and liability figures used in calculating performance ratios represent average amounts for the period (beginning-of-period amount plus end-of-period amount plus any periods in between, divided by the total number of periods).

All asset and liability figures used in calculating the condition ratios represent amounts as of the end of the quarter. Current quarter and year-ago quarter income and expense amounts and performance ratios are adjusted to account for "poolings of interest" and "purchase acquisitions" beginning with the fourth quarter, 1991 publication.

DEFINITIONS

"Problem" Banks – Federal regulators assign to each financial institution a composite rating, based upon an evaluation of financial and operational criteria. The rating is based on a scale of 1 to 5 in ascending order of supervisory concern. "Problem" banks are those institutions with financial, operational, or managerial weaknesses that threaten their continued financial viability. Depending upon the degree of risk and supervisory concern, they are rated either a "4" or "5."

Earning Assets – all loans and other investments that earn interest, dividend or fee income.

Net Operating Income – income excluding discretionary transactions such as gains (or losses) on the sale of investment securities and extraordinary items. Beginning with the first quarter 1992 publication, income taxes subtracted from operating income have been adjusted to exclude the portion applicable to securities gains (or losses).

Yield on Earning Assets – total interest, dividend and fee income earned on loans and investments as a percentage of average earning assets.

Cost of Funding Earning Assets – total interest expense paid on deposits and other borrowed money as a percentage of average earning assets.

Net Interest Margin – the difference between the yield on earning assets and the cost of funding them, i.e., the profit margin a bank earns on its loans and investments.

Return on Assets – net income (including securities transactions and nonrecurring items) as a percentage of average total assets. The basic yardstick of bank profitability.

Return on Equity – net income as a percentage of average total equity capital.

Loan Commitments and Letters of Credit – includes unused credit card commitments and overdraft plans, reflecting Call report revisions effective March 31, 1990.

Net Charge-offs – total loans and leases charged off (removed from balance sheet because of uncollectibility) during the quarter, less amounts recovered on loans and leases previously charged off.

Noncurrent Loans & Leases – the sum of loans past due 90 days or more and loans in nonaccrual status.

Other Real Estate Owned – primarily foreclosed property. Direct and indirect investments in real estate ventures are excluded where appropriate.

Other Noncurrent Assets – debt securities and other assets (excluding loans, leases and other real estate owned) that are either past due at least 90 days or in nonaccrual status. Due to reporting differences, only defaulted debt securities are included for Federal Savings Banks.

Core Capital – common equity capital plus noncumulative perpetual preferred stock plus minority interest in consolidated subsidiaries, less goodwill and other ineligible intangible assets. Eligible intangibles (including mortgage servicing rights) are limited to 100 percent of core capital for savings banks, to 50 percent of core capital for state-chartered commercial banks that are not Federal Reserve members, and to 25 percent for National banks.

Net Loans and Leases – total loans and leases less unearned income and the allowance for loans and lease losses.

Temporary Investments – the sum of interest-bearing balances due from depository institutions, federal funds sold and securities purchased under agreements to resell, trading-account assets and investment securities with remaining maturities of one year or less.

Volatile Liabilities – the sum of large denomination time deposits, foreign office deposits, federal funds purchased, securities sold under agreements to repurchase, and other borrowed money.

FDIC
Federal Deposit Insurance Corporation
Washington, DC 20429-9990

OFFICIAL BUSINESS
Penalty for Private Use, $300

BULK RATE MAIL
Postage & Fees Paid
FDIC
Permit No. G36

Attn: Chief Executive Officer