

# The FDIC Quarterly Banking Profile

Andrew C. Hove, Jr., Chairman

First Quarter 1997

## COMMERCIAL BANKING PERFORMANCE — FIRST QUARTER 1997

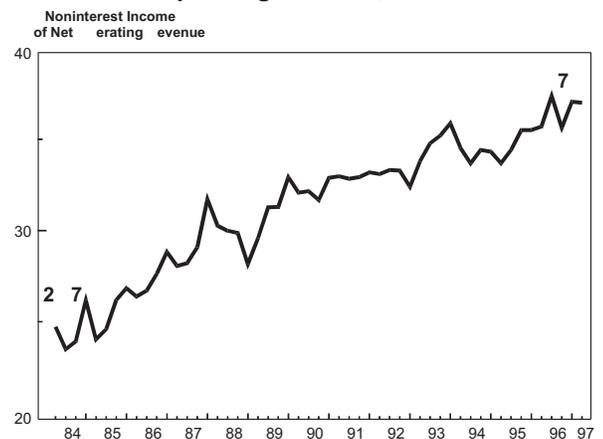
- **Quarterly Earnings Of \$14.5 Billion Eclipse Previous Record**
- **Industry ROA Is Fourth-Highest Ever**
- **Higher Noninterest Revenues, Lower Overhead Expenses Boost Industry's Bottom Line**
- **Average Net Interest Margin Declines To Lowest Level Since 1991**

Insured commercial banks reported net income totaling \$14.5 billion in the first quarter of 1997, surpassing their previous quarterly earnings record by \$651 million. First-quarter earnings represented a \$2.5-billion (20.4 percent) improvement over the first quarter of 1996, and were \$773 million (5.6 percent) higher than in the fourth quarter of 1996. The annualized return on assets (ROA) in the first quarter was 1.26 percent, the fourth-best quarterly average that the industry has reported. More than 96 percent of all banks were profitable, almost two out of every three banks (61.9 percent) reported higher earnings than a year ago, and more than two out of every three banks (68.8 percent) had an annualized ROA of one percent or greater.

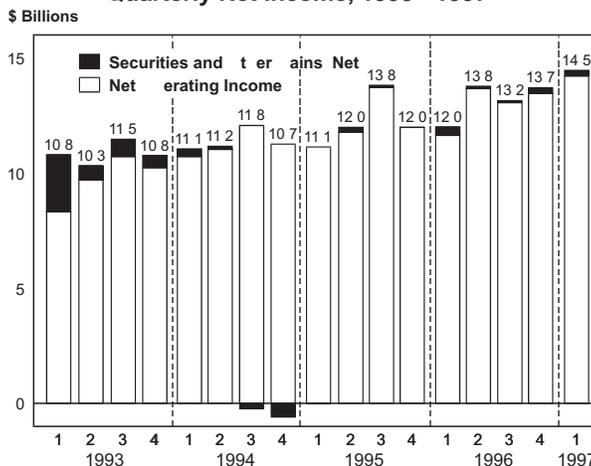
Operating revenue growth and reduced overhead expense helped lift industry earnings. Noninterest income was \$2.6 billion (11.6 percent) higher than a year ago, while net interest income was \$2.2 billion (5.5 percent) higher. In contrast,

noninterest expense declined by \$136 million. These improvements were partially offset by higher loan-loss provisions, which were up by \$673 million, and by lower income from sales of securities and other extraordinary items, which contributed \$147 million less than in the first quarter of 1996.

### Noninterest Income Provides a Growing Proportion of Net Operating Revenue, 1984 - 1997



### Quarterly Net Income, 1993 - 1997



Higher fee income accounted for roughly half of the increase in noninterest income. Total noninterest income now represents more than one-third of commercial banks' net operating revenues (the sum of net interest income and noninterest income). The proportion is considerably higher at large institutions than at smaller ones. In the first quarter, noninterest income provided 37.9 percent of net operating revenue at banks with assets greater than \$100 million, while at banks with less than \$100 million in assets, noninterest income accounted for only 21.8 percent of net operating revenues.

FDIC  
Division of Research  
& Statistics

Don Inscoc  
Associate Director,  
Statistics Branch  
(202) 898-3940

Tim Critchfield  
(202) 898-8557

Jim McFadyen  
(202) 898-7027

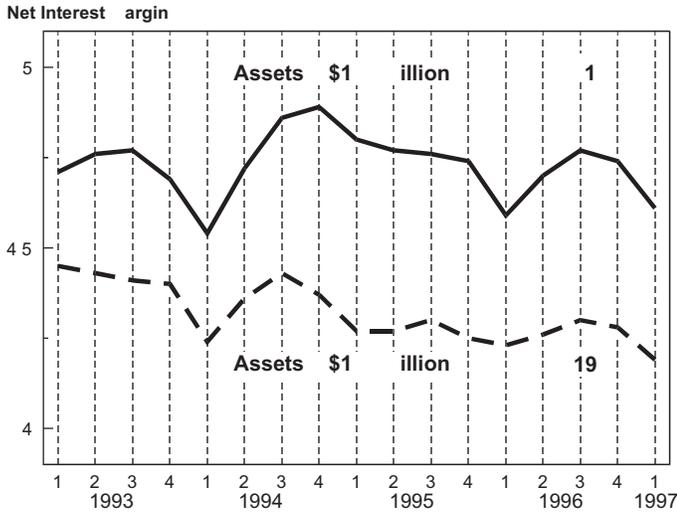
Ross Waldrop  
(202) 898-3951

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The decline in noninterest expense was attributable to an unusually high level of merger-related expenses at several large banks a year ago. The rise in net interest income was due to strong growth in interest-bearing assets, which were 6.9 percent higher than a year earlier. The industry's net interest margin, at 4.22 percent, was 4 basis points lower than a year ago, and 9 basis points lower than in the fourth quarter. It is now at its lowest level since the fourth quarter of 1991. It has declined in five of the last ten quarters, and is 33 basis points below the peak level of 4.55 percent, reached in the fourth quarter of 1992.

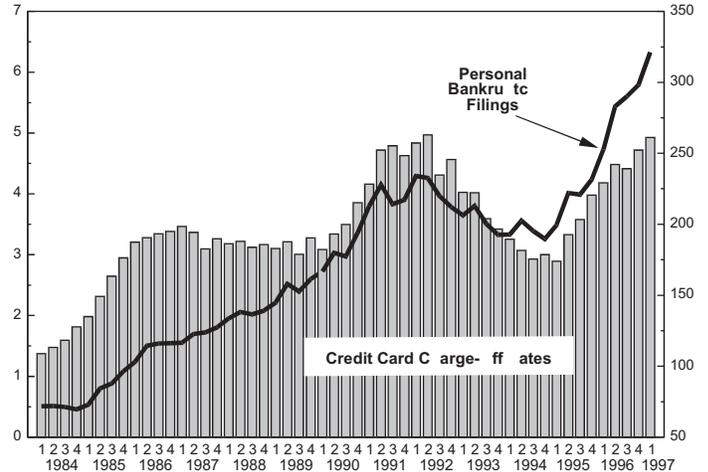
**Quarterly Net Interest Margins, 1993 - 1997**



Banks set aside \$4.3 billion in provisions for loan losses in the first quarter, while net loan charge-offs totaled \$4.0 billion. As has been the case since the first quarter of 1995, credit-card loans comprised most of the charged-off loans. Banks charged-off \$2.8 billion in credit-card loans in the first quarter, accounting for 68.2 percent of all net charge-offs. Net charge-offs on credit-card loans were \$560 million higher than a year ago, while net charge-offs on all other loan categories combined were \$113 million lower. The annualized net charge-off rate on banks' credit-card loans rose to 4.93 percent in the first quarter, the highest quarterly rate since the second quarter of 1992.

Noncurrent loans declined by \$31 million in the first quarter. Reductions in noncurrent consumer loans outweighed increases in noncurrent commercial, agricultural and real estate loans. At the end of March, banks' noncurrent loans were \$1.9 billion (6.2 percent) lower than a year earlier. Delinquent loans – those past-due 30 to 89 days – declined by \$387 million, as reductions in delinquent consumer and real estate loans exceeded increases in delinquent commercial and agricultural loans. Despite the decline in the first quarter, delinquent loans remained \$3.8 billion (11.1 percent) higher than a year earlier.

**Credit Card Loss Rates and Personal Bankruptcy Filings 1984 - 1997**



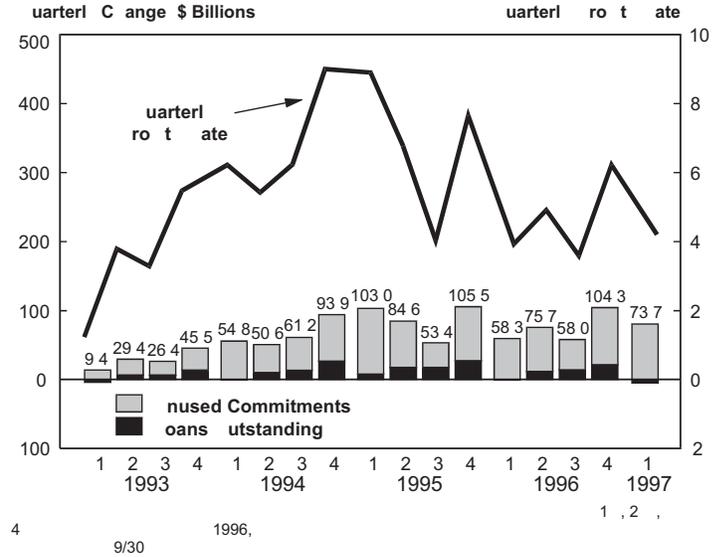
Commercial banks' reserves declined by \$130 million in the first quarter, to \$53.5 billion, as new reporting instructions required banks with off-balance-sheet credit exposures to reallocate the portion of their reserves related to off-balance-sheet exposures into "other liabilities". Despite the decline in reserves, the industry's "coverage ratio" remained at the record level of \$1.84 in reserves for every \$1.00 of noncurrent loans set in the previous quarter, thanks to the decline in noncurrent loans. Equity capital increased by \$14.9 billion in the first quarter, to 8.40 percent of total industry assets. This is the highest level for this ratio since 1941. The increase in equity was achieved despite a \$3.5-billion deduction for lower market values on banks' available-for-sale securities. Goodwill, which is included in equity capital, increased by \$8.0 billion during the quarter. Retained earnings contributed \$6.0 billion, while reporting changes related to bringing bank reports into closer conformity with generally accepted accounting principles (GAAP) added an additional \$4.3 billion to banks' equity capital (see Notes to Users, p. 21).

Other reporting changes contributed to a \$61.7-billion decline in banks' foreign-office loans in the first quarter. Previously, banks had reported federal funds sold through their foreign offices as loans, and had reported federal funds purchased through their foreign offices as other borrowings. Effective with the March report, the reported values for federal funds sold and purchased now include transactions in both domestic and foreign offices. This change was responsible for a \$38.3-billion decline in total loans reported by commercial banks, as well as a \$92.0-billion increase in fed funds sold and a \$73.9-billion increase in fed funds purchased. Loans in domestic offices, which were not affected by the reporting change, registered a \$23.3-billion increase. Commercial and industrial loans increased by \$22.3 billion, while real estate loans increased by \$16.9 billion.

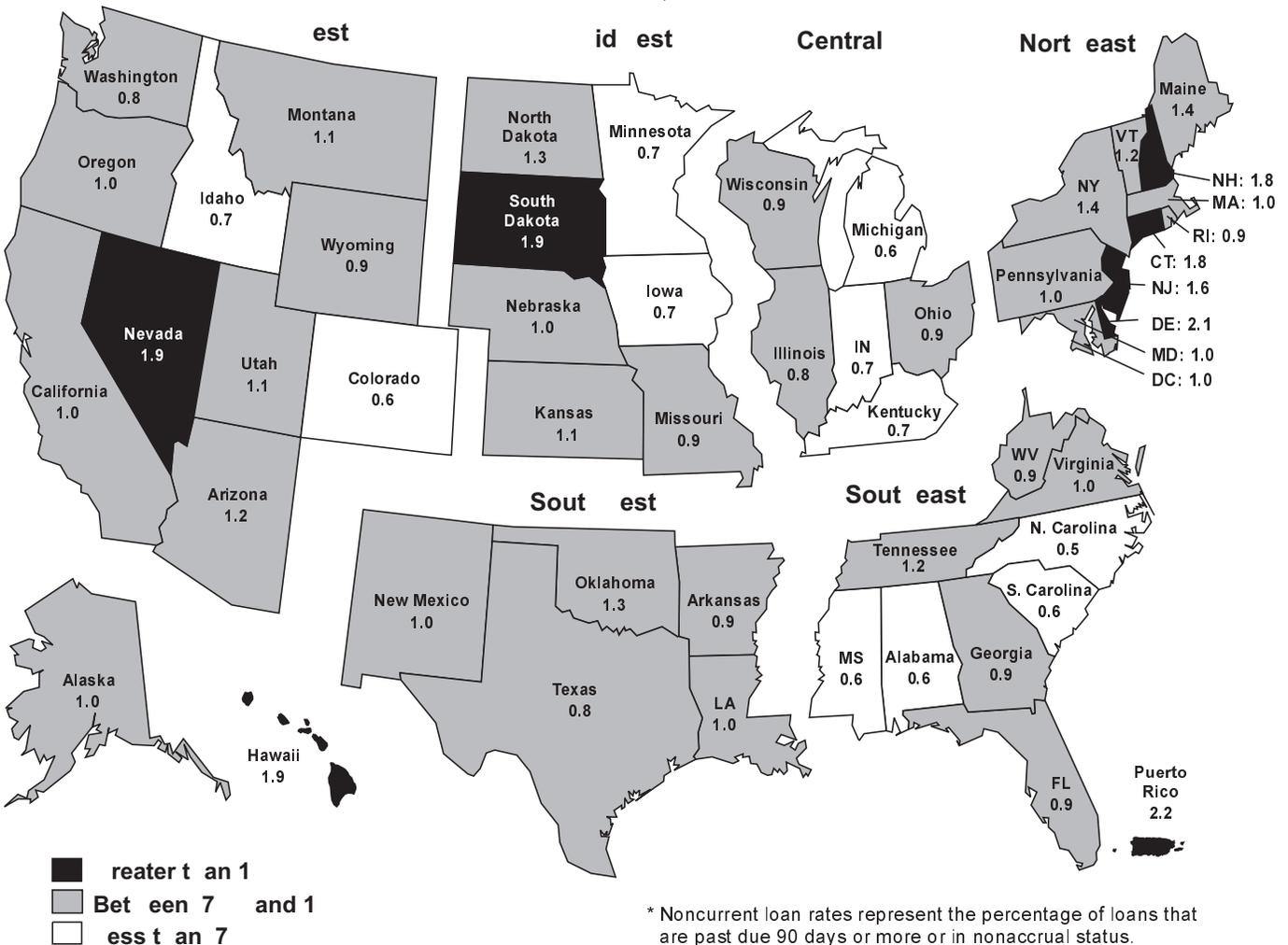
Credit-card loans had a seasonal decline in the first quarter. Credit-card loans outstanding fell by \$15.6 billion, but more than half of the decline was due to the securitization of credit-card receivables. The amount of credit-card loans securitized and sold by commercial banks increased by \$8.8 billion in the first quarter. Banks' securities holdings increased by \$12.2 billion, with almost half of the increase (\$5.9 billion, 48.4 percent) occurring in mortgage-backed securities.

The number of insured commercial banks reporting financial results declined by 77, from 9,528 at the end of 1996 to 9,451 at the end of March. During the quarter, 127 banks were absorbed by mergers, and four commercial banks converted to savings bank charters. No insured commercial banks failed in the first quarter. There were 42 new banks chartered during the quarter, and 11 savings institutions converted to commercial bank charters. At the end of March the FDIC's "Problem List" contained 77 insured commercial banks with combined assets of \$5.0 billion, down from 82 banks with \$5.1 billion in assets at the end of 1996.

**Quarterly Credit Card Growth Rate  
1993 - 1997**



**Noncurrent Loan Rates\*  
March 31, 1997**



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

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

	1997*	1996*	1996	1995	1994	1993	1992
Return on assets (%).....	1.26	1.12	1.19	1.17	1.15	1.20	0.93
Return on equity (%).....	15.11	13.68	14.45	14.66	14.61	15.34	12.98
Core capital (leverage) ratio (%).....	7.78	7.69	7.64	7.61	7.64	7.65	7.21
Noncurrent assets plus other real estate owned to assets (%).....	0.73	0.86	0.75	0.85	1.01	1.61	2.54
Net charge-offs to loans (%).....	0.58	0.55	0.58	0.49	0.50	0.85	1.27
Asset growth rate (%).....	7.74	4.67	6.16	7.53	8.21	5.72	2.19
Net interest margin (%).....	4.22	4.26	4.27	4.29	4.36	4.40	4.41
Net operating income growth (%).....	22.19	4.44	6.44	7.48	16.18	35.36	92.41
Number of institutions reporting.....	9,451	9,838	9,528	9,940	10,451	10,958	11,462
Percentage of unprofitable institutions.....	3.97	3.41	4.21	3.55	3.98	4.89	6.85
Number of problem institutions.....	77	127	82	144	247	426	787
Assets of problem institutions (in billions).....	\$5	\$13	\$5	\$17	\$33	\$242	\$408
Number of failed/assisted institutions.....	0	1	5	6	11	42	100

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

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

(dollar figures in millions)

	Preliminary				%Change 96:1-97:1	
	1st Quarter 1997	4th Quarter 1996	1st Quarter 1996			
Number of institutions reporting.....	9,451	9,528	9,838		-3.9	
Total employees (full-time equivalent).....	1,496,095	1,489,215	1,472,724		1.6	
<b>CONDITION DATA</b>						
Total assets.....	\$4,641,730	\$4,578,351	\$4,308,419		7.7	
Loans secured by real estate.....	1,155,880	1,139,012	1,089,769		6.1	
Commercial & industrial loans.....	732,127	709,866	675,877		8.3	
Loans to individuals.....	543,737	561,936	524,290		3.7	
Farm loans.....	39,332	41,324	38,040		3.4	
Other loans & leases.....	306,797	364,254	310,041		-1.0	
Less: Unearned income.....	5,119	5,308	5,614		-8.8	
Total loans & leases.....	2,772,755	2,811,084	2,632,403		5.3	
Less: Reserve for losses.....	53,520	53,650	52,954		1.1	
Net loans & leases.....	2,719,235	2,757,434	2,579,449		5.4	
Securities.....	813,084	800,846	811,681		0.2	
Other real estate owned.....	4,663	4,784	5,830		-20.0	
Goodwill and other intangibles.....	55,026	44,690	31,667		73.8	
All other assets.....	1,049,724	970,597	879,792		19.3	
Total liabilities and capital.....	4,641,730	4,578,351	4,308,419		7.7	
Noninterest-bearing deposits.....	633,629	664,263	570,637		11.0	
Interest-bearing deposits.....	2,560,784	2,532,891	2,455,121		4.3	
Other borrowed funds.....	753,757	716,002	657,572		14.6	
Subordinated debt.....	52,330	51,167	45,427		15.2	
All other liabilities.....	251,099	238,756	226,238		11.0	
Equity capital.....	390,131	375,271	353,424		10.4	
Loans and leases 30-89 days past due.....	38,114	38,501	34,304		11.1	
Noncurrent loans and leases.....	29,109	29,140	31,036		-6.2	
Restructured loans and leases.....	3,523	3,649	3,659		-3.7	
Direct and indirect investments in real estate.....	652	658	576		13.1	
1-4 Family residential mortgages.....	665,479	655,428	630,083		5.6	
Mortgage-backed securities.....	341,963	336,043	335,189		2.0	
Earning assets.....	4,017,507	3,949,148	3,758,963		6.9	
Long-term assets (5+ years).....	691,090	652,757	616,472		12.1	
Volatile liabilities.....	1,460,965	1,405,969	1,299,920		12.4	
Foreign office deposits.....	475,852	473,544	454,432		4.7	
Unused loan commitments.....	2,694,069	2,579,870	2,279,826		18.2	
Off-balance-sheet derivatives.....	22,354,628	20,297,173	18,409,371		21.4	
<b>INCOME DATA</b>						
	Full Year 1996	Full Year 1995	%Change	Preliminary 1st Quarter 1997	1st Quarter 1996	%Change 96:1-97:1
Total interest income.....	\$312,783	\$302,384	3.4	\$81,074	\$77,540	4.6
Total interest expense.....	150,007	148,173	1.2	38,993	37,639	3.6
Net interest income.....	162,776	154,211	5.6	42,081	39,901	5.5
Provision for loan losses.....	16,278	12,603	29.2	4,287	3,614	18.6
Total noninterest income.....	93,578	82,426	13.5	24,726	22,154	11.6
Total noninterest expense.....	160,713	149,729	7.3	40,417	40,553	-0.3
Securities gains (losses).....	1,114	541	106.1	414	479	-13.6
Applicable income taxes.....	28,209	26,124	8.0	8,023	6,410	25.2
Extraordinary gains, net.....	88	26	244.3	(16)	66	N/M
Net income.....	52,357	48,747	7.4	14,477	12,023	20.4
Net charge-offs.....	15,528	12,200	27.3	4,038	3,591	12.4
Cash dividends.....	38,766	31,053	24.8	8,491	7,641	11.1
Net operating income.....	51,516	48,399	6.4	14,223	11,640	22.2

N/M - Not meaningful

**TABLE III-A. First Quarter 1997, FDIC-Insured Commercial Banks**

<i>FIRST QUARTER Preliminary</i> <i>(The way it is . . .)</i>	All Institutions	Asset Size Distribution				Geographic Distribution by Region					
		Less than \$100 Million	\$100 Million to \$1 Billion	\$1 Billion to \$10 Billion	Greater than \$10 Billion	East			West		
						North- east	South- east	Central	Mid- west	South- west	West
Number of institutions reporting.....	9,451	6,146	2,901	331	73	739	1,565	2,083	2,393	1,671	1,000
Total assets (in billions).....	\$4,641.7	\$277.1	\$711.1	\$995.4	\$2,658.2	\$1,755.3	\$828.1	\$727.3	\$304.0	\$337.2	\$689.8
Total deposits (in billions).....	3,194.4	239.8	589.7	694.6	1,670.4	1,081.1	586.0	524.4	226.0	273.4	503.5
Net income (in millions).....	14,477	834	2,336	3,227	8,080	5,184	2,678	2,302	1,002	1,032	2,279
% of unprofitable institutions.....	4.0	5.3	1.3	3.3	NA	3.8	4.1	3.7	3.1	3.1	7.9
% of institutions with earnings gains.....	61.9	59.1	66.3	71.3	76.7	68.7	65.2	62.0	58.8	59.9	62.2
<b>Performance Ratios (annualized, %)</b>											
Yield on earning assets.....	8.13	8.24	8.29	8.40	7.96	7.97	8.02	8.06	8.30	7.85	8.81
Cost of funding earning assets.....	3.91	3.62	3.61	3.80	4.08	4.24	3.80	3.83	3.73	3.39	3.66
Net interest margin.....	4.22	4.61	4.68	4.59	3.89	3.72	4.23	4.23	4.58	4.46	5.15
Noninterest income to earning assets.....	2.48	1.28	1.64	2.29	2.94	3.15	1.98	1.73	2.38	2.01	2.56
Noninterest expense to earning assets.....	4.05	3.81	3.84	3.90	4.21	4.25	3.71	3.47	4.14	4.15	4.53
Net operating income to assets.....	1.23	1.21	1.32	1.29	1.19	1.15	1.30	1.26	1.31	1.21	1.31
Return on assets.....	1.26	1.21	1.33	1.29	1.23	1.19	1.31	1.27	1.33	1.23	1.32
Return on equity.....	15.11	11.41	13.83	14.51	16.37	16.03	15.67	15.00	14.21	13.53	13.96
Net charge-offs to loans and leases.....	0.58	0.17	0.35	0.96	0.52	0.66	0.42	0.42	0.71	0.31	0.80
Loan loss provision to net charge-offs.....	106.17	185.84	131.43	105.51	99.28	103.10	98.60	121.49	108.97	127.84	103.46
<b>Condition Ratios (%)</b>											
Loss allowance to:											
Loans and leases.....	1.93	1.51	1.57	2.00	2.05	2.27	1.55	1.65	1.87	1.53	2.18
Noncurrent loans and leases.....	183.86	134.21	159.37	178.98	198.45	166.42	190.33	207.71	190.68	163.04	209.10
Noncurrent assets plus											
other real estate owned to assets.....	0.73	0.80	0.74	0.83	0.69	0.82	0.63	0.58	0.67	0.61	0.87
Equity capital ratio.....	8.40	10.61	9.66	9.04	7.60	7.48	8.23	8.54	10.00	9.47	9.62
Core capital (leverage) ratio.....	7.78	10.57	9.32	8.21	6.90	7.19	7.82	8.25	8.96	8.34	7.93
Net loans and leases to deposits.....	85.12	65.16	72.50	92.71	89.30	82.91	90.69	89.44	80.22	66.70	91.11
<b>Growth Rates (year-to-year, %)</b>											
Assets.....	7.74	-	-	-	-	8.34	10.34	5.49	6.86	2.96	8.42
Equity capital.....	10.39	-	-	-	-	5.85	8.29	5.99	20.59	13.36	21.59
Net interest income.....	5.46	-	-	-	-	2.65	8.23	6.88	7.29	2.68	7.16
Net income.....	20.41	-	-	-	-	42.70	22.11	13.74	2.99	-1.08	5.65
Noncurrent assets plus											
other real estate owned.....	-8.52	-	-	-	-	-12.95	4.61	-8.89	1.70	-2.11	-12.14
Net charge-offs.....	12.44	-	-	-	-	0.86	14.75	17.11	16.63	28.49	28.41
Loan loss provision.....	18.64	-	-	-	-	3.41	9.96	26.11	7.45	46.36	58.81
<b>PRIOR FIRST QUARTERS</b> <i>(The way it was . . .)</i>											
Number of institutions.....	1996 9,838	6,582	2,835	349	72	785	1,640	2,158	2,471	1,743	1,041
.....	1994 10,840	7,674	2,787	325	54	870	1,807	2,383	2,686	1,920	1,174
.....	1992 11,805	8,659	2,777	318	51	967	1,914	2,612	2,859	2,088	1,365
Total assets (in billions).....	1996 \$4,308.4	\$295.7	\$692.1	\$1,081.2	\$2,239.4	\$1,620.2	\$750.5	\$689.4	\$284.5	\$327.5	\$636.2
.....	1994 3,843.2	330.6	682.2	1,062.5	1,767.9	1,497.3	608.3	625.9	250.6	296.8	564.4
.....	1992 3,435.8	350.5	676.6	1,031.0	1,377.8	1,287.5	528.4	559.7	235.3	272.8	552.1
Return on assets (%).....	1996 1.12	1.21	1.30	1.28	0.97	0.90	1.18	1.17	1.37	1.28	1.35
.....	1994 1.17	1.14	1.19	1.43	1.01	1.12	1.20	1.16	1.42	1.23	1.16
.....	1992 0.87	1.08	1.02	1.01	0.65	0.76	0.96	1.06	1.28	1.09	0.60
Net charge-offs to loans & leases (%)	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	1996 0.55	0.17	0.34	0.86	0.49	0.68	0.42	0.39	0.64	0.24	0.68
.....	1994 0.48	0.13	0.27	0.68	0.50	0.74	0.24	0.28	0.41	0.07	0.58
.....	1992 1.24	0.42	0.61	1.50	1.52	1.77	0.84	0.75	0.75	0.77	1.28
Noncurrent assets plus											
OREO to assets (%).....	1996 0.86	0.85	0.82	0.88	0.87	1.02	0.67	0.67	0.70	0.64	1.07
.....	1994 1.46	1.02	1.24	1.36	1.69	1.91	0.98	0.87	0.97	0.84	1.96
.....	1992 3.03	1.67	2.09	2.78	4.02	4.15	2.16	1.68	1.56	2.28	3.59
Equity capital ratio (%).....	1996 8.20	10.42	9.41	8.85	7.22	7.65	8.38	8.50	8.86	8.60	8.57
.....	1994 7.83	9.85	8.87	8.27	6.78	7.12	7.99	8.07	8.72	8.31	8.60
.....	1992 6.96	9.23	7.94	7.24	5.69	6.28	7.26	7.59	8.21	7.04	7.04

**TABLE IV-A. Full Year 1996, FDIC-Insured Commercial Banks**

	All Institutions	Asset Size Distribution				Geographic Distribution by Region					
		Less than \$100 Million	\$100 Million to \$1 Billion	\$1 Billion to \$10 Billion	Greater than \$10 Billion	East			West		
						North- east	South- east	Central	Mid- west	South- west	West
Number of institutions reporting.....	9,528	6,204	2,926	325	73	743	1,577	2,110	2,401	1,683	1,014
Total assets (in billions).....	\$4,578.4	\$280.1	\$713.4	\$1,002.4	\$2,582.4	\$1,730.7	\$805.4	\$716.9	\$297.2	\$334.4	\$693.8
Total deposits (in billions).....	3,197.2	242.7	593.5	701.9	1,659.1	1,081.3	583.7	525.5	227.7	275.0	504.0
Net income (in millions).....	52,357	3,131	8,731	12,690	27,805	18,294	9,477	8,497	4,096	3,961	8,033
% of unprofitable institutions.....	4.2	5.4	2.0	2.5	NA	5.0	4.9	3.8	2.7	3.1	8.9
% of institutions with earnings gains.....	70.9	67.7	77.2	74.8	69.9	74.7	74.8	72.8	72.6	62.3	68.1
<b>Performance Ratios (%)</b>											
Yield on earning assets.....	8.20	8.30	8.34	8.53	8.01	8.04	8.21	8.11	8.39	7.84	8.77
Cost of funding earning assets.....	3.93	3.66	3.63	3.83	4.10	4.27	3.86	3.91	3.84	3.42	3.51
Net interest margin.....	4.27	4.64	4.70	4.70	3.91	3.77	4.36	4.21	4.54	4.42	5.26
Noninterest income to earning assets.....	2.45	1.17	1.58	2.28	2.94	3.09	1.89	1.68	2.57	1.91	2.64
Noninterest expense to earning assets.....	4.21	3.75	3.90	4.02	4.44	4.45	3.82	3.52	4.19	4.05	4.97
Net operating income to assets.....	1.17	1.16	1.27	1.30	1.09	1.07	1.20	1.19	1.41	1.22	1.22
Return on assets.....	1.19	1.16	1.28	1.31	1.12	1.10	1.22	1.21	1.43	1.22	1.24
Return on equity.....	14.45	10.95	13.54	14.88	15.12	14.72	14.50	14.29	16.18	13.96	13.52
Net charge-offs to loans and leases.....	0.58	0.26	0.42	0.89	0.52	0.63	0.45	0.44	0.70	0.35	0.79
Loan loss provision to net charge-offs.....	104.83	138.96	118.45	109.42	96.59	101.68	118.47	113.73	114.56	108.61	92.01
<b>Condition Ratios (%)</b>											
Loss allowance to:											
Loans and leases.....	1.91	1.50	1.56	1.99	2.01	2.21	1.59	1.65	1.77	1.54	2.10
Noncurrent loans and leases.....	184.11	141.43	159.50	175.13	199.84	171.33	183.99	209.48	192.87	162.10	202.21
Noncurrent assets plus											
other real estate owned to assets.....	0.75	0.77	0.74	0.85	0.71	0.84	0.68	0.57	0.65	0.61	0.88
Equity capital ratio.....	8.20	10.55	9.44	8.77	7.38	7.36	8.48	8.43	8.74	8.74	9.23
Core capital (leverage) ratio.....	7.64	10.52	9.16	8.14	6.71	7.02	7.94	8.06	8.56	8.18	7.77
Net loans and leases to deposits.....	86.25	64.98	72.30	92.94	91.52	87.44	90.11	88.12	79.70	64.52	92.06
<b>Growth Rates (year-to-year, %)</b>											
Assets.....	6.16	-	-	-	-	6.46	9.18	3.11	3.38	2.45	8.36
Equity capital.....	7.35	-	-	-	-	2.93	12.57	4.72	3.81	5.04	17.13
Net interest income.....	5.55	-	-	-	-	1.88	13.03	6.40	3.95	6.41	4.67
Net income.....	7.41	-	-	-	-	12.90	13.64	9.10	2.50	5.92	-7.46
Noncurrent assets plus											
other real estate owned.....	-6.77	-	-	-	-	-12.84	15.56	-6.88	4.81	1.26	-12.61
Net charge-offs.....	27.28	-	-	-	-	5.98	57.64	51.74	38.12	50.61	35.80
Loan loss provision.....	29.16	-	-	-	-	4.96	88.52	32.60	43.08	38.09	41.56
<b>PRIOR FULL YEARS</b> <i>(The way it was . . .)</i>											
Number of institutions.....1995	9,940	6,658	2,861	346	75	794	1,659	2,178	2,487	1,773	1,049
.....1993	10,958	7,789	2,787	327	55	878	1,818	2,412	2,706	1,937	1,207
.....1991	11,921	8,798	2,755	319	49	994	1,924	2,634	2,881	2,103	1,385
Total assets (in billions).....1995	\$4,312.7	\$297.9	\$696.7	\$1,052.8	\$2,265.2	\$1,625.6	\$737.7	\$695.2	\$287.5	\$326.4	\$640.3
.....1993	3,706.2	335.1	676.9	1,063.7	1,630.5	1,399.6	594.8	612.4	251.3	293.8	554.3
.....1991	3,430.7	353.8	674.5	1,050.2	1,352.2	1,285.5	514.6	568.4	232.9	270.3	559.0
Return on assets (%).....1995	1.17	1.18	1.24	1.27	1.10	1.02	1.19	1.15	1.50	1.20	1.41
.....1993	1.20	1.14	1.17	1.31	1.16	1.12	1.20	1.28	1.44	1.39	1.11
.....1991	0.53	0.76	0.74	0.55	0.35	0.27	0.62	0.86	1.05	0.65	0.44
Net charge-offs to loans & leases (%)											
.....1995	0.49	0.24	0.37	0.69	0.46	0.64	0.32	0.31	0.54	0.24	0.62
.....1993	0.85	0.35	0.51	0.92	1.02	1.27	0.43	0.51	0.61	0.28	0.96
.....1991	1.59	0.69	0.97	1.68	2.01	2.33	1.23	0.88	1.06	1.26	1.32
Noncurrent assets plus											
OREO to assets (%).....1995	0.85	0.78	0.80	0.82	0.89	1.03	0.64	0.63	0.64	0.62	1.09
.....1993	1.61	1.05	1.29	1.43	1.97	2.16	1.08	0.93	0.99	0.92	2.19
.....1991	3.02	1.63	2.07	2.81	4.01	4.20	2.21	1.64	1.54	2.39	3.38
Equity capital ratio (%).....1995	8.11	10.42	9.39	8.57	7.19	7.61	8.23	8.30	8.70	8.52	8.53
.....1993	8.00	9.76	8.74	8.13	7.25	7.48	8.02	8.12	8.67	8.26	8.73
.....1991	6.75	9.09	7.78	6.94	5.48	6.06	7.24	7.31	8.12	6.87	6.72

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

March 31, 1997	All Institutions	Asset Size Distribution				Geographic Distribution by Region					
		Less than \$100 Million	\$100 Million to \$1 Billion	\$1 Billion to \$10 Billion	Greater than \$10 Billion	East			West		
						North-east	South-east	Central	Mid-west	South-west	West
<b>Percent of Loans 30-89 Days Past Due</b>											
All loans secured by real estate.....	1.38	1.69	1.33	1.31	1.39	1.54	1.17	1.37	1.42	1.68	1.32
Construction and development.....	1.85	1.49	1.54	2.17	1.90	2.09	1.32	2.06	3.15	1.81	1.84
Commercial real estate.....	1.21	1.29	1.04	1.15	1.36	1.81	0.88	1.15	1.12	1.21	0.99
Multifamily residential real estate.....	0.97	1.06	0.88	0.96	1.00	0.71	0.56	1.24	0.76	1.37	1.49
Home equity loans.....	0.94	1.16	0.94	0.95	0.92	1.29	0.75	0.87	0.77	0.90	0.80
Other 1-4 Family residential.....	1.51	2.01	1.57	1.36	1.47	1.49	1.37	1.53	1.38	2.04	1.60
Commercial and industrial loans*.....	1.04	2.19	1.73	1.29	0.65	0.67	0.89	1.36	2.41	1.52	0.96
Loans to individuals.....	2.35	2.40	2.07	2.49	2.32	2.65	1.93	2.29	2.48	2.05	2.28
Credit card loans.....	2.65	2.55	2.55	2.77	2.57	2.62	2.47	2.72	3.07	3.46	2.54
Other loans to individuals.....	2.15	2.39	1.96	2.23	2.14	2.68	1.73	2.14	1.97	1.90	1.97
All other loans and leases (including farm).....	0.52	NA	NA	1.05	0.44	0.40	0.42	1.01	0.67	0.49	0.45
Memo: Commercial RE loans not secured by RE..	1.04	1.15	1.09	0.96	1.06	0.34	0.56	1.54	0.94	6.24	0.74
<b>Percent of Loans Noncurrent**</b>											
All real estate loans.....	1.18	0.95	0.90	1.10	1.41	1.84	0.90	0.78	0.77	1.01	1.22
Construction and development.....	1.45	0.96	0.89	1.20	2.19	4.66	0.81	0.84	0.91	0.64	1.41
Commercial real estate.....	1.56	1.09	1.08	1.28	2.23	3.02	0.94	1.02	1.01	1.14	1.49
Multifamily residential real estate.....	1.26	1.15	1.06	0.99	1.57	1.22	0.71	0.77	0.49	0.38	2.89
Home equity loans.....	0.48	0.62	0.45	0.45	0.51	0.76	0.36	0.34	0.22	0.41	0.48
Other 1-4 Family residential.....	0.98	0.78	0.77	1.08	1.06	1.26	0.95	0.69	0.57	0.97	1.00
Commercial and industrial loans*.....	0.97	1.60	1.34	0.96	0.77	0.97	0.72	0.89	1.43	1.24	1.03
Loans to individuals.....	1.36	0.85	0.79	1.42	1.52	2.02	0.92	0.97	1.27	0.64	1.20
Credit card loans.....	2.00	1.53	1.72	2.06	1.99	2.13	1.80	1.98	2.09	1.95	1.83
Other loans to individuals.....	0.94	0.81	0.57	0.82	1.17	1.90	0.59	0.63	0.54	0.50	0.42
All other loans and leases (including farm).....	0.27	NA	NA	0.49	0.24	0.27	0.22	0.25	0.35	0.29	0.30
Memo: Commercial RE loans not secured by RE..	0.67	1.02	0.38	0.30	0.76	1.50	0.30	0.38	0.47	0.65	0.43
<b>Percent of Loans Charged-off (net, annual)</b>											
All real estate loans.....	0.04	0.03	0.04	0.04	0.03	0.07	0.03	0.03	-0.03	-0.03	0.06
Construction and development.....	-0.03	0.04	0.01	0.01	-0.11	0.01	0.02	0.07	0.07	-0.20	-0.17
Commercial real estate.....	-0.02	0.03	0.06	0.01	-0.13	-0.04	-0.01	0.02	-0.16	-0.05	-0.01
Multifamily residential real estate.....	0.10	0.23	0.08	0.07	0.12	0.13	0.12	0.10	-0.09	-0.04	0.15
Home equity loans.....	0.17	0.08	0.08	0.15	0.20	0.16	0.06	0.12	0.08	0.50	0.31
Other 1-4 Family residential.....	0.06	0.04	0.03	0.05	0.08	0.10	0.04	0.03	0.03	0.02	0.09
Commercial and industrial loans*.....	0.18	0.22	0.24	0.22	0.13	0.17	0.11	0.12	0.30	0.18	0.28
Loans to individuals.....	2.59	0.58	1.54	3.17	2.67	3.03	2.05	1.89	2.77	1.27	3.38
Credit card loans.....	4.93	3.13	4.76	5.37	4.62	5.00	4.65	4.79	5.21	4.15	4.96
Other loans to individuals.....	1.00	0.43	0.75	0.98	1.19	1.04	0.95	0.92	0.59	0.96	1.35
All other loans and leases (including farm).....	0.03	NA	NA	0.21	0.00	-0.10	0.16	0.15	0.09	0.06	0.20
Memo: Commercial RE loans not secured by RE..	-0.07	0.80	0.02	0.03	-0.10	-0.17	0.00	-0.06	0.04	-0.03	-0.05
<b>Loans Outstanding (in billions)</b>											
All real estate loans.....	\$1,155.9	\$89.3	\$262.7	\$287.6	\$516.2	\$309.9	\$288.9	\$203.6	\$77.6	\$76.8	\$199.0
Construction and development.....	78.4	6.2	21.7	22.7	27.8	10.5	24.2	14.0	5.8	8.2	15.6
Commercial real estate.....	319.0	23.8	89.5	88.7	117.0	72.6	73.8	61.5	22.0	26.1	63.1
Multifamily residential real estate.....	38.9	2.0	8.7	11.6	16.6	11.8	7.8	6.5	2.6	2.6	7.6
Home equity loans.....	86.7	2.1	13.0	23.5	48.1	23.6	19.9	18.8	3.3	1.0	20.0
Other 1-4 Family residential.....	578.8	44.6	120.6	137.6	276.0	164.7	158.9	96.5	35.7	36.0	87.0
Commercial and industrial loans.....	732.1	26.5	76.8	143.3	485.5	274.5	112.4	136.7	41.0	53.7	113.9
Loans to individuals.....	543.7	24.5	73.9	178.2	267.1	186.0	95.9	89.1	42.5	38.4	91.9
Credit card loans.....	215.9	1.3	13.9	86.5	114.1	93.1	26.2	22.2	19.9	3.6	50.9
Other loans to individuals.....	327.9	23.2	60.0	91.7	153.0	92.9	69.7	66.9	22.6	34.8	41.1
All other loans and leases (including farm).....	346.1	19.0	22.3	49.0	255.9	149.0	43.4	48.4	23.7	16.9	64.7
Memo: Commercial RE loans not secured by RE..	25.6	0.2	1.1	4.2	20.1	6.0	3.9	2.9	0.8	1.5	10.5
<b>Memo: Other Real Estate Owned (in millions)</b>											
All other real estate owned.....	\$4,662.7	\$431.9	\$976.9	\$920.9	\$2,333.0	\$1,770.3	\$869.8	\$395.1	\$228.2	\$308.2	\$1,091.0
Construction and development.....	625.9	56.3	175.9	143.5	250.2	144.9	234.7	53.3	50.1	27.4	115.5
Commercial real estate.....	2,165.4	201.7	455.6	460.0	1,048.1	739.3	364.7	222.8	98.5	166.5	573.6
Multifamily residential real estate.....	192.2	16.0	45.9	48.3	82.0	100.9	23.6	7.9	5.3	4.9	49.5
1-4 Family residential.....	1,179.1	120.9	264.3	242.9	551.0	383.6	236.5	104.5	50.3	81.7	322.5
Farmland.....	120.7	37.0	35.2	25.6	22.9	23.5	9.7	6.6	24.0	27.9	29.1
Other real estate owned in foreign offices.....	379.4	0.0	0.1	0.5	378.8	378.2	0.5	0.0	0.0	0.0	0.7

\*Includes "All other loans" for institutions under \$1 billion in asset size.

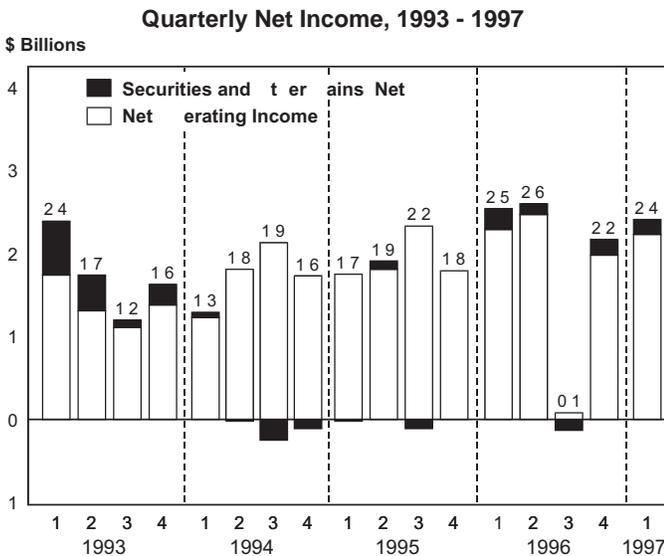
N/A - Not available

\*\*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 — FIRST QUARTER, 1997

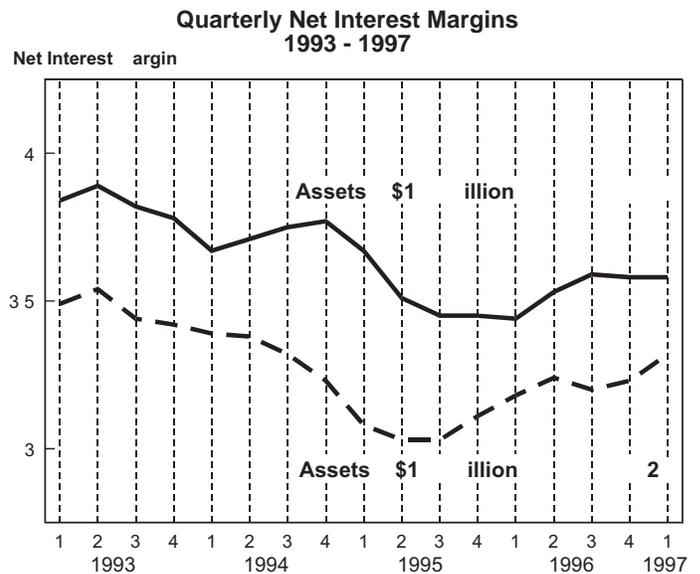
- **Savings Institutions Earned \$2.4 Billion In The First Quarter**
- **Higher Asset Yields Drive Up Net Interest Margins At Large Institutions**
- **Charter Conversions And Acquisitions Transfer Over \$18 Billion In Assets To Commercial Banks**

Savings institutions reported earnings of \$2.4 billion in the first quarter of 1997, for an average annualized return on assets (ROA) of 0.96 percent. This was the third-best quarterly ROA ever reported. The first two quarters of 1996 were the only other quarters in which savings institutions experienced higher profitability. The first-quarter's ROA was up from 0.85 percent in the fourth quarter of 1996, but down from the first quarter of 1996 when it was 1.01 percent. First-quarter earnings were \$136 million lower than in the first quarter of 1996. Compared to a year ago, net interest income was \$329 million higher, but all other components of net income showed deterioration. Noninterest income was \$129 million lower than a year ago when gains on sales of branches boosted income. Noninterest expense rose just one percent (\$53 million) from a year ago. A reduction in deposit insurance premiums saved the thrift industry approximately \$200 million in pre-tax noninterest expense. Provisions for loan losses were up by \$82 million and income tax expenses rose by \$90 million. Gains on the sales of securities were \$106 million lower in this year's first quarter compared to the first quarter of last year. Almost 96 percent of all savings institutions were profitable in the first quarter and almost 73 percent improved their earnings relative to the same period last year.



The Northeast Region and the Southwest Region were the only regions to show a decline in ROA from a year ago. Net income for thrifts in the Northeast Region declined by just six percent as higher provisions for loan losses took a toll on earnings. Earnings for thrifts in the

Southwest Region were two-thirds less than a year ago. This decline is largely attributable to the relocation of a large institution that moved its reporting headquarters from Dallas, Texas to San Francisco, California following a merger.<sup>1</sup> This relocation resulted in a reduction in non-interest income in the Southwest Region — from 2.65 percent of earning assets a year ago to 1.05 percent — and an increase in noninterest income in the West Region — from 0.60 percent of earning assets to 0.73 percent. The aggregate ROA for thrifts in the West Region rose to a record 0.87 percent from 0.69 percent a year ago.



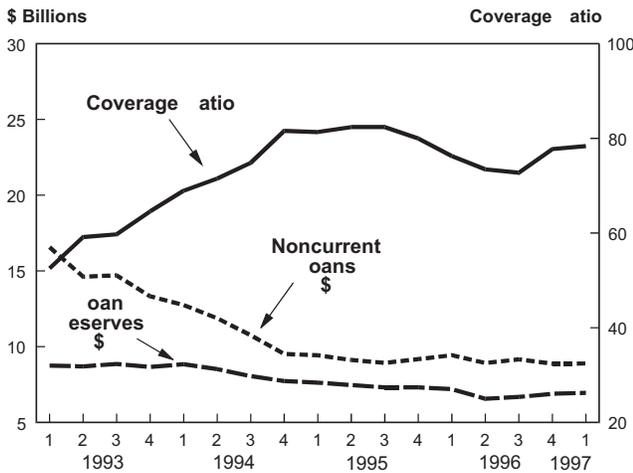
Net interest margins at larger institutions rose on the strength of higher asset yields. Margins rose to 3.32 percent from 3.23 percent in the fourth quarter. The yield on earning assets rose eight basis points to 7.84 percent as long-term rates rose faster than short-term rates. The cost of funding earning assets was unchanged, for the second consecutive quarter, at 4.52 percent. Net interest margins improved in all regions. A steepening yield curve has led to improvements in net interest margins for large thrifts that keep adjustable-rate mortgages as a large share of their mortgage loan portfolios. Large thrifts, with over \$5 billion in assets, reported an 11 basis-point improvement in margins as asset yields rose 17 basis points. Thrifts with \$1 to \$5 billion in assets showed a 13 basis-point improvement in margins with asset yields

<sup>1</sup> First Nationwide Bank, FSB of Dallas, Texas with \$16.5 billion in assets purchased California Federal Bank, a FSB in Los Angeles, California with \$14.2 billion in assets during the first quarter and the institution kept the California Federal Bank charter.

rising 12 basis points. Thrifts with less than \$1 billion in assets showed no improvement in margins.

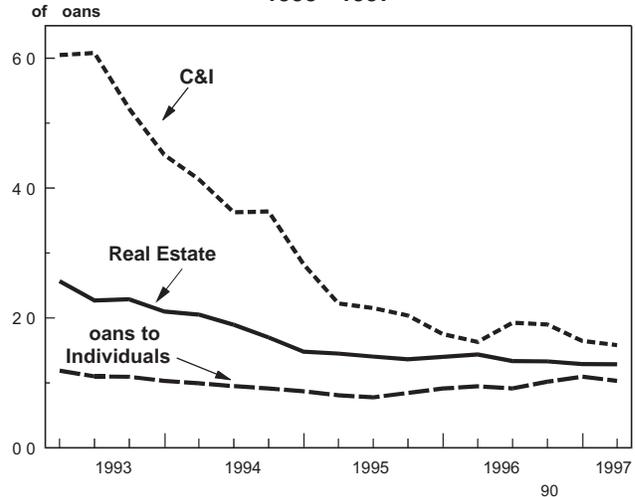
The coverage ratio — loan-loss reserves to noncurrent loans — remained at 78 cents in reserves for each dollar of noncurrent loans. Noncurrent loans held steady at \$8.9 billion. Reserves declined \$527 million in the first quarter, due primarily to reporting changes for Thrift Financial Report (TFR) filers that removed specific reserves from total reserves. General reserves for each period were about the same. Provisions exceeded net charge-offs for the sixth consecutive quarter; thrifts set aside \$589 million in provisions during the quarter, while net charge-offs totaled \$452 million.

**Coverage Ratio\* and Reserve Levels, 1993 - 1997**



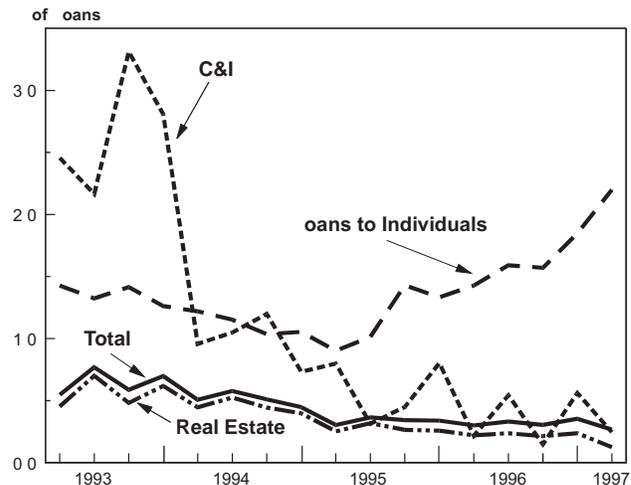
The noncurrent loan rate remained unchanged from the end of 1996 at 1.29 percent. Noncurrent rates for individual loan categories changed quite dramatically during the first quarter, but these changes offset each other. The largest increase was in the noncurrent rate for real estate construction and land loans. A reporting change for TFR filers that removed loans-in-process from each loan category reduced the reported amount of loans outstanding and caused this ratio to increase to 1.42 percent from 1.05 percent. For TFR filers in 1996, real estate construction and land loans were shown without subtracting loans-in-process. The noncurrent rate for loans secured by 1-4 family properties increased slightly from 1.17 percent to 1.21 percent of loans outstanding. The increases in these rates were offset by improvements in the noncurrent rate on multifamily real estate loans, commercial and industrial loans (C&I), and loans to individuals. The noncurrent rate for loans secured by multifamily residential property improved to 1.49 percent from 1.63 percent at the end of 1996. The noncurrent rate for C&I loans fell to 1.58 percent and the noncurrent rate for loans to individuals fell to 1.03 percent, from 1.65 percent and 1.10 percent, respectively.

**Quarterly Noncurrent Loan Rates\* 1993 - 1997**



The first quarter of any year usually has the lowest net charge-off rate, and in the first quarter of 1997 the net charge-off rate hit its lowest level since reporting began in 1990. The annualized net charge-off rate on total loans was 0.27 percent in the first quarter, down from 0.30 percent in the same period of 1996. Despite a sudden surge in net charge-offs for loans to individuals, the overall rate declined. This quarter, for the first time, net charge-offs on loans to individuals can be separated into credit-card loans and other loans to individuals. Credit-card loans accounted for about one-fourth of all loans to individuals and this category showed an annualized net charge-off rate of 5.42 percent. The top five thrifts ranked by credit-card loans accounted for over 70 percent of the industry's outstanding balances and more than three-fourths of all credit-card net charge-offs in the first quarter.

**Quarterly Net Charge-Off Rates (Annualized) 1993 - 1997**



Thrift industry assets declined by \$4.8 billion during the first quarter. A reporting change affected the way thrifts consolidate their financial reports. Previously,

thrifts were prohibited from consolidating subsidiary depository institutions. Now the parent thrift must file a report on a consolidated basis, and several subsidiary institutions also filed reports. This led to a double-counting of thrift industry assets of almost \$3 billion. Without this reporting change, thrift industry assets would have declined by nearly \$8 billion.

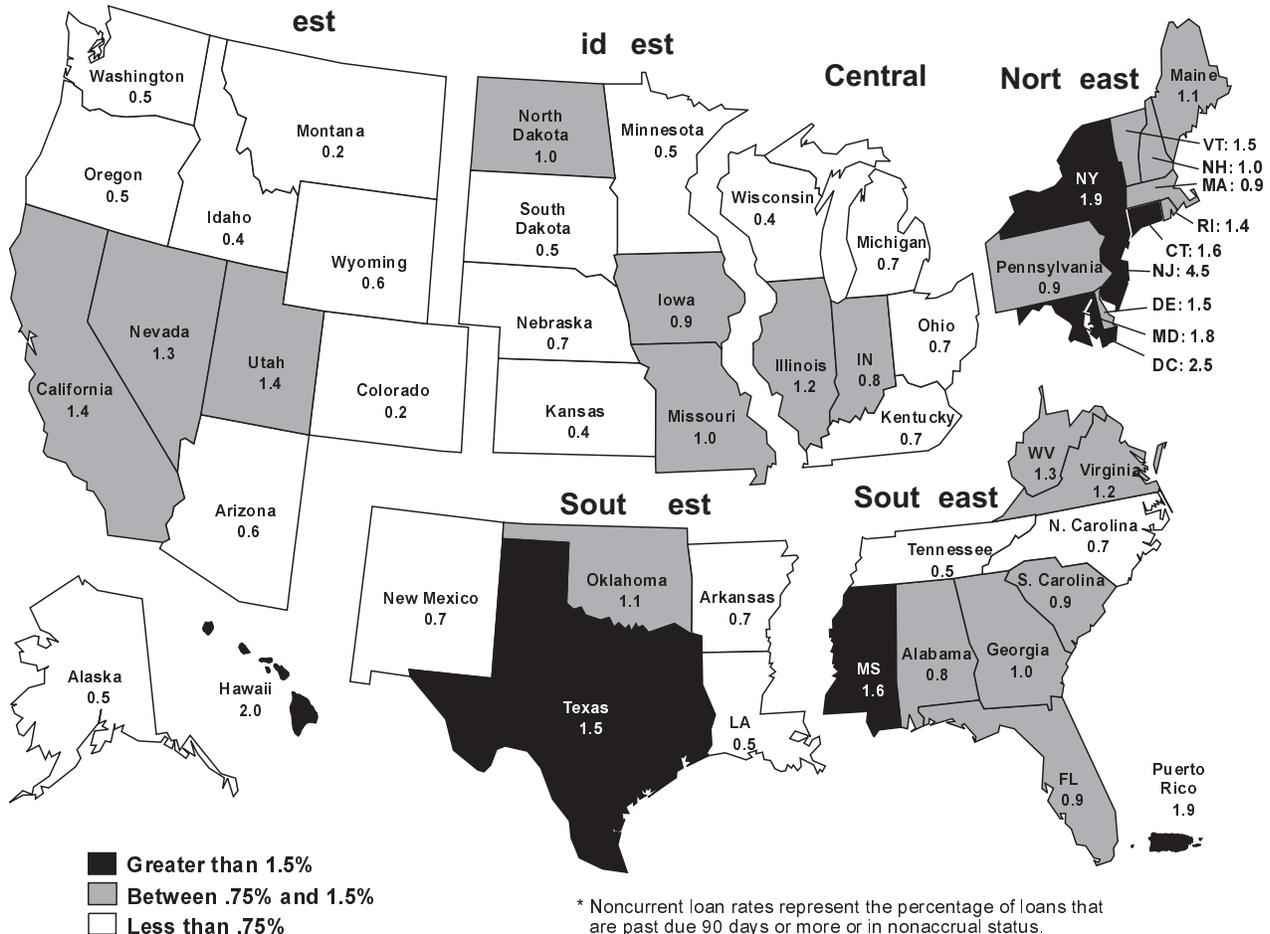
Total loans and leases increased by \$2.1 billion in the first quarter. The netting of loans-in-process against construction and land loans contributed to a \$7-billion decline in these loans in the first quarter.<sup>2</sup> Securities declined by \$4.3 billion during the first quarter and declined by \$21.1 billion from a year ago. As has been the case recently, thrifts shed less in deposits, which decreased by \$1.9 billion during the quarter, than other borrowings, which decreased by \$3.6 billion. Equity capital declined by \$413

million during the first quarter, primarily due to a decline in unrealized gains on available-for-sale securities. Equity capital ended the quarter at 8.34 percent of assets, down slightly from 8.35 percent at the end of 1996. Dividends were 10 percent higher this quarter than in the first quarter of 1996. Earnings retained by the industry were \$250 million lower than in the first quarter of 1996. Still, most thrifts qualified as either adequately capitalized or well-capitalized.

The number of savings institutions declined by 38 during the first quarter to 1,886 institutions. The commercial banking industry absorbed 26 savings institutions with \$18.1 billion in assets during the quarter. Commercial banks acquired 15 thrifts with \$11.2 billion in assets; 11 thrifts with \$6.9 billion in assets converted to commercial bank charters. Consolidation within the thrift industry absorbed 15 institutions with \$21.1 billion in assets. There were eight mutual-to-stock conversions during the first quarter involving \$8.8 billion in assets. The number of "problem" institutions remained the same, at 35 institutions, while the assets of "problem" institutions fell from \$7 billion to \$5.3 billion.

<sup>2</sup> The separate reporting of contra accounts for loans-in-process and unearned income by TFR reporters was eliminated. Loan balances for TFR reporters are now reported net of these contra accounts. Call Report filers continue to report unearned income as a contra account.

**Noncurrent Loan Rates By State\***  
March 31, 1997



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

	1997**	1996**	1996	1995	1994	1993	1992
Return on assets (%).....	0.96	1.01	0.70	0.77	0.66	0.70	0.65
Return on equity (%).....	11.46	11.97	8.35	9.40	8.28	9.24	9.48
Core capital (leverage) ratio (%).....	7.83	7.88	7.77	7.80	7.65	7.45	6.77
Noncurrent assets plus							
other real estate owned to assets (%).....	1.10	1.23	1.10	1.20	1.38	2.10	3.07
Net charge-offs to loans (%).....	0.27	0.30	0.32	0.34	0.51	0.65	0.59
Asset growth rate (%).....	0.69	0.26	0.24	1.70	0.77	-2.85	-7.44
Net interest margin (%).....	3.33	3.19	3.22	3.09	3.34	3.48	3.40
Net operating income growth (%).....	-2.78	31.29	-14.05	13.81	22.24	21.21	574.61
Number of institutions.....	1,886	2,005	1,924	2,030	2,152	2,262	2,390
Percentage of unprofitable institutions.....	4.14	5.04	11.64	5.86	6.97	5.88	7.57
Number of problem institutions.....	35	42	35	49	71	146	276
Assets of problem institutions (in billions).....	\$5	\$13	\$7	\$14	\$39	\$92	\$183
Number of failed/assisted institutions.....	0	0	1	2	4	8	81

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

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

<i>(dollar figures in millions)</i>	Preliminary				%Change 96:1-97:1	
	1st Quarter 1997	4th Quarter 1996	1st Quarter 1996			
Number of institutions reporting.....	1,886	1,924	2,005		-5.9	
Total employees (full-time equivalent).....	250,752	252,759	249,214		0.6	
<b>CONDITION DATA</b>						
Total assets.....	\$1,023,390	\$1,028,192	\$1,016,398		0.7	
Loans secured by real estate.....	627,743	637,312	609,935		2.9	
1-4 Family residential.....	501,386	502,162	479,306		4.6	
Multifamily residential property.....	58,785	59,530	58,440		0.6	
Commercial real estate.....	49,228	50,185	49,778		-1.1	
Construction, development and land.....	18,344	25,435	22,411		-18.1	
Commercial & industrial loans.....	14,834	14,852	13,311		11.4	
Loans to individuals.....	46,170	44,941	41,013		12.6	
Other loans & leases.....	2,475	2,328	1,954		26.7	
Less: Unearned income & contra accounts***.....	262	10,575	9,500		N/M	
Total loans & leases.....	690,960	688,858	656,713		5.2	
Less: Reserve for losses.....	6,953	7,480	7,198		-3.4	
Net loans & leases.....	684,007	681,377	649,516		5.3	
Securities.....	258,105	262,391	279,233		-7.6	
Other real estate owned.....	2,333	2,414	3,044		-23.3	
Goodwill and other intangibles.....	9,112	8,085	7,534		20.9	
All other assets.....	69,833	73,925	77,071		-9.4	
Total liabilities and capital.....	1,023,387	1,028,192	1,016,398		0.7	
Deposits.....	726,124	727,995	734,761		-1.2	
Other borrowed funds.....	197,376	200,927	181,819		8.6	
Subordinated debt.....	2,364	2,401	2,394		-1.2	
All other liabilities.....	12,126	11,059	11,806		2.7	
Equity capital.....	85,397	85,810	85,618		-0.3	
Loans and leases 30-89 days past due.....	8,812	9,225	8,898		-1.0	
Noncurrent loans and leases.....	8,888	8,885	9,437		-5.8	
Restructured loans and leases.....	4,341	4,626	5,566		-22.0	
Direct and indirect investments in real estate.....	595	591	310		91.9	
Mortgage-backed securities.....	191,442	193,079	207,912		-7.9	
Earning assets.....	961,311	963,367	950,695		1.1	
FHLB Advances (TFR filers only).....	97,550	103,095	85,917		13.5	
Unused loan commitments.....	105,038	96,336	95,592		9.9	
<b>INCOME DATA</b>						
	Full Year 1996	Full Year 1995	%Change	Preliminary 1st Quarter 1997	1st Quarter 1996	%Change 96:1-97:1
Total interest income.....	\$72,291	\$70,995	1.8	\$18,537	\$18,313	1.2
Total interest expense.....	42,180	42,529	-0.8	10,674	10,779	-1.0
Net interest income.....	30,111	28,466	5.8	7,863	7,534	4.4
Provision for loan losses.....	2,496	2,117	17.9	589	507	16.1
Total noninterest income.....	7,506	7,121	5.4	1,820	1,949	-6.6
Total noninterest expense.....	25,695	21,835	17.7	5,588	5,535	1.0
Securities gains (losses).....	882	463	90.5	248	354	-30.0
Applicable income taxes.....	3,089	4,159	-25.7	1,348	1,258	7.2
Extraordinary gains, net.....	(247)	(321)	N/M	(0)	5	N/M
Net income.....	6,972	7,619	-8.5	2,406	2,542	-5.4
Net charge-offs.....	2,112	2,153	-1.9	452	487	-7.2
Cash dividends.....	5,811	4,084	42.3	1,261	1,148	9.9
Net operating income.....	6,555	7,626	-14.1	2,230	2,293	-2.8

\*Data between 1992 and 1995 do not include Resolution Trust Corporation conservatorships. Excludes one self-liquidating institution.

N/M - Not Meaningful

\*\*\*Prior to 1997, includes contra accounts such as loans in process and unamortized yield adjustments for TFR filers.

Beginning March 31, 1997, includes only unearned income reported by Call Report filers.

**TABLE III-B. First Quarter 1997, FDIC-Insured Savings Institutions**

FIRST QUARTER Preliminary (The way it is . . .)	All Institutions	Asset Size Distribution				Geographic Distribution by Region					
		Less than \$100 Million	\$100 Million to \$1 Billion	\$1 Billion to \$5 Billion	Greater than \$5 Billion	East			West		
						North- east	South- east	Central	Mid- west	South- west*	West*
Number of institutions reporting.....	1,886	824	904	124	34	713	277	492	143	124	137
Total assets (in billions).....	\$1,023.4	\$42.7	\$267.7	\$260.4	\$452.5	\$336.3	\$64.6	\$176.7	\$50.7	\$61.6	\$333.5
Total deposits (in billions).....	726.1	35.5	211.4	184.9	294.3	258.7	49.2	129.6	37.2	37.6	213.7
Net income (in millions).....	2,405.6	82.0	623.9	712.3	987.4	811.8	143.8	443.5	137.8	164.1	704.6
% of unprofitable institutions.....	4.1	6.6	2.2	1.6	5.9	2.8	6.9	3.3	2.8	5.6	8.8
% of institutions with earnings gains.....	72.6	69.4	74.0	83.9	73.5	72.8	74.0	75.2	73.4	61.3	69.3
<b>Performance Ratios (annualized, %)</b>											
Yield on earning assets.....	7.84	7.81	7.79	8.03	7.77	7.67	8.19	7.90	7.96	8.11	7.85
Cost of funding earning assets.....	4.52	4.23	4.27	4.44	4.74	4.10	4.44	4.67	4.68	4.84	4.79
Net interest margin.....	3.33	3.58	3.53	3.59	3.03	3.57	3.75	3.23	3.28	3.27	3.06
Noninterest income to earning assets.....	0.77	0.65	0.60	1.00	0.75	0.57	1.31	0.90	0.91	1.05	0.73
Noninterest expense to earning assets.....	2.36	2.99	2.54	2.60	2.06	2.40	3.41	2.36	2.30	2.42	2.12
Net operating income to assets.....	0.89	0.70	0.86	1.01	0.84	0.90	0.73	0.93	1.02	1.07	0.83
Return on assets.....	0.96	0.77	0.94	1.11	0.89	0.97	0.90	1.01	1.09	1.07	0.87
Return on equity.....	11.46	6.75	9.52	13.14	12.66	10.62	9.54	11.67	12.63	13.40	12.31
Net charge-offs to loans and leases.....	0.27	0.07	0.11	0.48	0.27	0.28	0.46	0.23	0.04	0.43	0.25
Loan loss provision to net charge-offs.....	130.13	136.89	201.88	99.67	142.65	124.01	98.81	122.13	515.33	110.11	147.74
<b>Condition Ratios (%)</b>											
Loss allowance to:											
Loans and leases.....	1.01	0.75	0.94	1.23	0.95	1.17	1.01	0.79	0.87	0.74	1.04
Noncurrent loans and leases.....	78.24	69.73	82.74	70.85	82.34	65.44	106.51	99.31	113.20	56.71	83.04
Noncurrent assets plus											
other real estate owned to assets.....	1.10	0.90	0.97	1.35	1.05	1.29	0.99	0.67	0.70	1.06	1.22
Noncurrent RE loans to RE loans.....	1.30	1.03	1.11	1.79	1.19	1.83	0.84	0.75	0.74	1.45	1.29
Equity capital ratio.....	8.34	11.44	9.88	8.46	7.08	9.17	9.46	8.71	8.63	8.12	7.10
Core capital (leverage) ratio.....	7.83	11.23	9.51	7.95	6.45	8.56	9.00	8.32	8.10	7.73	6.60
Gross real estate assets to gross assets..	79.77	72.12	74.62	76.67	85.32	74.42	72.44	80.05	78.02	75.71	87.45
Gross 1-4 family mortgages to gr. assets.	48.65	52.31	47.65	40.47	53.61	42.59	47.09	53.20	51.84	36.47	54.41
Net loans and leases to deposits.....	94.20	82.00	84.24	89.44	105.81	77.73	90.73	95.51	94.08	100.25	113.10
<b>Growth Rates (year-to-year, %)</b>											
Assets.....	0.69	-	-	-	-	-2.93	-7.37	4.26	-1.57	-21.91	11.03
Equity capital.....	-0.26	-	-	-	-	-0.89	-7.32	-0.96	-1.33	-18.13	8.50
Net interest income.....	4.36	-	-	-	-	1.02	1.15	9.44	5.36	-12.33	10.77
Net income.....	-5.37	-	-	-	-	-6.15	-5.73	14.18	18.03	-67.34	36.29
Noncurrent assets plus											
other real estate owned.....	-10.14	-	-	-	-	-12.27	-31.14	18.88	10.49	-28.47	-7.56
Net charge-offs.....	-7.22	-	-	-	-	0.21	38.13	125.16	-65.87	43.01	-39.47
Loan loss provision.....	16.14	-	-	-	-	51.82	5.03	61.31	15.57	16.91	-9.03
<b>PRIOR FIRST QUARTERS**</b> (The way it was . . .)											
Number of institutions.....1996	2,005	896	951	124	34	747	299	516	151	135	157
.....1994	2,239	1,030	1,037	144	28	823	356	565	165	145	185
.....1992	2,528	1,168	1,153	175	32	895	449	617	187	161	219
Total assets (in billions).....1996	\$1,016.4	\$46.1	\$279.1	\$256.6	\$434.6	\$346.5	\$69.7	\$169.5	\$51.5	\$78.9	\$300.3
.....1994	996.7	52.3	298.1	306.7	339.6	338.4	84.1	150.4	52.2	57.2	314.4
.....1992	1,099.1	58.6	331.5	354.1	354.9	374.9	116.0	156.0	49.7	61.2	341.3
Return on assets (%).....1996	1.01	0.70	0.89	1.10	1.06	1.01	0.88	0.92	0.90	2.62	0.69
.....1994	0.52	0.85	0.82	0.83	-0.07	0.87	0.79	0.55	0.89	1.02	-0.09
.....1992	0.63	0.76	0.69	0.71	0.49	0.42	0.71	0.83	0.76	1.64	0.56
Net charge-offs to loans & leases (%)											
.....1996	0.30	0.08	0.17	0.28	0.42	0.27	0.33	0.11	0.12	0.24	0.46
.....1994	0.51	0.08	0.20	0.63	0.73	0.52	0.25	0.11	0.16	0.34	0.78
.....1992	0.57	0.27	0.42	0.67	0.67	0.88	0.45	0.24	0.43	0.32	0.48
Noncurrent assets plus											
OREO to assets (%)***.....1996	1.23	1.03	0.98	1.46	1.28	1.42	1.33	0.58	0.63	1.16	1.47
.....1994	1.96	1.37	1.63	2.07	2.25	2.46	1.31	0.67	0.74	1.86	2.44
.....1992	3.87	2.26	2.94	4.11	4.75	4.88	3.07	1.36	1.47	6.66	4.01
Equity capital ratio (%).....1996	8.42	10.78	9.79	8.46	7.27	8.98	9.45	9.16	8.61	7.75	7.27
.....1994	7.97	9.49	8.80	7.85	7.10	8.18	8.36	8.63	7.88	7.21	7.46
.....1992	6.44	7.83	6.95	6.34	5.84	6.49	6.39	7.05	5.84	5.67	6.35

\*Not adjusted to reflect the migration of a \$16.5 billion institution from the Southwest Region to the West Region during the first quarter of 1997.

\*\*Data between 1992 and 1995 do not include Resolution Trust Corporation conservatorships. Excludes 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. Full Year 1996, FDIC-Insured Savings Institutions**

	All Institutions	Asset Size Distribution				Geographic Distribution by Region					
		Less than \$100 Million	\$100 Million to \$1 Billion	\$1 Billion to \$5 Billion	Greater than \$5 Billion	East			West		
						North-east	South-east	Central	Mid-west	South-west	West
Number of institutions reporting.....	1,924	844	919	125	36	730	278	499	145	129	143
Total assets (in billions).....	\$1,028.2	\$43.7	\$270.1	\$258.2	\$456.1	\$345.5	\$63.2	\$175.7	\$50.3	\$78.3	\$315.2
Total deposits (in billions).....	728.0	36.2	212.6	185.9	293.4	267.2	48.2	127.2	35.7	45.8	203.9
Net income (in millions).....	6,972.0	197.9	1,737.4	1,958.0	3,078.8	2,799.5	317.2	1,151.6	288.0	1,218.1	1,197.6
% of unprofitable institutions.....	11.6	17.5	7.1	7.2	5.6	7.3	18.0	12.4	8.3	17.8	16.8
% of institutions with earnings gains.....	27.6	20.5	30.7	47.2	47.2	39.9	18.0	14.2	24.1	20.9	39.9
<b>Performance Ratios (%)</b>											
Yield on earning assets.....	7.73	7.82	7.79	7.85	7.61	7.66	8.09	7.77	7.81	7.98	7.63
Cost of funding earning assets.....	4.51	4.30	4.32	4.43	4.69	4.15	4.48	4.67	4.76	4.94	4.66
Net interest margin.....	3.22	3.52	3.47	3.43	2.93	3.50	3.61	3.10	3.05	3.03	2.97
Noninterest income to earning assets.....	0.80	0.66	0.62	0.93	0.86	0.59	1.45	0.89	0.92	1.66	0.63
Noninterest expense to earning assets.....	2.75	3.41	2.94	2.91	2.48	2.58	3.88	2.78	2.80	2.91	2.64
Net operating income to assets.....	0.66	0.37	0.60	0.71	0.69	0.78	0.40	0.64	0.60	1.38	0.40
Return on assets.....	0.70	0.46	0.66	0.80	0.68	0.84	0.53	0.67	0.56	1.57	0.39
Return on equity.....	8.35	4.13	6.69	9.66	9.48	9.26	5.57	7.59	6.57	19.99	5.46
Net charge-offs to loans and leases.....	0.32	0.10	0.17	0.33	0.43	0.31	0.38	0.14	0.15	0.32	0.44
Loan loss provision to net charge-offs.....	118.18	170.75	140.51	119.94	111.07	105.09	157.26	149.21	149.86	123.41	112.70
<b>Condition Ratios (%)</b>											
Loss allowance to:											
Loans and leases.....	1.09	0.80	1.03	1.29	1.04	1.20	1.11	0.79	0.85	1.14	1.16
Noncurrent loans and leases*.....	77.54	65.28	80.17	75.38	78.65	67.08	110.55	94.34	109.39	78.99	77.16
Noncurrent assets plus											
other real estate owned to assets.....	1.10	0.96	1.01	1.25	1.08	1.26	0.99	0.64	0.67	1.10	1.26
Noncurrent RE loans to RE loans.....	1.28	1.07	1.14	1.61	1.21	1.71	0.79	0.73	0.69	1.41	1.33
Equity capital ratio.....	8.35	11.40	9.97	8.28	7.13	9.13	9.44	8.68	8.71	8.10	7.09
Core capital (leverage) ratio.....	7.77	11.13	9.54	7.59	6.49	8.39	9.00	8.26	7.94	7.45	6.62
Gross real estate assets to gross assets..	79.66	73.03	75.17	77.23	84.35	74.41	73.25	80.22	77.56	77.76	87.22
Gross 1-4 family mortgages to gr. assets.	48.00	52.37	47.41	40.04	52.45	43.05	46.27	52.21	50.37	36.41	53.99
Net loans and leases to deposits.....	93.60	82.78	84.70	86.77	105.71	77.83	91.01	94.84	95.73	104.81	111.20
<b>Growth Rates (year-to-year, %)</b>											
Assets.....	0.24	-	-	-	-	-1.93	-10.75	3.40	-3.62	4.56	3.13
Equity capital.....	-0.28	-	-	-	-	-1.09	-11.29	-1.12	-0.97	11.42	1.96
Net interest income.....	5.78	-	-	-	-	-0.66	-4.64	9.01	15.53	18.17	11.36
Net income.....	-8.49	-	-	-	-	-4.17	-46.61	-14.94	-34.51	59.40	-22.52
Noncurrent assets plus											
other real estate owned.....	-8.43	-	-	-	-	-11.44	-22.69	24.74	5.37	-5.17	-10.88
Net charge-offs.....	-1.89	-	-	-	-	-19.56	141.32	8.58	-10.27	50.66	-3.65
Loan loss provision.....	17.89	-	-	-	-	-4.21	226.42	19.87	4.80	23.83	17.15
<b>PRIOR FULL YEARS**</b> <i>(The way it was . . . )</i>											
Number of institutions.....											
.....1995	2,030	910	959	130	31	754	305	522	153	137	159
.....1993	2,262	1,048	1,040	146	28	826	367	568	166	147	188
.....1991	2,561	1,184	1,166	182	29	909	459	620	187	163	223
Total assets (in billions).....											
.....1996	\$1,025.7	\$46.7	\$278.5	\$281.3	\$419.2	\$352.3	\$70.9	\$169.9	\$52.2	\$74.9	\$305.6
.....1993	1,000.9	53.4	298.8	306.8	341.9	336.6	89.1	150.8	50.9	56.9	316.6
.....1991	1,113.0	58.9	334.5	380.9	338.7	377.1	122.2	155.0	49.7	63.5	345.4
Return on assets (%).....											
.....1995	0.77	0.67	0.80	0.84	0.72	0.88	0.87	0.85	0.98	1.05	0.51
.....1993	0.70	1.00	0.93	0.62	0.52	0.68	0.71	0.97	0.98	1.58	0.38
.....1991	0.08	0.35	0.24	0.05	-0.10	-0.39	0.09	0.51	0.58	0.54	0.21
Net charge-offs to loans & leases (%)											
.....1995	0.34	0.14	0.17	0.38	0.45	0.39	0.14	0.14	0.18	0.23	0.47
.....1993	0.65	0.15	0.29	0.53	1.10	0.68	0.34	0.11	0.15	0.28	1.00
.....1991	0.65	0.30	0.50	0.84	0.66	1.12	0.58	0.21	0.28	0.41	0.45
Noncurrent assets plus											
OREO to assets (%).....											
.....1995	1.20	1.00	0.99	1.39	1.24	1.40	1.14	0.53	0.61	1.21	1.46
.....1993	2.10	1.43	1.74	2.17	2.45	2.73	1.48	0.72	0.83	2.26	2.44
.....1991	3.96	2.25	3.13	4.57	4.40	5.14	3.65	1.38	1.61	7.44	3.65
Equity capital ratio (%).....											
.....1995	8.39	10.74	9.84	8.54	7.06	9.05	9.50	9.07	8.48	7.60	7.17
.....1993	7.84	9.33	8.61	7.71	7.04	7.99	7.97	8.53	7.90	7.12	7.42
.....1991	6.17	7.78	6.79	5.85	5.62	6.19	6.02	6.87	5.47	4.62	6.26

\*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.

\*\*Data between 1991 and 1995 does not include Resolution Trust Corporation conservatorships. Excludes one self-liquidating institution.

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

March 31, 1997	All Institutions	Asset Size Distribution				Geographic Distribution by Region					
		Less than \$100 Million	\$100 Million to \$1 Billion	\$1 Billion to \$5 Billion	Greater than \$5 Billion	East			West		
						North-east	South-east	Central	Mid-west	South-west	West
<b>Percent of Loans 30-89 Days Past Due</b>											
All loans secured by real estate.....	1.23	2.12	1.32	1.24	1.09	1.37	1.38	1.11	1.27	1.43	1.12
Construction, development and land.....	1.87	2.57	1.75	1.77	2.00	1.29	1.48	2.24	2.40	1.55	2.57
Commercial real estate.....	1.15	1.83	1.29	1.35	0.65	1.42	1.60	1.00	1.18	1.09	0.69
Multifamily residential real estate.....	0.61	1.27	0.77	0.67	0.50	0.90	1.19	0.52	0.60	0.89	0.49
Home equity loans.....	0.80	1.48	1.32	0.65	0.43	1.13	0.40	0.85	0.18	0.34	0.49
Other 1-4 Family residential.....	1.30	2.18	1.35	1.33	1.19	1.42	1.40	1.13	1.34	1.52	1.25
Commercial and industrial loans.....	1.41	2.35	1.87	1.24	0.71	1.52	1.49	1.43	2.15	1.80	0.71
Loans to individuals.....	1.93	2.52	1.94	2.38	1.43	1.90	2.81	2.13	2.26	1.18	1.62
Credit card loans.....	2.21	3.00	3.66	2.73	1.74	1.79	3.45	3.22	1.64	0.86	3.91
Other loans to individuals.....	1.84	2.49	1.74	2.30	1.22	1.92	2.45	1.82	2.32	1.51	1.29
<b>Percent of Loans Noncurrent*</b>											
All real estate loans.....	1.30	1.03	1.11	1.79	1.19	1.83	0.84	0.75	0.74	1.45	1.29
Construction, development and land.....	1.42	1.44	1.70	1.75	0.61	2.54	1.36	1.42	1.17	0.35	1.21
Commercial real estate.....	1.98	1.53	1.55	2.64	1.81	2.55	1.05	1.29	1.15	2.57	1.70
Multifamily residential real estate.....	1.49	1.33	1.30	2.92	0.71	2.84	1.07	1.18	1.22	5.55	0.84
Home equity loans.....	0.40	0.45	0.51	0.39	0.31	0.58	0.17	0.35	0.07	0.18	0.32
Other 1-4 Family residential.....	1.24	0.96	1.02	1.54	1.24	1.67	0.77	0.66	0.70	1.10	1.36
Commercial and industrial loans.....	1.58	2.28	2.09	1.51	0.77	2.14	1.79	1.17	1.52	1.28	0.53
Loans to individuals.....	1.03	1.21	1.02	1.36	0.71	1.13	1.62	1.31	0.89	0.69	0.45
Credit card loans.....	1.68	2.10	2.76	2.46	1.18	1.77	2.70	2.49	0.93	0.65	1.82
Other loans to individuals.....	0.82	1.16	0.82	1.12	0.38	0.99	1.02	0.96	0.88	0.74	0.25
<b>Percent of Loans Charged-off (net, annualized)</b>											
All real estate loans.....	0.12	0.03	0.04	0.17	0.16	0.14	0.03	0.05	-0.12	0.11	0.20
Construction, development and land.....	0.10	0.11	0.14	0.11	0.03	0.18	0.06	0.11	0.05	0.05	0.12
Commercial real estate.....	0.18	0.15	0.12	0.18	0.27	0.25	0.14	0.06	0.04	0.09	0.20
Multifamily residential real estate.....	0.22	0.05	0.21	0.45	0.09	0.11	0.04	0.21	0.10	0.18	0.28
Home equity loans.....	0.18	0.03	0.09	0.21	0.26	0.14	0.11	0.15	0.09	0.01	0.43
Other 1-4 Family residential.....	0.11	0.02	0.01	0.12	0.16	0.13	0.01	0.02	-0.17	0.12	0.18
Commercial and industrial loans.....	0.25	0.42	0.54	0.25	-0.10	0.19	1.13	0.15	0.11	0.53	0.00
Loans to individuals.....	2.20	0.52	0.88	3.40	2.13	2.06	3.43	2.62	1.42	1.70	1.90
Credit card loans.....	5.42	0.36	3.89	10.57	3.98	4.78	7.80	13.00	2.86	1.94	5.01
Other loans to individuals.....	1.20	0.53	0.55	2.08	0.78	1.42	1.13	0.53	1.28	1.45	1.46
<b>Loans Outstanding (in billions)</b>											
All real estate loans.....	\$627.7	\$26.8	\$164.0	\$144.5	\$292.4	\$181.6	\$38.6	\$112.6	\$30.9	\$30.0	\$234.1
Construction, development and land.....	18.3	1.2	7.9	4.6	4.6	3.7	3.3	4.1	0.9	2.8	3.5
Commercial real estate.....	49.1	2.1	16.9	16.0	14.0	20.6	3.7	6.3	2.3	2.7	13.6
Multifamily residential real estate.....	58.8	0.9	10.7	17.6	29.5	12.9	1.0	7.6	1.3	1.9	34.1
Home equity loans.....	18.3	0.5	5.4	6.5	5.9	7.4	1.5	4.5	1.5	0.2	3.2
Other 1-4 Family residential.....	483.0	22.0	123.0	99.8	238.3	136.9	29.2	90.1	25.0	22.3	179.6
Commercial and industrial loans.....	14.8	0.6	4.3	5.9	4.0	6.9	1.2	2.3	0.8	0.9	2.7
Loans to individuals.....	46.2	1.9	10.9	16.1	17.3	14.0	5.2	9.4	3.5	7.0	7.1
Credit card loans.....	11.2	0.1	1.1	3.0	7.1	2.5	1.9	2.1	0.3	3.6	0.9
Other loans to individuals.....	34.9	1.8	9.8	13.2	10.2	11.5	3.4	7.3	3.2	3.5	6.2
<b>Memoranda:</b>											
<b>Other Real Estate Owned (in millions)**</b>											
All other real estate owned.....	\$2,333.3	\$72.3	\$560.6	\$608.4	\$1,092.0	\$690.4	\$208.8	\$185.8	\$85.5	\$159.8	\$1,003.0
Construction, development and land.....	334.1	11.8	112.8	55.1	154.4	86.7	139.8	15.2	9.4	15.5	67.5
Commercial real estate.....	430.5	15.5	144.1	165.4	105.5	200.0	23.3	53.0	38.5	24.9	90.8
Multifamily residential real estate.....	326.7	1.9	37.9	135.0	152.0	65.2	3.2	9.6	2.0	57.0	189.7
1-4 Family residential.....	1,320.3	44.2	283.3	277.7	715.1	356.4	57.5	112.8	46.2	66.7	680.7
<b>Troubled Real Estate Asset Rates***</b>											
<b>(% of total RE assets)</b>											
All real estate loans.....	1.67	1.30	1.45	2.20	1.56	2.20	1.37	0.91	1.01	1.97	1.71
Construction, development and land.....	3.18	2.40	3.08	2.91	3.81	4.74	5.41	1.78	2.15	0.90	3.09
Commercial real estate.....	2.84	2.24	2.38	3.67	2.54	3.50	1.67	2.11	2.80	3.56	2.35
Multifamily residential real estate.....	2.04	1.52	1.64	3.65	1.22	3.33	1.41	1.30	1.38	8.27	1.39
1-4 Family residential.....	1.46	1.14	1.22	1.73	1.51	1.85	0.93	0.76	0.84	1.38	1.71

\*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.

## ALL FDIC-INSURED INSTITUTIONS

- **Insured Deposits Rise Despite Overall Deposit Shrinkage**
- **BIF Balance Tops \$27 Billion, Reserve Ratio Holds At 1.34 Percent**
- **SAIF Surpasses \$9 Billion, Reserve Ratio Up A Tick To 1.31 Percent**
- **For The Second Consecutive Quarter, No Insured Institutions Fail**

Deposit growth in the first quarter of 1997 reflected a seasonal pattern whereby growth in insured deposits was more than offset by shrinkage in large-denomination domestic deposits. Insured deposits at all 11,337 FDIC-insured institutions increased by \$22 billion during the quarter, but total domestic deposits declined by \$7 billion. Overall asset growth of \$59 billion primarily was funded by nondeposit sources such as the purchase of federal funds and the sale of securities under agreement to repurchase. These liabilities increased by \$76 billion during the three-month period.

The Bank Insurance Fund (BIF) grew by \$188 million from December 31 to March 31, to \$27.0 billion (unaudited), as a result of investment earnings. With near-term insurance losses expected to remain low, the best-rated BIF members — 95 percent of the total — continue to pay nothing for deposit insurance. Members posing greater risk to the fund pay up to 27 cents annually per \$100 of assessable deposits. Fund growth during the quarter kept pace with growth in insured deposits, leaving the BIF reserve ratio unchanged at 1.34 percent.

The Savings Association Insurance Fund (SAIF) passed the \$9 billion level (unaudited), having grown by \$122 million since December 31. The fund's reserve ratio edged upward during the quarter, from 1.30 percent to 1.31 percent. Presently, 89.9 percent of SAIF members pay no deposit insurance premium. SAIF rates for riskier members also range up to 27 cents per \$100 of assessable deposits. The SAIF assessment base grew by \$7.1 billion during the first quarter, compared to a \$4.1-billion decline in the fourth quarter.

For the second consecutive quarter, no insured institution failed. The most recent failures occurred in August 1996. The number and total assets of institutions on the FDIC's "problem" list also continued to decline. As of March 31,

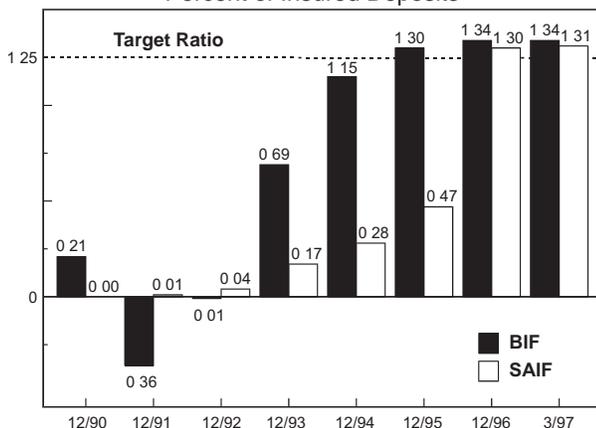
the list contained 112 commercial banks and savings institutions, with aggregate assets of \$10 billion. At its peak in the early 1990s, the "problem" list had over 1,400 institutions, with assets exceeding \$800 billion.

**"Oakar" deposits.** As of March 31, 802 BIF members held \$223 billion in SAIF-assessable deposits, compared to \$216.7 billion on December 31. Also on March 31, 96 SAIF members had \$22.8 billion in BIF-assessable deposits, which was unchanged from December 31. The March 31 figures for all Oakars reflect the first quarterly growth adjustment of these acquired deposits, which previously had been adjusted annually. The adjustment is intended to maintain a constant proportion of Oakar deposits to total deposits, net of subsequent acquisitions or sales.

**"Sasser" institutions.** During the first quarter, 14 savings associations converted to commercial or savings bank charters. As of March 31, there were 329 Sassers holding \$58.1 billion in SAIF-assessable deposits. The relevant statute permits savings associations to switch charters while avoiding the costly exit and entrance fees associated with converting insurance fund membership from the SAIF to the BIF.

**FICO bonds.** Prior to 1997, annual interest payments of \$793 million on bonds issued by the Financing Corporation (FICO) had been paid only by SAIF-member savings associations. Now, all FDIC-insured institutions are responsible for a portion of the obligation. For the first quarter of 1997, the FICO rate for SAIF-assessable deposits was approximately 6.5 cents per \$100, and the rate for BIF-assessable deposits was 1.3 cents, or one-fifth the SAIF rate, as set by statute. These rates may vary slightly in the future due to growth or shrinkage in the assessment bases and the level of FICO's cash reserves.

**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
12/90	4,045	1,929,612	18	830,028
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	2,008,234	8,888	682,284
3/97	27,042	2,024,297	9,010	688,308

3/97

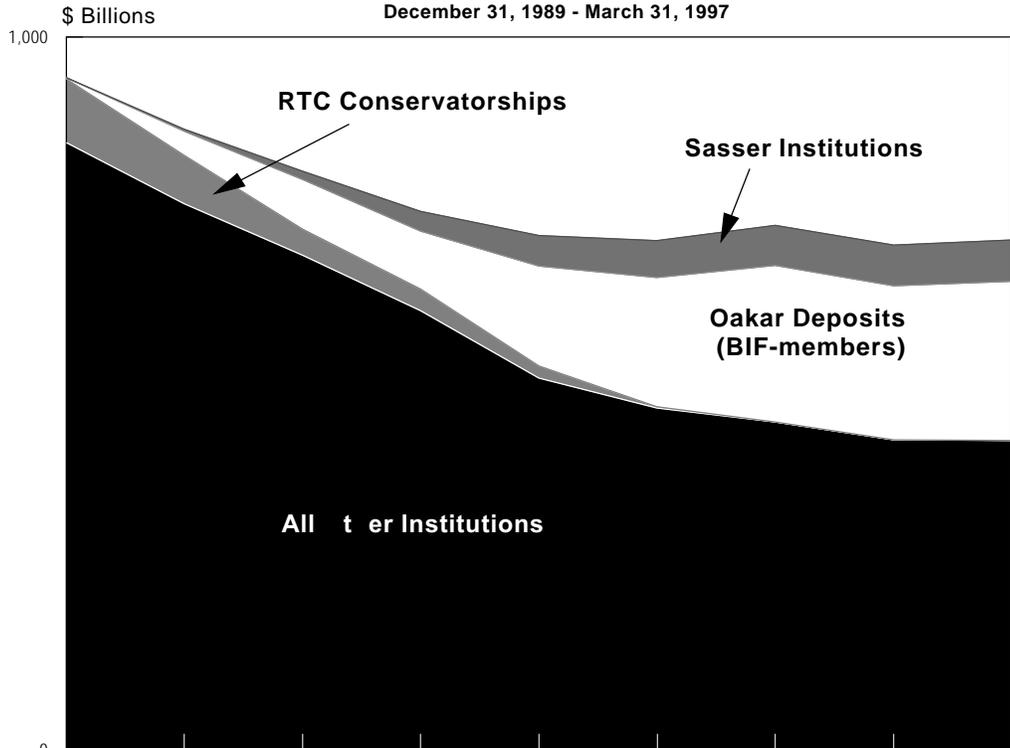
**Estimated FDIC-Insured Deposits by Fund Membership and Type of Institution  
March 31, 1997\***

(dollar figures in millions)	Number of Institutions	Total Assets	Domestic Deposits**	Estimated Insured Deposits		
				BIF	SAIF	Total
<b>Private-Sector Commercial and Savings Institutions</b>						
FDIC-Insured Commercial Banks.....	9,451	4,641,730	2,718,562	1,843,495	183,374	2,026,869
BIF-member.....	9,362	4,603,457	2,689,881	1,833,607	170,572	2,004,180
SAIF-member.....	89	38,273	28,681	9,888	12,802	22,689
FDIC-Insured Savings Institutions.....	1,886	1,023,390	726,124	179,176	504,934	684,110
OTS-Supervised Savings Institutions.....	1,300	767,499	528,784	48,540	449,566	498,106
BIF-member.....	27	115,151	77,875	36,404	37,933	74,337
SAIF-member*.....	1,273	652,348	450,909	12,135	411,634	423,769
FDIC-Supervised State Savings Banks.....	586	255,891	197,340	130,636	55,368	186,004
BIF-member.....	346	198,199	153,775	129,901	14,517	144,418
SAIF-member.....	240	57,693	43,565	735	40,851	41,586
<b>Total Private-Sector Commercial and Savings Institutions.....</b>	<b>11,337</b>	<b>5,665,120</b>	<b>3,444,685</b>	<b>2,022,671</b>	<b>688,308</b>	<b>2,710,979</b>
BIF-member.....	9,735	4,916,806	2,921,531	1,999,913	223,022	2,222,935
SAIF-member.....	1,602	748,314	523,155	22,758	465,286	488,045
<b>Other FDIC-Insured Institutions</b>						
U.S. Branches of Foreign Banks.....	31	8,567	3,066	1,626	0	1,626
<b>Total FDIC-Insured Institutions.....</b>	<b>11,368</b>	<b>5,673,688</b>	<b>3,447,751</b>	<b>2,024,297</b>	<b>688,308</b>	<b>2,712,605</b>

\*Excludes one self-liquidating savings institution with less than \$1 million in SAIF-insured deposits.

\*\*Excludes \$475.9 billion in foreign office deposits, which are uninsured.

**SAIF Assessment Base  
December 31, 1989 - March 31, 1997**



(\$ Billions)	12/89	12/90	12/91	12/92	12/93	12/94	12/95	12/96	03/97
Sasser Institutions	0.0	2.8	11.9	28.4	42.8	52.0	56.2	57.2	58.7
Oakar Deposits (BIF-members)	2.1	34.0	69.8	80.5	139.9	181.9	220.1	216.8	223.2
RTC Conservatorships	89.0	67.3	36.9	31.2	17.7	1.2	0.0	0.0	0.0
All Other Institutions	851.6	766.0	693.2	615.2	520.3	479.2	459.0	434.0	433.1
<b>Total</b>	<b>942.8</b>	<b>870.0</b>	<b>811.7</b>	<b>755.3</b>	<b>720.7</b>	<b>714.4</b>	<b>735.3</b>	<b>707.9</b>	<b>715.0</b>

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

<i>(dollar figures in millions)</i>	1997**	1996**	1996	1995	1994	1993
Number of institutions reporting.....	11,337	11,843	11,452	11,970	12,603	13,220
Total assets.....	\$5,665,120	\$5,324,817	\$5,606,543	\$5,338,423	\$5,019,085	\$4,707,055
Total deposits.....	3,920,537	3,760,519	3,925,150	3,769,481	3,611,619	3,528,486
Number of problem institutions.....	112	169	117	193	318	572
Assets of problem institutions (in billions).....	\$10	\$27	\$12	\$31	\$73	\$334
Number of failed/assisted institutions.....	0	1	6	8	15	50
Assets of failed/assisted institutions (in billions).....	\$0.00	\$0.04	\$0.22	\$1.21	\$1.57	\$9.67

\*\*As of March 31.

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

<i>(dollar figures in millions)</i>	Preliminary			Preliminary		
	1st Quarter	4th Quarter		1st Quarter	1st Quarter	% Change
	1997	1996		1996	1996	96:1-97:1
Number of institutions reporting.....	11,337	11,452		11,843		-4.3
Total employees (full-time equivalent).....	1,746,847	1,741,974		1,721,938		1.4
<b>CONDITION DATA</b>						
Total assets.....	\$5,665,120	\$5,606,543		\$5,324,817		6.4
Loans secured by real estate.....	1,783,623	1,776,324		1,699,704		4.9
1-4 Family residential.....	1,166,865	1,157,590		1,109,389		5.2
Home equity loans.....	105,017	103,538		95,708		9.7
Multifamily residential property.....	97,659	97,691		95,546		2.2
Commercial real estate.....	368,058	366,046		351,145		4.8
Construction, development and land.....	96,715	101,827		91,866		5.3
Other real estate loans.....	54,327	53,170		51,759		5.0
Commercial & industrial loans.....	746,962	724,718		689,188		8.4
Loans to individuals.....	589,908	606,877		565,304		4.4
Credit cards & related plans.....	227,102	241,766		211,625		7.3
Other loans & leases.....	348,603	407,906		350,034		-0.4
Less: Unearned income & contra accounts.....	5,381	15,883		15,114		-64.4
Total loans & leases.....	3,463,715	3,499,942		3,289,117		5.3
Less: Reserve for losses.....	60,473	61,130		60,152		0.5
Net loans & leases.....	3,403,242	3,438,811		3,228,965		5.4
Securities.....	1,071,188	1,063,237		1,090,914		-1.8
Other real estate owned.....	6,996	7,198		8,874		-21.2
Goodwill and other intangibles.....	64,137	52,774		39,201		63.6
All other assets.....	1,119,557	1,044,522		956,863		17.0
Total liabilities and capital.....	5,665,117	5,606,543		5,324,817		6.4
Deposits.....	3,920,537	3,925,150		3,760,519		4.3
Other borrowed funds.....	951,133	916,928		839,392		13.3
Subordinated debt.....	54,694	53,568		47,820		14.4
All other liabilities.....	263,226	249,815		238,044		10.6
Equity capital.....	475,528	461,081		439,042		8.3
Loans and leases 30-89 days past due.....	46,926	47,726		43,202		8.6
Noncurrent loans and leases.....	37,996	38,024		40,473		-6.1
Restructured loans and leases.....	7,864	8,275		9,225		-14.8
Direct and indirect investments in real estate.....	1,247	1,249		886		40.7
Mortgage-backed securities.....	533,405	529,123		543,101		-1.8
Earning assets.....	4,978,818	4,912,515		4,709,657		5.7
Unused loan commitments.....	2,799,108	2,676,206		2,375,418		17.8
<b>Including IBA's:***</b>						
Estimated BIF-insured deposits.....	2,024,297	2,008,234		1,959,260		3.3
Assessment base.....	2,635,224	2,642,878		2,473,751		6.5
BIF balance (unaudited figures).....	27,042	26,854		25,748		5.0
BIF reserve ratio (%).....	1.34	1.34		1.31		1.7
Estimated SAIF-insured deposits.....	688,308	682,284		715,834		-3.8
Assessment base.....	715,039	707,942		738,480		-3.2
SAIF balance (unaudited figures).....	9,010	8,888		3,650		146.8
SAIF reserve ratio (%).....	1.31	1.30		0.51		156.7
Estimated FDIC-insured deposits, BIF and SAIF.....	2,712,605	2,690,518		2,675,094		1.4
<b>INCOME DATA</b>						
	Full Year	Full Year		Preliminary	1st Quarter	%Change
	1996	1995	%Change	1st Quarter	1996	96:1-97:1
Total interest income.....	\$385,073	\$373,379	3.1	\$99,611	\$95,853	3.9
Total interest expense.....	192,187	190,701	0.8	49,667	48,418	2.6
Net interest income.....	192,886	182,677	5.6	49,944	47,436	5.3
Provision for loan losses.....	18,774	14,720	27.5	4,876	4,121	18.3
Total noninterest income.....	101,084	89,547	12.9	26,546	24,103	10.1
Total noninterest expense.....	186,408	171,564	8.7	46,005	46,088	-0.2
Securities gains (losses).....	1,997	1,004	98.9	661	833	-20.6
Applicable income taxes.....	31,297	30,283	3.3	9,371	7,668	22.2
Extraordinary gains, net.....	(158)	(295)	N/M	(17)	71	N/M
Net income.....	59,329	56,366	5.3	16,883	14,565	15.9

\*Excludes institutions in RTC conservatorship, one self-liquidating savings institution, insured branches of foreign banks (IBA's), unless indicated otherwise.

\*\*\*Reserve ratios reflect the insurance fund balance as a percentage of estimated insured deposits.

N/M-Not meaningful

**TABLE I-D. Selected Indicators, BIF-Member Depository Institutions\***

<i>(dollar figures in millions)</i>	1997**	1996**	1996	1995	1994	1993
Number of institutions reporting.....	9,735	10,138	9,822	10,242	10,759	11,291
Total assets.....	4,916,806	4,570,231	4,855,796	4,576,266	4,246,785	3,949,694
Total deposits.....	3,397,149	3,223,162	3,402,656	3,224,307	3,061,457	2,951,979
Number of problem institutions.....	80	131	86	151	264	472
Assets of problem institutions (in billions).....	\$6	\$16	\$7	\$20	\$42	\$269
Number of failed/assisted institutions.....	0	1	5	6	13	41
Assets of failed/assisted institutions (in billions).....	\$0.00	\$0.04	\$0.19	\$0.76	\$1.43	\$3.54

\*\*As of March 31.

**TABLE II-D. Selected Aggregate Condition and Income Data, BIF-Member Depository Institutions\***

<i>(dollar figures in millions)</i>	Preliminary 1st Quarter 1997	4th Quarter 1996	1st Quarter 1996	% Change 96:1-97:1		
Number of institutions reporting.....	9,735	9,822	10,138	-4.0		
Commercial banks.....	9,362	9,441	9,755	-4.0		
Savings institutions.....	373	381	383	-2.6		
Total employees (full-time equivalent).....	1,554,457	1,548,539	1,529,387	1.6		
<b>CONDITION DATA</b>						
Total assets.....	\$4,916,806	\$4,855,796	\$4,570,231	7.6		
Loans secured by real estate, total.....	1,323,553	1,307,216	1,239,233	6.8		
1-4 Family residential.....	795,453	785,255	743,171	7.0		
Multifamily residential property.....	60,320	59,579	56,189	7.4		
Commercial real estate.....	333,233	330,819	316,745	5.2		
Construction, development and land.....	80,413	78,577	71,525	12.4		
Commercial & industrial loans.....	734,776	712,997	679,020	8.2		
Reserve for losses.....	55,607	55,835	55,092	0.9		
Total deposits.....	3,397,149	3,402,656	3,223,162	5.4		
Domestic deposits.....	2,921,531	2,929,194	2,768,789	5.5		
Estimated insured deposits.....	2,222,935	2,200,535	2,168,861	2.5		
BIF-insured deposits (estimated).....	1,999,913	1,983,875	1,938,060	3.2		
SAIF-insured deposits (estimated).....	223,022	216,660	230,801	-3.4		
Noncurrent loans and leases.....	31,562	31,717	33,878	-6.8		
Other real estate owned.....	5,246	5,396	6,755	-22.3		
Equity capital.....	413,898	399,457	375,964	10.1		
<b>CAPITAL CATEGORY DISTRIBUTION</b>						
Number of institutions:						
Well capitalized.....	9,564	9,652	9,980	-4.2		
Adequately capitalized.....	157	149	135	16.3		
Undercapitalized.....	6	12	17	-64.7		
Significantly undercapitalized.....	6	7	3	100.0		
Critically undercapitalized.....	2	2	3	-33.3		
Total assets:						
Well capitalized.....	\$4,881,833	\$4,826,345	\$4,492,424	8.7		
Adequately capitalized.....	33,430	24,590	74,972	-55.4		
Undercapitalized.....	869	3,768	2,478	-64.9		
Significantly undercapitalized.....	597	1,036	209	185.0		
Critically undercapitalized.....	78	57	148	-47.4		
<b>INCOME DATA</b>						
	Full Year 1996	Full Year 1995	%Change	Preliminary 1st Quarter 1997	1st Quarter 1996	%Change 96:1-97:1
Net interest income.....	\$170,952	\$161,997	5.5	\$44,248	\$41,904	5.6
Provision for loan losses.....	16,878	13,148	28.4	4,457	3,703	20.4
Net income.....	54,478	50,765	7.3	15,095	12,671	19.1
Net charge-offs.....	16,122	12,890	25.1	4,162	3,730	11.6
Number of institutions reporting net losses.....	404	359	12.5	382	337	13.4

\*Excludes insured branches of foreign banks.

**TABLE I-E. Selected Indicators, SAIF-Member Depository Institutions\***

<i>(dollar figures in millions)</i>	1997**	1996**	1996	1995	1994	1993
Number of institutions reporting.....	1,602	1,705	1,630	1,728	1,844	1,929
Total assets.....	748,314	754,586	750,746	762,157	772,299	757,362
Total deposits.....	523,388	537,357	522,494	545,174	550,162	576,507
Number of problem institutions.....	32	38	31	42	54	100
Assets of problem institutions (in billions).....	\$5	\$11	\$6	\$11	\$31	\$65
Number of failed/assisted institutions.....	0	0	1	2	2	9
Assets of failed/assisted institutions (in billions).....	\$0.00	\$0.00	\$0.03	\$0.46	\$0.14	\$6.00

\*\*As of March 31.

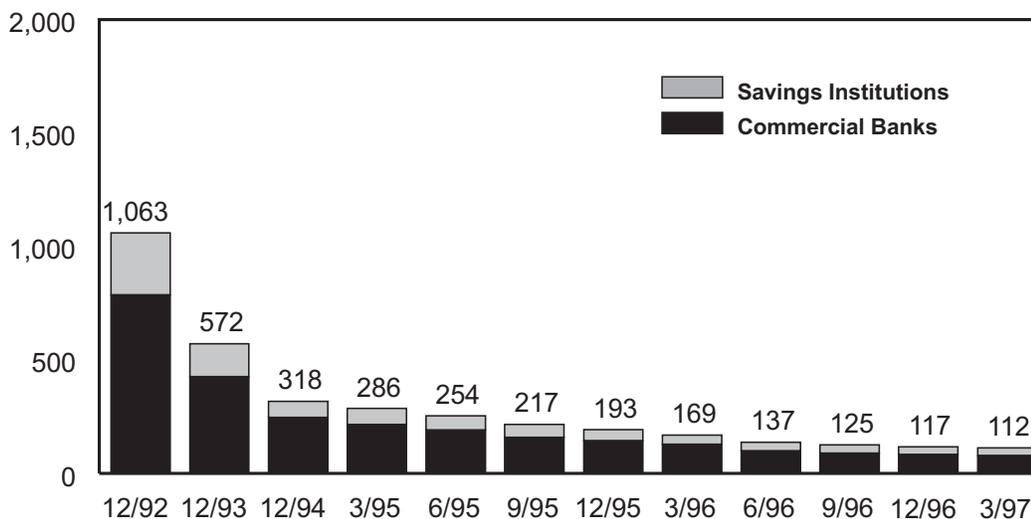
**TABLE II-E. Selected Aggregate Condition and Income Data, SAIF-Member Depository Institutions\***

<i>(dollar figures in millions)</i>	Preliminary 1st Quarter 1997	4th Quarter 1996	1st Quarter 1996	% Change 96:1-97:1		
Number of institutions reporting.....	1,602	1,630	1,705	-6.0		
Commercial banks.....	89	87	83	7.2		
Savings institutions.....	1,513	1,543	1,622	-6.7		
Total employees (full-time equivalent).....	192,390	193,435	192,551	-0.1		
<b>CONDITION DATA</b>						
Total assets.....	\$748,314	\$750,746	\$754,586	-0.8		
Loans secured by real estate, total.....	460,071	469,108	460,471	-0.1		
1-4 Family residential.....	371,412	372,335	366,218	1.4		
Multifamily residential property.....	37,339	38,112	39,357	-5.1		
Commercial real estate.....	34,825	35,227	34,400	1.2		
Construction, development and land.....	16,302	23,250	20,341	-19.9		
Commercial & industrial loans.....	12,185	11,721	10,168	19.8		
Reserve for losses.....	4,867	5,295	5,060	-3.8		
Total deposits.....	523,388	522,494	537,357	-2.6		
Domestic deposits.....	523,155	522,411	537,298	-2.6		
Estimated insured deposits.....	488,045	488,412	504,367	-3.2		
BIF-insured deposits (estimated).....	22,758	22,788	19,335	17.7		
SAIF-insured deposits (estimated).....	465,286	465,624	485,032	-4.1		
Noncurrent loans and leases.....	6,434	6,308	6,595	-2.4		
Other real estate owned.....	1,750	1,802	2,118	-17.4		
Equity capital.....	61,630	61,624	63,078	-2.3		
<b>CAPITAL CATEGORY DISTRIBUTION</b>						
Number of institutions:						
Well capitalized.....	1,549	1,581	1,662	-6.8		
Adequately capitalized.....	49	47	38	28.9		
Undercapitalized.....	2	1	4	-50.0		
Significantly undercapitalized.....	1	1	1	0.0		
Critically undercapitalized.....	1	0	0	0.0		
Total assets:						
Well capitalized.....	\$732,945	\$733,507	\$740,760	-1.1		
Adequately capitalized.....	15,058	17,176	13,048	15.4		
Undercapitalized.....	98	49	743	-86.8		
Significantly undercapitalized.....	203	14	35	477.8		
Critically undercapitalized.....	10	0	0	0.0		
<b>INCOME DATA</b>						
	Full Year 1996	Full Year 1995	%Change	Preliminary 1st Quarter 1997	1st Quarter 1996	%Change 96:1-97:1
Net interest income.....	\$21,934	\$20,680	6.1	\$5,696	\$5,531	3.0
Provision for loan losses.....	1,895	1,573	20.5	418	418	0.1
Net income.....	4,851	5,601	-13.4	1,788	1,894	-5.6
Net charge-offs.....	1,518	1,463	3.8	328	348	-5.8
Number of institutions reporting net losses.....	221	113	95.6	71	99	-28.3

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

## Number of FDIC-Insured "Problem" Institutions 1992 - 1997

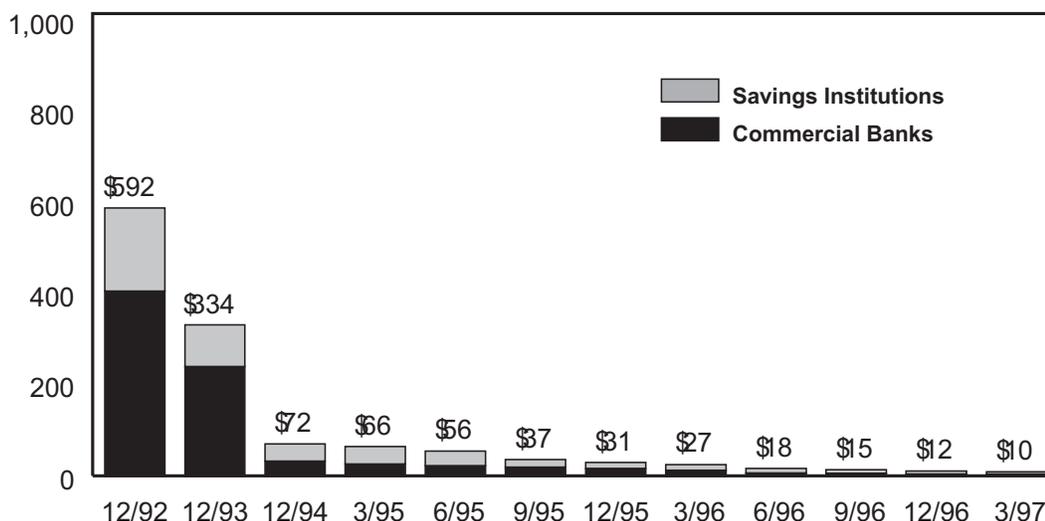
Number of Institutions



<b>Savings Institutions</b>	276	146	71	71	64	59	49	42	38	36	35	35
<b>Commercial Banks</b>	787	426	247	215	190	158	144	127	99	89	82	77

## Assets of FDIC-Insured "Problem" Institutions 1992 - 1997

\$ Billions



<b>Savings Institutions</b>	184	92	39	39	33	17	14	13	10	8	7	5
<b>Commercial Banks</b>	408	242	33	27	23	20	17	13	8	7	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. 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 II-E.)**

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 file consolidated reports, while their subsidiary financial institutions continue 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. Tables III and IV do not provide growth rates for the "Asset Size Distribution" since many institutions migrate between size groups.

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. Also, when a main office is relocated to another region, no adjustments are made to regional growth rates. 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.

### **RECENT 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 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, goodwill and other intangibles, all other assets and equity capital (see definitions below). More information on changes to the March 31, 1997 *Call Report* is contained in Financial Institution Letter FIL-27-97, which is available through the FDIC World Wide Web site at [www.fdic.gov/banknews/fils/1997/fil9727.html](http://www.fdic.gov/banknews/fils/1997/fil9727.html), 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, and other liabilities.

**BIF-insured deposits** (estimated) – the amount of deposits in accounts of less than \$100,000 insured by the BIF. For SAIF-member "Oakar" institutions, it represents the adjusted attributable amount acquired from BIF members.

**Capital category 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.

**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 tech-

niques 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.

**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 consoli-

dated 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 amount of deposits in accounts of less than \$100,000 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.