The FDIC Quarterly Banking Profile

Andrew C. Hove, Jr., Chairman

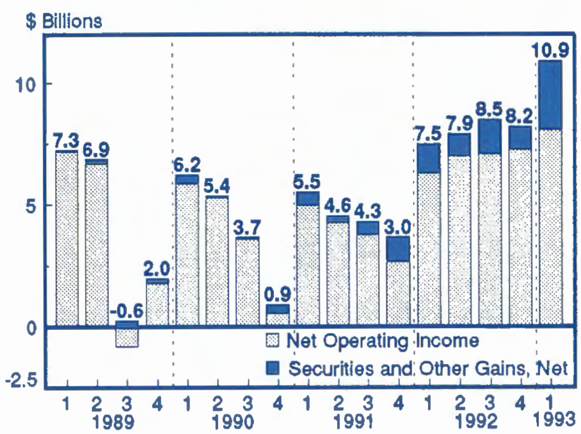
First Quarter, 1993

COMMERCIAL BANKING PERFORMANCE - FIRST QUARTER, 1993

- ***Net Income of $10.9 Billion Shatters Previous Quarterly Record***
- ***Asset Quality Improvement, Accounting Change Boost Earnings***
- ***Loan Shrinkage Continues as Securities Holdings Increase***
- ***Industry Net Worth Registers Strongest Quarterly Growth Ever***

Propelled by further improvement in asset quality, one-time gains from Generally Accepted Accounting Principles (GAAP) rule changes, and continued wide net interest margins, commercial banks reported their highest quarterly earnings ever. First-quarter net income totaled $10.9 billion, easily surpassing the previous record of $8.5 billion, set in the third quarter of 1992. Industry earnings rose $3.3 billion from a year ago, and were $2.7 billion more than banks earned in the fourth quarter of 1992. The main sources of the improvement were lower provisions set aside for future loan losses and accounting changes that permitted recognition of additional deferred tax assets. Net interest income was also higher than a year ago, but was down slightly from the fourth quarter of 1992.

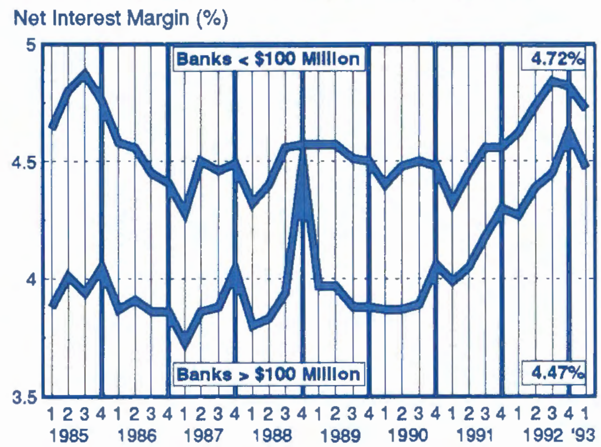
Chart A -Quarterly Net Income of FDIC-Insured Commercial Banks, 1989-1993



The average return on assets of commercial banks rose to 1.24 percent, the first time since banks began reporting quarterly earnings in 1983 that their average ROA has exceeded one percent. The average return on equity, at 16.23 percent, also represents a quarterly record and marks the first time the industry average has exceeded 15 percent. Improved profitability was widespread; banks in all six regions and all four size groups had ROA averages above one percent.

Extraordinary gains, stemming mainly from accounting changes, totaled $1.8 billion in the first quarter, up from $133 million a year ago and $96 million in the previous quarter. These gains were concentrated in the largest banks; the 52 banks with assets greater than $10 billion accounted for $1.3 billion, or more than three-quarters, of the total. Extraordinary gains represented 30.6 percent of their total net income, compared with 7 percent of net income for banks with less than $10 billion in assets. A larger contribution to higher industry profits came from reduced provisioning for future loan losses. Banks set aside $4.7 billion in loan-loss provisions in the first quarter, a decline of more than one-third from the $7.2 billion set aside in the first quarter of 1992. It was the lowest quarterly loss provision since the $4.4 billion set aside in the second quarter of 1989.

Chart B - Quarterly Net Interest Margins of FDIC-Insured Commercial Banks, 1985-1993



Commercial banks' average net interest margin narrowed in the first quarter, from 4.67 percent in the fourth quarter of 1992 to 4.50 percent, after seven consecutive quarters of improvement. Nevertheless, it remained higher than in any previous quarter except the fourth quarter of 1992. Net interest income of $34.6 billion was $2.1 billion higher than a year earlier, but fell short of the record $35.8 billion earned in the

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fourth quarter of 1992. Noninterest income of $17.7 billion was more than $1.5 billion above the level of the first quarter of 1992. Noninterest expense was $3.3 billion higher than a year ago, reflecting higher losses on other real estate owned and on sales of troubled loans.

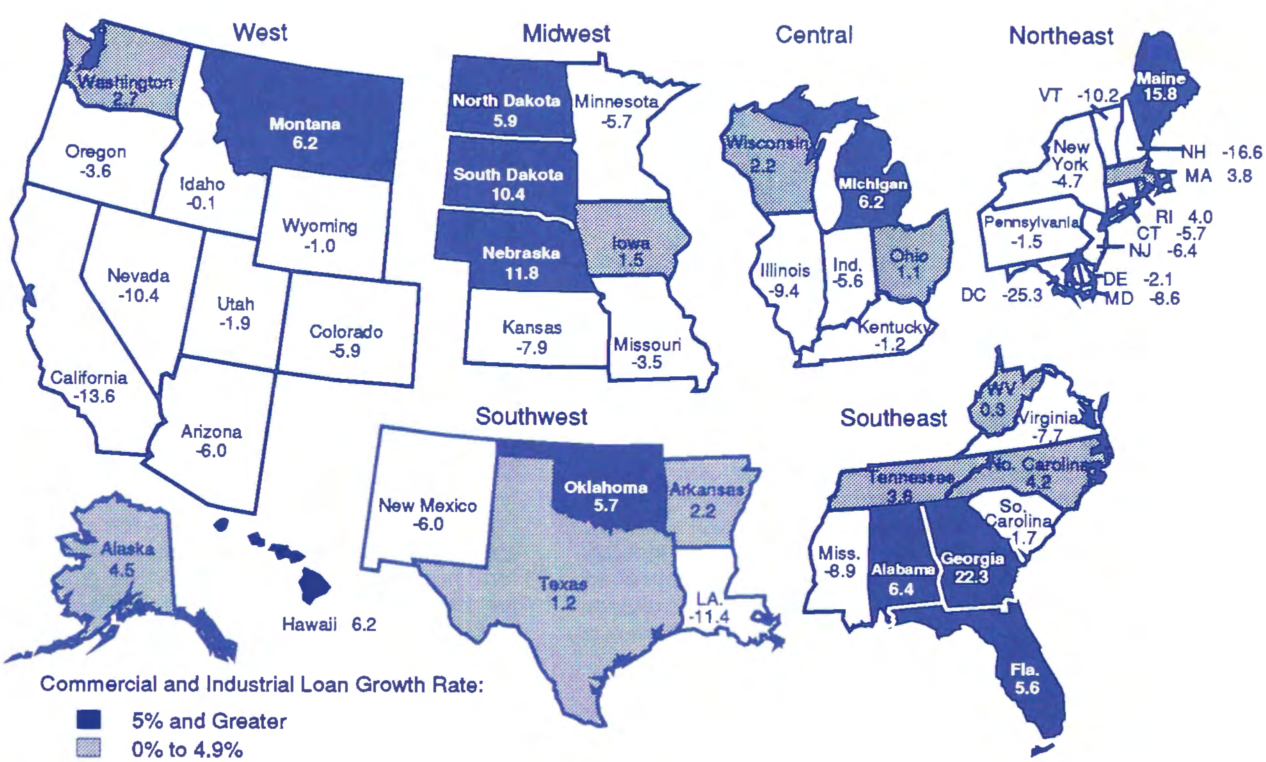
Equity capital increased by $10.1 billion in the first quarter, to 7.79 percent of total assets. This is the largest quarterly increase since 1973, when quarterly balance-sheet data are first available, and the highest equity-to-assets ratio reported by the industry since 1963. Even though dividend payments of $4.3 billion were more than 50 percent above the level of a year ago, retained earnings totaled $6.5 billion. This was $916 million above the previous quarterly record, set in the third quarter of last year.

Troubled assets of commercial banks declined for the fourth consecutive quarter, to $84.3 billion, their lowest level since the second quarter of 1990. Noncurrent loans fell by $3.1 billion, to $59.3 billion, while banks' holdings of foreclosed properties, at $25.1 billion, decreased by $687 million. Troubled assets have declined in six of the last seven quarters, and are almost 22 percent below the peak level of $107.8 billion reached at the end of the second quarter of 1991. Net charge-offs totaled $4.3 billion in the first quarter, the lowest quarterly amount since banks charged-off $3.6 billion in the first quarter of 1989. Reserves for future losses grew by only $135 million, but the decrease in noncurrent loans boosted the industry's coverage ratio to 92.2 cents in reserves for every dollar of noncurrent loans, the highest level since banks began reporting noncurrent loan data in 1982.

Total assets grew by $7.6 billion (0.2 percent) in the first quarter, to $3.51 trillion, an increase of $77.8 billion from the level of a year earlier. Total loans held by commercial banks fell by $9 billion in the quarter (0.4 percent). Loans have now declined in eight of the last nine quarters, falling by $86.4 billion (4.1 percent) during that time. The largest decline in the first quarter was a seasonal $3.5-billion decrease in consumer loans, which still remained above the level of a year ago. Commercial and industrial loans continued a longer-term decline, falling by $2.4 billion -- the twelfth consecutive quarter that they have decreased. Most of the decrease in commercial and industrial loans occurred at banks in the Northeast and West Regions. Real estate loans shrank by $62 million, due to falling levels of construction and development lending. This is only the second time since the first quarter of 1978 that real estate loans have fallen. Increased holdings of investment securities remain the main engine of asset growth. Bank holdings of U.S. Treasury securities grew by $9.9 billion, while mortgage-backed securities increased by $16.8 billion.

A total of 11,328 commercial banks filed financial reports at the end of March, a net decrease of 134 institutions from the number reporting at year-end 1992, and 477 fewer than a year earlier. Only seven commercial banks failed in the first quarter, the lowest total since the fourth quarter of 1983. Eleven new bank charters were issued, four to successors of failed institutions. There were 118 unassisted mergers during the quarter. The number of commercial banks on the FDIC's "Problem List" continued to shrink in the first quarter, falling to 671 institutions at the end of March, a net decrease of 116 banks in the first quarter. Assets of "Problem" banks also fell, to $377.4 billion from $408.2 billion at the end of last year, but still represent more than 10.7 percent of total commercial bank assets.

Chart C - Commercial and Industrial Loan Growth Rates By State
March 31, 1992 - March 31, 1993



REAL ESTATE LOAN PERFORMANCE AND OTHER REAL ESTATE OWNED, MARCH 31, 1993

		ASSET SIZE				GEOGRAPHIC DISTRIBUTION					
	ALL BANKS	LESS THAN $100MM	$100MM TO $1B	$1B TO $10B	$10B OR MORE	NORTH-EAST REGION	SOUTH-EAST REGION	CENTRAL REGION	MID-WEST REGION	SOUTH-WEST REGION	WEST REGION
PERCENT OF LOANS 30-89 DAYS PAST DUE											
All real estate loans	1.97%	1.76%	1.76%	1.96%	2.21%	2.61%	1.45%	1.60%	1.42%	1.67%	2.13%
Construction and development	3.19	1.63	2.99	3.78	3.13	3.48	1.79	3.33	1.78	1.80	4.38
Commercial real estate	2.36	1.63	1.76	2.36	3.25	3.68	1.35	1.65	2.00	1.56	2.62
Multifamily residential real estate	2.69	1.47	1.63	2.08	4.51	5.01	1.45	1.82	1.45	0.96	2.45
1-4 Family residential	1.67	1.94	1.72	1.49	1.66	2.04	1.59	1.44	1.12	1.79	1.60
Home equity lines of credit	0.86	1.36	1.00	0.77	0.82	1.11	0.65	0.75	0.81	1.15	0.71
Commercial R/E loans not secured by real estate	3.24	2.12	1.78	2.29	3.79	4.75	1.19	1.89	0.92	0.66	3.54
PERCENT OF LOANS NONCURRENT*											
All real estate loans	3.74%	1.48%	1.89%	3.26%	6.27%	6.11%	2.30%	1.83%	1.29%	1.98%	4.65%
Construction and development	12.67	2.18	4.66	11.21	19.99	18.21	6.04	8.02	2.69	3.79	17.09
Commercial real estate	5.18	1.93	2.56	4.21	10.16	9.26	3.63	2.29	2.38	2.71	5.37
Multifamily residential real estate	4.86	1.64	1.95	3.68	9.32	8.65	2.47	2.29	1.66	2.56	6.02
1-4 Family residential	1.42	1.07	1.14	1.31	1.87	2.29	1.03	0.78	0.55	1.09	1.67
Home equity lines of credit	0.71	1.07	0.78	0.62	0.72	1.10	0.46	0.35	0.38	0.74	0.58
Commercial R/E loans not secured by real estate	7.12	3.06	1.94	4.24	8.89	13.07	3.36	2.65	4.72	0.67	4.77
PERCENT OF LOANS CHARGED-OFF *(NET, ANNUALIZED)*											
All real estate loans	0.63%	0.13%	0.19%	0.52%	1.23%	1.27%	0.28%	0.24%	0.26%	0.10%	0.67%
Construction and development	2.62	0.14	0.60	1.72	4.84	5.01	0.94	1.50	0.27	−0.08	2.47
Commercial real estate	0.88	0.18	0.24	0.76	1.92	1.86	0.39	0.32	0.74	0.08	0.85
Multifamily residential real estate	0.73	0.31	0.25	0.60	1.38	1.85	0.57	0.14	0.59	0.17	0.18
1-4 Family residential	0.16	0.11	0.10	0.17	0.23	0.29	0.11	0.05	0.08	0.15	0.19
Home equity lines of credit	0.14	0.11	0.14	0.13	0.15	0.19	0.07	0.05	0.01	0.19	0.18
Commercial R/E loans not secured by real estate	1.76	1.68	1.38	2.51	1.56	3.27	0.33	6.07	0.21	0.74	−0.43
TOTAL LOANS OUTSTANDING *($ BILLIONS)*											
All real estate loans	$868.2	$99.3	$218.6	$255.3	$295.0	$259.6	$172.9	$150.1	$57.2	$56.3	$172.2
Construction and development	74.1	5.8	15.0	24.0	29.4	23.5	14.4	10.8	3.0	4.0	18.4
Commercial real estate	259.3	27.1	73.1	86.3	72.9	73.2	54.7	46.6	14.8	19.1	50.9
Multifamily residential real estate	27.6	2.3	7.4	9.0	8.9	7.6	5.0	5.3	1.9	1.7	6.0
1-4 Family residential	390.7	51.0	102.6	107.1	129.9	106.9	83.3	70.1	29.0	28.3	73.0
Home equity lines of credit	73.7	2.9	14.1	26.5	30.2	27.2	12.1	11.9	2.4	0.9	19.3
Commercial R/E loans not secured by real estate	18.7	0.4	1.6	4.2	12.5	6.7	2.9	2.0	0.5	0.8	5.9
OTHER REAL ESTATE OWNED *($ BILLIONS)*											
All other real estate owned	$25.1	$1.8	$4.3	$6.3	$12.7	$12.1	$3.1	$1.9	$0.9	$1.7	$5.3
Construction and development	6.0	0.3	1.0	2.3	2.5	2.5	1.0	0.4	0.2	0.3	1.7
Commercial real estate	12.8	0.8	2.0	2.9	7.0	6.1	1.6	1.2	0.5	0.9	2.5
Multifamily residential real estate	1.7	0.1	0.2	0.4	1.0	1.1	0.1	0.1	0.1	0.1	0.3
1-4 Family residential	3.1	0.5	0.9	0.6	1.0	1.2	0.5	0.2	0.1	0.3	0.8
Home equity lines of credit	0.4	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.1
Other real estate owned in foreign offices	1.2	0.0	0.0	0.0	1.2	1.2	0.0	0.0	0.0	0.0	0.0

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

Table I. Selected Indicators, FDIC-Insured Commercial Banks

	1993*	1992*	1992	1991	1990	1989	1988
Return on assets	1.24%	0.88%	0.96%	0.54%	0.48%	0.49%	0.82%
Return on equity	16.23	12.82	13.29	8.05	7.55	7.78	13.30
Equity capital to assets	7.79	6.96	7.52	6.75	6.45	6.21	6.28
Noncurrent loans and leases plus other real estate owned to assets	2.40	3.00	2.51	2.99	2.90	2.30	2.14
Net charge-offs to loans	0.86	1.24	1.29	1.61	1.44	1.14	1.00
Asset growth rate	2.26	2.53	2.20	1.21	2.72	5.37	4.36
Net operating income growth	27.20	35.95	92.96	−0.60	2.56	−38.53	1554.74
Percentage of unprofitable banks	4.97	7.04	6.68	11.58	13.46	12.50	14.65
Number of institutions	11,328	11,805	11,462	11,921	12,341	12,707	13,139
Number of problem banks	671	981	787	1,016	1,012	1,092	1,394
Assets of problem banks *(billions)*	$377.4	$535.4	$408.2	$528.0	$341.6	$187.9	$304.8
Number of failed/assisted banks	7	29	100	108	159	206	221

* Through March 31; ratios annualized where appropriate. Asset growth rates are for 12 months ending March 31.

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

(dollar figures in millions)

	Preliminary 1st Qtr 1993	4th Qtr 1992	1st Qtr 1992	%Change 92:1-93:1
Number of banks reporting	11,328	11,462	11,805	−4.0
Total employees (full-time equivalent)	1,467,641	1,477,883	1,478,534	−0.7
CONDITION DATA				
Total assets	$3,513,538	$3,505,932	$3,435,737	2.3
Real estate loans	868,162	868,224	854,954	1.5
Commercial & industrial loans	533,914	536,343	551,309	−3.2
Loans to individuals	381,882	385,355	378,161	1.0
Farm loans	33,178	35,006	33,357	−0.5
Other loans and leases	205,812	207,050	218,736	−5.9
Total loans and leases	2,022,949	2,031,978	2,036,517	−0.7
LESS: Reserve for losses	54,607	54,472	55,824	−2.2
Net loans and leases	1,968,342	1,977,506	1,980,693	−0.6
Temporary investments	555,777	540,933	518,774	7.1
Securities over 1 year	580,284	569,367	536,382	8.2
All other assets	409,135	418,125	399,889	2.3
Total liabilities and capital	3,513,538	3,505,932	3,435,737	2.3
Noninterest-bearing deposits	490,814	541,005	470,625	4.3
Interest-bearing deposits	2,164,670	2,157,950	2,205,640	−1.9
Other borrowed funds	430,382	406,568	386,921	11.2
Subordinated debt	34,446	33,731	25,043	37.6
All other liabilities	119,569	103,154	108,344	10.4
Equity capital	273,657	263,524	239,164	14.4
Goodwill	7,200	6,872	4,527	59.0
Loans and leases 30-89 days past due	34,210	34,579	40,116	−14.7
Noncurrent loans and leases	59,257	62,319	75,341	−21.3
Restructured loans and leases	11,579	11,909	9,509	21.8
Other real estate owned	25,069	25,756	27,626	−9.3
Loan commitments and letters of credit	1,474,058	1,449,283	1,388,172	6.2
Domestic office assets	3,092,539	3,109,537	3,038,693	1.8
Foreign office assets	420,999	396,395	397,045	6.0
Domestic office deposits	2,351,069	2,412,155	2,366,740	−0.7
Foreign office deposits	304,416	286,800	309,526	−1.6
Earning assets	3,104,403	3,087,806	3,035,849	2.3
Volatile liabilities	955,259	918,059	979,169	−2.4

INCOME DATA	Full Year 1992	Full Year 1991	%Change	Preliminary 1st Qtr 1993	1st Qtr 1992	%Change 92:1-93:1
Total interest income	$255,297	$289,233	−11.7	$61,204	$66,732	−8.3
Total interest expense	121,835	167,304	−27.2	26,570	34,231	−22.4
Net interest income	133,462	121,929	9.5	34,634	32,502	6.6
Provision for loan losses	25,959	34,313	−24.3	4,729	7,215	−34.5
Total noninterest income	65,628	59,723	9.9	17,661	16,072	9.9
Total noninterest expense	130,949	124,789	4.9	35,025	31,756	10.3
Securities gains (losses)	4,014	2,972	35.1	990	1,112	−11.0
Applicable income taxes	14,514	8,266	75.6	4,482	3,326	34.8
Extraordinary gains, net	409	686	−40.5	1,811	133	1264.5
Net income	32,090	17,942	78.9	10,860	7,522	44.4
Net charge-offs	25,570	32,862	−22.2	4,350	6,350	−31.5
Cash dividends on capital stock	14,147	14,298	−1.1	4,330	2,826	53.2
Net operating income	28,731	14,889	93.0	8,353	6,567	27.2

Table III. First Quarter 1993 Commercial Bank Data *(Dollar figures in billions, ratios in %)*

		ASSET SIZE DISTRIBUTION				GEOGRAPHIC DISTRIBUTION					
						EAST			WEST		
FIRST QUARTER *Preliminary* *(The way it is . . .)*	ALL BANKS	Less than $100 Million	$100 Million to $1 Billion	$1-10 Billion	Greater than $10 Billion	Northeast Region	Southeast Region	Central Region	Midwest Region	Southwest Region	West Region
Number of banks reporting	11,328	8,215	2,739	322	52	911	1,877	2,496	2,762	2,007	1,275
Total assets	$3,513.5	$344.9	$669.1	$1,004.5	$1,495.0	$1,329.6	$556.4	$574.2	$234.9	$283.0	$535.6
Total deposits	2,655.5	304.6	573.7	756.2	1,020.9	906.4	433.8	448.0	190.8	243.0	433.5
Net income *(in millions)*	10,860	1,101	2,116	3,197	4,447	3,804	1,631	1,853	820	1,319	1,433
Percentage of banks losing money	5.0%	5.3%	3.9%	6.2%	5.8%	8.0%	4.5%	3.5%	2.9%	3.8%	12.6%
Percentage of banks with earnings gains	64.4	61.8	70.7	76.7	75.0	74.8	70.2	63.9	57.6	64.3	64.5
Performance Ratios *(annualized)*											
Yield on earning assets	7.95%	7.85%	7.76%	7.77%	8.19%	8.53%	7.50%	7.61%	7.62%	7.10%	7.97%
Cost of funding earning assets	3.45	3.13	2.99	2.91	4.14	4.39	2.94	3.10	3.09	2.68	2.64
Net interest margin	4.50	4.72	4.78	4.86	4.06	4.14	4.56	4.51	4.53	4.42	5.32
Noninterest income to earning assets	2.29	1.07	1.38	2.55	2.86	2.83	1.68	1.75	2.40	1.72	2.49
Noninterest expense to earning assets	4.55	3.82	3.97	4.70	4.91	4.89	4.07	3.93	4.26	4.25	5.20
Net operating income to assets	0.96	1.11	1.11	1.13	0.73	0.70	1.09	1.16	1.31	1.09	1.00
Return on assets	1.24	1.28	1.26	1.27	1.21	1.16	1.18	1.29	1.38	1.90	1.07
Return on equity	16.23	13.39	15.04	16.13	17.94	16.65	15.36	16.05	15.95	24.16	12.70
Net charge-offs to loans and leases	0.86	0.35	0.43	0.95	1.10	1.35	0.42	0.52	0.57	0.21	0.94
Loan loss provision to net charge-offs	108.72	122.92	153.45	121.69	92.09	95.70	145.70	146.45	138.94	120.91	104.63
Condition Ratios											
Loss allowance to:											
Loans and leases	2.70%	1.83%	1.96%	2.78%	3.15%	3.35%	2.04%	1.96%	2.07%	2.24%	3.07%
Noncurrent loans and leases	92.15	113.25	107.48	115.66	77.45	79.22	112.53	115.44	145.27	136.03	88.69
Noncurrent loans and leases plus other real estate to assets	2.40	1.37	1.69	2.08	3.17	3.27	1.62	1.35	1.19	1.34	3.25
Equity capital ratio	7.79	9.66	8.55	8.05	6.84	7.03	7.81	8.18	8.85	8.13	8.58
Core capital (leverage) ratio	7.50	9.59	8.42	7.74	6.44	6.91	7.70	7.95	8.68	7.82	7.60
Net loans and leases to deposits	74.12	57.43	65.47	78.13	81.00	79.20	73.68	75.22	67.50	51.48	78.43
Growth Rates *(year-to-year)*											
Assets	2.3%	3.6%	5.3%	6.1%	16.5%	3.3%	5.3%	2.6%	−0.2%	3.7%	−3.0%
Equity capital	14.4	8.4	12.4	16.8	37.7	15.6	13.3	10.5	7.6	19.8	18.3
Net interest income	6.6	6.9	9.3	10.9	22.6	9.0	9.3	5.9	5.6	7.1	0.7
Net income	44.4	23.3	24.9	29.3	75.7	55.6	29.9	23.9	9.5	78.1	71.2
Noncurrent loans and leases plus other real estate owned	−18.1	−15.4	−8.3	−19.0	−0.3	−17.3	−20.9	−17.0	−23.6	−38.6	−11.8
Net charge-offs	−31.5	−16.3	−21.5	−28.6	−18.7	−26.0	−48.6	−30.3	−21.3	−72.7	−32.2
Loan loss provision	−34.5	−25.4	−13.7	−21.0	−31.2	−31.8	−37.9	−13.5	−15.9	−68.9	−46.5
PRIOR FIRST QUARTERS *(The way it was. . .)*											
Return on assets 1992	0.88%	1.08%	1.02%	1.02%	0.65%	0.76%	0.96%	1.07%	1.29%	1.09%	0.60%
1990	0.76	0.80	0.88	0.68	0.74	0.50	0.75	0.87	1.18	0.44	1.28
1988	0.66	0.75	0.69	0.74	0.55	0.94	1.01	1.12	1.05	−2.43	0.82
Equity capital ratio 1992	6.96	9.23	7.94	7.24	5.69	6.29	7.26	7.59	8.21	7.04	7.04
1990	6.38	8.99	7.63	6.50	4.94	5.57	7.10	7.02	7.86	6.36	6.49
1988	6.07	8.71	7.30	6.19	4.42	5.53	6.95	6.75	7.43	5.40	5.75
Noncurrent loans and leases plus other real estate owned to assets 1992	3.00	1.65	2.08	2.78	3.95	4.09	2.16	1.67	1.56	2.27	3.57
1990	2.37	1.81	1.90	1.95	3.10	3.10	1.43	1.29	1.47	3.22	2.48
1988	2.48	2.16	1.92	1.81	3.43	2.39	1.06	1.26	1.87	6.29	3.26
Net charge-offs to loans and leases 1992	1.25	0.41	0.62	1.51	1.52	1.77	0.84	0.76	0.75	0.77	1.28
1990	1.29	0.47	0.58	1.39	1.74	1.92	0.70	1.08	0.89	1.17	0.70
1988	0.88	0.65	0.61	0.96	1.02	0.69	0.69	0.78	1.38	2.16	0.79

Regions: Northeast – Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont

Southeast – Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia

Central – Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin

Midwest – Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota

Southwest – Arkansas, Louisiana, New Mexico, Oklahoma, Texas

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

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

		ASSET SIZE DISTRIBUTION				GEOGRAPHIC DISTRIBUTION					
						EAST			WEST		
	ALL BANKS	Less than $100 Million	$100 Million to $1 Billion	$1-10 Billion	Greater than $10 Billion	Northeast Region	Southeast Region	Central Region	Midwest Region	Southwest Region	West Region
Number of banks reporting	11,462	8,291	2,791	329	51	922	1,892	2,521	2,791	2,047	1,289
Total assets	$3,505.9	$345.9	$680.3	$1,034.1	$1,445.7	$1,307.7	$550.4	$581.5	$242.0	$282.6	$541.7
Total deposits	2,699.0	306.4	587.3	787.8	1,017.4	924.0	434.6	459.6	197.6	242.1	441.0
Net income *(in millions)*	32,090	3,523	6,708	10,348	11,510	10,550	5,258	5,810	3,057	3,071	4,343
Percentage of banks losing money	6.7%	6.7%	6.3%	10.9%	7.8%	15.8%	8.4%	3.6%	2.0%	5.2%	16.1%
Percentage of banks with earnings gains	79.5	78.7	81.6	79.6	88.2	79.4	84.8	79.3	77.6	82.5	71.5%
Performance Ratios											
Yield on earning assets	8.63%	8.57%	8.44%	8.35%	8.97%	9.09%	8.32%	8.49%	8.23%	7.63%	8.70%
Cost of funding earning assets	4.12	3.82	3.66	3.54	4.87	5.01	3.66	3.87	3.74	3.27	3.31
Net interest margin	4.51	4.75	4.78	4.80	4.10	4.09	4.66	4.63	4.49	4.37	5.38
Noninterest income to earning assets	2.22	1.05	1.35	2.51	2.75	2.74	1.70	1.67	2.31	1.68	2.32
Noninterest expense to earning assets	4.43	3.90	4.00	4.68	4.60	4.51	4.24	3.99	4.23	4.19	5.12
Net operating income to assets	0.86	0.96	0.95	0.95	0.72	0.68	0.94	1.01	1.22	1.02	0.79
Return on assets	0.96	1.05	1.02	1.04	0.84	0.83	1.01	1.06	1.32	1.15	0.84
Return on equity	13.29	11.22	12.63	14.03	13.84	12.84	13.41	13.77	15.68	16.04	11.07
Net charge-offs to loans and leases	1.29	0.55	0.75	1.40	1.63	1.80	0.84	1.00	0.79	0.67	1.29
Loan loss provision to net charge-offs	101.52	118.35	124.61	108.34	91.00	97.08	106.25	109.40	115.69	88.64	105.36
Condition Ratios											
Loss allowance to:											
Loans and leases	2.68%	1.79%	1.90%	2.77%	3.16%	3.37%	1.99%	1.89%	2.04%	2.29%	2.99%
Noncurrent loans and leases	87.41	113.74	103.81	108.06	73.30	75.23	113.19	112.43	142.97	126.79	81.17
Noncurrent loans and leases plus other real estate to assets	2.51	1.35	1.70	2.15	3.43	3.49	1.61	1.35	1.18	1.49	3.45
Equity capital ratio	7.52	9.39	8.21	7.69	6.62	6.93	7.60	7.86	8.43	7.31	8.18
Core capital (leverage) ratio	7.21	9.34	8.10	7.38	6.17	6.69	7.48	7.63	8.36	7.25	7.22
Net loans and leases to deposits	73.27	57.20	64.73	76.10	80.85	78.10	72.57	73.61	66.34	52.16	78.18
Growth Rates *(year-to-year)*											
Assets	2.2%	5.3%	6.6%	6.9%	14.3%	1.7%	7.0%	2.3%	3.9%	4.6%	−3.1%
Equity capital	13.7	8.5	11.4	17.6	35.1	16.4	12.3	10.0	7.9	11.3	17.9
Net interest income	9.5	12.8	13.9	14.6	24.2	11.1	13.7	10.8	5.5	12.8	2.3
Net income	78.9	44.7	33.0	91.2	104.8	205.8	67.2	21.2	27.1	77.0	80.1
Noncurrent loans and leases plus other real estate owned	−14.1	−12.7	−4.2	−16.9	3.4	−14.1	−22.0	−15.5	−19.9	−34.6	−0.7
Net charge-offs	−22.2	−15.0	−11.0	−12.8	−12.4	−26.0	−31.5	10.5	−25.7	−47.3	−12.0
Loan loss provision	−24.3	−16.6	−8.4	−20.9	−7.2	−19.3	−38.5	1.4	−20.3	−45.2	−36.0
PRIOR FULL YEARS *(The way it was . . .)*											
Return on assets 1991	0.54%	0.76%	0.75%	0.56%	0.36%	0.28%	0.63%	0.87%	1.07%	0.65%	0.44%
1989	0.49	0.77	0.89	0.63	0.10	−0.02	0.88	0.99	1.00	−0.09	0.99
1987	0.10	0.51	0.68	0.47	−0.64	−0.13	0.92	0.43	0.66	−0.89	−0.03
Equity capital ratio 1991	6.75	9.09	7.78	6.95	5.48	6.06	7.24	7.31	8.12	6.87	6.72
1989	6.21	8.92	7.46	6.12	4.86	5.55	6.93	6.86	7.62	5.55	6.26
1987	6.02	5.84	7.22	7.52	4.43	5.44	6.81	6.52	7.44	5.83	5.76
Noncurrent loans and leases plus other real estate to assets 1991	2.99	1.62	2.07	2.81	3.95	4.13	2.21	1.63	1.53	2.38	3.36
1989	2.30	1.76	1.73	1.86	3.12	2.83	1.23	1.18	1.41	4.41	2.42
1987	2.46	2.10	1.81	1.81	3.47	2.44	1.04	1.27	1.87	5.78	3.28
Net charge-offs to loans and leases 1991	1.61	0.68	0.97	1.71	2.03	2.38	1.23	0.89	1.07	1.26	1.32
1989	1.14	0.75	0.74	1.05	1.51	1.29	0.59	0.91	1.19	1.91	1.18
1987	0.92	1.14	0.87	0.91	0.88	0.67	0.68	0.68	1.59	2.04	1.07

SAVINGS BANK PERFORMANCE - FIRST QUARTER, 1993

- *BIF-Insured Savings Banks Earn $517 Million*
- *Strong Earnings Improvements are Attributable to Lower Overhead Expense, Reduced Loss Provisions and Nonrecurring Gains*
- *Holding Company Consolidations and Unassisted Acquisitions Shrink the Industry's Assets*
- *Capital Levels Increase at the Remaining Savings Banks*
- *No Savings Banks Fail During the Quarter For the First Time in 12 Quarters*

The 410 savings banks insured by the FDIC Bank Insurance Fund (BIF)[1] turned in their fifth consecutive profitable quarter following three unprofitable years. Annualized return on assets averaged 1.01 percent, the highest profitability achieved by these institutions since they began reporting quarterly earnings in 1983. Earnings improvements were widespread, with eight of every ten institutions reporting higher earnings than in the first quarter of last year. Nearly 96 percent of firms in the industry made money during the quarter, up from 87 percent the previous quarter.

First quarter 1993 net income of $517 million was 34 percent higher than the $385 million earned the previous quarter. Improved profitability resulted from lower noninterest expenses, which were $181 million below the amount reported in the fourth quarter of 1992. The decline in noninterest expense is attributable to a variety of factors, including reduced write-offs of real estate owned and a drop in intangible assets and their associated amortization expenses.

Higher nonrecurring extraordinary gains contributed $55 million of the increase in earnings. A number of institutions benefited from Generally Accepted Accounting Principles (GAAP) accounting rule changes that permitted recognition of additional deferred tax assets. First quarter extraordinary gains amounted to $102 million and the industry's annualized return on assets excluding these gains was 0.81 percent.

Lower loan-loss provisions, which amounted to $262 million in the first quarter, contributed $45 million to the bottom-line improvement. Troubled assets – past due and nonaccrual loans plus other real estate owned – declined slightly (by $174 million) at the remaining institutions and net charge-offs during the quarter of $264 million offset loan-loss provisions of $262 million. As a result, overall reserve coverage of troubled loans was unchanged compared with the previous quarter. Reserve coverage remains stronger at savings banks headquartered in New England than elsewhere in the Northeast. New England institutions hold 63 cents in reserve against each dollar of troubled loans whereas institutions elsewhere in the Northeast hold 32 cents for each dollar of troubled assets.

Record profit levels were realized despite lower net interest earnings and lower gains on securities sales compared with the previous quarter. Reductions in interest paid to depositors and other creditors did not match larger declines in interest earned on loans and other investments, reflecting a narrower spread between short-term and longer-term interest rates

The industry continues to downsize through unassisted mergers and acquisitions. At the end of the first quarter, BIF-insured savings banks held $202.7 billion in assets, $12.1 billion less than at the end of the previous quarter. Four BIF-insured institutions with $8.7 billion in assets were absorbed by BIF-insured commercial banks or thrifts insured by the FDIC Savings Association Insurance Fund (SAIF).[2] Total assets at the remaining savings banks shrank by $3.4 billion. Loans at these institutions fell almost $2.0 billion during the quarter, including a reduction of $1.0 billion in mortgage loans secured by 1-4 family residential properties.[3]

Shrinking assets, retained earnings and new capital issues all contributed to the significant improvement in the industry's capital ratio. The aggregate industry equity capital ratio reached 8.27 percent of total assets, up from 7.97 percent the previous quarter. This is the highest industry ratio since 1963, when equity capital, which includes reserves held by mutual organizations, stood at 8.30 percent of assets.

No BIF-insured institutions failed during the first quarter – this is the first time since the final quarter of 1989 that no BIF-insured savings banks failed in a quarter. Both the number and assets of savings banks on the FDIC's "Problem List" declined for the third quarter in a row. Assets of "Problem" savings banks declined from $56.3 billion at the end of 1992 to $50.2 billion as of March 31, 1993. This is the lowest amount of savings bank assets on the "Problem List" since year-end 1989, when assets held by "Problem" savings banks amounted to $47.6 billion.

The wide spread between short-term and longer-term interest rates and improving asset quality likely will continue to underwrite industry profitability for the remainder of 1993. Additional exits of savings banks through acquisitions – either assisted or unassisted – are likely to result in further industry shrinkage during the year.

[1] BIF-insured savings banks account for less than ten percent of all deposits insured by the FDIC Bank Insurance Fund. This analysis does not include SAIF member savings banks regulated by the FDIC or by the Office of Thrift Supervision.

[2] Includes the holding company consolidation of two New York City institutions – Home Savings of America, The Bowery Division, FSB and Home Savings of America, FSB-NY into Home Savings of America, FSB, Irwindale, CA. The combined institution is not included in this analysis.

[3] Industry downsizing was caused in part by a transfer of approximately $2.1 billion in assets and liabilities from OnBank, Syracuse, New York, to OnBank & Trust Company, Syracuse, New York, a commercial bank owned by the same bank holding company. This transfer reduced total loans in the industry by approximately $500 million.

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

	*1993**	*1992**	*1992*	*1991*	*1990*	*1989*	*1988*
Return on assets	1.01%	0.32%	0.65%	−0.56%	−0.98%	−0.27%	0.44%
Equity capital to assets	8.27	7.09	7.95	6.67	6.62	7.06	7.44
Noncurrent loans and leases plus other real estate owned to assets**	4.35	5.59	4.37	6.02	5.13	2.64	1.51
Noncurrent RE loans to total RE loans**	3.29	5.28	3.95	5.64	5.32	3.14	1.67
Asset growth rate	−14.28	−8.25	−9.49	−8.35	−7.46	−1.52	8.52
Deposit growth rate	−13.93	−5.82	−9.14	−5.68	−4.98	1.36	7.90
Number of institutions	410	435	414	441	469	489	492
Number of problem savings banks	72	70	76	74	34	17	12
Assets of problem savings banks *(billions)*	$50.2	$72.0	$56.3	$81.8	$67.2	$47.6	$47.4
Number of failed savings banks	0	6	22	19	10	1	0

* Through March 31; rates annualized where appropriate. Asset and deposit growth rates are for 12 months ending March 31.
** Excludes Federally-chartered Savings Banks before 1990.

Table II. Aggregate Condition and Income Data, BIF-Insured Savings Banks
(dollar figures in millions)

	Preliminary 1st Qtr 1993	4th Qtr 1992	1st Qtr 1992	% Change 92:1-93:1
Number of savings banks reporting	410	414	435	−5.7
Total employees (full-time equivalent)	61,084	63,467	67,798	−9.9
CONDITION DATA				
Total assets	$202,680	$214,761	$236,454	−14.3
Mortgage loans	115,064	123,615	139,362	−17.4
1-4 family residential	82,178	88,200	95,522	−14.0
Construction and land development	2,769	3,062	4,493	−38.4
Commercial and multi-family	30,117	32,353	39,347	−23.5
All other loans and leases	12,791	12,931	15,489	−17.4
LESS: Reserves for losses	2,292	2,389	3,135	−26.9
LESS: Other contra accounts	360	384	549	−34.4
Net loans and leases	125,203	133,772	151,168	−17.2
Mortgage-backed securities	17,634	17,772	20,608	−14.4
Other real estate owned	3,755	4,054	4,933	−23.9
Goodwill	352	536	935	−62.4
All other assets	55,737	58,626	58,810	−5.2
Total liabilities and capital	202,680	214,761	236,454	−14.3
Interest-bearing deposits	165,596	174,633	193,110	−14.2
Noninterest-bearing deposits	6,594	7,677	6,956	−5.2
Other borrowed funds	11,888	13,376	16,648	−28.6
Subordinated debt	77	192	317	−75.9
Other liabilities	1,767	1,803	2,651	−33.3
Equity capital	16,759	17,080	16,772	−0.1
Loans and leases 30-89 days past-due	3,156	3,364	4,896	−35.5
Noncurrent loans and leases	5,029	5,320	8,290	−39.3
Other noncurrent assets	20	13	26	−24.1
Direct and indirect investments in real estate	459	474	797	−42.4

INCOME DATA	Full Year 1992	Full Year 1991	% Change	Preliminary 1st Qtr 1993	1st Qtr 1992	% Change
Total interest income	$16,408	$20,206	−18.8	$3,626	$4,616	−21.4
Total interest expense	8,927	13,890	−35.7	1,746	2,784	−37.3
Net interest income	7,481	6,316	18.5	1,880	1,832	2.6
Provisions for losses	1,230	2,637	−53.4	262	376	−30.3
Total noninterest income	1,306	1,238	5.5	361	318	13.6
Total noninterest expense	5,670	6,185	−8.3	1,392	1,496	−7.0
Securities gains (losses)	357	297	20.2	77	114	−32.2
Applicable income taxes	918	443	107.4	250	222	12.9
Extraordinary gains, net	63	97	−34.6	102	16	553.9
Net income	1,390	(1,317)	N/M	517	186	178.1
Net charge-offs	1,444	1,770	−30.4	264	418	−36.8

N/M – Not meaningful

Table III. First Quarter 1993 Savings Bank Data *(Dollar figures in billions, ratios in %)*

FIRST QUARTER *Preliminary*	All BIF-Insured Savings Banks	ASSET SIZE DISTRIBUTION: Less than $100 Million	$100 Million to $1 Billion	Greater than $1 Billion	GEOGRAPHIC DISTRIBUTION: New England	Other Northeast	Rest of U.S.
Number of savings banks reporting	410	121	242	47	308	88	14
Total assets	$202.7	$6.6	$76.3	$119.8	$98.7	$91.9	$12.0
Total deposits	172.2	5.9	66.0	100.3	85.0	79.4	7.8
Net income *(in millions)*	517	16	193	308	254	196	67
Percentage of savings banks losing money	4.2%	5.0%	3.7%	4.3%	3.9%	5.7%	0.0%
Percentage of savings banks with earnings gains	80.0	80.2	81.8	70.2	82.1	76.1	57.1
Performance Ratios							
Yield on earning assets	7.68%	7.96%	7.55%	7.75%	7.66%	7.55%	9.07%
Cost of funding earning assets	3.70	3.58	3.61	3.77	3.64	3.68	4.42
Net interest margin	3.99	4.38	3.95	3.99	4.02	3.87	4.65
Noninterest income to earning assets	0.77	0.44	0.57	0.91	0.73	0.70	1.62
Noninterest expense to earning assets	2.95	3.14	2.91	2.96	3.23	2.63	3.15
Return on assets	1.01	0.94	1.00	1.03	1.03	0.84	2.30
Return on equity	12.51	11.08	11.94	12.99	13.17	10.68	18.32
Net charge-offs to loans and leases	0.83	0.30	0.41	1.13	0.68	1.07	0.24
Loan loss provision to net charge-offs	99.28	162.18	137.28	89.44	87.80	102.07	297.08
Condition Ratios							
Loss allowance to:							
Loans and leases	1.80%	1.29%	1.64%	1.94%	1.91%	1.74%	1.34%
Noncurrent loans and leases	45.57	57.41	56.44	40.93	63.11	32.39	98.07
Noncurrent loans and leases plus other real estate owned to assets	4.35	2.66	3.67	4.97	3.86	5.45	1.62
Noncurrent RE loans to total RE loans	3.29	2.21	2.92	3.65	2.97	4.04	1.39
Equity capital ratio	8.27	8.62	8.54	8.08	7.94	8.04	12.71
Core capital (leverage) ratio	8.01	8.65	8.41	7.72	7.73	7.73	12.56
Net loans and leases to deposits	72.71	73.83	71.75	73.28	74.11	69.33	91.91
Growth Rates *(year-to-year)*							
Assets	−14.3%	2.5%	1.8%	−2.0%	−5.1%	−23.9%	3.6%
Equity capital	−0.1	10.3	10.6	13.3	7.1	−11.4	37.4
Net interest income	2.6	18.0	14.5	13.4	8.1	−4.3	16.4
Net income	178.1	159.0	110.2	48.1	401.3	108.5	62.0
Net charge-offs	−36.8	−57.3	−40.6	3.4	−51.4	−19.8	−12.7
Loan loss provision	−30.3	−30.3	−24.6	14.5	−53.6	−3.3	27.5

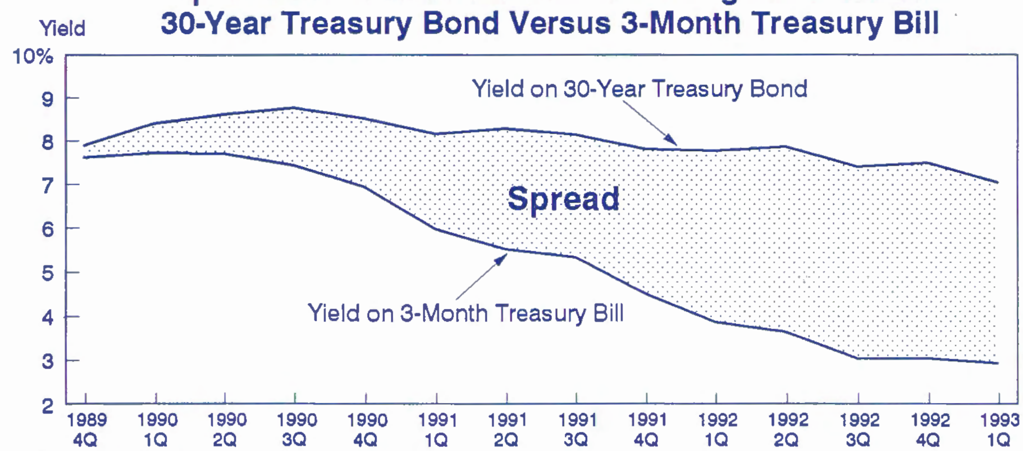
Geographic Distribution: New England – Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
Other Northeast – Delaware, Maryland, New Jersey, New York, Pennsylvania
Rest of U.S. – Alaska, Florida, Indiana, Oregon, Washington

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

FULL YEAR	All BIF-Insured Savings Banks	ASSET SIZE DISTRIBUTION: Less than $100 Million	ASSET SIZE DISTRIBUTION: $100 Million to $1 Billion	ASSET SIZE DISTRIBUTION: Greater than $1 Billion	GEOGRAPHIC DISTRIBUTION: New England	GEOGRAPHIC DISTRIBUTION: Other Northeast	GEOGRAPHIC DISTRIBUTION: Rest of U.S.
Number of savings banks reporting	414	120	242	52	308	92	14
Total assets	$214.8	$6.5	$75.8	$132.4	$99.6	$104.0	$11.2
Total deposits	182.3	5.8	66.0	110.5	86.0	89.6	6.7
Net income *(in millions)*	1,390	34	425	931	423	803	164
Percentage of savings banks losing money	12.3%	13.3%	11.2%	15.4%	14.0%	7.6%	7.1%
Percentage of savings banks with earnings gains	88.6	89.2	88.0	90.4	90.3	83.7	85.7
Performance Ratios *(annualized)*							
Yield on earning assets	8.33%	8.64%	8.33%	8.31%	8.37%	8.21%	9.04%
Cost of funding earning assets	4.53	4.49	4.46	4.57	4.48	4.53	4.98
Net interest margin	3.80	4.15	3.86	3.74	3.89	3.68	4.06
Noninterest income to earning assets	0.66	0.43	0.50	0.77	0.67	0.56	1.65
Noninterest expense to earning assets	2.88	3.19	3.01	2.79	3.32	2.45	3.02
Return on assets	0.65	0.53	0.57	0.70	0.43	0.77	1.52
Return on equity	8.53	6.45	7.02	9.58	5.80	10.18	14.67
Net charge-offs to loans and leases	1.05	0.67	0.72	1.26	1.17	1.01	0.35
Loan loss provision to net charge-offs	85.18	100.91	107.35	77.62	87.24	79.80	163.45
Condition Ratios *(year-to-year)*							
Loss allowance to:							
Loans and leases	1.76%	1.26%	1.55%	1.91%	1.91%	1.68%	1.20%
Noncurrent loans and leases	44.91	51.40	56.34	40.87	60.65	33.45	86.69
Noncurrent loans and leases plus other real estate owned to assets	4.37	2.77	3.33	5.04	3.95	5.03	1.89
Noncurrent RE loans to total RE loans	3.95	2.40	2.75	4.72	3.07	5.09	1.40
Equity capital ratio	7.95	8.39	8.35	7.70	7.63	7.79	12.34
Core capital (leverage) ratio	7.66	8.41	8.24	7.30	7.44	7.41	12.04
Net loans and leases to deposits	73.38	73.68	71.58	74.43	74.20	70.08	107.00
Growth Rates *(year-to-year)*							
Assets	−9.5%	4.3%	5.0%	2.8%	−5.1%	−14.0%	−1.6%
Equity capital	7.9	8.1	9.3	10.3	5.9	6.9	27.1
Net interest income	18.5	25.7	24.1	26.9	20.5	17.3	12.1
Net income	N/M	N/M	N/M	N/M	N/M	N/M	23.9
Net charge-offs	−30.4	−31.9	−30.1	−5.0	−37.7	−16.3	14.4
Loan loss provision	−53.4	−37.6	−37.7	−42.1	−48.4	−60.1	20.9

N/M – Not meaningful

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

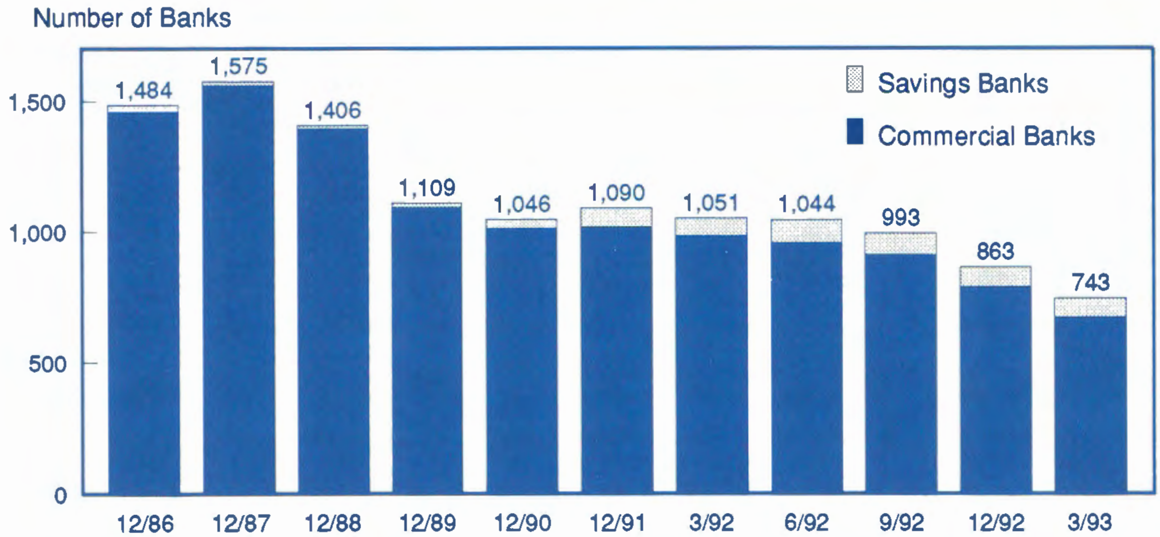


Quarterly Average Yield:

	1989 4Q	1990 4Q	1991 4Q	1992 1Q	1992 2Q	1992 3Q	1992 4Q	1993 1Q
30-Year Treasury Bond	7.93	8.55	7.85	7.80	7.90	7.44	7.53	7.08
3-Month Treasury Bill	*7.65*	*6.99*	*4.54*	*3.91*	*3.68*	*3.08*	*3.07*	*2.96*
Spread	0.28	1.56	3.31	3.89	4.22	4.36	4.46	4.12

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

1986-1993

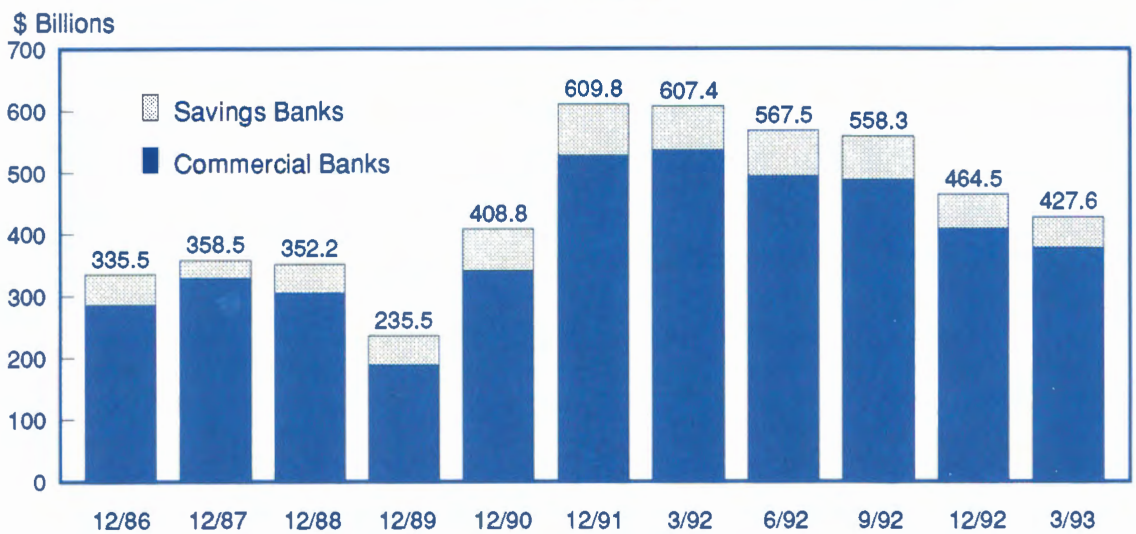


Number of Problem Institutions:

	12/86	12/87	12/88	12/89	12/90	12/91	3/92	6/92	9/92	12/92	3/93
Savings Banks	27	16	12	17	34	74	70	88	84	76	72
Commercial Banks	1,457	1,559	1,394	1,092	1,012	1,016	981	956	909	787	671

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

1986-1993



Assets of Problem Institutions:

	12/86	12/87	12/88	12/89	12/90	12/91	3/92	6/92	9/92	12/92	3/93
Savings Banks	49.7	29.3	47.4	47.6	67.2	81.8	72.0	73.0	70.4	56.3	50.2
Commercial Banks	285.8	329.2	304.8	187.9	341.6	528.0	535.4	494.5	487.9	408.2	377.4

NOTES TO USERS:

COMPUTATION METHODOLOGY FOR PERFORMANCE AND CONDITION RATIOS

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

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

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

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

DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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