The FDIC

Quarterly Banking Profile

Donna Tanoue, Chairman

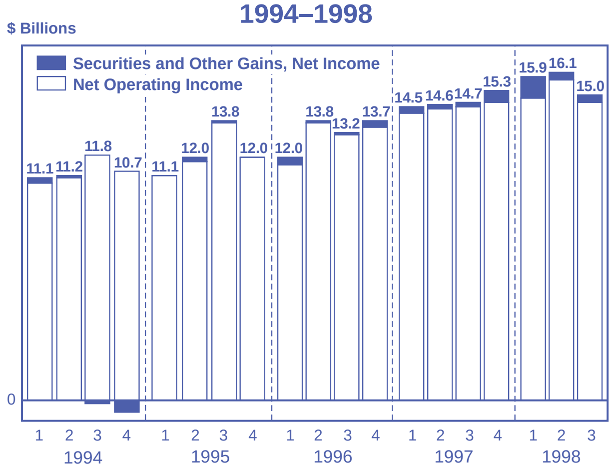
Third Quarter 1998

COMMERCIAL BANK PERFORMANCE — THIRD QUARTER, 1998

- ***Bank Earnings Drop to $15.0 Billion in Third Quarter, Ending String of Earnings Records***
- ***Lower Earnings from Trading Activities and International Operations Reduce Industry Profits***
- ***Banks Boost Reserves to Cover Rising Loan Losses***
- ***Equity Capital Ratio Rises to 47-Year High***

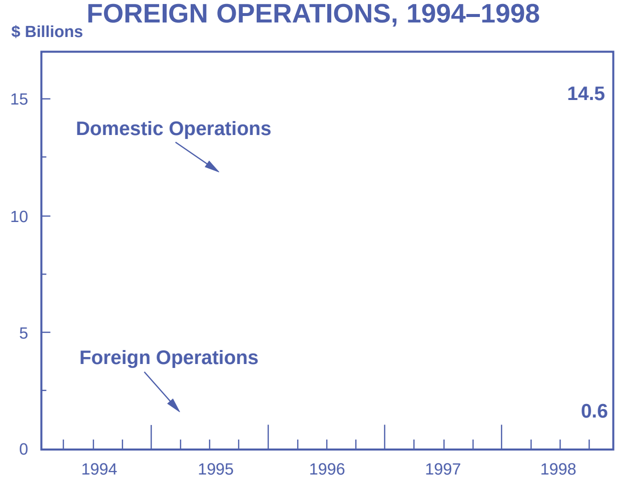
Insured commercial banks reported net income of $15.0 billion for the third quarter of 1998, bringing to an end a run of six consecutive quarters of record earnings. Industry profits were $1.1 billion below the level of the second quarter.[1] The industry's return on assets (ROA) fell to 1.15 percent in the third quarter, down from 1.25 percent in the second quarter and from 1.22 percent in the third quarter of 1997. The earnings decline was caused by weaknesses in the overseas operations and the trading activities of a few of the largest banks. The average ROA at banks with more than $10 billion in assets fell to 0.97 percent, from 1.18 percent in the second quarter; the average ROA at banks with less than $10 billion in assets increased to 1.47 percent, from 1.37 percent in the second quarter.

QUARTERLY NET INCOME, 1994–1998



Problems in foreign and domestic financial markets contributed to a decline of more than $4.0 billion in the earnings of several of the largest U.S. banking companies, although only $2.9 billion of this decline was absorbed by the companies' U.S. commercial bank subsidiaries. The industry's earnings from domestic operations were higher than in the second quarter by $429 million (3.1 percent). A majority of commercial banks (54.5 percent) had higher earnings than in the second quarter, and an even larger proportion — 57.2 percent — registered improvements over earnings in the third quarter of 1997. More

NET INCOME ATTRIBUTED TO DOMESTIC AND FOREIGN OPERATIONS, 1994–1998



[1]Third-quarter earnings include $139 million in net income for 8 commercial banks that are directly owned by other commercial banks. Because their owners report earnings on a consolidated basis, some of this income will be double-counted. See *Notes to Users*, p. 21.

FDIC
Division of Research & Statistics

Don Inscoe
Associate Director
Statistics Branch
(202) 898-3940

Tim Critchfield
(202) 898-8557

Jim McFadyen
(202) 898-7027

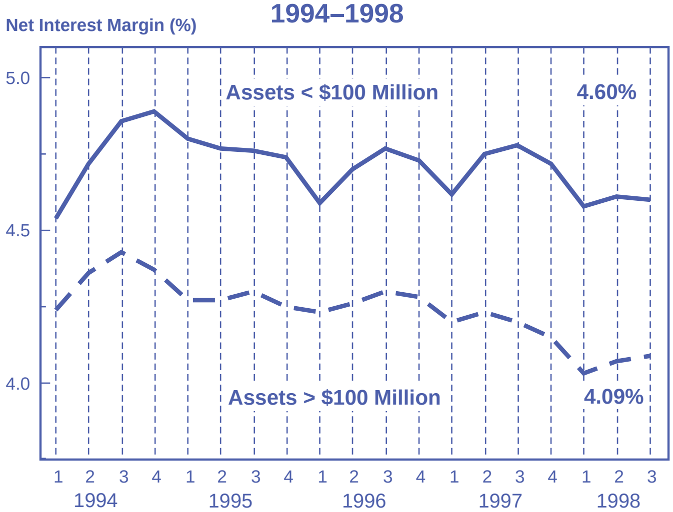
Ross Waldrop
(202) 898-3951

Requests for copies of and subscriptions to the FDIC Quarterly Banking Profile should be made through the FDIC's Public Information Center, 801 17th Street, NW, Washington, DC 20434; telephone (202) 416-6940 or (800) 276-6003.
Also available on the Internet at www.fdic.gov. Comparable financial data for individual institutions can now be obtained from the FDIC's Institution Directory (I.D.) System on this Web site.

than two out of three banks — 68.1 percent — had ROAs of 1 percent or higher in the third quarter. For the first three quarters of 1998, industry earnings totaled $47.1 billion, a 7.4 percent ($3.2 billion) improvement over the same period of 1997, and the industry's ROA was 1.22 percent, compared with 1.24 percent in the same period of 1997.

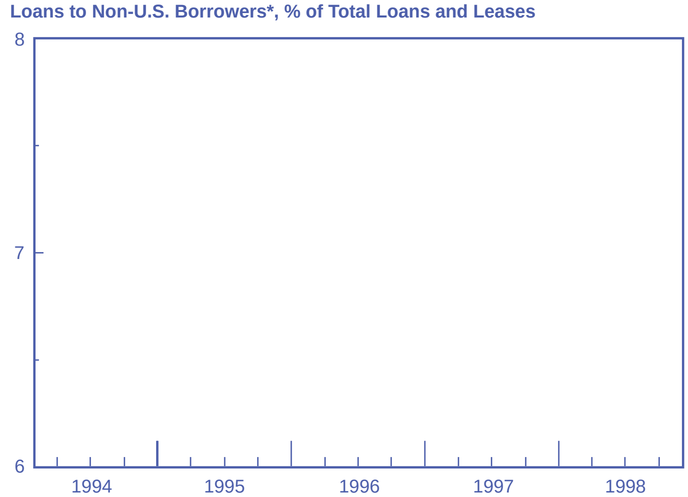
The greatest drag on industry earnings came from banks' trading activities, which produced $1.9 billion less in pre-tax revenue than during the second quarter. Some of the adverse trading results were reflected in international operations, which contributed $1.5 billion less to bottom-line profits than in the second quarter. Loss provisions for international operations increased by $203 million, while domestic loan-loss provisions increased by $1.2 billion. These negative factors were partially offset by a $1.3-billion decline in income taxes and a $792-million increase in net interest income. Net interest margins improved slightly, averaging 4.12 percent for the quarter, up from 4.10 percent in the second quarter. A year ago, the industry's margin was 4.24 percent.

QUARTERLY NET INTEREST MARGINS, 1994–1998



Asset quality remained largely healthy, particularly in domestic loans. Noncurrent loans increased by $468 million, with roughly one-third of the increase ($160 million) occurring in loans to foreign borrowers. The domestic loan categories with increases in noncurrent loans included commercial and industrial loans, where noncurrent loans increased by $207 million, and consumer loans other than credit cards, where noncurrent loans grew by $202 million. During the last 12 months, noncurrent loans to foreign borrowers increased by $1.3 billion (80.3 percent), while noncurrent loans to domestic borrowers declined by $428 million (1.6 percent). The percentage of total bank loans that were noncurrent remained unchanged at 0.94 percent, the lowest level in the 17 years that noncurrent data have been reported.

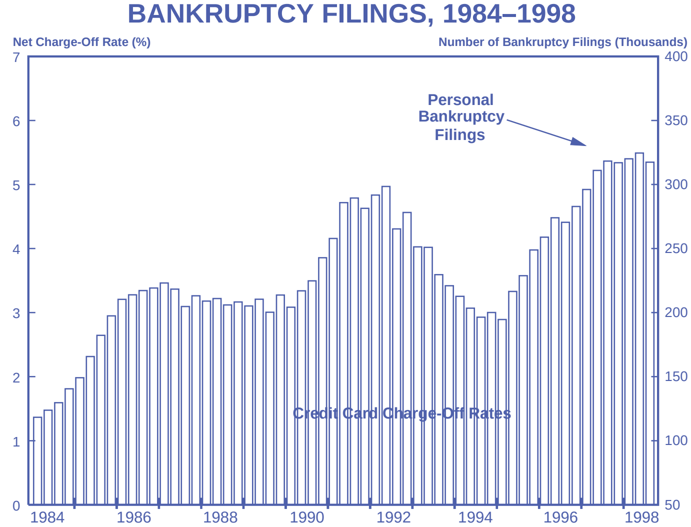
BANKS' LENDING EXPOSURE TO FOREIGN BORROWERS, 1994–1998



* Includes leases and commercial and industrial loans to non-U.S. addressees, loans to foreign governments, real estate loans in foreign offices, and loans to banks in foreign countries.

Commercial banks charged off $5.7 billion in loans in the third quarter, an increase of $853 million over the second quarter and $915 million (19.3 percent) over the third quarter of 1997. The charge-offs on loans to foreign borrowers totaled $519 million, $220 million more than in the second quarter and $458 million more than a year earlier. In the charge-offs on domestic loans, the largest increases occurred in the "all other loans" category, which includes loans for purchasing or carrying securities. Net loan losses in the "all other" category were $491 million higher than during the second quarter. Losses on credit-card loans declined slightly. The net charge-off rate on all commercial bank loans rose to 0.73 percent in the third quarter, up from 0.63 percent in the second quarter and 0.66 percent a year earlier. This is the highest quarterly net

CREDIT CARD LOSS RATES AND PERSONAL BANKRUPTCY FILINGS, 1984–1998

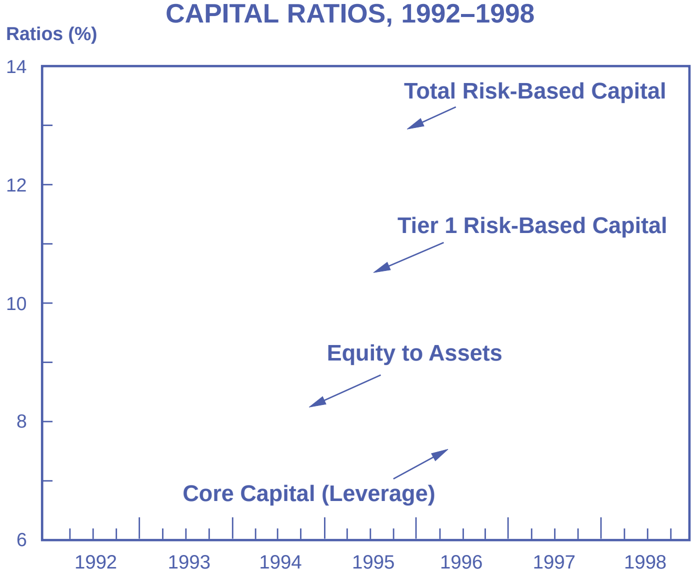


Sources: Bankruptcies - Administrative Office of the United States Courts
Charge-Off Rates - Commercial Bank Call Reports

charge-off rate reported by the industry since the fourth quarter of 1993.

Equity capital increased by $11.4 billion to $457.4 billion, or 8.68 percent of industry assets, up from 8.60 percent at midyear. This ratio is now at its highest level since 1941. Reserves rose by $881 million, as loss provisions exceeded net charge-offs by $915 million. At the end of the third quarter, commercial banks' reserves amounted to 1.82 percent of total loans, unchanged from the end of the second quarter. The industry's "coverage ratio" rose to a record $1.94 in reserves for every $1 of noncurrent loans.

CAPITAL RATIOS, 1992–1998



Assets of commercial banks increased by $86.4 billion in the third quarter, and by $400 billion (8.2 percent) in the 12 months ended September 30. Much of the growth during the quarter occurred in loans to commercial borrowers (up $23.6 billion), loans for commercial real estate properties and construction (up $9.3 billion and $6.7 billion, respectively), and consumer loans other than credit cards (up $8.3 billion). Banks' on-balance-sheet portfolios of credit-card loans, residential mortgage loans, and home equity loans all declined during the third quarter. The amount of credit-card loans securitized and sold off-balance-sheet increased by $13.9 billion. Banks continued to reduce their holdings of U.S. Treasury securities (by $25.1 billion), while increasing their mortgage-backed securities (by $40.6 billion). Total securities increased by $29.1 billion. Intangible assets registered their smallest quarterly increase in two years, reflecting both slower growth in merger-related goodwill and a $244-million reduction in mortgage servicing assets as mortgage prepayments increased. Banks' off-balance-sheet derivatives contracts rose by $4.6 trillion during the quarter, more than twice the previous largest quarterly increase, partly because of turmoil in overseas financial markets.

Deposit growth was negligible in the third quarter, although the composition of bank deposits shifted significantly. Deposits in domestic offices declined by $5.3 billion, while foreign-office deposits increased by $5.7 billion. The decline in domestic-office deposits was caused by a $39.2-billion drop in (noninterest-bearing) demand deposits, while other (interest-bearing) deposits rose by $33.9 billion. One effect of these shifts was to raise banks' average funding costs, as low-cost deposits were replaced by higher-cost deposits and nondeposit liabilities. Other (nondeposit) borrowings rose by $34.2 billion, as fed funds purchased increased by $28.5 billion. The average cost of funding earning assets rose by 8 basis points, from 4.01 percent to 4.09 percent. Banks' trading account liabilities increased by $28.3 billion, as revaluation losses on off-balance-sheet contracts rose by $24.0 billion.

The number of insured commercial banks declined by 73 institutions in the third quarter. Mergers absorbed 124 banks, while 49 new banks were chartered. Three savings institutions converted to commercial bank charters, while one commercial bank converted to a thrift charter. Two commercial banks failed during the quarter, marking the first time in two years that there has been more than one commercial bank failure in a quarter. The number of commercial banks on the FDIC's "Problem List" increased from 64 to 70 during the quarter, and assets of "problem" banks rose from $5.0 billion to $5.4 billion.

STRUCTURAL CHANGES AMONG FDIC-INSURED COMMERCIAL BANKS, 1994–1998

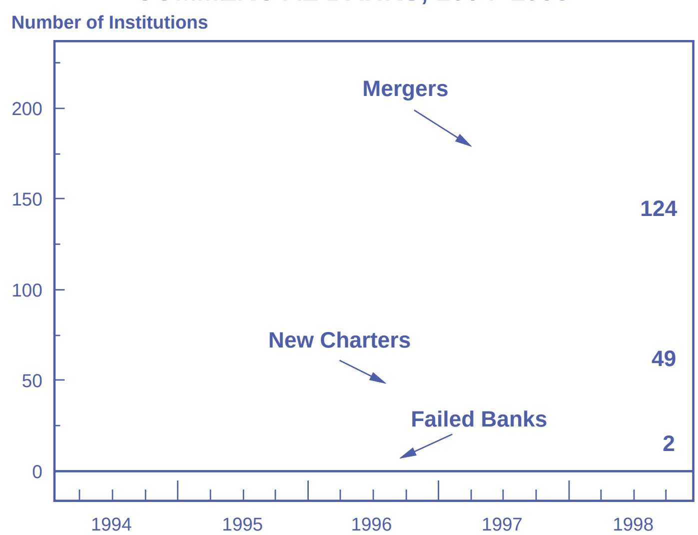


TABLE I-A. Selected Indicators, FDIC-Insured Commercial Banks

	1998*	1997*	1997	1996	1995	1994	1993
Return on assets (%)	1.22	1.24	1.23	1.19	1.17	1.15	1.20
Return on equity (%)	14.30	14.69	14.69	14.45	14.66	14.61	15.34
Core capital (leverage) ratio (%)	7.70	7.78	7.56	7.64	7.61	7.64	7.65
Noncurrent assets plus other real estate owned to assets (%)	0.65	0.68	0.66	0.75	0.85	1.01	1.61
Net charge-offs to loans (%)	0.66	0.62	0.64	0.58	0.49	0.50	0.85
Asset growth rate (%)	8.21	9.21	9.54	6.16	7.53	8.21	5.72
Net interest margin (%)	4.09	4.23	4.21	4.27	4.29	4.36	4.40
Net operating income growth (%)	4.88	13.55	12.48	6.43	7.48	16.18	35.36
Number of institutions reporting	8,910	9,215	9,143	9,528	9,940	10,451	10,958
Percentage of unprofitable institutions (%)	5.15	3.99	4.81	4.29	3.55	3.98	4.89
Number of problem institutions	70	71	71	82	144	247	426
Assets of problem institutions (in billions)	$5	$4	$5	$5	$17	$33	$242
Number of failed/assisted institutions	3	0	1	5	6	11	42

* Through September 30, ratios annualized where appropriate. Asset growth rates are for 12 months ending September 30.

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

(dollar figures in millions)	Preliminary 3rd Quarter 1998	2nd Quarter 1998	3rd Quarter 1997	%Change 97:3-98:3
Number of institutions reporting	8,910	8,983	9,215	-3.3
Total employees (full-time equivalent)	1,597,787	1,593,895	1,524,060	4.8
CONDITION DATA				
Total assets	$5,269,220	$5,182,785	$4,869,295	8.2
Loans secured by real estate	1,300,378	1,284,681	1,226,869	6.0
Commercial & industrial loans	873,935	850,381	765,212	14.2
Loans to individuals	555,298	547,733	554,549	0.1
Farm loans	48,214	47,075	45,021	7.1
Other loans & leases	372,156	366,067	316,043	17.8
Less: Unearned income	4,193	4,241	4,750	-11.7
Total loans & leases	3,145,788	3,091,696	2,902,944	8.4
Less: Reserve for losses	57,263	56,382	54,923	4.3
Net loans and leases	3,088,525	3,035,313	2,848,021	8.4
Securities	923,072	894,012	835,546	10.5
Other real estate owned	3,431	3,530	4,133	-17.0
Goodwill and other intangibles	77,110	76,196	58,837	31.1
All other assets	1,177,082	1,173,734	1,122,758	4.8
Total liabilities and capital	5,269,220	5,182,785	4,869,295	8.2
Noninterest-bearing deposits	653,789	686,672	629,506	3.9
Interest-bearing deposits	2,853,111	2,819,882	2,675,420	6.6
Other borrowed funds	907,414	873,189	822,244	10.4
Subordinated debt	68,823	67,273	55,096	24.9
All other liabilities	328,653	289,780	271,593	21.0
Equity capital	457,430	445,989	415,435	10.1
Loans and leases 30-89 days past due	37,798	35,670	35,442	6.6
Noncurrent loans and leases	29,523	29,055	28,684	2.9
Restructured loans and leases	1,950	1,961	2,726	-28.5
Direct and indirect investments in real estate	513	535	657	-22.0
1-4 Family residential mortgages	739,280	741,119	708,223	4.4
Mortgage-backed securities	433,604	392,969	360,242	20.4
Earning assets	4,530,893	4,459,069	4,214,511	7.5
Long-term assets (5+ years)	926,561	872,340	738,480	25.5
Volatile liabilities	1,700,275	1,670,312	1,580,321	7.6
Foreign office deposits	554,722	549,037	507,048	9.4
Unused loan commitments	3,616,684	3,480,843	2,967,941	21.9
Off-balance-sheet derivatives	33,448,825	28,837,675	25,679,246	30.3

INCOME DATA	Preliminary First Three Qtrs 1998	First Three Qtrs 1997	%Change	Preliminary 3rd Quarter 1998	3rd Quarter 1997	%Change 97:3-98:3
Total interest income	$271,261	$250,916	8.1	$92,355	$86,122	7.2
Total interest expense	135,027	121,108	11.5	46,051	41,890	9.9
Net interest income	136,234	129,809	5.0	46,303	44,232	4.7
Provision for credit losses	16,720	14,277	17.1	6,585	4,974	32.4
Total noninterest income	89,448	77,192	15.9	29,717	27,283	8.9
Total noninterest expense	139,616	125,558	11.2	47,418	43,790	8.3
Securities gains (losses)	2,051	974	110.6	681	256	165.9
Applicable income taxes	24,820	24,326	2.0	7,641	8,294	-7.9
Extraordinary gains, net	513	45	N/M	-12	9	N/M
Net income	47,091	43,858	7.4	15,047	14,723	2.2
Net charge-offs	15,282	13,184	15.9	5,670	4,755	19.3
Cash dividends	28,465	26,435	7.7	10,107	8,579	17.8
Net operating income	45,284	43,175	4.9	14,658	14,541	0.8

N/M - Not meaningful

TABLE III-A. First Three Quarters 1998, FDIC-Insured Commercial Banks

		Asset Size Distribution				Geographic Distribution by Region					
						East			West		
FIRST THREE QUARTERS Preliminary ***(The way it is…)***	All Instituitions	Less than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater than $10 Billion	North-east	South-east	Central	Mid-west	South-west	West
Number of institutions reporting	8,910	5,580	2,947	319	64	697	1,466	1,941	2,295	1,549	962
Total assets (in billions)	$5,269.2	$257.4	$730.9	$956.8	$3,324.1	$1,917.8	$1,148.6	$835.2	$363.0	$301.5	$703.1
Total deposits (in billions)	3,506.9	219.4	601.6	641.4	2,044.5	1,142.5	751.2	584.9	266.0	246.9	515.3
Net income (in millions)	47,091	2,359	7,186	11,003	26,544	15,160	10,872	8,090	3,989	2,670	6,311
% of unprofitable institutions	5.2	7.2	1.7	1.9	1.6	6.0	7.0	3.8	2.7	5.0	10.4
% of institutions with earnings gains	62.6	57.3	71.4	71.2	73.4	67.6	61.3	63.1	60.6	61.2	66.7
Performance ratios (annualized, %)											
Yield on earning assets	8.15	8.33	8.32	8.61	7.95	8.14	7.90	8.06	8.48	7.94	8.60
Cost of funding earning assets	4.06	3.74	3.74	3.90	4.21	4.58	3.80	4.01	3.87	3.45	3.54
Net interest margin	4.09	4.58	4.58	4.71	3.74	3.57	4.10	4.05	4.61	4.49	5.07
Noninterest income to earning assets	2.69	1.56	1.74	3.10	2.88	3.30	2.34	2.05	2.65	1.63	2.94
Noninterest expense to earning assets	4.19	4.02	3.88	4.46	4.20	4.40	3.97	3.61	4.19	3.95	4.85
Credit loss provision to assets	0.43	0.24	0.29	0.71	0.40	0.44	0.29	0.32	0.52	0.25	0.79
Net operating income to assets	1.17	1.24	1.33	1.47	1.04	1.02	1.23	1.30	1.48	1.17	1.19
Return on assets	1.22	1.25	1.35	1.58	1.08	1.08	1.29	1.32	1.49	1.20	1.22
Return on equity	14.30	11.19	13.98	16.48	13.97	14.40	14.34	15.38	16.41	13.08	12.41
Net charge-offs to loans and leases	0.66	0.29	0.33	1.08	0.64	0.90	0.40	0.41	0.71	0.38	0.97
Credit loss provision to net charge-offs	106.89	136.89	141.20	100.00	105.49	92.18	116.73	117.33	108.51	119.19	122.95
Efficiency ratio	59.78	65.01	60.50	54.94	60.95	62.13	59.22	57.67	56.51	62.87	57.77
Condition Ratios (%)											
Earning assets to total assets	85.99	92.10	92.03	89.24	83.25	82.19	87.62	89.36	90.94	89.83	85.48
Loss allowance to:											
Loans and leases	1.82	1.45	1.52	2.10	1.83	2.11	1.48	1.55	1.75	1.40	2.25
Noncurrent loans and leases	193.96	134.50	171.83	201.78	201.75	171.42	200.42	190.82	200.67	153.58	269.44
Noncurrent assets plus											
other real estate owned to assets	0.65	0.76	0.65	0.74	0.61	0.74	0.55	0.59	0.64	0.59	0.65
Equity capital ratio	8.68	11.17	9.80	9.82	7.91	7.65	9.36	8.81	9.11	9.36	9.73
Core capital (leverage) ratio	7.70	10.84	9.31	8.57	6.83	7.02	7.85	8.01	8.58	8.42	8.19
Net loans and leases to deposits	88.07	68.87	73.71	94.50	92.34	83.31	96.44	92.95	90.92	67.73	89.16
Structural Changes (YTD)											
New Charters	125	121	4	0	0	10	39	15	13	17	31
Banks absorbed by mergers	359	169	167	19	4	20	137	70	48	44	40
Failed banks	3	2	1	0	0	0	0	1	0	0	2
PRIOR FIRST THREE QUARTERS ***(The way it was…)***											
Number of institutions……1997	9,215	5,978	2,874	297	66	724	1,536	2,021	2,343	1,613	978
……1995	10,052	6,828	2,816	339	69	809	1,671	2,195	2,527	1,789	1,061
……1993	11,081	7,932	2,778	319	52	886	1,855	2,431	2,726	1,966	1,217
Total assets (in billions)……1997	$4,869.3	$272.3	$711.1	$899.8	$2,986.2	$1,839.9	$898.5	$793.4	$329.2	$341.4	$666.9
……1995	4,229.5	301.5	692.2	1,066.8	2,168.9	1,613.6	709.8	692.5	274.2	315.5	623.9
……1993	3,631.3	335.7	679.7	1,047.7	1,568.2	1,372.6	575.5	599.1	245.6	290.9	547.6
Return on assets (%)……1997	1.24	1.25	1.38	1.30	1.18	1.14	1.29	1.27	1.40	1.24	1.31
……1995	1.19	1.24	1.25	1.31	1.10	1.04	1.19	1.19	1.53	1.20	1.43
……1993	1.22	1.23	1.21	1.32	1.16	1.13	1.23	1.31	1.46	1.49	1.11
Net charge-offs to loans & leases (%)											
……1997	0.62	0.23	0.33	1.03	0.58	0.71	0.44	0.48	0.82	0.33	0.83
……1995	0.45	0.20	0.32	0.67	0.40	0.60	0.27	0.27	0.49	0.19	0.59
……1993	0.83	0.29	0.49	0.94	1.00	1.25	0.41	0.50	0.57	0.25	0.96
Noncurrent assets plus											
OREO to assets (%)……1997	0.68	0.77	0.71	0.82	0.62	0.72	0.61	0.62	0.67	0.55	0.77
……1995	0.92	0.85	0.87	0.89	0.95	1.14	0.69	0.64	0.65	0.64	1.18
……1993	1.95	1.19	1.48	1.74	2.46	2.63	1.33	1.11	1.14	1.09	2.65
Equity capital ratio (%)……1997	8.53	10.96	9.69	9.33	7.79	7.39	9.28	8.69	9.20	8.98	9.92
……1995	8.13	10.51	9.42	8.69	7.12	7.57	8.24	8.31	8.83	8.71	8.68
……1993	7.95	9.92	8.71	8.14	7.06	7.24	8.09	8.19	8.76	8.33	8.73

REGIONS: **Northeast -** Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, U.S. Virgin Islands

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

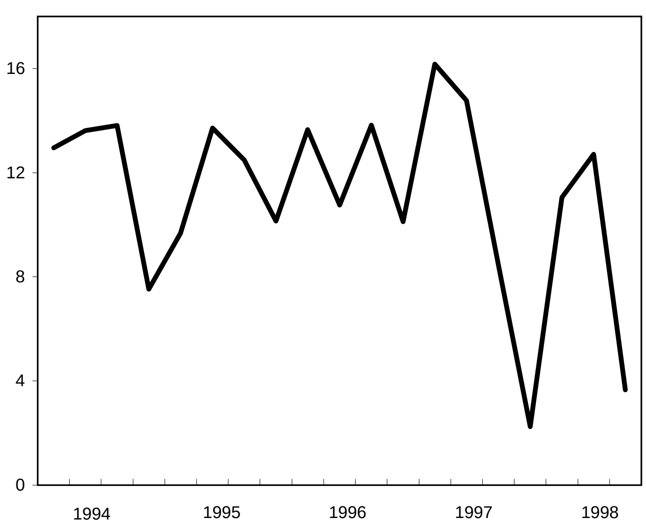
West - Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, Oregon, Pacific Islands, Utah, Washington, Wyoming

TABLE IV-A. Third Quarter 1998, FDIC-Insured Commercial Banks

		Asset Size Distribution				Geographic Distribution by Region					
						East			West		
THIRD QUARTER Preliminary (The way it is…)	All Institutions	Less than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater than $10 Billion	North-east	South-east	Central	Mid-west	South west	West
Number of institutions reporting	8,910	5,580	2,947	319	64	697	1,466	1,941	2,295	1,549	962
Total assets (in billions)	$5,269.2	$257.4	$730.9	$956.8	$3,324.1	$1,917.8	$1,148.6	$835.2	$363.0	$301.5	$703.1
Total deposits (in billions)	3,506.9	219.4	601.6	641.4	2,044.5	1,142.5	751.2	584.9	266.0	246.9	515.3
Net income (in millions)	15,047	816	2,407	3,839	7,984	4,301	4,155	2,876	1,344	947	1,423
% of unprofitable institutions	5.9	7.7	2.6	4.1	4.7	7.7	8.3	4.7	3.3	5.3	10.6
% of institutions with earnings gains	57.2	52.1	65.4	67.4	71.9	62.4	56.5	58.9	54.7	55.8	59.3
Performance Ratios (annualized, %)											
Yield on earning assets	8.21	8.40	8.37	8.70	8.00	8.21	8.03	8.04	8.58	7.93	8.63
Cost of funding earning assets	4.09	3.79	3.77	3.91	4.25	4.58	3.93	4.02	3.89	3.47	3.56
Net interest margin	4.12	4.60	4.60	4.79	3.75	3.63	4.11	4.02	4.69	4.46	5.07
Noninterest income to earning assets	2.64	1.67	1.79	3.33	2.72	3.07	2.50	2.14	2.80	1.68	2.73
Noninterest expense to earning assets	4.22	4.12	3.94	4.57	4.18	4.32	3.97	3.63	4.42	3.90	5.11
Credit loss provision to assets	0.50	0.25	0.33	0.72	0.50	0.51	0.31	0.30	0.56	0.29	1.10
Net operating income to assets	1.12	1.28	1.31	1.58	0.93	0.92	1.37	1.35	1.48	1.21	0.79
Return on assets	1.15	1.28	1.33	1.62	0.97	0.90	1.47	1.38	1.49	1.26	0.82
Return on equity	13.31	11.46	13.67	16.54	12.26	11.87	15.67	15.87	16.37	13.64	8.35
Net charge-offs to loans and leases	0.73	0.39	0.36	1.10	0.72	0.98	0.40	0.42	0.75	0.37	1.19
Credit loss provision to net charge-offs	111.33	107.48	149.87	100.85	112.14	93.65	121.60	106.96	111.23	141.78	137.86
Efficiency ratio	60.07	65.15	60.80	54.11	61.77	62.10	57.23	57.38	57.91	61.76	62.66
Structural Changes (QTR)											
New charters	49	49	0	0	0	3	17	6	5	7	11
Banks absorbed by mergers	124	55	63	6	0	10	41	26	22	10	15
Failed banks	2	1	1	0	0	0	0	0	0	0	2
PRIOR THIRD QUARTERS (The way it was…)											
Return on assets (%) 1997	1.22	1.31	1.43	1.40	1.11	1.09	1.32	1.28	1.32	1.23	1.32
1995	1.32	1.33	1.31	1.35	1.30	1.15	1.27	1.24	1.77	1.27	1.74
1993	1.28	1.20	1.22	1.42	1.22	1.23	1.24	1.35	1.53	1.29	1.23
Net charge-offs to loans & leases (%)											
1997	0.66	0.26	0.34	1.10	0.62	0.74	0.47	0.54	0.90	0.39	0.86
1995	0.51	0.25	0.35	0.73	0.48	0.71	0.29	0.33	0.54	0.24	0.61
1993	0.75	0.30	0.51	0.88	0.85	1.06	0.40	0.52	0.47	0.25	0.97

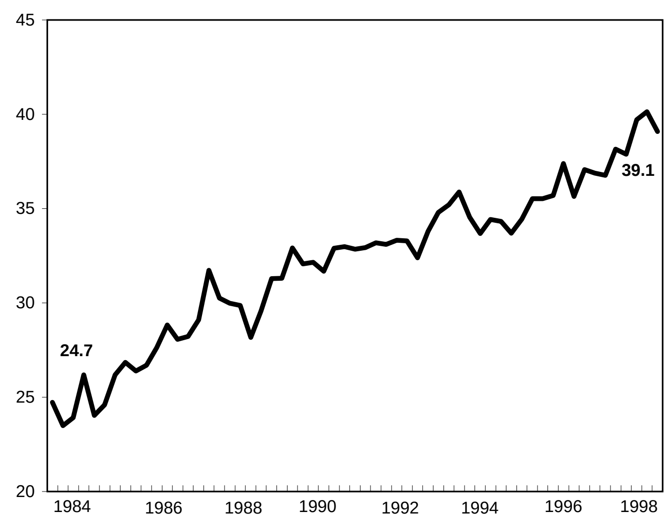
INTERNATIONAL OPERATIONS' CONTRIBUTION TO BANK EARNINGS, 1994-1998

Earnings from International Operations, % of Net Income



NONINTEREST INCOME PROVIDES A GROWING PROPORTION OF BANK REVENUE, 1984-1998

Quarterly Noninterst Income, % of Net Operating Revenue*



* Net operating revenue equals net income plus noninterest income.

TABLE V-A. Loan Performance, FDIC-Insured Commercial Banks

		Asset Size Distribution				Geographical Distribution by Region					
						East			West		
September 30, 1998	All Institutions	Less than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater than $10 Billion	North-east	South-east	Central	Mid-west	South-west	West
Percent of Loans 30-89 Days Past Due											
All loans secured by real estate	1.17	1.34	1.01	1.16	1.21	1.24	1.19	1.21	1.05	1.27	0.97
Construction and development	1.26	1.23	1.11	1.45	1.26	1.28	1.06	1.61	1.61	1.52	0.97
Commercial real estate	0.87	1.07	0.78	1.02	0.81	0.94	0.88	1.00	0.78	0.95	0.64
Multifamily residential real estate	0.71	0.66	0.57	0.79	0.74	0.52	0.88	0.97	0.94	0.57	0.47
Home equity loans	0.86	0.85	0.87	0.95	0.83	0.96	0.68	1.10	0.76	0.76	0.76
Other 1-4 Family residential	1.38	1.68	1.23	1.26	1.45	1.35	1.46	1.33	1.20	1.53	1.42
Commercial and industrial loans*	0.84	1.52	1.41	1.18	0.58	0.57	0.66	1.24	1.74	1.31	0.76
Loans to individuals	2.40	2.32	2.11	2.50	2.42	2.81	2.32	2.24	2.28	1.87	1.97
Credit card loans	2.74	2.92	3.38	2.70	2.71	2.84	3.30	2.41	2.73	1.85	2.28
Other loans to individuals	2.19	2.30	1.89	2.27	2.23	2.76	1.99	2.20	1.89	1.87	1.63
All other loans and leases (including farm)	0.46	N/A	N/A	1.15	0.41	0.39	0.39	0.95	0.46	0.59	0.26
Memo: Commercial RE loans not secured by RE	0.42	0.25	0.18	1.32	0.34	0.10	0.14	1.98	0.98	0.42	0.33
Percent of Loans Noncurrent**											
All real estate loans	0.94	0.90	0.76	0.87	1.04	1.25	0.85	0.80	0.69	0.92	0.91
Construction and development	0.90	0.70	0.87	0.91	0.95	1.57	0.73	0.91	0.92	0.69	0.93
Commercial real estate	1.02	0.91	0.82	1.05	1.15	1.50	0.82	0.98	0.64	1.06	0.99
Multifamily residential real estate	0.82	0.70	0.68	0.79	0.91	0.92	0.96	0.73	0.58	0.38	0.81
Home equity loans	0.43	0.52	0.38	0.50	0.41	0.56	0.36	0.40	0.32	0.35	0.44
Other 1-4 Family residential	0.89	0.83	0.70	0.80	1.00	0.99	0.94	0.74	0.61	0.84	0.96
Commercial and industrial loans*	0.96	1.47	1.26	0.96	0.81	1.06	0.63	0.93	1.33	1.36	0.91
Loans to individuals	1.42	0.93	0.76	1.52	1.55	2.23	0.95	0.91	1.19	0.59	1.11
Credit card loans	2.04	1.85	1.77	1.96	2.13	2.32	1.97	1.77	1.72	0.98	1.73
Other loans to individuals	1.02	0.89	0.59	1.03	1.17	2.12	0.60	0.68	0.72	0.57	0.41
All other loans and leases (including farm)	0.27	N/A	N/A	0.49	0.24	0.26	0.16	0.42	0.30	0.28	0.25
Memo: Commercial RE loans not secured by RE	0.31	1.03	0.43	0.58	0.28	0.25	0.21	0.37	0.25	0.61	0.45
Percent of Loans Charged-off (net, YTD)											
All real estate loans	0.04	0.04	0.04	0.06	0.04	0.05	0.04	0.05	0.02	0.03	0.04
Construction and development	0.00	0.05	0.03	-0.01	-0.02	-0.07	0.01	0.00	0.09	0.00	-0.01
Commercial real estate	-0.02	0.04	0.03	0.06	-0.10	-0.12	0.02	0.05	-0.07	0.02	-0.04
Multifamily residential real estate	0.07	0.08	0.06	-0.01	0.12	0.00	0.04	0.02	0.06	-0.02	0.30
Home equity loans	0.14	0.17	0.06	0.15	0.15	0.17	0.13	0.16	0.09	0.44	0.10
Other 1-4 Family residential	0.06	0.05	0.05	0.07	0.07	0.08	0.05	0.05	0.06	0.04	0.08
Commercial and industrial loans	0.34	0.33	0.37	0.26	0.34	0.32	0.25	0.29	0.42	0.37	0.56
Loans to individuals	2.74	1.15	1.46	3.57	2.68	3.46	1.92	1.65	2.92	1.24	3.94
Credit card loans	5.37	5.73	5.70	5.93	4.93	5.37	4.87	4.57	5.27	4.52	6.22
Other loans to individuals	1.01	0.76	0.66	0.92	1.19	1.23	0.84	0.89	0.75	0.97	1.32
All other loans and leases (including farm)	0.45	N/A	N/A	0.34	0.52	0.52	0.17	0.34	0.18	0.13	0.89
Memo: Commercial RE loans not secured by RE	-0.05	0.65	0.22	-0.57	-0.01	-0.17	0.00	0.03	0.00	0.38	-0.07
Loans Outstanding (in billions)											
All real estate loans	$1,300.4	$85.6	$277.9	$283.1	$653.8	$311.7	$364.8	$251.9	$111.2	$75.8	$184.9
Construction and development	102.5	6.3	26.2	25.5	44.5	11.1	35.1	19.9	9.2	9.5	17.7
Commercial real estate	357.5	23.1	96.7	83.7	154.0	68.8	93.6	73.8	29.0	26.9	65.4
Multifamily residential real estate	42.5	1.8	9.1	11.8	19.7	11.6	9.1	8.6	3.4	2.1	7.6
Home equity loans	96.9	1.9	12.8	19.7	62.5	21.1	28.8	23.3	4.8	0.9	17.9
Other 1-4 Family residential	642.4	41.6	122.1	138.5	340.2	172.4	192.8	119.0	55.3	33.3	69.7
Commercial and industrial loans	873.9	25.3	81.4	127.8	639.4	306.8	185.5	152.9	51.7	44.3	132.7
Loans to individuals	555.3	22.2	65.7	167.7	299.7	197.8	110.1	87.5	49.3	33.6	77.0
Credit card loans	216.1	1.0	9.6	87.9	117.5	104.1	28.1	18.3	23.2	1.6	40.8
Other loans to individuals	339.2	21.2	56.1	79.7	182.2	93.6	82.0	69.2	26.1	32.0	36.2
All other loans and leases (including farm)	420.4	20.8	26.3	41.4	331.8	157.9	75.6	60.4	34.0	16.4	76.0
Memo: Commercial RE loans not secured by RE	35.3	0.2	0.9	2.9	31.3	11.2	8.7	3.5	2.1	1.7	8.1
Memo: Other Real Estate Owned (in millions)											
All other real estate owned	$3,431.0	$307.9	$759.5	$576.2	$1,787.4	$1,147.2	$849.3	$394.2	$196.5	$234.5	$609.3
Construction and development	325.2	36.1	137.0	67.5	84.5	63.8	121.5	33.1	32.9	18.0	55.8
Commercial real estate	1,514.6	130.4	345.5	261.1	777.7	489.5	313.2	168.9	70.0	128.7	344.2
Multifamily residential real estate	115.5	8.4	22.7	32.7	51.7	54.8	20.1	11.6	8.5	2.8	17.8
1-4 Family residential	1,143.9	102.2	230.1	206.4	605.1	279.2	385.3	173.9	67.1	63.8	174.6
Farmland	75.1	30.9	24.2	8.3	11.8	5.4	9.1	6.6	17.9	21.2	14.9
Other real estate owned in foreign offices	256.7	0.0	0.0	0.2	256.5	254.5	0.1	0.0	0.0	0.0	2.1

* Includes "All other loans" for institutions under $1 billion in asset size. N/A - Not Available

** 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.

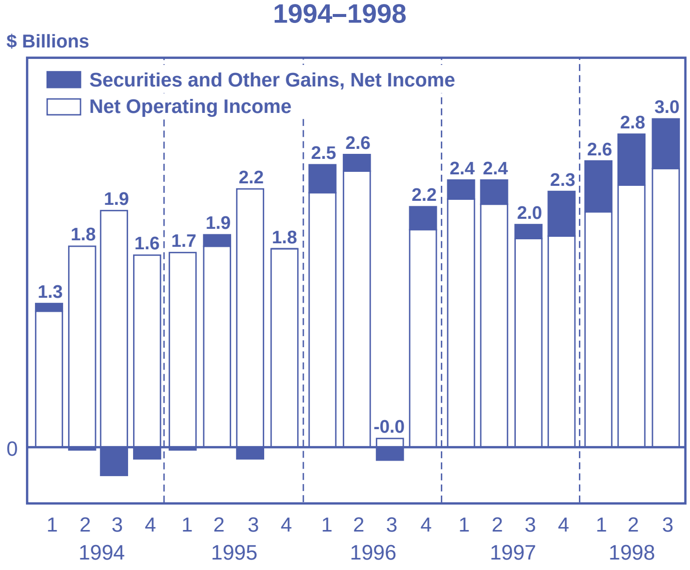
SAVINGS INSTITUTION PERFORMANCE – THIRD QUARTER, 1998

- ***Savings Institutions Earn A Record $3.0 Billion***
- ***Gains From Sales Of Assets Boost Noninterest Income***
- ***Lower Asset Yields Reduce Net Interest Margins***
- ***Equity Capital Sets New Record At 8.99 Percent, But Core Capital Is Down***

Savings institution profitability continued to set quarterly records during the third quarter. The industry reported $3.0 billion in income — the second consecutive quarterly record for thrift profits. Third-quarter earnings were $136 million higher than second-quarter results, although fewer than half of all savings institutions (44 percent) had higher earnings compared with the previous quarter. Noninterest income was $899 million (41 percent) higher than in the second quarter because several large institutions reported gains from sales of assets. With the increased income, income tax expenses rose to $1.8 billion for the third quarter from $1.2 billion in the previous quarter. (The $604-million increase was partly attributable to a large tax benefit that one institution had recognized in the previous quarter.) Net interest income was $161 million lower this quarter, primarily because of lower asset yields. The industry's average annualized return on assets (ROA) was 1.14 percent, the second consecutive quarterly record for this profitability measure and the third consecutive quarter that industry ROA was over 1 percent. One third of all savings institutions reported an ROA of over 1 percent.

For the first nine months of the year, thrifts earned $8.3 billion, $1.6 billion (24 percent) more than in the first nine months of 1997. Noninterest income led the improvement in earnings, increasing by $1.6 billion (30 percent). Another significant contribution came from gains on the sales of securities, which were $1.9 billion for the first nine months of 1998, up from $710 million in the same period a year ago.[1]

QUARTERLY NET INCOME, 1994–1998



Profitability at small thrifts did not keep pace with that at larger thrifts. Smaller institutions, with less than $100 million in assets, tend to have higher overhead expenses and they rely more on net interest margins. For these thrifts net interest margins were 3.43 percent during the third quarter, while larger thrifts reported margins of 3.06 percent. The smaller institutions' advantage of wider net interest margins was more than offset by higher overhead expenses, which were 3.41 percent of earning assets, while larger thrifts reported 2.41 percent. Small thrifts reported an aggregate ROA of less than 1 percent (0.80 percent) this quarter, while larger thrifts had an aggregate ROA of 1.16 percent.

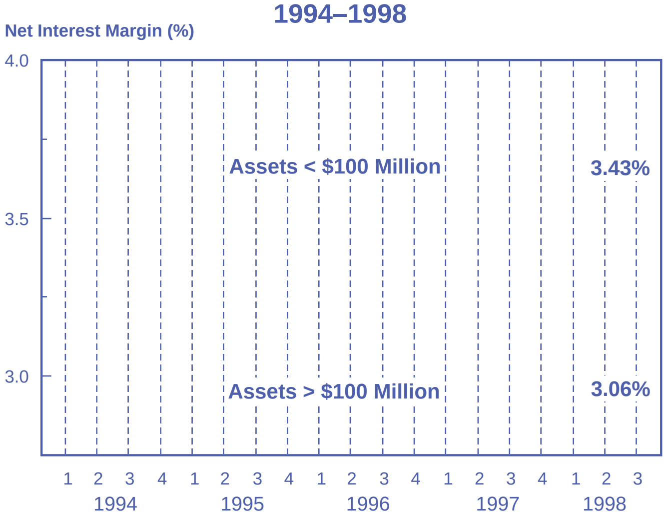
The industry's interest margin declined 7 basis points to 3.07 percent for the third quarter, the lowest level since 1995. The yield on earning assets fell 8 basis points, while the cost of funding earning assets declined just 1 basis point. Smaller thrifts, with less than $100 million in assets, showed a decline in margins of 5 basis points. Most of the decline in the industry's margins was driven by the largest thrifts. Savings institutions with over $5 billion in assets showed a 10-basis-point drop in their net interest margins. The merger of two large California institutions in the third quarter affected the magnitude of this decline. Because the merger used purchase accounting, only part of the income from the acquired institution's operations was reported in the combined entity. Without the merger, the remaining group of large institutions would have shown a 7-basis-point drop in net interest margins.

Asset quality continued to improve to its best levels in the 8 years that all institutions have provided consis-

---

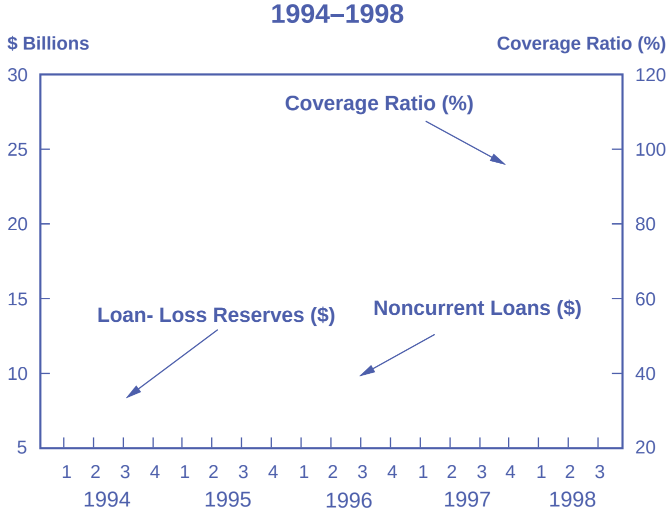
[1]For institutions that file a Thrift Financial Report (TFR), these gains also included gains from the sale of assets held for sale, such as mortgages.

QUARTERLY NET INTEREST MARGINS, 1994–1998



tent measures of noncurrent loans. Noncurrent loans were 0.89 percent of total loans, a record low. Troubled assets—noncurrent loans and other real estate owned—also fell to a record low of 0.75 percent of assets. The coverage ratio—loan-loss reserves to noncurrent loans—improved to $1.10 in reserves for each dollar of noncurrent loans, its highest level ever. Loan-loss reserves fell slightly ($18 million) during the quarter to just under $7 billion. Noncurrent loans fell by $433 million during the quarter, with almost half (48 percent) of this decline accounted for by one institution.[2]

COVERAGE RATIO AND RESERVE LEVELS, 1994–1998



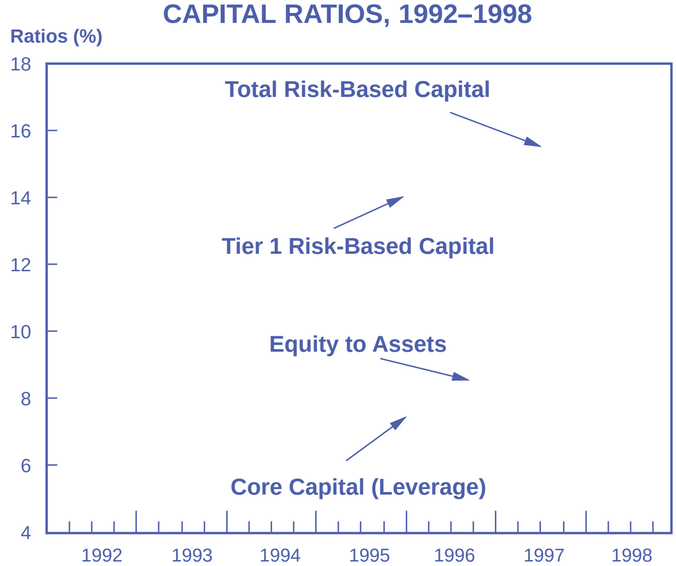
*Loan-Loss reserves to Noncurrent Loans and Leases.

Net charge-offs were $404 million this quarter, up by $59 million from last quarter. Institutions in the Southeast Region reported $123 million in net charge-offs, up by $80 million from the previous quarter. One institution in this region sold a large credit-card portfolio and took net charge-offs of $108 million.[3] Without this transaction, the Southeast Region would have reported net charge-offs of $4.9 million for credit cards, for an annualized rate of 4.31 percent.

Industry assets rose by $11.8 billion during the quarter because of strong loan growth and increases in securities. Loans rose $5.6 billion with roughly equal increases in real estate loans, loans to individuals, and commercial and industrial loans. Real estate loans and loans to individuals both rose by $1.9 billion, while commercial and industrial loans increased by $1.6 billion. Real estate loans secured by 1-4 family properties increased by $2.6 billion, while loans secured by multifamily properties declined by $2.4 billion. One institution involved in a merger sold almost $2 billion in multifamily real estate loans during the quarter.[4] Total investments in securities rose by over $3 billion, as thrifts added $4.7 billion in mortgage-backed securities.

Industry growth during the quarter was funded primarily by nondeposit borrowings. Deposits declined by $6.1 billion, while other borrowed funds increased by $13.5 billion. Much of the increase in nondeposit borrowings was from Federal Home Loan Bank advances, which were up by $7.1 billion at institutions that file a Thrift Financial Report. Equity capital increased to $95 billion, 8.99 percent of assets—the second consecutive record high for this ratio. Core

CAPITAL RATIOS, 1992–1998



[2]Ocwen Federal Bank, FSB of Fort Lee, New Jersey, reported a $208 million decline in noncurrent loans during the quarter.

[3]Chevy Chase Bank, FSB of McLean, Virginia, showed a $947 million decline in credit cards and an $83 million increase in net charge-offs for the third quarter.

[4]California Federal Bank, FSB, of San Francisco, California.

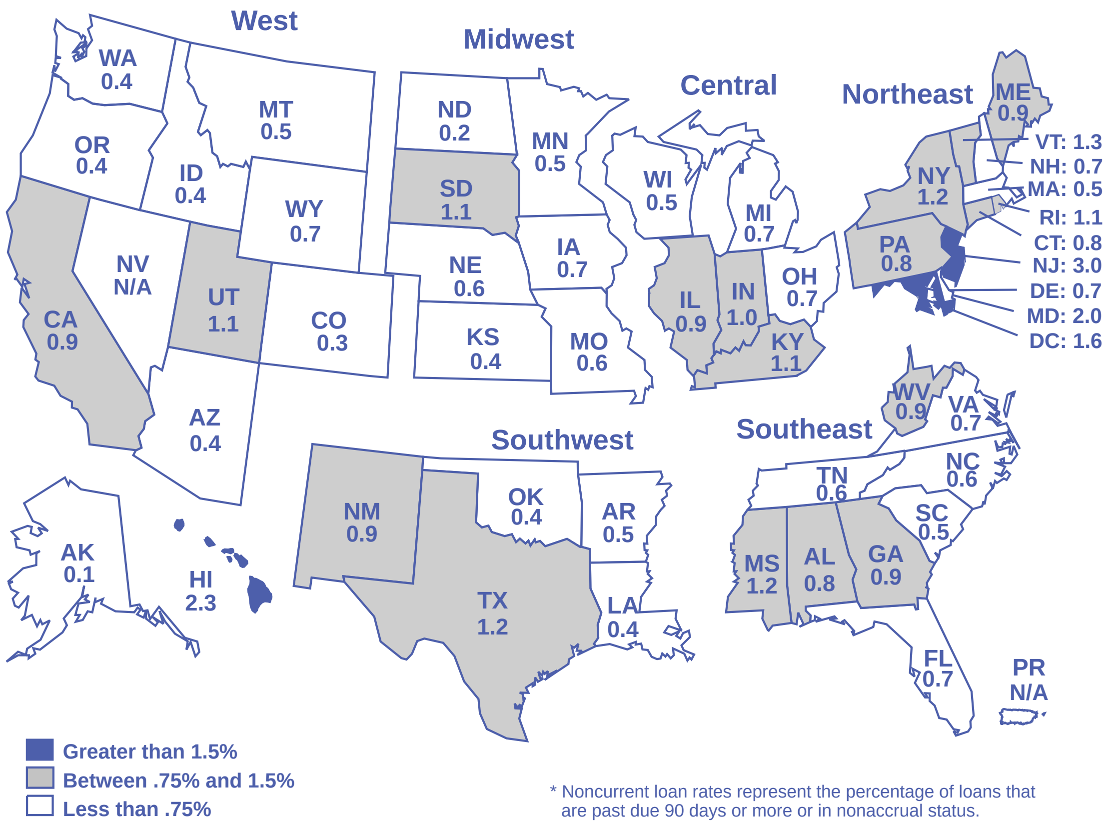
capital, as measured by the leverage ratio, declined from 8.11 percent to 8.08 percent, mostly because of a $1.1-billion increase in goodwill during the quarter. The added goodwill, which resulted from several large institutions' use of purchase accounting in acquisitions, is not counted in core capital. Core capital also excluded a $217-million increase in unrealized gains on available-for-sale securities. Despite the slight decline in core capital, no institution was considered undercapitalized at the end of the third quarter according to risk-based capital standards.

The decline in the number of charters slowed to 16 for the third quarter, mostly because of an increase in new charters. Commercial banks absorbed 18 savings institutions with $10.9 billion in assets; savings institutions absorbed 8 other thrifts with $23.3 billion in assets; and 3 savings institutions with $2.4 billion in assets converted to commercial bank charters. But 12 newly created thrifts began operations during the third quarter—the most for one quarter since 1986—and 1 commercial bank ($195 million in assets) and 1 credit union ($161 million in assets) converted their charters to thrift charters during the quarter. One institution, with $82 million in assets, ceased operations and surrendered its charter voluntarily.

The credit union that converted to a thrift charter issued stock as part of its conversion. In addition to this transaction, 11 thrifts with $5.8 billion in assets converted from mutual to stock ownership during the quarter. Savings institutions also purchased 4 commercial banks with $1.3 billion in assets in the third quarter.

In the last eight quarters, no savings institution has failed. This remains the longest period without a failure since the late 1950s. The number of "problem" thrifts remained unchanged at 18 and assets for this group were stable at $2.9 billion.

NONCURRENT LOAN RATES,*
SEPTEMBER 30, 1998



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

TABLE I-B. Selected Indicators, FDIC-Insured Savings Institutions*

	1998**	1997**	1997	1996	1995	1994	1993
Return on assets (%)	1.10	0.89	0.93	0.70	0.77	0.66	0.71
Return on equity (%)	12.30	10.56	10.84	8.40	9.40	8.28	9.32
Core capital (leverage) ratio (%)	8.08	7.91	7.95	7.76	7.80	7.65	7.45
Noncurrent assets plus other real estate owned to assets (%)	0.75	1.02	0.95	1.09	1.20	1.38	2.10
Net charge-offs to loans (%)	0.21	0.29	0.25	0.32	0.34	0.51	0.65
Asset growth rate (%)	3.42	-1.30	-0.21	0.25	1.70	0.77	-2.85
Net interest margin	3.13	3.24	3.23	3.22	3.09	3.34	3.51
Net operating income growth (%)	12.73	30.31	20.08	-13.99	13.81	22.24	21.16
Number of institutions reporting	1,713	1,812	1,779	1,924	2,030	2,152	2,262
Percentage of unprofitable institutions (%)	4.67	3.64	4.10	12.01	5.86	6.97	5.88
Number of problem institutions	18	27	21	35	49	71	146
Assets of problem institutions (in billions)	$3	$2	$2	$7	$14	$39	$92
Number of failed/assisted institutions	0	0	0	1	2	4	8

** Through September 30, ratios annualized where appropriate. Asset growth rates are for 12 months ending September 30.

TABLE II-B. Aggregate Condition and Income Data, FDIC-Insured Savings Institutions

(dollar figures in millions)	Preliminary 3rd Quarter 1998	2nd Quarter 1998	3rd Quarter 1997	%Change 97:3-98:3
Number of institutions reporting	1,713	1,729	1,812	-5.5
Total employees (full-time equivalent)	244,925	247,441	245,040	0.0
CONDITION DATA				
Total assets	$1,056,805	$1,044,997	$1,021,858	3.4
Loans secured by real estate	634,253	632,357	631,449	0.4
1-4 Family Residential	510,644	508,064	505,740	1.0
Multifamily residential property	54,370	56,734	58,486	-7.0
Commercial real estate	46,642	46,741	47,641	-2.1
Construction, development, and land	22,596	20,819	19,581	15.4
Commercial & industrial loans	19,356	17,763	16,092	20.3
Loans to individuals	50,711	48,850	48,935	3.6
Other loans & leases	3,301	3,063	3,021	9.3
Less: Unearned income & contra accounts***	164	182	227	-27.8
Total loans & leases	707,457	701,852	699,269	1.2
Less: Reserve for losses	6,965	6,983	6,942	0.3
Net loans & leases	700,492	694,868	692,327	1.2
Securities	255,112	252,071	247,412	3.1
Other real estate owned	1,625	1,764	2,205	-26.3
Goodwill and other intangibles	14,016	12,689	10,381	35.0
All other assets	85,559	83,606	69,532	23.0
Total liabilities and capital	1,056,805	1,044,997	1,021,858	3.4
Deposits	696,687	702,797	706,429	-1.4
Other borrowed funds	244,190	230,675	210,477	16.0
Subordinated debt	2,823	2,930	2,931	-3.7
All other liabilities	18,071	15,201	13,826	30.7
Equity capital	95,033	93,394	88,195	7.8
Loans and leases 30-89 days past due	7,325	7,119	7,870	-6.9
Noncurrent loans and leases	6,319	6,753	8,217	-23.1
Restructured loans and leases	2,674	2,888	3,576	-25.2
Direct and indirect investments in real estate	564	619	584	-3.5
Mortgage-backed securities	192,472	187,722	182,242	5.6
Earning assets	984,909	973,862	957,542	2.9
FHLB Advances (TFR Filers only)	125,674	118,545	106,762	17.7
Unused loan commitments	181,855	193,484	110,484	64.6

INCOME DATA	Preliminary First Three Qtrs 1998	First Three Qtrs 1997	%Change	Preliminary 3rd Quarter 1998	3rd Quarter 1997	%Change 97:3-98:3
Total interest income	$53,571	$53,981	-0.8	$18,246	$18,558	-1.7
Total interest expense	31,594	31,424	0.5	10,840	10,957	-1.1
Net interest income	21,977	22,557	-2.6	7,406	7,600	-2.6
Provision for credit losses***	1,344	1,806	-25.6	505	638	-20.9
Total noninterest income	7,034	5,411	30.0	3,080	1,905	61.7
Total noninterest expense	17,114	16,539	3.5	5,897	5,883	0.3
Securities gains (losses)	1,934	710	172.3	649	154	320.4
Applicable income taxes	4,211	3,694	14.0	1,763	1,136	55.2
Extraordinary gains, net	-23	-3	N/M	-15	-3	N/M
Net income	8,252	6,636	24.4	2,955	1,999	47.8
Net charge-offs	1,075	1,440	-25.4	404	507	-20.5
Cash dividends	4,862	3,449	40.9	2,313	1,187	94.8
Net operating income	6,897	6,118	12.7	2,510	1,883	33.3

* Data between 1993 and 1995 do not include Resolution Trust Corporation conservatorships. Excludes one self-liquidating institution. N/M - Not Meaningful

*** For TFR filers, includes only loan and lease loss provisions.

TABLE III-B. First Three Quarters 1998, FDIC-Insured Savings Institutions

		Asset Size Distribution				Geographic Distribution by Region					
		Less	$100 Million	$1 Billion	Greater	East			West		
FIRST THREE QUARTERS Preliminary	All	than $100	to	to	than $5	North-	South-		Mid-	South-	
(The way it is…)	Instituitions	Million	$1 Billion	$5 Billion	Billion	east	east	Central	west	west	West
Number of institutions reporting	1,713	725	844	108	36	665	237	448	127	119	117
Total assets (in billions)	$1,056.8	$37.8	$248.0	$214.6	$556.4	$354.6	$65.3	$171.9	$34.8	$66.1	$364.1
Total deposits (in billions)	696.7	30.7	192.3	142.6	331.1	257.0	47.2	122.2	25.2	41.3	203.8
Net income (in millions)	8,252	232	1,715	1,648	4,656	2,597	490	1,302	234	580	3,049
% of unprofitable institutions	4.7	7.9	1.9	6.5	0.0	3.9	5.5	3.8	6.3	6.7	6.8
% of institutions with earnings gains	49.8	38.5	56.0	66.7	80.6	51.1	53.2	44.2	43.3	47.1	66.7
Performance ratios (annualized, %)											
Yield on earning assets	7.62	7.71	7.71	7.77	7.52	7.54	7.91	7.70	7.63	7.87	7.57
Cost of funding earning assets	4.49	4.24	4.28	4.48	4.62	4.17	4.52	4.63	4.67	4.69	4.69
Net interest margin	3.13	3.47	3.43	3.29	2.90	3.37	3.39	3.07	2.96	3.18	2.87
Noninterest income to earning assets	1.00	1.18	0.67	1.11	1.10	0.69	1.88	1.09	0.78	1.30	1.08
Noninterest expense to earning assets	2.43	3.31	2.64	2.73	2.16	2.48	3.43	2.62	2.23	2.85	2.06
Credit loss provision to assets*	0.18	0.09	0.15	0.31	0.14	0.12	0.41	0.24	0.13	0.32	0.14
Net operating income to assets	0.92	0.74	0.77	0.83	1.03	0.87	0.84	0.75	0.83	0.87	1.08
Return on assets	1.10	0.84	0.94	1.08	1.19	1.02	1.05	1.04	0.92	1.21	1.20
Return on equity	12.30	6.83	8.88	11.83	15.29	10.34	10.34	11.06	9.37	14.05	16.18
Net charge-offs to loans and leases	0.21	0.07	0.15	0.26	0.23	0.16	0.66	0.19	0.09	0.42	0.17
Credit loss provision to net charge-offs	125.05	193.74	154.63	192.30	88.49	126.70	92.27	174.98	208.06	113.20	118.25
Efficiency ratio	57.02	70.78	63.66	60.17	51.29	58.97	64.02	60.34	58.53	62.56	50.25
Condition Ratios (%)											
Earning assets to total assets	93.20	94.41	94.44	92.89	92.68	93.34	92.99	92.79	94.08	91.88	93.44
Loss allowance to:											
Loans and leases	0.98	0.77	0.89	1.23	0.95	1.07	0.93	0.80	0.68	0.91	1.05
Noncurrent loans and leases	110.21	78.82	104.82	99.69	121.37	93.76	134.68	108.07	116.03	89.70	131.75
Noncurrent assets plus											
other real estate owned to assets	0.75	0.78	0.73	1.01	0.66	0.84	0.66	0.65	0.54	0.95	0.72
Noncurrent RE loans to RE loans	0.89	0.95	0.80	1.28	0.80	1.17	0.66	0.72	0.56	0.98	0.81
Equity capital ratio	8.99	12.35	10.74	9.25	7.88	10.07	10.42	9.48	9.98	8.63	7.43
Core capital (leverage) ratio	8.08	11.92	10.18	8.47	6.73	8.91	9.85	8.48	9.22	8.28	6.64
Gross real estate assets to gross assets	77.91	68.93	71.99	73.13	83.00	72.65	72.52	76.68	76.32	67.38	86.63
Gross 1-4 family mortgages to gross assets	48.00	50.25	47.16	39.61	51.45	42.42	47.08	53.46	53.84	36.64	52.51
Net loans and leases to deposits	100.55	81.89	85.20	95.12	113.53	83.38	91.28	100.93	100.00	106.44	122.98
Structural Changes (YTD)											
New Charters	20	20	0	0	0	1	5	6	4	3	1
Thrifts absorbed by mergers	81	24	37	18	2	24	17	18	11	3	8
Failed Thrifts	0	0	0	0	0	0	0	0	0	0	0
PRIOR FIRST THREE QUARTERS**											
(The way it was…)											
Number of institutions 1997	1,812	788	868	121	35	693	263	465	137	122	132
1995	2,060	926	973	126	35	765	313	527	157	138	160
1993	2,297	1,061	1,063	146	27	835	378	575	169	149	191
Total assets (in billions) 1997	$1,021.9	$41.0	$255.5	$246.8	$478.7	$343.4	$65.1	$172.4	$34.6	$64.7	$341.7
1995	1,024.7	47.4	281.6	266.9	428.7	346.7	74.4	167.9	52.8	75.0	307.9
1993	1,006.0	53.9	307.7	311.5	332.9	333.6	90.1	151.4	50.7	58.9	321.4
Return on assets (%) 1997	0.89	0.81	0.97	1.02	0.80	1.00	0.92	0.97	1.02	0.88	0.74
1995	0.80	0.69	0.83	0.84	0.76	0.90	0.88	0.92	1.01	0.93	0.54
1993	0.72	1.05	0.99	0.61	0.53	0.61	0.92	1.03	1.03	1.65	0.42
Net charge-offs to loans & leases (%)											
1997	0.29	0.10	0.14	0.42	0.32	0.28	0.46	0.23	0.06	0.38	0.30
1995	0.34	0.14	0.16	0.38	0.45	0.39	0.15	0.14	0.17	0.21	0.48
1993	0.63	0.16	0.28	0.50	1.13	0.64	0.24	0.11	0.15	0.33	1.03
Noncurrent assets plus											
OREO to assets (%)*** 1997	1.02	0.88	0.88	1.44	0.89	1.24	0.91	0.65	0.61	1.03	1.04
1995	1.21	1.02	1.08	1.38	1.22	1.51	1.05	0.52	0.59	1.04	1.44
1993	2.44	1.65	2.00	2.56	2.85	3.12	1.67	0.78	0.90	2.77	2.90
Equity capital ratio (%) 1997	8.63	11.92	10.31	8.69	7.43	9.47	9.92	9.28	9.26	8.41	7.19
1995	8.31	10.62	9.60	8.43	7.12	8.87	8.99	9.08	8.29	7.47	7.30
1993	7.76	9.19	8.53	7.48	7.07	7.89	8.04	8.45	7.70	6.93	7.37

* For TFR filers, includes only loan and lease loss provisions.

** Data between 1993 and 1995 do not include Resolution Trust Corporation conservatorships. Exludes one self-liquidating institution.

*** Beginning with June 1996, TFR filers report noncurrent loans net of specific reserves. Accordingly, specific reserves have been subtracted from loan-loss reserves, beginning with June 1996, to make the ratio more closely comparable to prior periods.

TABLE IV-B. Third Quarter 1998, FDIC-Insured Savings Institutions

		Asset Size Distribution				Geographic Distribution by Region					
						East			West		
THIRD QUARTER Preliminary (The way it is…)	All Institutions	Less than $100 Million	$100 Million to $1 Billion	$1 Billion to $5 Billion	Greater than $5 Billion	North-east	South-east	Central	Mid-west	South west	West
Number of institutions reporting	1,713	725	844	108	36	665	237	448	127	119	117
Total assets (in billions)	$1,056.8	$37.8	$248.0	$214.6	$556.4	$354.6	$65.3	$171.9	$34.8	$66.1	$364.1
Total deposits (in billions)	696.7	30.7	192.3	142.6	331.1	257.0	47.2	122.2	25.2	41.3	203.8
Net income (in millions)	2,955	75	552	577	1,752	912	215	453	73	188	1,115
% of unprofitable institutions	6.5	9.5	3.6	9.3	5.6	4.2	9.7	6.5	7.9	6.7	11.1
% of institutions with earnings gains	47.2	36.7	52.0	69.4	77.8	48.9	49.4	42.4	37.0	49.6	59.8
Performance Ratios (annualized, %)											
Yield on earning assets	7.57	7.71	7.69	7.80	7.41	7.50	7.85	7.71	7.64	7.87	7.45
Cost of funding earning assets	4.50	4.28	4.30	4.50	4.60	4.18	4.54	4.63	4.72	4.71	4.68
Net interest margin	3.07	3.43	3.38	3.30	2.81	3.32	3.31	3.08	2.92	3.16	2.78
Noninterest income to earning assets	1.28	1.25	0.64	1.24	1.59	0.73	2.84	1.21	0.73	1.27	1.63
Noninterest expense to earning assets	2.45	3.41	2.59	2.77	2.18	2.45	3.50	2.79	2.27	2.72	2.05
Credit loss provision to assets	0.20	0.09	0.17	0.36	0.15	0.12	0.64	0.24	0.13	0.29	0.16
Net operating income to assets	0.97	0.69	0.74	0.84	1.14	0.90	1.16	0.76	0.75	0.87	1.15
Return on assets	1.14	0.80	0.90	1.09	1.30	1.04	1.34	1.07	0.85	1.15	1.27
Return on equity	12.71	6.49	8.37	11.90	16.43	10.47	12.94	11.31	8.56	13.28	16.87
Net charge-offs to loans and leases	0.23	0.04	0.16	0.24	0.27	0.14	1.14	0.19	0.08	0.42	0.16
Credit loss provision to net charge-offs*	125.06	352.03	162.06	230.17	79.13	139.35	83.19	170.54	223.83	102.90	144.85
Efficiency ratio	54.22	72.39	63.60	58.57	47.11	57.74	55.96	62.62	60.80	60.31	44.99
Structural Changes (QTR)											
New charters	12	12	0	0	0	0	5	5	2	0	0
Thrifts absorbed by mergers	26	6	12	7	1	8	7	5	3	0	3
Failed Thrifts	0	0	0	0	0	0	0	0	0	0	0
PRIOR THIRD QUARTERS** (The way it was…)											
Return on assets (%) 1997	0.79	0.84	0.95	0.86	0.66	1.01	0.94	0.90	1.04	0.41	0.53
1995	0.87	0.78	0.87	0.96	0.83	0.95	0.94	0.94	1.04	1.16	0.64
1993	0.48	1.02	0.97	-0.15	0.53	0.02	0.98	0.92	1.04	1.15	0.39
Net charge-offs to loans & leases (%)											
1997	0.29	0.10	0.17	0.32	0.36	0.21	0.42	0.26	0.09	0.35	0.37
1995	0.34	0.08	0.18	0.43	0.42	0.42	0.18	0.24	0.15	0.26	0.41
1993	0.59	0.17	0.27	0.50	0.99	0.61	0.23	0.09	0.16	0.30	0.93

* For TFR filers, includes only loan and lease loss provisions.

** Data between 1993 and 1995 do not include Resolution Trust Corporation conservatorships. Excludes one self-liquidating institution.

REGIONS: Northeast - Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, U.S. Virgin Islands

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 V-B. Loan Performance, FDIC-Insured Savings Institutions

September 30, 1998	All Institutions	Asset Size Distribution: Less than $100 Million	Asset Size Distribution: $100 Million to $1 Billion	Asset Size Distribution: $1 Billion to $5 Billion	Asset Size Distribution: Greater than $5 Billion	Geographical Distribution by Region: East: North-east	East: South-east	East: Central	West: Mid-west	West: South-west	West: West
Percent of Loans 30-89 Days Past Due											
All loans secured by real estate	0.95	1.75	1.07	0.93	0.85	0.97	1.04	0.95	1.16	1.19	0.87
Construction, development, and land	1.36	2.25	1.31	1.34	1.29	1.20	1.21	1.85	1.18	1.34	1.21
Commercial real estate	0.89	1.37	0.89	1.21	0.56	1.04	0.94	0.82	1.16	1.21	0.50
Multifamily residential real estate	0.42	0.89	0.63	0.27	0.41	0.39	0.60	0.46	0.63	0.47	0.41
Home equity loans	0.65	0.63	0.84	0.61	0.54	0.89	0.45	0.57	0.80	0.09	0.40
Other 1-4 Family residential	1.01	1.81	1.12	0.97	0.92	1.01	1.07	0.97	1.19	1.24	0.97
Commercial and industrial loans	1.47	2.36	1.63	1.16	1.43	1.97	1.71	1.57	1.51	0.64	0.61
Loans to individuals	1.98	2.21	1.90	2.30	1.81	1.88	2.74	2.24	1.43	1.02	2.39
Credit card loans	2.05	1.27	3.34	3.47	1.14	1.23	2.52	3.10	3.63	0.69	4.92
Other loans to individuals	1.96	2.24	1.78	1.88	2.06	2.03	2.78	1.99	1.32	1.32	1.96
Percent of Loans Noncurrent*											
All real estate loans	0.89	0.95	0.80	1.28	0.80	1.17	0.66	0.72	0.56	0.98	0.81
Construction, development, and land	1.07	1.21	1.22	1.09	0.89	1.29	1.01	1.51	0.92	0.36	1.26
Commercial real estate	1.30	1.31	1.13	1.71	1.14	1.60	0.80	1.08	1.23	1.42	0.99
Multifamily residential real estate	0.75	0.67	0.74	1.41	0.50	1.17	0.74	0.72	0.37	3.71	0.38
Home equity loans	0.34	0.20	0.47	0.30	0.27	0.46	0.14	0.33	0.21	0.02	0.25
Other 1-4 Family residential	0.88	0.92	0.74	1.25	0.83	1.13	0.63	0.68	0.51	0.83	0.87
Commercial and industrial loans	1.20	1.63	1.50	1.26	0.86	1.31	0.87	1.19	1.66	1.94	0.64
Loans to individuals	0.79	1.08	1.22	0.97	0.50	0.74	0.97	0.88	0.46	0.95	0.64
Credit card loans	1.10	0.82	1.99	1.60	0.72	0.92	1.38	1.65	1.62	0.49	1.86
Other loans to individuals	0.70	1.09	1.16	0.73	0.43	0.70	0.91	0.67	0.40	1.38	0.43
Percent of Loans Charged-off (net, YTD)											
All real estate loans	0.07	0.03	0.04	0.08	0.08	0.09	0.02	0.03	0.02	0.04	0.10
Construction, development, and land	0.07	0.01	0.04	0.08	0.11	0.09	-0.04	0.16	-0.15	0.00	0.19
Commercial real estate	0.03	0.06	0.09	0.10	-0.09	0.07	0.07	-0.03	0.12	0.02	-0.03
Multifamily residential real estate	0.06	0.11	0.01	0.04	0.08	0.03	-0.04	-0.02	0.00	0.03	0.10
Home equity loans	0.16	0.01	0.14	0.16	0.18	0.14	0.08	0.06	0.25	0.23	0.34
Other 1-4 Family residential	0.07	0.03	0.04	0.08	0.09	0.09	0.02	0.03	0.02	0.04	0.10
Commercial and industrial loans	0.33	0.30	0.51	0.27	0.24	0.27	0.41	0.24	0.67	0.52	0.33
Loans to individuals	1.97	0.51	1.54	1.95	2.26	1.06	6.12	1.79	0.67	2.07	1.82
Credit card loans	5.00	2.05	3.65	4.69	5.30	2.53	18.09	5.99	4.22	1.77	4.23
Other loans to individuals	1.06	0.46	1.37	1.01	0.98	0.74	1.09	0.64	0.49	2.35	1.46
Loans Outstanding (in billions)											
All real estate loans	$634.3	$22.8	$150.3	$116.5	$344.6	$191.4	$38.2	$108.8	$22.3	$34.6	$238.9
Construction, development, and land	22.6	1.2	7.8	5.5	8.2	4.7	3.3	4.4	1.1	4.9	4.3
Commercial real estate	46.4	1.9	15.9	12.9	15.7	21.1	3.3	5.7	1.6	3.3	11.5
Multifamily residential real estate	54.4	0.6	8.8	12.4	32.6	14.1	0.8	6.3	0.8	2.0	30.4
Home equity loans	17.3	0.5	5.2	3.9	7.8	6.9	1.5	4.5	0.5	0.3	3.6
Other 1-4 Family residential	493.3	18.6	112.5	81.8	280.3	144.5	29.4	87.9	18.3	24.0	189.1
Commercial and industrial loans	19.4	0.7	4.8	5.8	8.0	8.6	1.5	2.7	0.8	1.9	3.9
Loans to individuals	50.7	1.8	9.9	13.6	25.5	15.3	3.6	12.0	2.3	7.6	9.9
Credit card loans	11.2	0.1	0.7	3.6	6.7	2.8	0.5	2.7	0.1	3.7	1.4
Other loans to individuals	39.6	1.7	9.1	10.0	18.7	12.5	3.2	9.3	2.2	3.9	8.5
Memo: Other Real Estate Owned (in millions)**											
All other real estate owned	$1,625.4	$47.8	$403.2	$466.3	$708.1	$495.7	$131.5	$191.9	$39.2	$180.4	$586.6
Construction, development, and land	194.1	5.9	41.0	38.1	109.0	43.2	97.1	13.8	6.9	4.9	28.2
Commercial real estate	251.1	7.0	90.3	102.8	51.1	103.5	9.4	39.0	10.6	41.0	47.8
Multifamily residential real estate	235.1	1.4	91.0	74.7	68.1	62.9	1.8	8.1	2.4	82.4	77.4
1-4 Family residential	1,001.5	34.1	187.2	267.0	513.2	302.1	48.1	133.7	25.2	53.5	439.0
Troubled Real Estate Asset Rates* (% of total RE assets)**											
All real estate loans	1.15	1.15	1.06	1.67	1.01	1.42	1.00	0.90	0.74	1.50	1.05
Construction, development, and land	1.91	1.72	1.74	1.77	2.19	2.19	3.84	1.82	1.55	0.46	1.91
Commercial real estate	1.84	1.65	1.68	2.51	1.46	2.09	1.08	1.75	1.89	2.65	1.39
Multifamily residential real estate	1.18	0.89	1.76	2.00	0.71	1.61	0.97	0.85	0.66	7.60	0.63
1-4 family residential	1.06	1.08	0.89	1.51	0.99	1.30	0.76	0.81	0.63	1.04	1.08

* 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.

** TFR filers report "All other real estate owned" net of valuation allowances, while individual categories of OREO are reported gross.

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

- **_BIF Reserve Ratio Climbs To 1.41 Percent And SAIF To 1.39 Percent_**
- **_Two BIF-Member Commercial Banks Fail In The Third Quarter_**
- **_The SAIF Records An Eighth Consecutive Quarter Without A Failure_**

The total assets of the 10,623 depository institutions insured by the FDIC increased by $98 billion, or 1.6 percent, from June 30 to September 30. This growth was funded predominantly by nondeposit liabilities, as total deposits actually declined slightly (by $5.8 billion, or 0.1 percent) during the three-month period. This is the first third-quarter decline in total deposits since 1992, as institutions became more reliant on federal funds purchased, securities repurchase agreements, Federal Home Loan Bank advances and other borrowed funds.

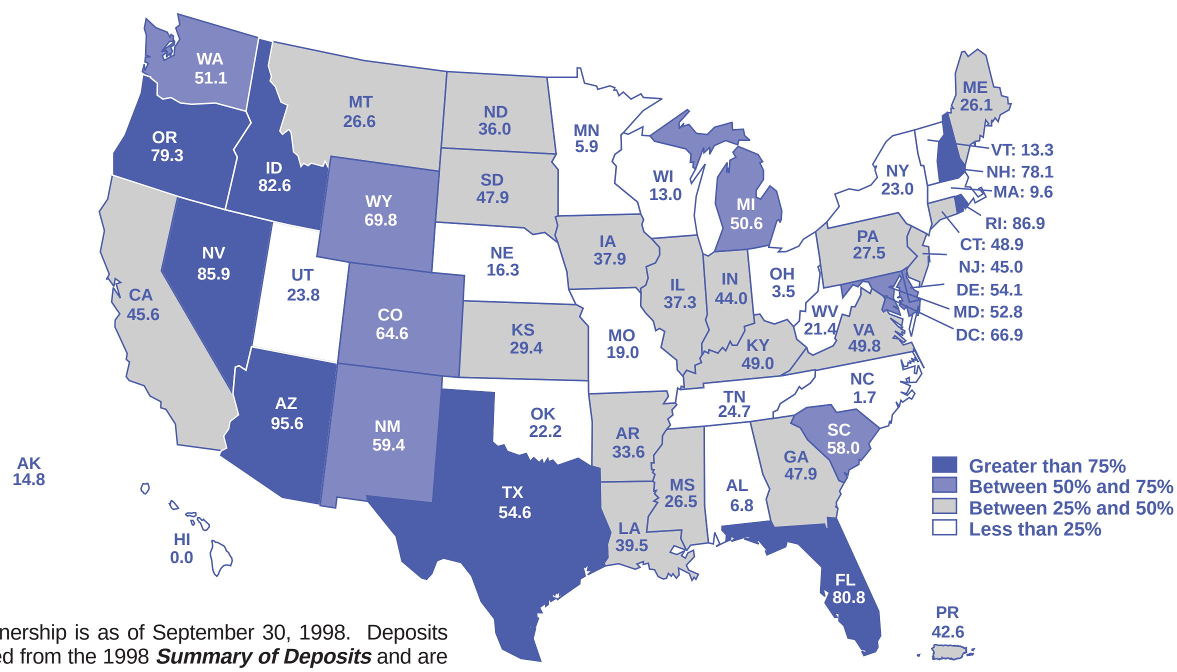
Total FDIC-insured deposits also declined during the third quarter, but a $6.7-billion drop in deposits insured by the Bank Insurance Fund was partially offset by a $2.3-billion rise in deposits insured by the Savings Association Insurance Fund. With low insurance losses and minimal receivership activity, both insurance funds grew during the third quarter. Based on unaudited results, the BIF increased by $170 million, to $29.1 billion, and the SAIF rose by $121 million, to $9.7 billion. The ratio of the bank fund to BIF-insured deposits increased to 1.41 percent on September 30, up from 1.40 percent on June 30. The reserve ratio of the SAIF also rose 1 basis point during the third quarter, to 1.39 percent.

On January 1, 1999, current law requires the FDIC to transfer all funds in the SAIF above the statutory minimum reserve ratio of 1.25 percent to a Special Reserve, a segregated account available for insurance purposes only after substantial decline in the SAIF reserve ratio. Based on figures as of September 30, $980 million would be transferred to the Special Reserve, after which the SAIF reserve ratio would be reduced to 1.25 percent. The FDIC initially is expected to fund the reserve with an estimated amount, which would be adjusted in early 1999 when year-end 1998 figures become available.

Two BIF-member commercial banks, with total assets of $329 million, failed during the third quarter. For the first three quarters of 1998, BIF-member failures totaled three, and failed-bank assets were $371 million. The SAIF experienced no failures during the third quarter of 1998, and the fund has gone eight consecutive quarters since its most recent failure, in August 1996.

Interstate deposits. The map below shows the percentage of each state's deposits that are held by organizations headquartered outside of the state. These organizations include bank and thrift holding companies and independent banks and thrifts. The percentages are based on domestic deposits held in offices of FDIC-insured banks and thrifts on June 30, 1998, adjusted for office ownership as of September 30, 1998. Nationally, 38.1 percent of deposits are held by out-of-state organizations.

PERCENT OF BRANCH DEPOSITS HELD BY OUT-OF-STATE ORGANIZATIONS, SEPTEMBER 30, 1998*



*Branch ownership is as of September 30, 1998. Deposits are obtained from the 1998 ***Summary of Deposits*** and are as of June 30, 1998.

TABLE I-C. Selected Indicators, FDIC-Insured Institutions*

(dollar figures in millions)	1998**	1997**	1997	1996	1995	1994	1993
Number of institutions reporting	10,623	11,027	10,922	11,452	11,970	12,603	13,220
Total assets	$ 6,326,025	$5,891,153	$6,041,132	$5,606,609	$5,338,419	$5,019,085	$4,707,056
Total deposits	4,203,587	4,011,356	4,125,862	3,925,059	3,769,481	3,611,619	3,528,486
Number of problem institutions	88	98	92	117	193	318	572
Assets of problem institutions (in billions)	$8	$6	$6	$12	$31	$73	$334
Number of failed/assisted institutions	3	0	1	6	8	15	50
Assets of failed/assisted institutions (in billions)	$0.37	$0.00	$0.03	$0.22	$1.21	$1.57	$9.67

** As of September 30.

TABLE II-C. Aggregate Condition and Income Data, All FDIC-Insured Institutions*

(dollar figures in millions)	Preliminary 3rd Quarter 1998	2nd Quarter 1998	3rd Quarter 1997	%Change 97:3-98:3
Number of institutions reporting	10,623	10,712	11,027	-3.7
Total employees (full-time equivalent)	1,842,712	1,841,336	1,769,100	4.2
CONDITION DATA				
Total assets	$6,326,025	$6,227,782	$5,891,153	7.4
Loans secured by real estate	1,934,631	1,917,039	1,858,318	4.1
1-4 Family residential	1,249,924	1,249,183	1,213,963	3.0
Home equity loans	114,236	114,426	113,562	0.6
Multifamily residential property	96,823	98,817	98,394	-1.6
Commercial real estate	403,961	394,807	383,610	5.3
Construction, development, and land	125,063	116,541	105,694	18.3
Other real estate loans	58,860	57,691	56,657	3.9
Commercial & industrial loans	893,291	868,144	781,304	14.3
Loans to individuals	606,009	596,583	603,483	0.4
Credit cards & related plans	227,256	227,911	232,025	-2.1
Other loans & leases	423,672	416,204	364,085	16.4
Less: Unearned income & contra accounts	4,357	4,423	4,977	-12.5
Total loans & leases	3,853,245	3,793,547	3,602,213	7.0
Less: Reserve for losses	64,228	63,365	61,864	3.8
Net loans and leases	3,789,018	3,730,182	3,540,349	7.0
Securities	1,178,184	1,146,083	1,082,958	8.8
Other real estate owned	5,056	5,294	6,339	-20.2
Goodwill and other intangibles	91,126	88,884	69,217	31.7
All other assets	1,262,641	1,257,340	1,192,290	5.9
Total liabilities and capital	6,326,025	6,227,782	5,891,153	7.4
Deposits	4,203,587	4,209,351	4,011,356	4.8
Other borrowed funds	1,151,604	1,103,864	1,032,721	11.5
Subordinated debt	71,647	70,203	58,027	23.5
All other liabilities	346,724	304,981	285,420	21.5
Equity capital	552,463	539,383	503,630	9.7
Loans and leases 30-89 days past due	45,123	42,789	43,312	4.2
Noncurrent loans and leases	35,842	35,808	36,901	-2.9
Restructured loans and leases	4,624	4,848	6,302	-26.6
Direct and indirect investments in real estate	1,077	1,154	1,242	-13.3
Mortgage-backed securities	626,076	580,692	542,484	15.4
Earning assets	5,515,803	5,432,931	5,172,052	6.6
Unused loan commitments	3,798,539	3,674,326	3,078,426	23.4

INCOME DATA	Preliminary First Three Qtrs 1998	First Three Qtrs 1997	%Change	Preliminary 3rd Quarter 1998	3rd Quarter 1997	%Change 97:3-98:3
Total interest income	$324,832	$304,897	6.5	$110,600	$104,679	5.7
Total interest expense	166,621	152,532	9.2	56,891	52,847	7.7
Net interest income	158,211	152,365	3.8	53,709	51,832	3.6
Provision for credit losses	18,064	16,082	12.3	7,090	5,613	26.3
Total noninterest income	96,482	82,603	16.8	32,797	29,188	12.4
Total noninterest expense	156,730	142,097	10.3	53,315	49,672	7.3
Securities gains (losses)	3,985	1,684	136.6	1,331	411	223.9
Applicable income taxes	29,031	28,021	3.6	9,404	9,430	-0.3
Extraordinary gains, net	490	41	N/M	-27	7	N/M
Net income	55,343	50,494	9.6	18,002	16,723	7.6

* Excludes insured branches of foreign banks (IBAs) and institutions in RTC conservatorship (the last of which ended in 1995).   N/M - Not meaningful

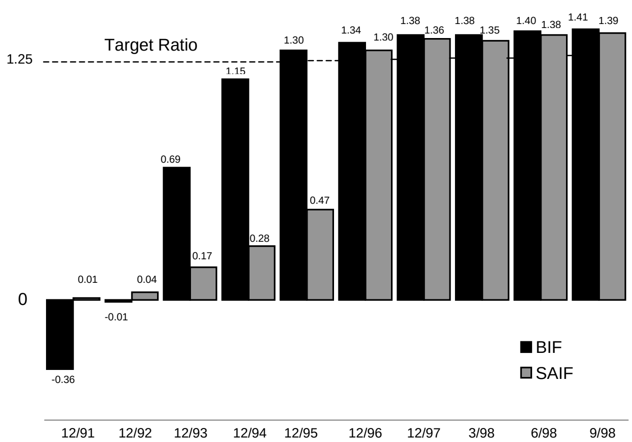
TABLE III-C. Selected Insurance Fund Indicators

(dollar figures in millions)	Preliminary 3rd Quarter 1998	2nd Quarter 1998	3rd Quarter 1997	%Change 97:3-98:3
Bank Insurance Fund*				
Reserve ratio (%)**	1.41	1.40	1.38	2.2
Fund balance (unaudited)	$29,101	$28,931	$27,967	4.1
Estimated insured deposits	2,065,499	2,072,183	2,024,855	2.0
SAIF-member Oakars	34,349	32,493	25,746	33.4
BIF-members	2,031,150	2,039,690	1,999,109	1.6
Assessment base	2,829,087	2,838,921	2,695,835	4.9
SAIF-member Oakars	35,751	34,267	27,424	30.4
BIF-members	2,793,336	2,804,655	2,668,411	4.7
Savings Association Insurance Fund				
Reserve ratio (%)**	1.39	1.38	1.35	3.0
Fund balance (unaudited)	$9,731	$9,610	$9,253	5.2
Estimated insured deposits	700,074	697,744	687,044	1.9
BIF-member Oakars	277,655	268,851	239,567	15.9
SAIF-member Sassers	62,215	60,633	62,302	-0.1
Other SAIF members	360,203	368,260	385,176	-6.5
Assessment base	739,604	732,544	716,803	3.2
BIF-member Oakars	279,833	269,358	240,072	16.6
SAIF-member Sassers	68,402	66,412	68,096	0.5
Other SAIF members	391,370	396,774	408,636	-4.2

* Includes U.S. branches of foreign banks.
** Fund balance as a percent of estimated insured deposits.

Insurance Fund Reserve Ratios*

Percent of Insured Deposits



* Insurance fund balance as a percent of total insured deposits.

Fund Balance and Insured Deposits

($ Millions)

	BIF Fund Balance	BIF-Insured Deposits	SAIF Fund Balance	SAIF-Insured Deposits
12/91	-7,028	1,957,722	101	776,351
12/92	-101	1,945,550	279	732,159
12/93	13,122	1,905,245	1,157	697,885
12/94	21,848	1,895,258	1,937	693,610
12/95	25,454	1,951,963	3,358	711,897
12/96	26,854	2,007,042	8,888	683,403
12/97	28,293	2,056,172	9,368	689,802
3/98	28,559	2,076,128	9,484	701,212
6/98	28,931	2,071,753	9,610	697,386
9/98	29,101	2,065,499	9,731	700,074

* Insured deposit amounts are estimates. 1998 fund balance amounts are unaudited.

TABLE IV-C. Closed/Assisted Institutions

(dollar figures in millions)	1998*	1997*	1997	1996	1995	1994	1993
BIF Members							
Number of institutions	3	0	1	5	6	13	41
Total assets	$371	$0	$27	$182	$753	$1,392	$3,539
SAIF Members							
Number of institutions	0	0	0	1	2	2	9
Total assets	$0	$0	$0	$35	$426	$129	$6,105

* Through September 30.

TABLE V-C. Selected Indicators, By Fund Membership*

(dollar figures in millions)	1998**	1997**	1997	1996	1995	1994	1993
BIF Members							
Number of institutions reporting	9,161	9,482	9,404	9,823	10,243	10,760	11,291
BIF-member Oakars	759	776	778	793	807	719	570
Other BIF-members	8,402	8,706	8,626	9,030	9,436	10,041	10,721
Total assets	$5,573,585	$5,139,968	$5,285,408	$4,857,761	$4,577,898	$4,248,300	$3,949,695
Total deposits	3,701,174	3,500,225	3,611,453	3,404,204	3,225,650	3,062,718	2,951,980
Net income	49,609	45,614	61,468	54,484	50,780	46,882.19	44,498.12
Return on assets (%)	1.22	1.22	1.22	1.17	1.15	1.14	1.17
Return on equity (%)	14.21	14.44	14.44	14.14	14.32	14.43	14.89
Noncurrent assets plus OREO to assets (%)	0.65	0.69	0.67	0.77	0.89	1.06	1.69
Number of problem institutions	69	73	73	86	151	264	472
Assets of problem institutions	$5,413	$4,303	$4,598	$6,624	$20,166	$42,311	$269,159
Number of failed/assisted institutions	3	0	1	5	6	13	41
Assets of failed/assisted institutions	$371	$0	$27	$182	$753	$1,392	$3,539
SAIF Members							
Number of institutions reporting	1,462	1,545	1,518	1,629	1,727	1,843	1,929
SAIF-member Oakars	112	106	111	94	77	55	28
Other SAIF-members	1,350	1,439	1,407	1,535	1,650	1,788	1,901
Total assets	$752,440	$751,184	$755,724	$748,848	$760,521	$770,785	$757,362
Total deposits	502,413	511,131	514,409	520,855	543,831	548,901	576,507
Net income	5,734	4,880	6,487	4,883	5,584	4,102	5,381
Return on assets (%)	1.06	0.90	0.94	0.67	0.76	0.56	0.72
Return on equity (%)	12.13	10.75	11.13	8.07	9.47	7.16	9.74
Noncurrent assets plus OREO to assets (%)	0.81	1.05	0.98	1.07	1.12	1.23	1.85
Number of problem institutions	19	25	19	31	42	54	100
Assets of problem institutions	$2,953	$1,888	$1,662	$5,548	$10,846	$30,336	$64,973
Number of failed/assisted institutions	0	0	0	1	2	2	9
Assets of failed/assisted institutions	$0	$0	$0	$35	$426	$129	$6,105

* Excludes insured branches of foreign banks (IBAs) and institutions in RTC conservatorship (the last of which ended in 1995).
Excludes one self-liquidating institution.
** Through September 30, ratios annualized where appropriate.

TABLE VI-C. Estimated FDIC-Insured Deposits by Fund Membership and Type of Institution

(dollar figures in millions)	Number of	Total	Domestic	Estimated Insured Deposits		
September 30, 1998	Institutions	Assets	Deposits	BIF	SAIF	Total
Commercial Banks and Savings Institutions						
FDIC-Insured Commercial Banks	8,910	$5,269,220	$2,952,178	$1,879,396	$245,875	$2,125,271
BIF-member	8,805	5,210,302	2,909,562	1,868,242	221,127	2,089,370
SAIF-member	105	58,919	42,616	11,153	24,748	35,902
FDIC-Supervised	5,401	922,817	696,472	489,330	54,571	543,900
OCC-Supervised	2,520	3,049,020	1,698,664	1,080,192	146,956	1,227,148
Federal Reserve-Supervised	989	1,297,383	557,042	309,874	44,349	354,223
FDIC-Insured Savings Institutions	1,713	1,056,805	696,687	184,768	454,198	638,967
OTS-Supervised Savings Institutions	1,170	796,278	509,006	64,938	401,784	466,722
BIF-member	38	158,335	89,981	42,758	41,581	84,338
SAIF-member	1,132	637,943	419,025	22,180	360,203	382,384
FDIC-Supervised State Savings Banks	543	260,526	187,681	119,831	52,414	172,245
BIF-member	318	204,948	146,909	118,815	14,947	133,762
SAIF-member	225	55,578	40,772	1,016	37,467	38,483
Total Commercial Banks and Savings Institutions	10,623	6,326,025	3,648,865	2,064,164	700,074	2,764,238
BIF-member	9,161	5,573,585	3,146,452	2,029,815	277,655	2,307,470
SAIF-member	1,462	752,440	502,413	34,349	422,419	456,768
Other FDIC-Insured Institutions						
U.S. Branches of Foreign Banks	26	9,916	2,897	1,335	0	1,335
Total FDIC-Insured Institutions	10,649	6,335,941	3,651,762	2,065,499	700,074	2,765,573

* Excludes $555 billion in foreign office deposits, which are uninsured.

TABLE VII-C. Assessment Base Distribution and Rate Schedules

BIF Assessment Base Distribution
Assessable Deposits in Millions as of September 30, 1998
Supervisory and Capital Ratings for First Semiannual Assessment Period, 1999

	Supervisory Risk Subgroup					
Capital Group	A		B		C	
1. Well-capitalized						
Number of institutions……………………………	8,707	94.8%	266	2.9%	38	0.4%
Assessable deposit base………………………	$2,759,781	97.6%	$42,151	1.5%	$2,015	0.1%
2. Adequately capitalized						
Number of institutions……………………………	126	1.4%	15	0.2%	13	0.1%
Assessable deposit base………………………	$20,698	0.7%	$1,438	0.1%	$1,608	0.1%
3. Undercapitalized						
Number of institutions……………………………	6	0.1%	2	0.0%	13	0.1%
Assessable deposit base………………………	$419	0.0%	$224	0.0%	$636	0.0%

Note: "Number" reflects the number of BIF members; "Base" reflects the BIF-assessable deposits held by both BIF and SAIF members. Institutions are categorized based on capitalization and a supervisory subgroup rating, which is generally determined by on-site examinations.

SAIF Assessment Base Distribution
Assessable Deposits in Millions as of September 30, 1998
Supervisory and Capital Ratings for First Semiannual Assessment Period, 1999

	Supervisory Risk Subgroup					
Capital Group	A		B		C	
1. Well-capitalized						
Number of institutions……………………………	1,344	92.2%	69	4.7%	15	1.0%
Assessable deposit base………………………	$709,389	96.0%	$19,821	2.7%	$4,642	0.6%
2. Adequately capitalized						
Number of institutions……………………………	17	1.2%	5	0.3%	5	0.3%
Assessable deposit base………………………	$4,386	0.6%	$233	0.0%	$342	0.0%
3. Undercapitalized						
Number of institutions……………………………	1	0.1%	1	0.1%	1	0.1%
Assessable deposit base………………………	$123	0.0%	$64	0.0%	$103	0.0%

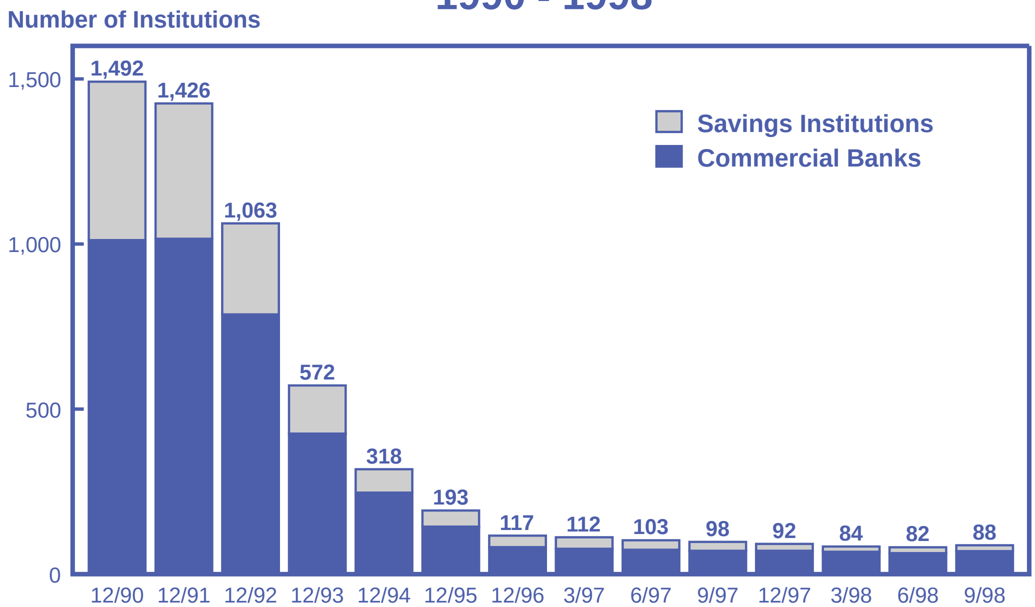
Note: "Number" reflects the number of SAIF members; "Base" reflects the SAIF-assessable deposits held by both BIF and SAIF members. Institutions are categorized based on capitalization and a supervisory subgroup rating, which is generally determined by on-site examinations.

Assessment Rate Schedules
First Semiannual 1999 Assessment Period
Cents Per $100 of Assessable Deposits

	Supervisory Risk Subgroup		
Capital Group	A	B	C
1. Well Capitalized……………0…………………		3	17
2. Adequately Capitalized………3………………		10	24
3. Undercapitalized………………………………	10	24	27

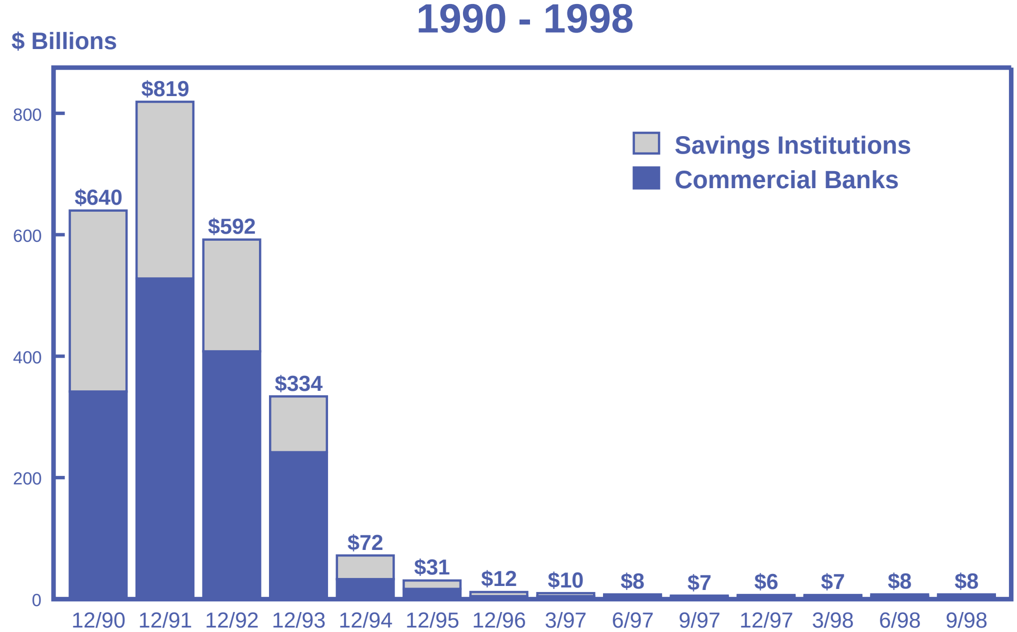
Note: Rates for the BIF and the SAIF are set separately by the FDIC.
Currently, the rate schedules are identical.

Number of FDIC-Insured "Problem" Institutions, 1990 - 1998



	12/90	12/91	12/92	12/93	12/94	12/95	12/96	3/97	6/97	9/97	12/97	3/98	6/98	9/98
Savings Institutions	480	410	276	146	71	49	35	35	29	27	21	16	18	18
Commercial Banks	1,012	1,016	787	426	247	144	82	77	74	71	71	68	64	70

Assets of FDIC-Insured "Problem" Institutions, 1990 - 1998



	12/90	12/91	12/92	12/93	12/94	12/95	12/96	3/97	6/97	9/97	12/97	3/98	6/98	9/98
Savings Institutions	298	291	184	92	39	14	7	5	3	2	2	2	3	3
Commercial Banks	342	528	408	242	33	17	5	5	5	4	5	5	5	5

NOTES TO USERS

This publication contains financial data and other information for depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). These notes are an integral part of this publication and provide information regarding the comparability of source data and reporting differences over time. The information presented in the *FDIC Quarterly Banking Profile* is divided into the following groups of institutions:

FDIC-Insured Commercial Banks (Tables I-A through V-A.)

This section covers commercial banks insured by the FDIC either through the Bank Insurance Fund (BIF) or through the Savings Association Insurance Fund (SAIF). These institutions are regulated by and submit financial reports to one of the three federal commercial bank regulators (the Board of Governors of the Federal Reserve System, the FDIC or the Office of the Comptroller of the Currency).

FDIC-Insured Savings Institutions (Tables I-B through V-B.)

This section covers savings institutions insured by either BIF or SAIF that operate under state or federal banking codes applicable to thrift institutions, except for one self-liquidating institution primarily funded by the FSLIC Resolution Fund (FRF). Savings institutions in Resolution Trust Corporation conservatorships are also excluded from these tables while in conservatorship, where applicable. The institutions covered in this section are regulated by and submit financial reports to one of two Federal regulators – the FDIC or the Office of Thrift Supervision (OTS).

FDIC-Insured Institutions by Insurance Fund (Tables I-C through VII-C.)

Summary balance-sheet and earnings data are provided for commercial banks and savings institutions according to insurance fund membership. BIF-member institutions may acquire SAIF-insured deposits, resulting in institutions with some deposits covered by both insurance funds. Also, SAIF members may acquire BIF-insured deposits. The insurance fund membership does not necessarily reflect which fund insures the largest percentage of an institution's deposits. Therefore, the BIF-member and the SAIF-member tables each include deposits from both insurance funds. Depository institutions that are not insured by the FDIC through either the BIF or SAIF are not included in the *FDIC Quarterly Banking Profile*. U.S. branches of institutions headquartered in foreign countries and non-deposit trust companies are not included unless otherwise indicated. Efforts are made to obtain financial reports for all active institutions. However, in some cases, final financial reports are not available for institutions that have closed or converted their charter.

DATA SOURCES

The financial information appearing in this publication is obtained primarily from the Federal Financial Institutions Examination Council (FFIEC) *Call Reports* and the OTS *Thrift Financial Reports* submitted by all FDIC-insured depository institutions. This information is stored on and retrieved from the FDIC's Research Information System (RIS) data base.

COMPUTATION METHODOLOGY

Certain adjustments are made to the OTS *Thrift Financial Reports* to provide closer conformance with the reporting and accounting requirements of the FFIEC *Call Reports*. Beginning in March 1997, both *Thrift Financial Reports* and *Call Reports* are completed on a fully consolidated basis. Previously, the consolidation of subsidiary depository institutions was prohibited. Now, parent institutions are required to file consolidated reports, while their subsidiary financial institutions are still required to file separate reports. Data from subsidiary institution reports are included in the *Quarterly Banking Profile* tables, which can lead to double-counting. No adjustments are made for any double-counting of subsidiary data.

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 interim periods, divided by the total number of periods). For "pooling-of-interest" mergers, the assets of the acquired institution(s) are included in average assets since the year-to-date income includes the results of all merged institutions. No adjustments are made for "purchase accounting" mergers. Growth rates represent the percentage change over a 12-month period in totals for institutions in the base period to totals for institutions in the current period.

All data are collected and presented based on the location of each reporting institution's main office. Reported data may include assets and liabilities located outside of the reporting institution's home state. In addition, institutions may change their charters, resulting in an inter-industry migration, e.g., savings institutions can convert to commercial banks or commercial banks may convert to savings institutions. These situations can affect state and regional statistics.

ACCOUNTING CHANGES

Adoption of GAAP Reporting – Effective with the March 31, 1997 *Call Reports*, generally accepted accounting principles (GAAP) were adopted as the reporting basis for the balance sheet, income statement and supporting schedules. New reporting instructions for 1997 and 1998 changed the amounts reported for a number of items used in the *Quarterly Banking Profile*, so that comparability with prior periods may be affected. Among the items most significantly affected by the new reporting rules are: loans & leases, reserve for losses, loss provisions, goodwill and other intangibles, all other assets and equity capital (see definitions below). More information on changes to the *Call Report* in March 1997 and in March 1998 is contained in Financial Institution Letters (FIL-27-97 and FIL-28-98), which are available through the FDIC World Wide Web site at www.fdic.gov/banknews/fils/, or from the FDIC Public Information Center, 801 17th Street, NW, Washington, DC 20434; telephone (800) 276-6003. Information on changes to the March 31, 1997 *Thrift Financial Reports* is available from the Office of Thrift Supervision, 1700 G Street, NW, Washington, DC 20552; telephone (202) 906-5900.

Subchapter S Corporations –The Small Business Job Protection Act of 1996 changed the Internal Revenue Code to allow financial institutions to elect Subchapter S corporation status, beginning in 1997. A Subchapter S corporation is treated as a pass-through entity, similar to a partnership, for federal income tax purposes. It is generally not subject to any federal income taxes at the corporate level. Its taxable income flows through to its shareholders in proportion to their stock ownership, and the shareholders generally pay federal income taxes on their share of this taxable income. This can have the effect of reducing institutions' reported taxes and increasing their after-tax earnings.

The election of Subchapter S status may result in an increase in shareholders' personal tax liability. Therefore, some S corporations may increase the amount of earnings distributed as dividends to compensate for higher personal taxes.

DEFINITIONS (in alphabetical order)

All other assets – total cash, balances due from depository institutions, premises, fixed assets, direct investments in real estate, investment in unconsolidated subsidiaries, customers' liability on acceptances outstanding, assets held in trading accounts, federal funds sold, securities purchased with agreements to resell, and other assets. Beginning 3/31/97, Federal funds sold are reported on a consolidated basis (domestic and foreign offices combined). Previously, Federal funds sold through foreign offices were reported as loans.

All other liabilities – bank's liability on acceptances, limited-life preferred stock, allowance for estimated off-balance sheet credit losses, and other liabilities.

Assessment base distribution – each institution's capital category is calculated or estimated from its financial report and does not reflect supervisory upgrades or downgrades:

(Percent)	Total Risk-Based Capital *		Tier 1 Risk-Based Capital *		Tier 1 Leverage		Tangible Equity
Well-capitalized	≥10	*and*	≥6	*and*	≥5		—
Adequately capitalized	≥8	*and*	≥4	*and*	≥4		—
Undercapitalized	≥6	*and*	≥3	*and*	≥3		—
Significantly undercapitalized	<6	*or*	<3	*or*	<3	*and*	>2
Critically undercapitalized	—		—		—		≤2

*As a percentage of risk-weighted assets.

For purpose of BIF and SAIF assessments, risk-based assessment rules combine the last three capital rating categories into a single "undercapitalized" group. Supervisory risk subgroup assignments are based on supervisory ratings. The strongest institutions (those rated 1 or 2) are in subgroup A, those rated 3 are in subgroup B, and those rated 4 or 5 are in subgroup C.

BIF-insured deposits (estimated) – the portion of estimated insured deposits that is insured by the BIF. For SAIF-member "Oakar" institutions, it represents the adjusted attributable amount acquired from BIF members.

Construction and development loans – includes loans for all property types under construction, as well as loans for land acquisition and development.

Core capital – common equity capital plus noncumulative perpetual preferred stock plus minority interest in consolidated subsidiaries, less goodwill and other ineligible intangible assets. The amount of eligible intangibles (including servicing rights) included in core capital is limited in accordance with supervisory capital regulations.

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

Derivative contracts, gross fair values (positive/negative) – are reported separately and represent the amount at which a contract could be exchanged in a transaction between willing parties, other than in a forced or liquidation sale. If a quoted market price is available for a contract, the fair value reported for that contract is calculated using this market price. If quoted market prices are not available, the reporting banks use the best estimate of fair value based on quoted market prices of similar contracts or on valuation techniques such as discounted cash flows. This information is reported only by banks with assets greater than $100 million.

Direct and indirect investments in real estate – excludes loans secured by real estate and property acquired through foreclosure.

Earning assets – all loans and other investments that earn interest or dividend income.

Efficiency Ratio – Noninterest expense less amortization of intangible assets as a percent of net interest income plus noninterest income. This ratio measures the proportion of net operating revenues that are absorbed by overhead expenses, so that a lower value indicates greater efficiency.

Estimated insured deposits – estimated amount of insured deposits (account balances less than $100,000). The sum of all deposit balances in accounts of less than $100,000 plus the number of accounts with balances greater than $100,000 multiplied by $100,000.

Failed/assisted institutions – an institution fails when regulators take control of the institution, placing the assets and liabilities into a bridge bank, conservatorship, receivership, or another healthy institution. This action may require the FDIC to provide funds to cover losses. An institution is defined as "assisted" when the institution remains open and receives some insurance funds in order to continue operating.

FHLB advances – borrowings from the Federal Home Loan Bank (FHLB) reported by institutions that file a *Thrift Financial Report*. Institutions that file a *Call Report* do not report borrowings ("advances") from the FHLB separately.

Goodwill and other intangibles – intangible assets include servicing rights, purchased credit card relationships and other identifiable intangible assets.

Loans secured by real estate – includes home equity loans, junior liens secured by 1-4 family residential properties and all other loans secured by real estate.

Loans to individuals – includes outstanding credit card balances and other secured and unsecured consumer loans.

Long-term assets (5+ years) – loans and debt securities with remaining maturities or repricing intervals of over five years.

Mortgage-backed securities – certificates of participation in pools of residential mortgages and collateralized mortgage obligations issued or guaranteed by government-sponsored or private enterprises. Also, see "Securities", below.

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

Net interest margin – the difference between interest and dividends earned on interest-bearing assets and interest paid to depositors and other creditors, expressed as a percentage of average earning assets. No adjustments are made for interest income that is tax exempt.

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

Noncurrent assets – the sum of loans, leases, debt securities and other assets that are 90 days or more past due, or in nonaccrual status.

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

Number of institutions reporting – the number of institutions that actually filed a financial report.

Off-balance-sheet derivatives – represents the sum of the following: interest-rate contracts (defined as the notional value of interest-rate swap, futures, forward and option contracts), foreign-exchange-rate contracts, commodity contracts and equity contracts (defined similarly to interest-rate contracts).

Futures and forward contracts – a contract in which the buyer agrees to purchase and the seller agrees to sell, at a specified future date, a specific quantity of underlying at a specified price or yield. These contracts exist for a variety of underlyings, including the traditional agricultural or physical commodities, as well as currencies and interest rates. Futures contracts are standardized and are traded on organized exchanges which set limits on counterparty credit exposure. Forward contracts do not have standardized terms and are traded over the counter.

Option contracts – a contract in which the buyer acquires the right to buy from or sell to another party some specified amount of underlying at a stated price (strike price) during a period or on a specified future date, in return for compensation (such as a fee or premium). The seller is obligated to purchase or sell the underlying at the discretion of the buyer of the contract.

Swaps – an obligation between two parties to exchange a series of cash flows at periodic intervals (settlement dates), for a specified period. The cash flows of a swap are either fixed, or determined for each settlement date by multiplying the quantity of the underlying (notional principal) by specified reference rates or prices. Except for currency swaps, the notional principal is used to calculate each payment but is not exchanged.

Other borrowed funds – federal funds purchased, securities sold with agreements to repurchase, demand notes issued to the U.S. Treasury, other borrowed money, mortgage indebtedness, obligations under capitalized leases and trading liabilities, less revaluation losses on assets held in trading accounts.

Other real estate owned – primarily foreclosed property. Direct and indirect investments in real estate ventures are excluded. The amount is reflected net of valuation allowances. For institutions that file a *Thrift Financial Report (TFR)*, the valuation allowance subtracted also includes allowances for other repossessed assets. Also, for *TFR* filers the components of other real estate owned are reported gross of valuation allowances.

Percent of institutions with earnings gains – the percent of institutions that increased their net income (or decreased their losses) compared to the same period a year earlier.

“Problem” institutions – federal regulators assign a composite rating to each financial institution, 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” institutions 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”. For all BIF-member institutions, and for all SAIF-member institutions for which the FDIC is the primary federal regulator, FDIC composite ratings are used. For all SAIF-member institutions whose primary federal regulator is the OTS, the OTS composite rating is used.

Reserves for losses – the allowance for loan and lease losses and the allocated transfer risk reserve on a consolidated basis. Prior to March 31, 1997, institutions filing a *Thrift Financial Report (TFR)* included specific reserves, while *Call Report* filers included only general valuation allowances. Beginning March 31, 1997, *TFR* reporters net these specific reserves against each loan balance. Also beginning March 31, 1997, the allowance for off-balance-sheet credit exposures was moved to “Other liabilities”; previously, it had been included in the general valuation allowance.

Restructured loans and leases – loan and lease financing receivables with terms restructured from the original contract. Excludes restructured loans and leases that are not in compliance with the modified terms.

Return on assets – net income (including gains or losses on securities and extraordinary items) as a percentage of average total assets. The basic yardstick of bank profitability.

Return on equity – net income (including gains or losses on securities and extraordinary items) as a percentage of average total equity capital.

Risk-weighted assets – assets adjusted for risk-based capital definitions which include on-balance-sheet as well as off-balance-sheet items multiplied by risk-weights that range from zero to 100 percent. A conversion factor is used to assign a balance sheet equivalent amount for selected off-balance-sheet accounts.

SAIF-insured deposits (estimated) – the portion of estimated insured deposits that is insured by the SAIF. For BIF-member “Oakar” institutions, it represents the adjusted attributable amount acquired from SAIF members.

Securities – excludes securities held in trading accounts. Banks' securities portfolios consist of securities designated as “held-to-maturity”, which are reported at amortized cost (book value), and securities designated as “available-for-sale”, reported at fair (market) value.

Securities gains (losses) – realized gains (losses) on held-to-maturity and available-for-sale securities, before adjustments for income taxes. *Thrift Financial Report (TFR)* filers also include gains (losses) on the sales of assets held for sale.

Troubled real estate asset rate – noncurrent real estate loans plus other real estate owned as a percent of total real estate loans and other real estate owned.

Unearned income & contra accounts – unearned income and loans-in-process for *TFR* filers. Beginning March 31 1997, *TFR* filers net the unearned income and the loans-in-process against each loan balance, leaving just the unearned income on loans reported by *Call Report* filers.

Unused loan commitments – includes credit card lines, home equity lines, commitments to make loans for construction, loans secured by commercial real estate, and unused commitments to originate or purchase loans.

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

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