The FDIC Quarterly Banking Profile

Donna Tanoue, Chairman

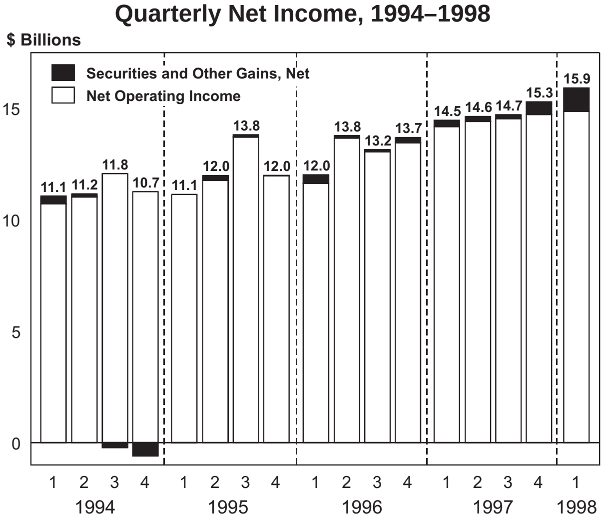
First Quarter 1998

COMMERCIAL BANKING PERFORMANCE — FIRST QUARTER 1998

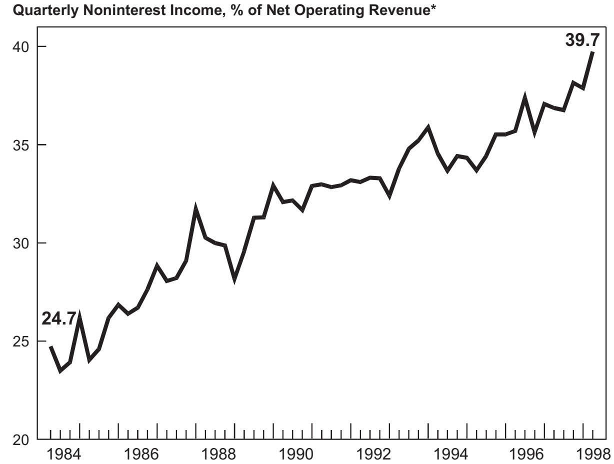
- ***Industry Registers Fifth Consecutive Quarterly Earnings Record***
- ***Net Income of $15.9 Billion Exceeds Previous Record by $621 Million***
- ***Noninterest Income, One-Time Gains Lift Industry Profits***
- ***Net Interest Margins Decline for Fifth Time in Last Six Quarters***

For the fifth consecutive quarter, insured commercial banks reported a new earnings record. Bank profits in the first quarter totaled $15.9 billion, an increase of $621 million (4.1 percent) over the previous record, set in the fourth quarter of 1997, and a $1.5-billion (10.1 percent) improvement over year-earlier results. The industry's return on average assets (ROA) rose to 1.26 percent, compared to 1.24 percent in the fourth quarter of 1997 and 1.25 percent in the first quarter of 1997. More than two out of every three banks (67.0 percent) reported an ROA of 1 percent or higher in the first quarter, and almost as many (63.6 percent) reported higher earnings than a year ago. The earnings strength can be traced to several familiar sources: continued strong asset expansion, a growing contribution from noninterest revenue sources, and mostly favorable asset quality. In addition, the industry's net income received a boost of more than $1 billion from nonrecurring gains. As has been the case in recent quarters, the improvement in earnings was limited by declining net interest margins, rising credit-loss provisions and higher noninterest expenses related to mergers and holding company restructurings.

Quarterly Net Income, 1994–1998



Noninterest Income Provides a Growing Proportion of Bank Income, 1984–1998



*Net operating revenue equals net interest income plus noninterest income.

Noninterest income of $29.2 billion was $4.6 billion (18.8 percent) higher than a year ago. Revenues from trust activities and other fee income registered especially strong growth. Net interest income was $2.2 billion (5.2 percent) higher, although the average net interest margin was 16 basis points lower (4.06 percent versus 4.22 percent). The improvement in net interest income was the result of a 9.9-percent increase in interest-earning assets in the twelve-month period ending March 31, 1998. Sales of securities contributed $382 million (92.5 percent) more to banks' pre-tax revenues than a year earlier,

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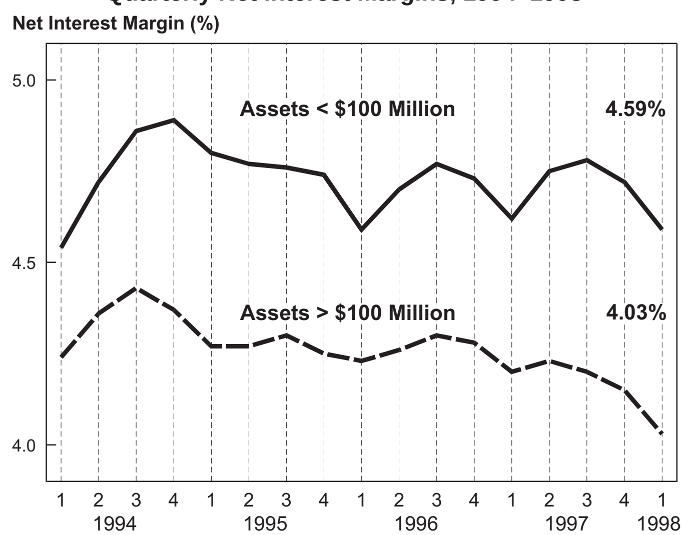
while extraordinary gains were $530 million higher.[1] Together, these nonrecurring items, most of which were concentrated in a few large institutions, added $1.1 billion to banks' bottom–line profits in the first quarter, and were responsible for slightly more than half — $777 million — of the year-to-year increase in industry earnings. The earnings improvement would have been greater but for a $5.4-billion (13.3 percent) increase in noninterest expenses, a $673-million (15.7 percent) rise in credit-loss provisions, and a $580-million (24.8 percent) decline in income from international operations. Almost half of the increase in credit-loss provisions ($336 million) was earmarked for banks' international loans. At least $1.4 billion of the increase in noninterest expenses consisted of charges related to bank mergers or restructurings.

Quarterly Net Interest Margins, 1994–1998



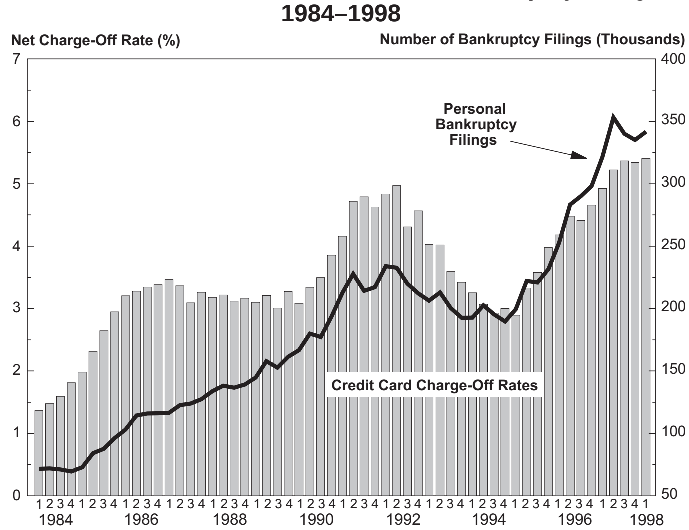
Total assets of commercial banks increased by $96.3 billion (1.9 percent) during the first quarter. Loan growth accounted for $52.1 billion of the increase in industry assets. Commercial and industrial loans rose by $24.2 billion (3.0 percent), while banks' holdings of residential mortgage loans increased by $19.6 billion (3.2 percent). Credit-card loans declined by $19.4 billion (8.4 percent), but most of the decline was attributable to a $18.6-billion increase in securitized credit-card receivables sold off-balance-sheet. The amount of credit-card loans that have been securitized and sold off-balance-sheet, at $209.4 billion, is now almost equal to the $211.8 billion in credit-card loans that remain on-balance-sheet. Banks increased their securities holdings by $33.5 billion (3.8 percent), with mortgage-backed securities increasing by $18.3 billion (4.8 percent). Cash and balances due from other depository institutions registered a seasonal decline of $24.5 billion (6.9 percent).

[1] Advanta National Bank reported a $536-million extraordinary gain in the first quarter on the sale of its credit-card operation to Fleet National Bank.

Deposits posted strong growth for a second consecutive quarter. Following a $116.8-billion increase in the fourth quarter of 1997, commercial bank deposits increased by an additional $46.1 billion (1.3 percent) in the first quarter, a period that typically experiences a net deposit *decline* in most years. Most of the growth occurred in domestic office deposits. Demand deposits had a seasonal decline of $23.8 billion, but savings deposits increased by $44.4 billion, and large-denomination ($100,000 or more) time deposits increased by $20.4 billion. In contrast, deposits in foreign offices increased by only $2.4 billion. Over the past twelve months, commercial bank deposits have increased by $273.4 billion (8.6 percent).

Asset-quality indicators remain favorable for most loan categories. Noncurrent loans (loans 90 days or more past due or in nonaccrual status) increased by $945 million during the first quarter, and the percent of banks' loans that were noncurrent rose slightly, to 0.98 percent from 0.96 percent at the end of 1997. This is still the second-lowest noncurrent rate for the industry in the 17 years that banks have reported these data. A year ago, the industry's noncurrent rate was 1.05 percent. Noncurrent commercial and industrial loans increased by $1.1 billion during the quarter; this was the only loan category to show a significant increase. Although the noncurrent rate on commercial and industrial loans rose to 0.96 percent from 0.85 percent at the end of 1997, it remained lower than a year ago, when it was 0.97 percent.

Credit-Card Loss Rates and Personal Bankruptcy Filings, 1984–1998

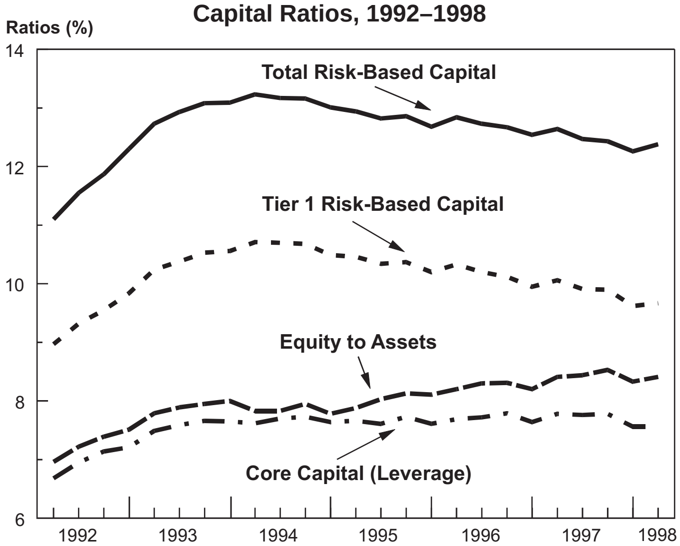


Sources: Bankruptcies - Administrative Office of the United States Courts
Charge-Off Rates - Commercial Bank Call Reports

Net loan charge-offs in the first quarter totaled $4.8 billion, an increase of $761 million (18.8 percent) over the same period in 1997. The average annualized net charge-off rate for the quarter was 0.64 percent, the highest rate in a first quarter since 1993. Commercial and industrial loans and credit-card loans posted the largest increases in net charge-offs compared to the first quarter of 1997. Net charge-offs on commercial and industrial loans totaled $583 million, an increase of $265 million (83.1 percent) from the first quarter of 1997. Net charge-offs on credit-card loans rose to $3.0 billion, an increase of $239 million (8.7 percent). The annualized net charge-off rate on credit-card loans rose to an all-time high of 5.40 percent in the first quarter, surpassing the previous record level of 5.37 percent, set in the third quarter of 1997. Credit-card charge-offs accounted for 62.3 percent of all loan charge-offs taken by commercial banks in the quarter. Despite the rising trend in credit-card loan losses, credit-card lending remains one of banks' most profitable lending areas, because of the high average interest rates on credit-card loans and the high level of noninterest income that credit-card portfolios generate.

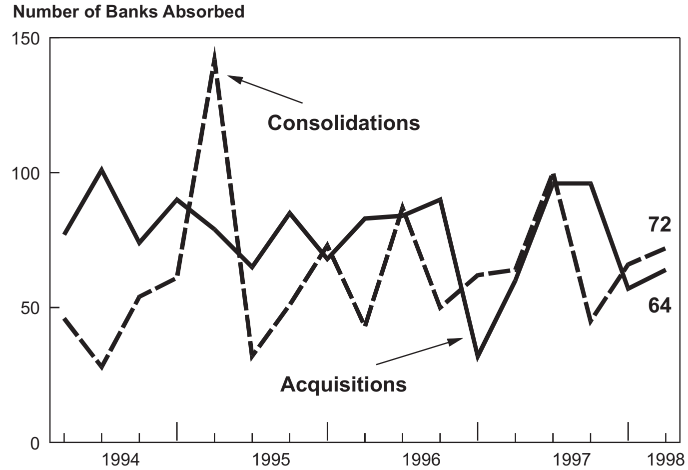
Commercial bank reserves increased by $518 million in the first quarter, but the industry's "coverage ratio" of reserves to noncurrent loans and its "reserve ratio" of reserves to total loans both declined, because of growth in noncurrent loans and total loans outstanding. After reaching a record high level of $1.92 in reserves for every $1.00 in noncurrent loans at the end of 1997, the coverage ratio declined to $1.87 at the end of March. The reserve ratio declined slightly during the quarter, from 1.84 percent at year-end 1997 to 1.83 percent at the end of March. This decline continues a trend of several years' duration, as the industry's reserve ratio has declined in 19 of the past 20 quarters.

Capital Ratios, 1992–1998



Equity capital rose by $12.0 billion in the first quarter, to 8.41 percent of industry assets, from 8.33 percent at year-end 1997. Merger and acquisition activity contributed $3.4 billion in goodwill, and other intangible assets added an additional $1.1 billion. Because so much of the increase in equity consisted of intangible assets, the rise in the industry's equity capital ratio was not matched by a rise in the core capital (leverage) ratio, which excludes many intangible assets. It remained unchanged, at 7.56 percent. The industry's risk-based capital ratios registered modest increases in the first quarter after reaching five-year lows at the end of 1997.

Bank Mergers: Acquisitions vs. Consolidations,* 1994–1998



*Acquisitions = Change in holding company ownership within 12 months of merger.
Consolidations = No change in ownership within 12 months of merger.

The number of commercial banks reporting financial results declined by 120 institutions during the first quarter. There were 27 new banks chartered in the quarter, and 146 banks were absorbed by mergers. Three commercial banks converted to thrift charters, while three savings institutions and one noninsured institution converted to commercial bank charters. No insured commercial banks failed during the quarter. The number of commercial banks on the FDIC's "Problem List" declined to 67 banks with $4.8 billion in assets, from 71 banks with $4.6 billion in assets at year-end 1997.

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

	1998*	1997*	1997	1996	1995	1994	1993
Return on assets (%)	1.26	1.25	1.23	1.19	1.17	1.15	1.20
Return on equity (%)	15.02	15.10	14.69	14.45	14.66	14.61	15.34
Core capital (leverage) ratio (%)	7.56	7.78	7.56	7.64	7.61	7.64	7.65
Noncurrent assets plus other real estate owned to assets (%)	0.67	0.73	0.66	0.75	0.85	1.01	1.61
Net charge-offs to loans (%)	0.64	0.58	0.64	0.58	0.49	0.50	0.85
Asset growth rate (%)	10.12	7.73	9.54	6.16	7.53	8.21	5.72
Net interest margin (%)	4.06	4.22	4.21	4.27	4.29	4.36	4.40
Net operating income growth (%)	4.79	21.90	12.53	6.43	7.48	16.18	35.36
Number of institutions reporting	9,024	9,451	9,144	9,528	9,940	10,451	10,958
Percentage of unprofitable institutions	4.45	4.00	4.70	4.28	3.55	3.98	4.89
Number of problem institutions	67	77	71	82	144	247	426
Assets of problem institutions (in billions)	$5	$5	$5	$5	$17	$33	$242
Number of failed/assisted institutions	0	0	1	5	6	11	42

*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 1st Quarter 1998	4th Quarter 1997	1st Quarter 1997	%Change 97:1-98:1
Number of institutions reporting	9,024	9,144	9,451	-4.5
Total employees (full-time equivalent)	1,557,162	1,537,447	1,496,297	4.1
CONDITION DATA				
Total assets	$5,111,230	$5,014,919	$4,641,453	10.1
Loans secured by real estate	1,272,719	1,243,716	1,156,404	10.1
Commercial & industrial loans	820,129	795,890	731,363	12.1
Loans to individuals	542,277	561,454	543,837	-0.3
Farm loans	43,065	44,883	39,326	9.5
Other loans & leases	349,404	329,179	306,246	14.1
Less: Unearned income	4,379	4,524	5,119	-14.5
Total loans & leases	3,023,214	2,970,597	2,772,057	9.1
Less: Reserve for losses	55,275	54,757	53,516	3.3
Net loans & leases	2,967,939	2,915,839	2,718,541	9.2
Securities	905,415	871,896	813,103	11.4
Other real estate owned	3,733	3,792	4,660	-19.9
Goodwill and other intangibles	66,205	61,701	55,259	19.8
All other assets	1,167,939	1,161,690	1,049,890	11.2
Total liabilities and capital	5,111,230	5,014,919	4,641,453	10.1
Noninterest-bearing deposits	665,331	676,320	633,522	5.0
Interest-bearing deposits	2,802,512	2,745,379	2,560,875	9.4
Other borrowed funds	856,618	823,024	753,683	13.7
Subordinated debt	66,177	61,989	52,331	26.5
All other liabilities	290,646	290,213	250,890	15.8
Equity capital	429,947	417,993	390,153	10.2
Loans and leases 30-89 days past due	38,884	39,048	38,108	2.0
Noncurrent loans and leases	29,492	28,547	29,094	1.4
Restructured loans and leases	2,103	2,472	3,521	-40.3
Direct and indirect investments in real estate	549	659	669	-17.9
1-4 Family residential mortgages	736,911	718,728	665,525	10.7
Mortgage-backed securities	402,427	384,142	341,960	17.7
Earning assets	4,415,030	4,311,111	4,017,230	9.9
Long-term assets (5+ years)	837,535	777,193	691,056	21.2
Volatile liabilities	1,649,121	1,600,763	1,460,889	12.9
Foreign office deposits	528,573	526,195	475,871	11.1
Unused loan commitments	3,270,614	3,085,861	2,696,789	21.3
Off-balance-sheet derivatives	26,726,727	25,380,345	22,354,356	19.6

INCOME DATA	Full Year 1997	Full Year 1996	%Change	Preliminary 1st Quarter 1998	1st Quarter 1997	%Change 97:1-98:1
Total interest income	$339,551	$312,744	8.6	$88,580	$80,821	9.6
Total interest expense	165,042	149,989	10.0	44,254	38,700	14.4
Net interest income	174,510	162,755	7.2	44,326	42,121	5.2
Provision for credit losses	19,830	16,285	21.8	4,961	4,288	15.7
Total noninterest income	104,504	93,569	11.7	29,237	24,604	18.8
Total noninterest expense	169,972	160,698	5.8	45,771	40,382	13.3
Securities gains (losses)	1,844	1,114	65.6	795	413	92.3
Applicable income taxes	31,884	28,191	13.1	8,241	8,009	2.9
Extraordinary gains, net	19	88	N/M	537	7	N/M
Net income	59,191	52,351	13.1	15,923	14,467	10.1
Net charge-offs	18,309	15,501	18.1	4,804	4,043	18.8
Cash dividends	42,507	38,787	9.6	10,869	8,492	28.0
Net operating income	57,962	51,510	12.5	14,868	14,189	4.8

N/M - Not meaningful

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

		Asset Size Distribution				Geographic Distribution by Region					
						East			West		
FIRST QUARTER Preliminary (The way it is . . .)	All Institutions	Less than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater than $10 Billion	North-east	South-east	Central	Mid-west	South-west	West
Number of institutions reporting	9,024	5,743	2,918	298	65	708	1,479	1,971	2,309	1,580	977
Total assets (in billions)	$5,111.2	$263.9	$729.2	$901.4	$3,216.8	$1,895.8	$1,017.0	$814.2	$336.7	$363.3	$684.2
Total deposits (in billions)	3,467.8	226.7	603.5	618.7	2,018.9	1,160.0	675.1	580.8	254.7	296.2	501.1
Net income (in millions)	15,923	786	2,464	3,853	8,820	5,620	2,898	2,674	1,237	1,085	2,408
% of unprofitable institutions	4.5	6.2	1.3	1.3	1.5	3.8	4.7	3.7	3.6	4.5	8.0
% of institutions with earnings gains	63.6	58.9	71.7	73.5	73.8	69.8	64.8	62.8	61.2	61.2	68.9
Performance Ratios (annualized, %)											
Yield on earning assets	8.12	8.30	8.27	8.53	7.94	8.05	7.99	8.06	8.50	7.67	8.63
Cost of funding earning assets	4.06	3.72	3.69	3.88	4.23	4.52	3.89	3.98	3.86	3.52	3.56
Net interest margin	4.06	4.59	4.57	4.66	3.71	3.53	4.11	4.08	4.64	4.16	5.07
Noninterest income to earning assets	2.68	1.38	1.78	2.95	2.94	3.34	2.17	1.95	2.49	2.13	2.99
Noninterest expense to earning assets	4.20	3.95	3.89	4.28	4.27	4.46	4.06	3.54	4.08	4.07	4.66
Credit loss provision to assets	0.39	0.20	0.26	0.73	0.34	0.40	0.27	0.31	0.52	0.20	0.68
Net operating income to assets	1.17	1.19	1.35	1.45	1.06	1.03	1.11	1.30	1.47	1.19	1.37
Return on assets	1.26	1.20	1.37	1.72	1.11	1.19	1.16	1.32	1.48	1.21	1.41
Return on equity	15.02	11.00	14.24	18.30	14.58	16.18	13.24	15.59	16.23	13.92	14.32
Net charge-offs to loans and leases	0.64	0.17	0.28	1.14	0.61	0.89	0.37	0.37	0.72	0.33	0.90
Credit loss provision to net charge-offs	102.91	201.56	148.50	97.43	98.76	88.03	115.16	124.48	106.58	114.91	113.33
Efficiency ratio	60.29	65.69	60.41	54.06	61.97	63.34	62.48	57.08	55.92	61.88	55.01
Condition Ratios (%)											
Earning assets to total assets	86.38	92.05	91.59	89.38	83.89	83.22	89.06	89.20	90.50	88.32	84.74
Loss allowance to:											
Loans and leases	1.83	1.48	1.50	2.16	1.83	2.13	1.49	1.56	1.79	1.42	2.19
Noncurrent loans and leases	187.42	139.00	167.59	204.17	190.48	171.14	187.77	186.70	204.39	156.48	240.03
Noncurrent assets plus											
other real estate owned to assets	0.67	0.75	0.66	0.76	0.65	0.77	0.58	0.60	0.65	0.55	0.71
Equity capital ratio	8.41	10.89	9.61	9.56	7.62	7.45	8.71	8.60	9.12	8.71	9.91
Core capital (leverage) ratio	7.56	10.72	9.23	8.58	6.63	6.92	7.45	7.97	8.67	7.92	8.29
Net loans and leases to deposits	85.58	66.99	72.34	93.14	89.32	81.65	94.43	91.07	87.12	63.89	88.46
Structural Changes											
New charters	27	26	1	0	0	3	3	4	2	3	12
Banks absorbed by mergers	146	61	72	11	2	7	59	27	19	22	12
Failed banks	0	0	0	0	0	0	0	0	0	0	0
PRIOR FIRST QUARTERS (The way it was . . .)											
Number of institutions 1997	9,451	6,147	2,900	331	73	739	1,565	2,083	2,393	1,671	1,000
1995	10,242	7,123	2,725	331	63	830	1,697	2,237	2,566	1,828	1,084
1993	11,330	8,215	2,741	322	52	911	1,877	2,497	2,762	2,008	1,275
Total assets (in billions) 1997	$4,641.5	$277.2	$710.9	$995.4	$2,658.0	$1,755.1	$828.1	$727.3	$304.0	$337.2	$689.7
1995	4,116.1	310.3	667.8	1,077.0	2,060.9	1,597.9	682.0	665.0	261.3	306.6	603.3
1993	3,513.6	344.8	669.3	1,004.5	1,495.0	1,329.6	556.5	574.3	234.7	283.0	535.5
Return on assets (%) 1997	1.25	1.21	1.32	1.29	1.23	1.19	1.31	1.27	1.33	1.23	1.32
1995	1.10	1.17	1.23	1.29	0.94	0.93	1.12	1.15	1.41	1.10	1.32
1993	1.23	1.28	1.25	1.26	1.19	1.15	1.16	1.28	1.38	1.90	1.05
Net charge-offs to loans & leases (%)											
1997	0.58	0.18	0.35	0.96	0.52	0.66	0.43	0.42	0.71	0.31	0.80
1995	0.38	0.15	0.31	0.50	0.37	0.58	0.23	0.21	0.41	0.16	0.37
1993	0.85	0.29	0.43	0.94	1.09	1.33	0.42	0.52	0.58	0.21	0.91
Noncurrent assets plus											
OREO to assets (%) 1997	0.73	0.80	0.74	0.83	0.69	0.82	0.63	0.58	0.67	0.61	0.87
1995	0.99	0.88	0.91	0.90	1.07	1.24	0.73	0.65	0.67	0.66	1.28
1993	2.42	1.38	1.70	2.08	3.22	3.32	1.63	1.34	1.20	1.35	3.28
Equity capital ratio (%) 1997	8.41	10.62	9.66	9.04	7.60	7.48	8.22	8.55	10.00	9.47	9.62
1995	7.88	10.22	9.21	8.32	6.86	7.25	7.97	8.14	8.75	8.44	8.46
1993	7.79	9.66	8.54	8.05	6.84	7.03	7.81	8.18	8.85	8.13	8.58

TABLE IV-A. Full Year 1997, FDIC-Insured Commercial Banks

		Asset Size Distribution				Geographic Distribution by Region					
						East			West		
	All Institutions	Less than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater than $10 Billion	North-east	South-east	Central	Mid-west	South-west	West
Number of institutions reporting	9,144	5,855	2,922	301	66	714	1,524	1,999	2,329	1,601	977
Total assets (in billions)	$5,014.9	$267.9	$727.8	$902.6	$3,116.7	$1,893.9	$946.8	$804.8	$335.0	$356.0	$678.4
Total deposits (in billions)	3,421.7	230.5	602.0	624.6	1,964.6	1,149.4	654.6	579.1	255.0	291.1	492.4
Net income (in millions)	59,191	3,035	9,209	11,887	35,061	20,520	11,067	9,983	4,643	4,031	8,947
% of unprofitable institutions	4.7	6.7	1.2	1.7	NA	3.8	6.4	4.1	2.6	4.1	10.0
% of institutions with earnings gains	68.6	64.3	76.4	74.4	81.8	75.2	70.5	70.8	65.4	64.1	71.8
Performance Ratios (%)											
Yield on earning assets	8.19	8.35	8.40	8.63	7.98	8.02	8.08	8.24	8.65	7.87	8.66
Cost of funding earning assets	3.98	3.70	3.70	3.88	4.11	4.38	3.78	3.97	3.84	3.46	3.54
Net interest margin	4.21	4.66	4.69	4.75	3.88	3.64	4.30	4.27	4.81	4.40	5.12
Noninterest income to earning assets	2.52	1.40	1.66	2.60	2.82	3.13	2.01	1.82	2.51	2.08	2.70
Noninterest expense to earning assets	4.10	3.98	3.89	4.12	4.16	4.27	3.80	3.55	4.25	4.20	4.61
Credit loss provision to assets	0.41	0.23	0.29	0.81	0.34	0.38	0.39	0.38	0.61	0.23	0.56
Net operating income to assets	1.21	1.18	1.33	1.35	1.14	1.09	1.21	1.27	1.42	1.20	1.34
Return on assets	1.23	1.19	1.34	1.36	1.18	1.14	1.23	1.29	1.44	1.22	1.35
Return on equity	14.69	10.84	13.94	14.91	15.30	15.40	13.67	15.30	15.90	13.75	13.78
Net charge-offs to loans and leases	0.64	0.27	0.36	1.08	0.58	0.73	0.46	0.50	0.82	0.37	0.83
Credit loss provision to net charge-offs	108.30	146.49	131.85	113.07	100.33	100.59	129.48	115.37	111.69	111.67	100.15
Efficiency ratio	59.16	65.21	60.40	54.14	60.07	61.75	58.11	56.97	56.91	62.26	56.19
Condition Ratios (%)											
Earning assets to total assets	85.97	91.73	91.34	89.39	83.23	82.82	88.26	89.08	90.05	87.89	84.81
Loss allowance to:											
Loans and leases	1.84	1.45	1.49	2.11	1.88	2.14	1.53	1.57	1.80	1.41	2.14
Noncurrent loans and leases	191.82	147.42	171.04	199.11	197.99	176.42	194.36	194.45	191.41	170.22	239.00
Noncurrent assets plus other real estate owned to assets	0.66	0.71	0.65	0.77	0.63	0.73	0.59	0.58	0.69	0.52	0.72
Equity capital ratio	8.33	10.82	9.62	9.16	7.58	7.34	8.87	8.35	9.07	8.65	9.82
Core capital (leverage) ratio	7.56	10.67	9.24	8.39	6.65	6.91	7.64	7.82	8.66	7.92	8.25
Net loans and leases to deposits	85.22	67.36	72.91	93.25	88.53	82.33	90.84	89.76	86.16	65.00	90.60
Structural Changes											
New charters	188	178	7	3	0	16	44	32	27	27	42
Banks absorbed by mergers	598	226	284	71	17	44	163	152	88	79	72
Failed banks	1	1	0	0	0	0	0	0	0	1	0
PRIOR FULL YEARS (The way it was . . .)											
Number of institutions 1996	9,528	6,204	2,926	325	73	743	1,577	2,110	2,401	1,683	1,014
1994	10,451	7,259	2,800	328	64	834	1,741	2,272	2,622	1,857	1,125
1992	11,462	8,292	2,790	329	51	922	1,892	2,521	2,791	2,047	1,289
Total assets (in billions) 1996	$4,578.3	$280.0	$713.5	$1,002.4	$2,582.5	$1,730.7	$805.4	$716.8	$297.2	$334.4	$693.8
1994	4,010.5	315.9	682.9	1,072.3	1,939.4	1,545.0	646.1	659.6	262.3	304.6	593.0
1992	3,505.7	346.0	680.2	1,034.2	1,445.3	1,307.6	550.1	581.5	242.1	282.6	541.7
Return on assets (%) 1996	1.19	1.16	1.28	1.31	1.12	1.10	1.22	1.21	1.43	1.22	1.24
1994	1.15	1.12	1.19	1.31	1.06	1.07	1.18	1.13	1.46	1.12	1.24
1992	0.93	1.04	1.01	1.02	0.81	0.81	0.99	1.02	1.30	1.12	0.82
Net charge-offs to loans & leases (%) 1996	0.58	0.27	0.42	0.89	0.52	0.63	0.45	0.44	0.70	0.35	0.79
1994	0.50	0.25	0.37	0.54	0.57	0.75	0.27	0.29	0.46	0.16	0.58
1992	1.27	0.57	0.76	1.38	1.57	1.77	0.83	0.96	0.78	0.67	1.30
Noncurrent assets plus OREO to assets (%) 1996	0.75	0.77	0.74	0.85	0.71	0.84	0.68	0.57	0.65	0.61	0.88
1994	1.01	0.86	0.92	0.90	1.13	1.28	0.72	0.66	0.68	0.67	1.33
1992	2.54	1.37	1.71	2.15	3.50	3.55	1.62	1.35	1.18	1.50	3.46
Equity capital ratio (%) 1996	8.20	10.55	9.44	8.77	7.38	7.36	8.48	8.44	8.74	8.74	9.22
1994	7.78	9.84	8.79	7.94	7.01	7.33	7.84	7.88	8.43	8.15	8.33
1992	7.51	9.38	8.20	7.68	6.62	6.93	7.60	7.86	8.43	7.31	8.17

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

March 31, 1998	All Institutions	Asset Size Distribution: Less than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater than $10 Billion	Geographic Distribution by Region: East: North-east	South-east	Central	West: Mid-west	South-west	West
Percent of Loans 30-89 Days Past Due											
All loans secured by real estate	1.29	1.63	1.23	1.20	1.30	1.35	1.18	1.39	1.19	1.56	1.16
Construction and development	1.53	1.28	1.28	1.84	1.56	1.35	1.23	2.01	1.40	1.88	1.53
Commercial real estate	1.10	1.22	0.97	1.09	1.17	1.43	0.85	1.33	0.83	1.20	0.90
Multifamily residential real estate	0.91	0.97	0.85	0.84	0.97	0.66	0.76	1.41	1.30	0.92	0.72
Home equity loans	0.88	1.06	0.87	0.93	0.86	1.06	0.84	0.88	0.63	0.86	0.79
Other 1-4 Family residential	1.41	1.92	1.47	1.23	1.39	1.34	1.40	1.44	1.26	1.78	1.47
Commercial and industrial loans*	0.93	2.20	1.66	1.20	0.60	0.55	0.84	1.25	2.29	1.43	0.80
Loans to individuals	2.27	2.42	1.92	2.41	2.27	2.54	2.18	2.20	2.27	1.82	2.07
Credit card loans	2.58	2.90	2.42	2.62	2.57	2.53	3.10	2.81	2.50	2.40	2.35
Other loans to individuals	2.08	2.40	1.83	2.18	2.07	2.55	1.83	2.05	2.05	1.77	1.75
All other loans and leases (including farm)	0.66	NA	NA	1.25	0.62	0.70	0.36	1.17	0.87	0.61	0.36
Memo: Commercial RE loans not secured by RE	0.59	0.79	0.63	1.08	0.53	0.40	0.39	1.46	0.96	0.38	0.54
Percent of Loans Noncurrent**											
All real estate loans	1.00	0.89	0.79	0.90	1.14	1.43	0.85	0.79	0.66	0.98	1.02
Construction and development	1.07	0.81	0.97	0.94	1.24	2.12	0.84	0.99	0.91	0.92	1.02
Commercial real estate	1.18	0.93	0.89	1.11	1.43	2.06	0.85	0.94	0.68	1.10	1.16
Multifamily residential real estate	0.91	0.75	0.81	0.97	0.94	1.10	0.76	0.90	0.64	0.46	1.09
Home equity loans	0.45	0.53	0.43	0.50	0.44	0.62	0.39	0.37	0.22	0.36	0.49
Other 1-4 Family residential	0.90	0.79	0.69	0.81	1.03	1.08	0.90	0.73	0.57	0.90	1.01
Commercial and industrial loans*	0.96	1.46	1.25	0.90	0.84	1.00	0.71	0.99	1.28	1.16	0.90
Loans to individuals	1.44	0.89	0.78	1.55	1.58	2.12	1.13	0.98	1.22	0.64	1.23
Credit card loans	2.18	1.65	1.74	2.10	2.29	2.31	2.42	2.25	1.88	1.91	1.88
Other loans to individuals	0.97	0.84	0.59	0.95	1.11	1.92	0.65	0.66	0.61	0.53	0.47
All other loans and leases (including farm)	0.26	NA	NA	0.50	0.24	0.24	0.16	0.43	0.37	0.27	0.25
Memo: Commercial RE loans not secured by RE	0.45	1.32	0.33	0.46	0.44	0.37	0.58	0.57	0.09	0.34	0.52
Percent of Loans Charged-off (net, annual)											
All real estate loans	0.04	0.02	0.03	0.06	0.05	0.10	0.03	0.04	0.02	0.03	0.01
Construction and development	0.01	0.06	0.02	0.04	-0.02	0.00	0.01	0.01	0.09	-0.02	0.00
Commercial real estate	0.00	0.02	0.04	0.03	-0.05	0.07	-0.02	0.01	-0.03	-0.01	-0.06
Multifamily residential real estate	-0.02	0.03	-0.03	0.00	-0.02	0.04	0.00	0.00	0.00	0.04	-0.19
Home equity loans	0.17	0.10	0.07	0.20	0.18	0.25	0.11	0.14	0.07	0.69	0.21
Other 1-4 Family residential	0.06	0.02	0.02	0.07	0.07	0.09	0.05	0.05	0.04	0.05	0.04
Commercial and industrial loans*	0.29	0.21	0.22	0.13	0.32	0.42	0.12	0.21	0.26	0.14	0.31
Loans to individuals	2.80	0.65	1.42	3.75	2.75	3.37	1.95	1.65	2.96	1.39	4.38
Credit card loans	5.40	3.02	5.12	6.15	4.90	5.22	4.82	4.51	5.16	4.63	6.77
Other loans to individuals	1.06	0.49	0.66	1.01	1.27	1.26	0.81	0.90	0.80	1.10	1.48
All other loans and leases (including farm)	0.23	NA	NA	0.26	0.25	0.27	0.11	0.22	0.22	0.04	0.27
Memo: Commercial RE loans not secured by RE	0.01	1.54	0.28	1.13	-0.14	-0.38	0.14	0.05	0.05	0.02	0.35
Loans Outstanding (in billions)											
All real estate loans	$1,272.7	$86.8	$274.4	$263.2	$648.4	$315.6	$341.9	$246.5	$101.0	$82.2	$185.4
Construction and development	90.8	6.1	24.1	21.8	38.8	10.8	29.1	17.9	7.9	9.5	15.6
Commercial real estate	346.4	23.3	94.4	79.1	149.6	70.5	87.6	70.6	27.3	27.1	63.3
Multifamily residential real estate	42.2	1.9	9.1	11.4	19.9	11.8	9.1	8.4	3.2	2.3	7.3
Home equity loans	96.8	2.0	13.0	19.7	62.1	22.4	26.5	23.7	4.5	0.8	19.0
Other 1-4 Family residential	640.1	42.9	123.4	127.7	346.2	173.5	184.8	119.0	49.1	39.5	74.2
Commercial and industrial loans	820.1	25.7	79.5	125.3	589.6	306.5	137.5	148.7	48.6	54.9	124.0
Loans to individuals	542.3	22.9	67.0	163.2	289.2	191.1	101.4	86.6	47.0	38.3	78.0
Credit card loans	211.8	1.3	11.1	85.4	114.0	99.7	27.4	17.3	22.7	3.0	41.7
Other loans to individuals	330.5	21.6	55.9	77.8	175.2	91.4	74.0	69.3	24.3	35.3	36.3
All other loans and leases (including farm)	392.5	19.4	23.6	38.1	311.4	156.4	67.1	56.1	29.4	17.0	66.5
Memo: Commercial RE loans not secured by RE	28.7	0.2	1.0	2.9	24.7	8.9	5.0	3.4	1.8	2.8	6.9
Memo: Other Real Estate Owned (in millions)											
All other real estate owned	$3,732.8	$336.5	$833.8	$601.5	$1,960.9	$1,314.7	$818.4	$397.0	$197.8	$269.7	$735.2
Construction and development	402.1	39.1	151.9	82.2	128.9	93.4	147.5	32.6	34.9	20.1	73.7
Commercial real estate	1,718.3	143.9	378.1	280.7	915.5	605.2	308.2	182.4	74.9	136.7	410.9
Multifamily residential real estate	143.2	10.4	29.3	28.1	75.5	85.0	17.7	8.9	6.8	4.6	20.2
1-4 Family residential	1,145.4	114.6	247.3	202.8	580.7	288.1	337.2	166.7	63.3	84.7	205.3
Farmland	85.7	28.5	27.2	7.4	22.6	6.1	7.7	6.4	17.9	23.7	23.9
Other real estate owned in foreign offices	238.0	0.0	0.0	0.3	237.8	236.8	0.1	0.0	0.0	0.0	1.1

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

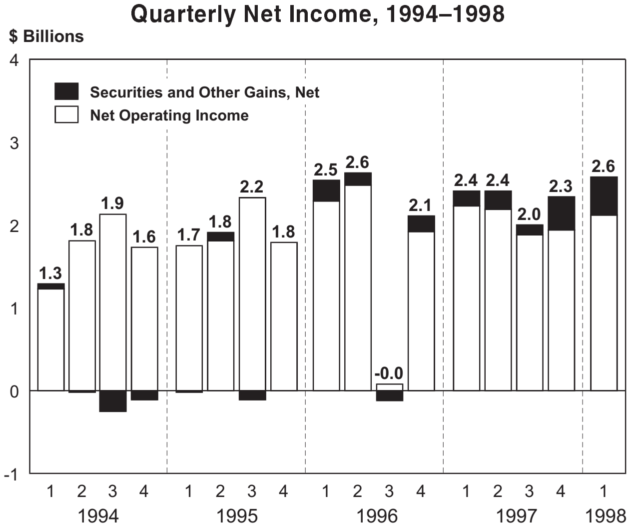
**Noncurrent loan rates represent the percentage of loans in each category that are past due 90 days or more or that are in nonaccrual status.

SAVINGS INSTITUTION PERFORMANCE – FIRST QUARTER, 1998

- ***Savings Institutions Earn $2.6 Billion In The First Quarter***
- ***Return On ssets t 1. 1 Percent Matches The Second-Best Ever***
- ***Nonrecurring Gains On Sales Of Securities nd Lo er Provisions For Credit Losses Lift Earnings***
- ***E uity Ca ital Sets Fourth Consecutive igh Since 19***

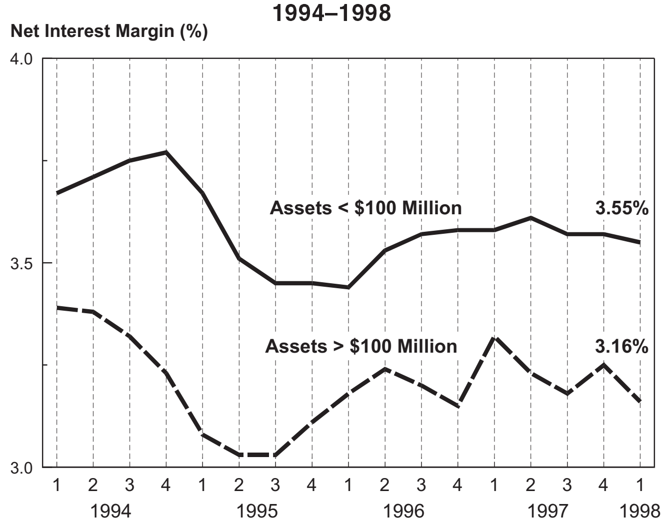
Savings institutions reported $2.6 billion in earnings for the first quarter of 1998, for an average annualized return on assets (ROA) of 1.01 percent. Only the second quarter of 1996 was more profitable with an annualized ROA of 1.03 percent. This quarter's profitability matches the first quarter of 1997. More than 95 percent of savings institutions were profitable in the first quarter, and 38 percent reported an ROA of 1 percent or better. Earnings in the first quarter were $178 million higher than a year ago. However, net operating income – net income less gains on the sales of securities and extraordinary gains – was $110 million lower than a year ago. Gains on the sales of securities, at $646 million, were the highest since the fourth quarter of 1992, when they amounted to $696 million; a year ago, they amounted to just $247 million. Earnings benefited from a decline in provisions for credit losses. These provisions were $424 million in the first quarter, $165 million lower than a year ago.

Quarterly Net Income, 1994–1998



Net interest income was $278 million lower than a year ago, and as a result net interest margins were lower. Net interest margins were 3.18 percent in the first quarter, down from 3.33 percent a year ago. The yield on earning assets was 12 basis points lower than in the first quarter a year ago, while the cost of funding earning assets was 3 basis points higher. For institutions with assets of $1 billion or more, the yield on earning assets was sharply lower, down 15 basis points from the first quarter of 1997.

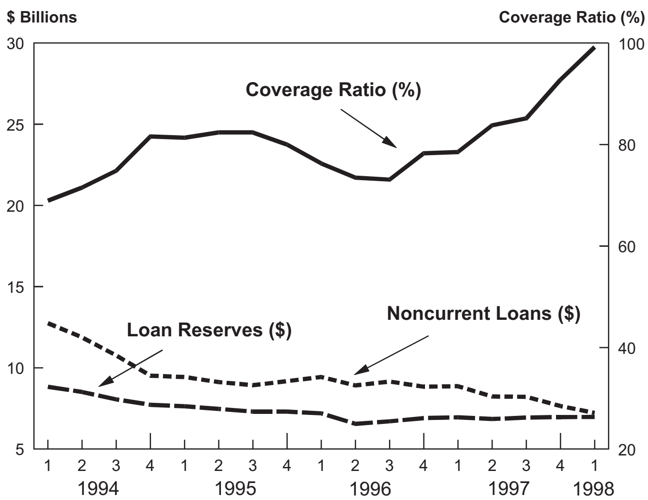
Quarterly Net Interest Margins, Annualized 1994–1998



As asset-quality problems have receded, control of overhead expense has emerged as a primary determinant of profitability. Large savings institutions have the lowest net interest margins (2.96 percent), yet they have the best core profitability (0.88 percent) because their relative low level of overhead costs gives them the lowest level of noninterest expense relative to their assets. Core profitability is net operating income as a percent of assets. The large institutions' ratio of noninterest expense to average earning assets was an annualized 2.13 percent during the first quarter, outperforming all other size groups. These institutions' relatively low level of overhead costs has also helped them register the best efficiency ratio (noninterest expense divided by net interest income plus noninterest income), at 53.7 percent. In contrast, savings institutions with assets of $100 million or less were less profitable. Their core profitability was the lowest, at 0.69 percent, and their ratio of noninterest expense to average earning assets was the worst, at 3.34 percent.

Asset-quality improvements boosted reserve coverage ratios and reduced loan losses. The coverage ratio – loan-loss reserves to noncurrent loans – improved in all size groups during the quarter and rose to a record 97 cents for each dollar of noncurrent loans. Loan-loss reserves increased slightly during the quarter, by $3.5 million, to just under $7 billion, while noncurrent loans declined by $425 million during the quarter, to $7.2 billion. Over two-thirds of the decline in noncurrent loans occurred at one institution that specializes in loan workouts. The industry's noncurrent assets plus other real estate owned (OREO) fell to 0.89 percent of total assets, the lowest level for this ratio since 1990 when all institutions began reporting consistent data on noncurrent loans.

Coverage Ratio and Reserve Levels,* 1994–1998



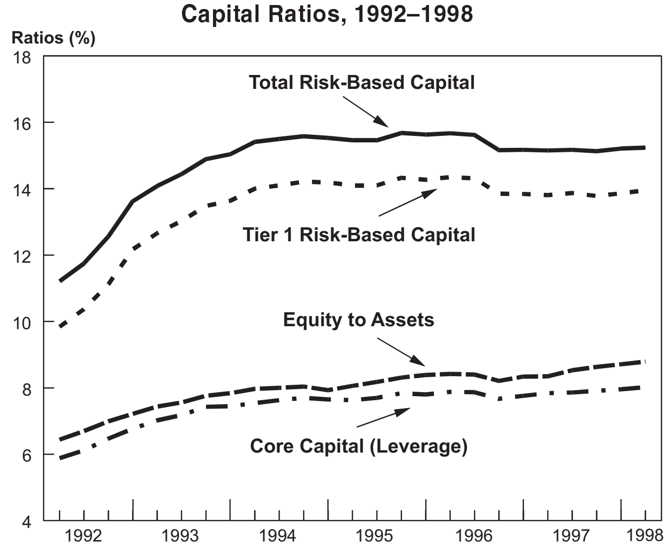
* oan- oss reserves to Noncurrent oans and eases.

In another indication of improving asset quality, savings institutions reported lower loan losses. Net charge-offs on loans declined to $363 million from $452 million a year ago. These charges amount to an annualized 0.21 percent of total loans, the lowest quarterly rate ever reported by the industry.

Industry assets grew by $14.1 billion during the first quarter, the largest quarterly increase since 1988. Home mortgages increased by $6.2 billion and are $12.9 billion higher than they were a year ago. Restrictions on the amount of commercial and industrial (C&I) loans that thrifts are allowed to hold were eased in late 1996, and this loan category showed a 17 percent growth rate over the past 12 months. C&I loans increased by $1.2 billion during the first quarter and are $2.6 billion higher than they were a year ago. Savings institutions funded asset growth with a $4.0 billion increase in deposits and a $5.1 billion increase in other borrowings. Despite the rise in other borrowings, Federal Home Loan Bank advances declined by $1.9 billion during the quarter at thrifts that file a Thrift Financial Report.

Equity capital reached 8.79 percent of assets at the end of the first quarter, the fourth consecutive quarter that this ratio has reached a high since 1943. Core capital, as measured by the leverage ratio, also rose to 8.02 percent of assets. Regulatory capital ratios that rely on risk-weighted assets have risen very little over the past year because of growth in assets with higher risk weights. Real estate construction loans grew by 10 percent from a year ago. And as mentioned above, C&I loans grew by 17 percent from a year ago. Despite the increase in riskier assets, 98 percent of the industry remains well capitalized according to regulatory standards.

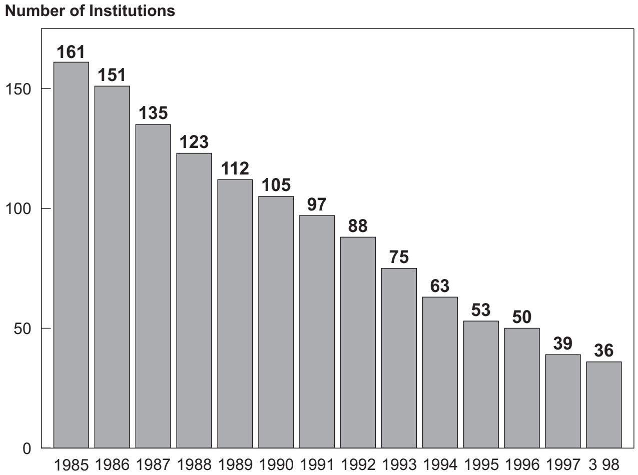
Capital Ratios, 1992–1998



Industry consolidation has caused assets to be increasingly concentrated in the largest institutions. The 36 largest thrifts now hold half of the industry's assets (and several of these institutions are affiliated with one another through holding companies). In 1985 it took 161 thrifts to accumulate the same percentage of the industry's assets. Commercial bank holding companies have also been increasing their share of thrift industry assets, and now own 220 thrifts with over 20 percent of industry assets.

The number of insured savings institutions continues to decline, falling by 24 during the first quarter, to 1,755 charters. Thrifts purchased more commercial banks than vice versa; however, banks acquired more thrift assets. Thrifts purchased 10 commercial bank charters with $815 million in assets; commercial banks purchased 9 thrift charters

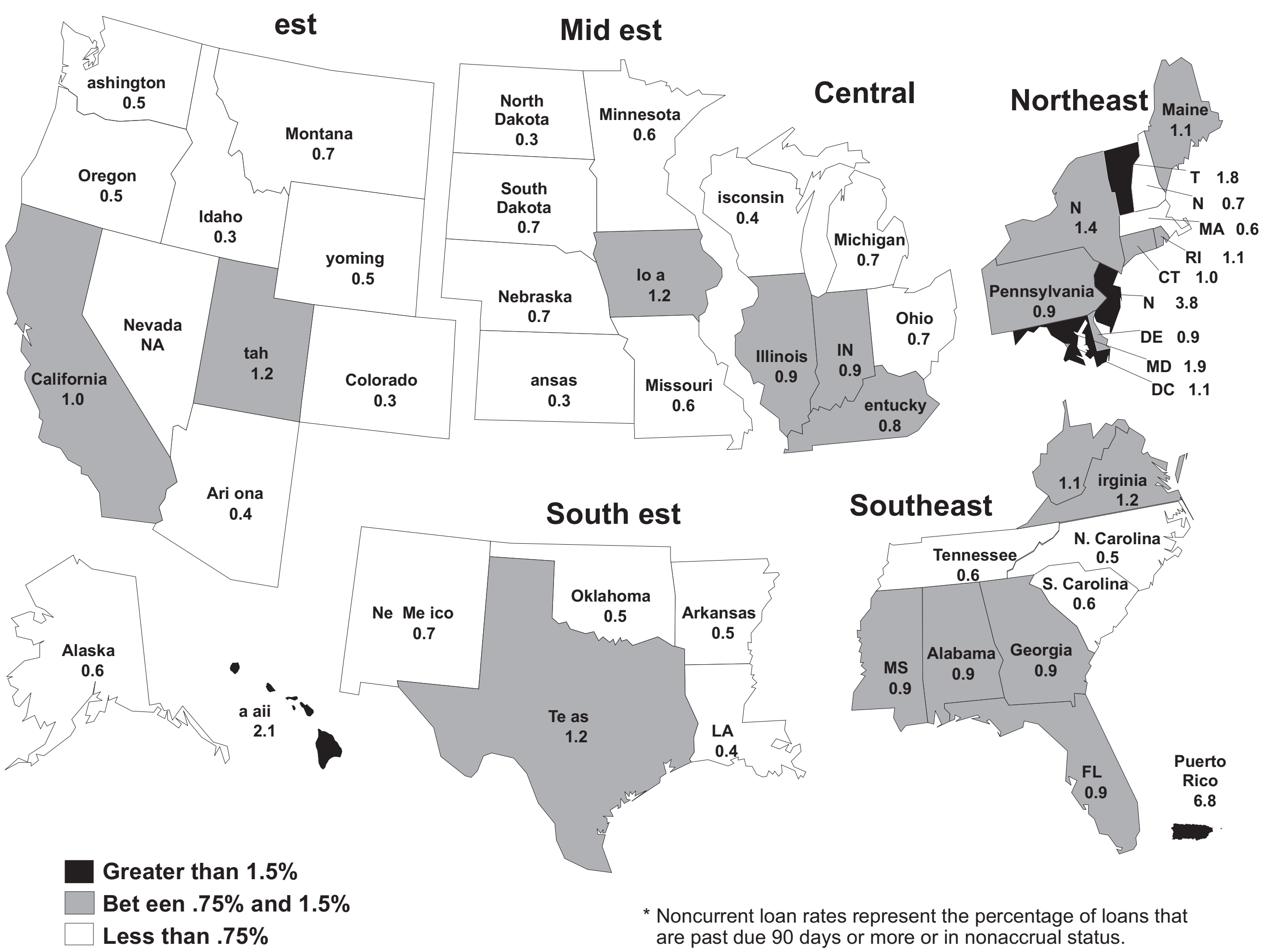
Number of Savings Institutions with 50 Percent of Industry Assets, 1985–1998



with $9.1 billion in assets; 3 commercial banks with $522 million in assets converted to thrift charters; and 3 thrifts with $881 million in assets converted to commercial bank charters. The net transfer of assets from the thrift industry to the commercial banking industry was $8.6 billion.

Within the thrift industry during the first quarter, mergers reduced the number of thrifts by 17 charters. Three new savings institutions opened. There were 18 mutual-to-stock conversions involving $4.6 billion in assets. And for the sixth consecutive quarter, no thrifts failed. The number of "problem" thrifts declined to 16 from 21 at the end of 1997. However, assets of problem thrifts rose to $2.3 billion from $1.7 billion at year-end 1997.

Noncurrent Loan Rates by State,* March 31, 1998



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

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

(dollar figures in millions)	1998**	1997**	1997	1996	1995	1994	1993
Number of institutions reporting	10,779	11,337	10,923	11,452	11,970	12,603	13,220
Total assets	$6,151,513	$5,663,665	$6,041,133	$5,606,612	$5,338,420	$5,019,085	$4,707,056
Total deposits	4,175,971	3,920,515	4,125,815	3,925,066	3,769,481	3,611,619	3,528,486
Number of problem institutions	83	112	92	117	193	318	572
Assets of problem institutions (in billions)	$8	$10	$7	$12	$31	$73	$334
Number of failed/assisted institutions	0	0	1	6	8	15	50
Assets of failed/assisted institutions (in billions)	$0.00	$0.00	$0.03	$0.22	$1.21	$1.57	$9.67

**As of March 31.

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

(dollar figures in millions)	Preliminary 1st Quarter 1998	4th Quarter 1997	1st Quarter 1997	% Change 97:1-98:1
Number of institutions reporting	10,779	10,923	11,337	-4.9
Total employees (full-time equivalent)	1,800,664	1,782,277	1,747,214	3.1
CONDITION DATA				
Total assets	$6,151,513	$6,041,133	$5,663,665	8.6
Loans secured by real estate	1,909,850	1,875,577	1,783,012	7.1
1-4 Family residential	1,250,059	1,225,711	1,165,773	7.2
Home equity loans	114,009	115,632	105,104	8.5
Multifamily residential property	99,264	98,804	97,661	1.6
Commercial real estate	392,856	387,728	368,529	6.6
Construction, development and land	111,040	107,958	96,708	14.8
Other real estate loans	56,632	55,376	54,340	4.2
Commercial & industrial loans	837,536	812,098	746,218	12.2
Loans to individuals	589,867	609,129	589,964	-0.0
Credit cards & related plans	222,339	242,616	227,015	-2.1
Other loans & leases	395,466	377,276	348,026	13.6
Less: Unearned income & contra accounts	4,584	4,739	5,381	-14.8
Total loans & leases	3,728,135	3,669,341	3,461,839	7.7
Less: Reserve for losses	62,250	61,728	60,471	2.9
Net loans & leases	3,665,885	3,607,613	3,401,368	7.8
Securities	1,154,537	1,120,569	1,071,205	7.8
Other real estate owned	5,726	5,876	6,994	-18.1
Goodwill and other intangibles	78,050	72,700	64,374	21.2
All other assets	1,247,316	1,234,377	1,119,725	11.4
Total liabilities and capital	6,151,513	6,041,133	5,663,665	8.6
Deposits	4,175,971	4,125,815	3,920,515	6.5
Other borrowed funds	1,077,979	1,039,284	949,885	13.5
Subordinated debt	68,912	64,924	54,695	26.0
All other liabilities	307,229	303,746	263,019	16.8
Equity capital	521,422	507,364	475,551	9.6
Loans and leases 30-89 days past due	46,542	47,183	46,925	-0.8
Noncurrent loans and leases	36,715	36,194	37,966	-3.3
Restructured loans and leases	5,318	5,853	7,864	-32.4
Direct and indirect investments in real estate	1,187	1,254	1,264	-6.1
Mortgage-backed securities	584,974	564,780	533,401	9.7
Earning assets	5,386,738	5,270,780	4,977,363	8.2
Unused loan commitments	3,443,510	3,197,339	2,801,921	22.9

INCOME DATA	Full Year 1997	Full Year 1996	%Change	Preliminary 1st Quarter 1998	1st Quarter 1997	%Change 97:1-98:1
Total interest income	$408,726	$384,449	6.3	$106,907	$99,253	7.7
Total interest expense	205,601	191,772	7.2	54,995	49,268	11.6
Net interest income	203,125	192,677	5.4	51,912	49,985	3.9
Provision for credit losses	21,992	18,819	16.9	5,385	4,877	10.4
Total noninterest income	111,535	101,023	10.4	31,168	26,424	18.0
Total noninterest expense	191,022	186,237	2.6	51,539	45,967	12.1
Securities gains (losses)	3,106	2,039	52.3	1,441	661	118.1
Applicable income taxes	36,747	31,203	17.8	9,618	9,359	2.8
Extraordinary gains, net	14	(157)	N/M	529	7	N/M
Net income	68,019	59,323	14.7	18,507	16,874	9.7

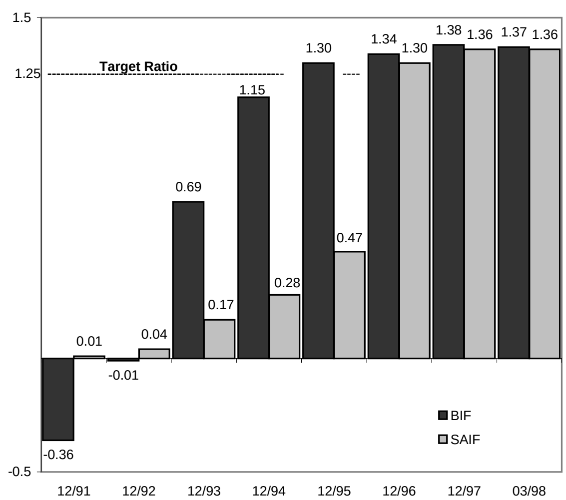
*Excludes insured branches of foreign banks (IBAs) and institutions in RTC conservatorship (the last of which ended in 1995).   N/M-Not meaningful

TABLE III-C. Selected Insurance Fund Indicators

(dollar figures in millions)	Preliminary 1st Quarter 1998	4th Quarter 1997	1st Quarter 1997	%Change 97:1-98:1
Bank Insurance Fund*				
Reserve ratio (%)**	1.37	1.38	1.33	2.9
Fund balance (unaudited)	$28,559	$28,293	$27,042	5.6
Estimated insured deposites	2,079,088	2,056,172	2,026,053	2.6
SAIF-member Oakars	31,760	31,339	23,666	34.2
BIF-members	2,047,328	2,024,833	2,002,386	2.2
Assessment base	2,827,534	2,786,455	2,637,654	7.2
SAIF-member Oakars	33,397	33,023	25,607	30.4
BIF-members	2,794,137	2,753,432	2,612,046	7.0
Savings Association Insurance Fund				
Reserve ratio (%)**	1.36	1.36	1.31	3.6
Fund balance (unaudited)	$9,484	$9,368	$9,010	5.3
Estimated insured deposites	698,086	689,802	686,593	1.7
BIF-members	264,676	246,408	223,817	18.3
SAIF-member Oakars	60,688	60,281	51,460	17.9
Other SAIF members	372,723	383,113	411,316	-9.4
Assessment base	731,608	721,079	713,271	2.6
BIF-members	265,318	247,052	224,022	18.4
SAIF-member Oakars	66,058	65,229	56,470	17.0
Other SAIF members	400,231	408,798	432,779	-7.5

* Includes IBAs
**Fund balance as a percent of estimated insured deposits.

Insurance Fund Reserve Ratios*
Percent of Insured Deposits



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

Fund Balance and Insured Deposits*
($ Millions)

	Bif Fund Balance	BIF-Insured Deposits	SAIF Fund Balance	SAIF-Insured Deposits
12/91	-7,028	1,957,722	101	776,351
12/92	-101	1,945,550	279	732,159
12/93	13,122	1,905,245	1,157	697,885
12/94	21,848	1,895,258	1,937	693,610
12/95	25,454	1,951,963	3,358	711,897
12/96	26,854	2,007,042	8,888	683,403
12/97	28,293	2,056,172	9,368	689,802
3/98	28,559	2,079,088	9,484	698,086

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

TABLE IV-C. Closed/Assisted Institutions

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

* Through March 31.

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

(dollar figures in millions)	1998**	1997**	1997	1996	1995	1994	1993
BIF Members							
Number of institutions reporting	9,289	9,736	9,405	9,823	10,242	10,759	11,291
BIF-member Oakars	775	804	791	793	807	719	569
Other BIF members	8,514	8,932	8,614	9,030	9,436	10,040	10,722
Total assets	$5,405,588	$4,917,351	$5,285,375	$4,857,764	$4,576,263	$4,246,786	$3,949,695
Total deposits	3,668,911	3,398,773	3,611,422	3,404,211	3,224,307	3,061,457	2,951,979
Net income	16,645	15,089	61,492	54,485	50,764	46,866	44,498
Return on assets (%)	1.25	1.24	1.22	1.17	1.15	1.14	1.17
Return on equity (%)	14.81	14.83	14.45	14.14	14.32	14.43	14.86
Noncurrent assets plus OREO to assets (%)	0.68	0.75	0.67	0.77	0.89	1.06	1.69
Number of problem institutions	68	80	73	86	151	264	472
Assets of problem institutions (in billions)	$5	$6	$5	$7	$20	$42	$269
Number of failed/assisted institutions	0	0	1	5	6	13	41
Assets of failed/assisted institutions	0	0	27	182	753	1,392	3,539
SAIF Members							
Number of institutions reporting	1,490	1,601	1,518	1,629	1,728	1,844	1,929
SAIF-member Oakars	118	98	115	91	76	55	28
Other SAIF members	1,372	1,503	1,403	1,538	1,652	1,789	1,901
Total assets	$745,925	$746,313	$755,758	$748,848	$762,157	$772,299	$757,362
Total deposits	507,059	521,742	514,393	520,855	545,174	550,162	576,507
Net income	1,862	1,785	6,527	4,838	5,601	4,117	5,381
Return on assets (%)	1.01	0.97	0.95	0.66	0.76	0.56	0.72
Return on equity (%)	11.67	11.86	11.20	8.00	9.47	7.17	9.74
Noncurrent assets plus OREO to assets (%)	0.92	1.09	0.99	1.07	1.12	1.22	1.85
Number of problem institutions	15	32	19	31	42	54	100
Assets of problem institutions (in billions)	$3	$5	$2	$6	$11	$31	$65
Number of failed/assisted institutions	0	0	0	1	2	2	9
Assets of failed/assisted institutions	$0	$0	$0	$35	$426	$129	$6,105

*Excludes insured branches of foreign banks (IBAs) and institutions in RTC conservatorship (the last of which ended in 1995).
**Through March 31, ratios annualized where appropriate.

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

(dollar figures in millions)	Number of Institutions	Total Assets	Domestic Deposits*	Estimated Insured Deposits BIF	SAIF	Total
MARCH 31, 1998						
Commercial Banks and Savings Institutions						
FDIC-Insured Commercial Banks	9,024	$5,111,230	$2,939,270	$1,894,423	$226,566	$2,120,989
BIF-member	8,922	5,056,003	2,898,836	1,882,657	204,196	2,086,854
SAIF-member	102	55,227	40,434	11,766	22,369	34,135
FDIC-Supervised	5,484	894,337	675,150	482,423	46,762	529,184
OCC-Supervised	2,550	2,972,043	1,716,058	1,101,592	144,721	1,246,313
Federal Reserve-Supervised	990	1,244,851	548,063	310,409	35,083	345,492
FDIC-Insured Savings Institutions	1,755	1,040,283	708,128	183,325	471,520	654,845
OTS-Supervised Savings Institutions	1,194	781,199	517,258	61,964	416,722	478,686
BIF-member	37	146,999	92,049	42,931	43,999	86,930
SAIF-member	1,157	634,200	425,209	19,033	372,723	391,756
FDIC-Supervised State Savings Banks	561	259,084	190,870	121,361	54,798	176,159
BIF-member	330	202,586	149,454	120,400	16,480	136,880
SAIF-member	231	56,498	41,416	961	38,318	39,280
Total Commercial Banks and and Savings Institutions	10,779	6,151,513	3,647,398	2,077,748	698,086	2,775,834
BIF-member	9,289	5,405,588	3,140,339	2,045,988	264,676	2,310,663
SAIF-member	1,490	745,925	507,059	31,760	433,410	465,171
Other FDIC-Insured Institutions						
U.S. Branches of Foreign Banks	27	8,477	2,765	1,340	0	1,340
Total FDIC-Insured Institutions	10,806	6,159,990	3,650,163	2,079,088	698,086	2,777,174

*Excludes $529 billion in foreign office deposits, which are uninsured.

TABLE VII-C. Assessment Base Distribution and Rate Schedules

BIF Assessment Base Distribution
Assessable Deposits in Millions as of March 31, 1998
Supervisory and Capital Ratings as of December 31, 1997

Capital Group	Supervisory Risk Subgroup A		B		C	
1. Well-capitalized						
Number of institutions	8,881	95.3%	238	2.6%	43	0.5%
Assessable deposit base	$2,789,117	98.6%	$17,146	0.6%	$1,790	0.1%
2. Adequately capitalized						
Number of institutions	110	1.2%	20	0.2%	13	0.1%
Assessable deposit base	$15,759	0.6%	$1,991	0.1%	$1,082	0.0%
3. Undercapitalized						
Number of institutions	4	0.0%	0	0.0%	7	0.1%
Assessable deposit base	$361	0.0%	$0	0.0%	$289	0.0%

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

SAIF Assessment Base Distribution
Assessable Deposits in Millions as of March 31, 1998
Supervisory and Capital Ratings as of December 31, 1997

Capital Group	Supervisory Risk Subgroup A		B		C	
1. Well-capitalized						
Number of institutions	1,360	91.3%	90	6.0%	17	1.1%
Assessable deposit base	$698,428	95.5%	$24,783	3.4%	$1,374	0.2%
2. Adequately capitalized						
Number of institutions	10	0.7%	7	0.5%	4	0.3%
Assessable deposit base	$4,206	0.6%	$2,437	0.3%	$295	0.0%
3. Undercapitalized						
Number of institutions	1	0.1%	1	0.1%	0	0.0%
Assessable deposit base	$57	0.0%	$27	0.0%	$0	0.0%

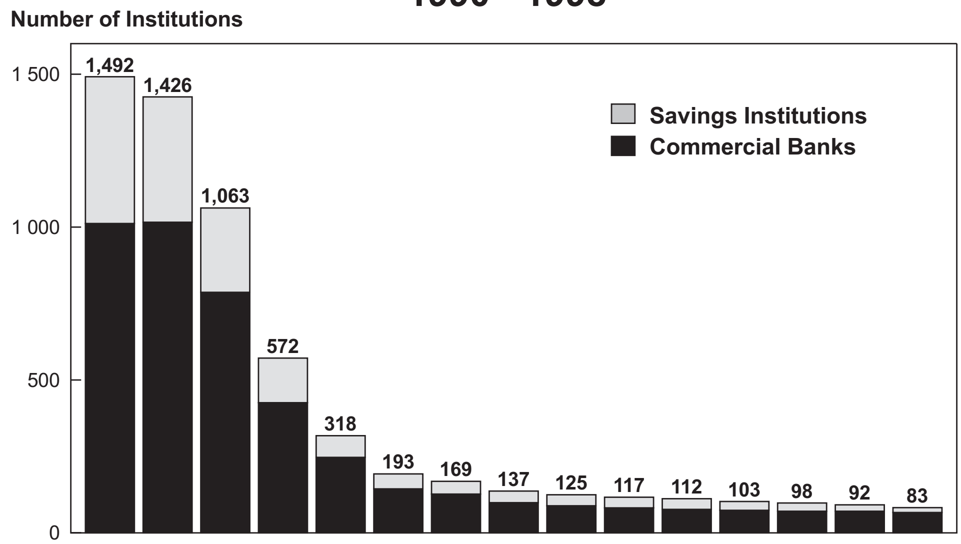
Note: "Number" reflects the number of SAIF members; "Base" reflects the SAIF-assessable deposits held by both BIF and SAIF members. Institutions are categorized based on capitalization and a supervisory subgroup rating, which is generally determined by on-site examinations.

Assessment Rate Schedules
Second Semiannual 1998 Assessment Period
Cents Per $100 of Assessable Deposits

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

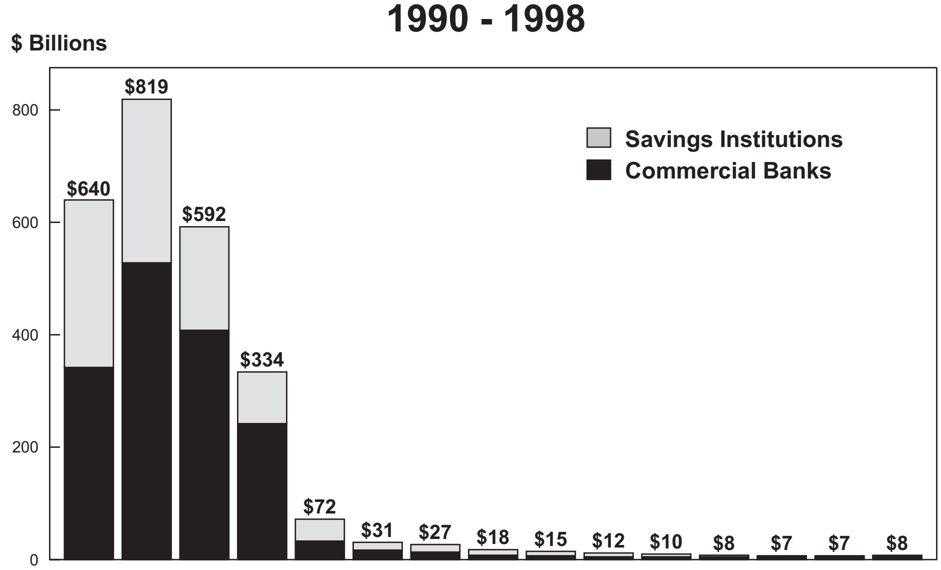
Note: Rates for the BIF and the SAIF are set separately by the FDIC. Currently, the rate schedules are identical.

Number of FDIC-Insured Problem Institutions, 1990 - 1998



	12 90	12 91	12 92	12 93	12 94	12 95	3 96	6 96	9 96	12 96	3 97	6 97	9 97	12 97	3 98
Savings Institutions	480	410	276	146	71	49	42	38	36	35	35	29	27	21	16
Commercial Banks	1 012	1 016	787	426	247	144	127	99	89	82	77	74	71	71	67

Assets of FDIC-Insured Problem Institutions, 1990 - 1998



	12 90	12 91	12 92	12 93	12 94	12 95	3 96	6 96	9 96	12 96	3 97	6 97	9 97	12 97	3 98
Savings Institutions	298	291	184	92	39	14	13	10	8	7	5	3	2	2	2
Commercial Banks	342	528	408	242	33	17	13	8	7	5	5	5	5	5	5

NOTES TO USERS

This publication contains financial data and other information for depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). These notes are an integral part of this publication and provide information regarding the comparability of source data and reporting differences over time. The information presented in the *e l n in ile* 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 VII-C.)

Summary balance-sheet and earnings data are provided for commercial banks and savings institutions according to insurance fund membership. BIF-member institutions may acquire SAIF-insured deposits, resulting in institutions with some deposits covered by both insurance funds. Also, SAIF members may acquire BIF-insured deposits. The insurance fund membership does not necessarily reflect which fund insures the largest percentage of an institution's deposits. Therefore, the BIF-member and the SAIF-member tables each include deposits from both insurance funds. Depository institutions that are not insured by the FDIC through either the BIF or SAIF are not included in the *e l n in ile*. 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) *ll e* and the OTS *i in nci l e* 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 *i in nci l e* to provide closer conformance with the reporting and accounting requirements of the FFIEC *ll e*. Beginning in March 1997, both *i in nci l e* and *ll e* 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 *e l n in ile* 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 *ll e*, 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 *e l n in ile*, 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 *ll e* 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, 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 *i in nci l e* 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 portion of estimated insured deposits that is insured by the BIF. For SAIF-member "Oakar" institutions, it represents the adjusted attributable amount acquired from BIF members.

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.

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

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

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

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

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

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

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

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

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

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

FHLB advances – borrowings from the Federal Home Loan Bank (FHLB) reported by institutions that file a *i in nci l e*. Institutions that file a *ll e* 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 for ard 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.

O tion 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.

S a s – 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 *i in nci l e* , the valuation allowance subtracted also includes allowances for other repossessed assets. Also, for filers the components of other real estate owned are reported gross of valuation allowances.

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

"Problem" institutions – federal regulators assign a composite rating to each financial institution, based upon an evaluation of financial and operational criteria. The rating is based on a scale of 1 to 5 in ascending order of supervisory concern. "Problem" institutions are those institutions with financial, operational, or managerial weaknesses that threaten their continued financial viability. Depending upon the degree of risk and supervisory concern, they are rated either a "4" or "5". For all BIF-member institutions, and for all SAIF-member institutions for which the FDIC is the primary federal regulator, FDIC composite ratings are used. For all SAIF-member institutions whose primary federal regulator is the OTS, the OTS composite rating is used.

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

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

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

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

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

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

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

Securities gains (losses) – realized gains (losses) on held-to-maturity and available-for-sale securities, before adjustments for income taxes. *i in nci l e* 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 filers. Beginning March 31 1997, filers net the unearned income and the loans-in-process against each loan balance, leaving just the unearned income on loans reported by *ll e* 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.