

# The FDIC Quarterly Banking Profile

Donna Tanoue, Chairman

Fourth Quarter 1999

## COMMERCIAL BANKING PERFORMANCE—FOURTH QUARTER, 1999

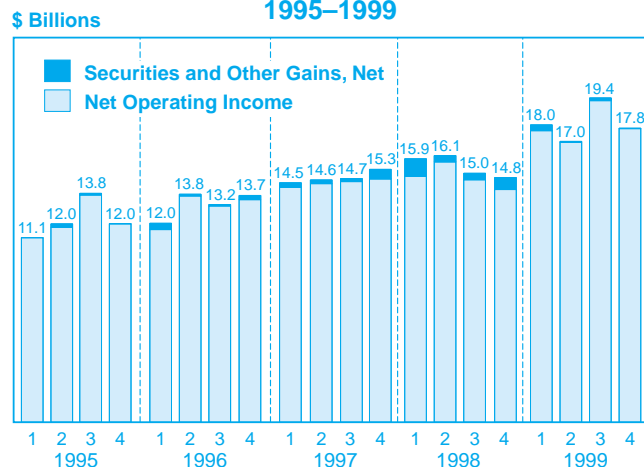
- **Full-Year Profits Surpass \$70 Billion**
- **Quarterly Earnings Are Third-Highest Ever**
- **Annual ROA Exceeds 1.3 Percent For First Time**
- **Profitability Gap Between Large, Small Banks Grows**
- **Indicators Of Risk Continue To Rise**

Insured commercial banks reported fourth-quarter earnings of \$17.8 billion, bringing their profits for all of 1999 to a record \$71.7 billion. It was the third-highest quarterly earnings ever posted by the industry, after the \$19.4 billion banks earned in the third quarter of 1999 and the \$18.0 billion they earned in the first quarter, and represented a 20.2-percent improvement over the \$14.8 billion earned in the fourth quarter of 1998. The improvement in quarterly earnings was made possible by strong growth in noninterest income and by lower noninterest expenses, which outweighed a \$1.3-billion decline in proceeds from securities sales. The average return on assets (ROA) for the quarter was 1.27 percent, up from 1.10 percent a year ago. More than half (54.3 percent) of all banks reported an ROA of 1 percent or higher for the quarter, and 53.1 percent of all banks reported a higher quarterly ROA than a year ago. For the second consecutive year, more than one out of ten banks (11.2 percent) were unprofitable in the fourth quarter. A year ago, 12.0 percent of all banks reported a net loss in the fourth quarter.

Noninterest expenses have been a key determinant of industry profitability in recent quarters. Charges related to mergers and restructurings elevated total noninterest expense to \$54.8 billion in the fourth quarter, \$4.7 billion (9.5 percent) above the level of the third quarter, which had few such expenses. This amount was nevertheless \$200 million (0.3 percent) lower than a year ago. The bulge in noninterest expenses was partially offset by continued strength in noninterest revenues,

particularly fee income. Banks' noninterest revenues rose to \$38.8 billion in the fourth quarter, up \$1.8 billion (5 percent) from the third quarter, and \$4.2 billion (12.1 percent) higher than a year ago. Noninterest income accounted for 44.1 percent of all net operating revenues (net interest income plus noninterest income) of commercial banks.

### QUARTERLY NET INCOME, 1995–1999



Net interest income totaled \$49.2 billion, an increase of \$326 million (0.7 percent) from the third quarter, and \$2.2 billion (4.7 percent) more than banks reported in the fourth quarter of 1998. In an environment of rising interest rates, the average net interest margin for the industry was down slightly (4 basis points) from the previous quarter, as the rise in funding costs outpaced the increase in asset yields. In contrast with larger institutions, margins at banks with less than \$100 million in assets improved



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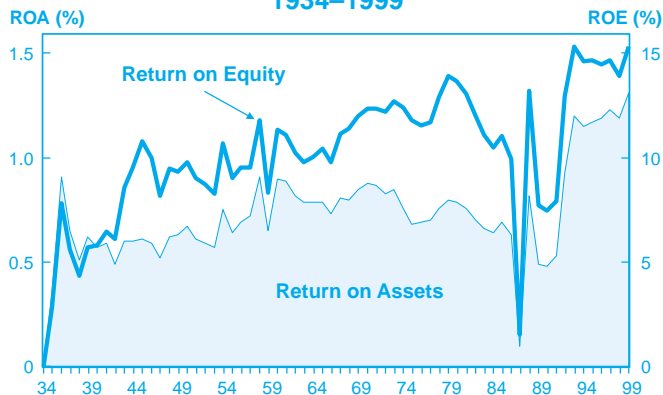
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from third-quarter levels (up 7 basis points). Higher interest rates also caused a further reduction in the value of banks' securities portfolios. Sales of securities, which yielded \$1.1 billion in the fourth quarter of 1998, produced a net loss of \$276 million in the latest quarter.

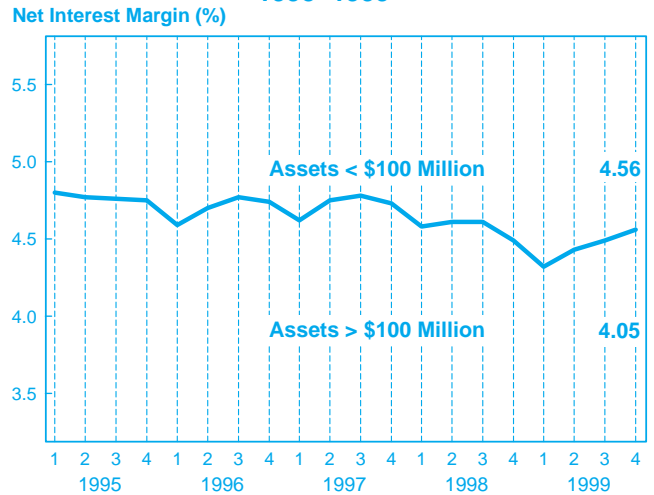
Full-year earnings were \$9.9 billion (16.0 percent) higher than in 1998. The industry's ROA for 1999 was 1.31 percent, easily eclipsing the previous record of 1.23 percent set in 1997. Banks' return on equity (ROE) matched the all-time high of 15.34 percent reached in 1993. Large banks experienced much of the improvement in profitability, as noninterest income registered strong growth, and noninterest expense growth was limited. Overseas earnings rebounded strongly in 1999, rising by \$1.5 billion (29.3 percent), the largest year-to-year increase since 1992-93. Only 44.9 percent of banks reported higher ROAs in 1999 than in 1998. The average ROA at banks with less than \$100 million in assets declined from 1.13 percent in 1998 to 1.01 percent in 1999. The decline would have been greater but for the rising proportion of banks operating as Subchapter S corporations (see Notes to Users, p. 21). For the first time since 1991, more than 10 percent of commercial banks with less than \$100 million in assets were unprofitable. Small banks were hurt by both declining net interest margins and lower contributions from noninterest income in 1999.

### RETURN ON ASSETS (ROA) AND EQUITY (ROE), 1934-1999



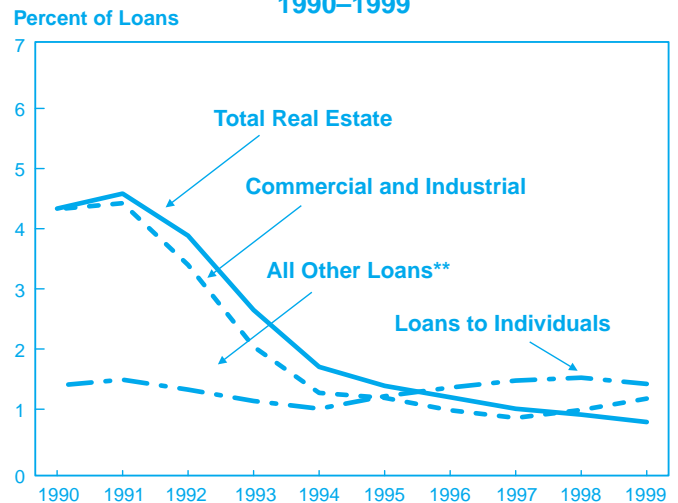
Asset-quality indicators showed few signs of deterioration in 1999, with the exception of loans to commercial and industrial borrowers. The percentage of all loans that were noncurrent (past due 90 days or more or in nonaccrual status) registered a small decline in 1999, from 0.96 percent to 0.94 percent, matching the lowest level seen in the 18 years that banks have reported noncurrent loan data. The percentage of loans charged off due to uncollectibility in 1999 was lower than in 1998—0.61 percent, compared to 0.67 percent. The total dollar amount of loans charged off during 1999 was \$391 million (1.9 percent) below the amount charged off in 1998. The

### QUARTERLY NET INTEREST MARGINS, 1995-1999



reduction in charge-offs was made possible by a \$2.3-billion decline in the amount of credit-card loans charged off. This decline outweighed a \$1.8-billion (51.4 percent) increase in commercial and industrial loan charge-offs during 1999. Noncurrent commercial and industrial loans also increased during 1999. Despite a small decline in the fourth quarter, noncurrent commercial and industrial loans were up by \$2.6 billion (28.8 percent) in 1999. The only other loan category to exhibit a decline in asset quality during 1999 was agricultural production loans. The average charge-off rate on these loans rose to 0.32 percent in 1999, from 0.22 percent in 1998. This is the highest annual charge-off rate for agricultural loans since 1991. The percentage of agricultural loans that were noncurrent also increased during 1999, from 1.31 percent to 1.44 percent.

### NONCURRENT LOAN RATES AT YEAR-END,\* 1990-1999

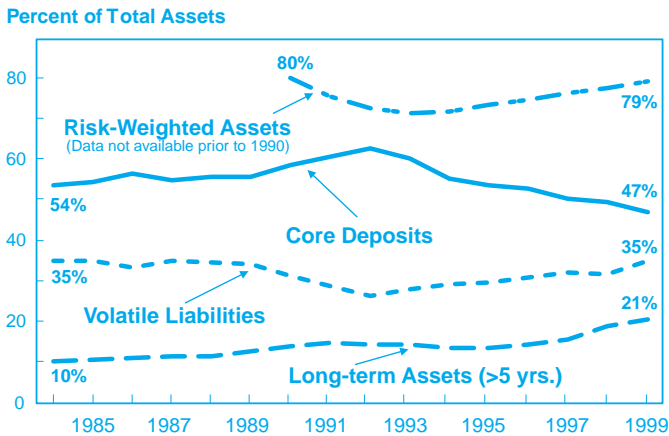


\* Noncurrent loan rates represent the percentage of loans that are past due 90 days or more or in nonaccrual status.

\*\* Includes loans to foreign governments, depository institutions and lease receivables.

Shifts in balance sheet composition during 1999 suggest that the industry's exposure to credit risk and interest rate risk has increased. The ratio of risk-weighted assets to total assets rose from 77.5 percent to 79.2 percent during the year, implying heightened credit risk. Long-term assets, with remaining maturities of 5 years or longer, increased by \$162 billion (15.8 percent) in 1999, accounting for 55 percent of the \$294-billion increase in total industry assets. On the funding side, volatile liabilities, which mature or reprice in less than a year, increased by \$280 billion (16.3 percent), while core deposits, which tend to be more stable and lower-cost, rose by only \$5 billion (0.2 percent). As a result of these shifts—toward less interest-sensitivity in banks' assets and greater interest-sensitivity in their liabilities—banks ended the year more vulnerable to rising interest rates than they were at the beginning of the year.

### RECENT TRENDS IN COMMERCIAL BANKS' BALANCE SHEETS, 1984–1999



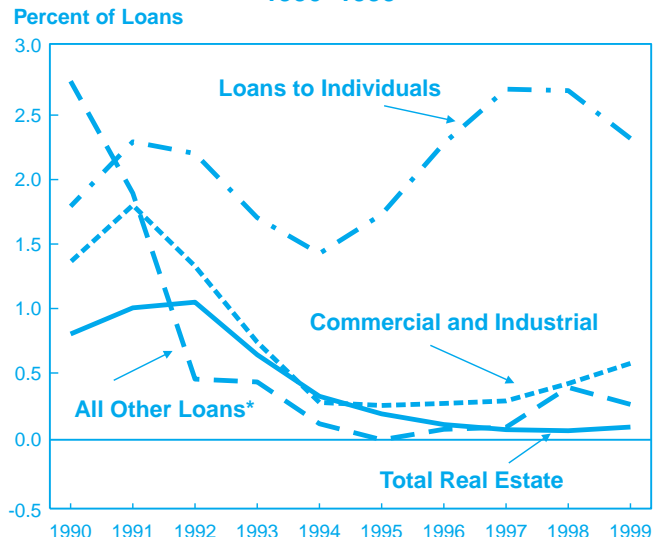
Total assets of insured commercial banks increased by 5.4 percent in 1999, the lowest annual growth rate since 1992, and the second consecutive year that asset growth has slowed. In 1998, industry assets increased by 8.5 percent. Asset growth was led by real estate loans and commercial and industrial loans. Construction and development loans rose by 27.0 percent in 1999, while multifamily residential real estate loans increased by 22.8 percent, loans secured by commercial real estate grew by 12.7 percent, and 1-4 family residential mortgage loans were up by 10.2 percent. Commercial and industrial loans grew by 8.1 percent in 1999, a slower pace than the 13.0 percent growth registered in 1998. Consumer loans declined by 2.2 percent (\$12.4 billion), as banks increased the amount of credit card loans securitized and sold off-balance-sheet by \$33.8 billion.

Deposits increased by only 4.1 percent in 1999, the smallest annual increase since 1993. In contrast, short-term nondeposit borrowings increased by 39.4

percent. Equity capital growth was an anemic 3.8 percent in 1999, as the industry's equity capital to assets ratio declined from 8.49 percent to 8.37 percent. Sharply higher dividends and depreciation in banks' available-for-sale securities portfolios limited the increase in equity. Banks paid \$51.9 billion in dividends in 1999, an increase of \$10.9 billion (26.6 percent) from 1998. Even though net income reached a record high in 1999, retained earnings were \$1.0 billion lower than in 1998. A negative swing in the value of banks' available-for-sale securities produced a \$19.3-billion subtraction from equity capital in 1999. If not for a \$17.8-billion increase in goodwill and other intangible assets during the year, the industry's equity capital would have declined by \$113 million in 1999.

The number of insured commercial banks filing Call reports declined by 41 institutions in the fourth quarter, bringing the net reduction for all of 1999 to 194 banks. During the quarter, there were 56 new bank charters, while 91 banks were absorbed by mergers, 2 banks failed, 3 banks voluntarily relinquished their charters, and two banks did not file reports. Two savings institutions converted to commercial bank charters, while one commercial bank converted to a thrift charter. For the fourth consecutive year, the pace of industry consolidation slowed. There were 231 new commercial bank charters, the largest number since 1986. Mergers absorbed 417 banks, the fewest since 1990, and 7 commercial banks failed in 1999. The number of commercial banks on the FDIC's "Problem List" declined from 69 banks to 66 during the fourth quarter, while assets of "problem" commercial banks increased from \$4.2 billion to \$4.5 billion. At the end of 1999, "problem" bank assets represented 0.08 percent of the industry's assets.

### ANNUAL NET CHARGE-OFF RATES ON LOANS, 1990–1999



\* Includes loans to foreign governments, depository institutions and lease receivables.

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

	1999	1998	1997	1996	1995	1994	1993
Return on assets (%).....	1.31	1.19	1.23	1.19	1.17	1.15	1.20
Return on equity (%).....	15.34	13.93	14.69	14.45	14.66	14.61	15.34
Core capital (leverage) ratio (%).....	7.80	7.54	7.56	7.64	7.61	7.64	7.65
Noncurrent assets plus							
other real estate owned to assets (%).....	0.63	0.65	0.66	0.75	0.85	1.01	1.61
Net charge-offs to loans (%).....	0.61	0.67	0.64	0.58	0.49	0.50	0.85
Asset growth rate (%).....	5.40	8.50	9.54	6.16	7.53	8.21	5.72
Net interest margin (%).....	4.07	4.07	4.21	4.27	4.29	4.36	4.40
Net operating income growth (%).....	20.63	2.27	12.47	6.43	7.48	16.18	35.36
Number of institutions reporting.....	8,580	8,774	9,142	9,527	9,940	10,451	10,958
Percentage of unprofitable institutions (%).....	7.24	6.12	4.85	4.27	3.55	3.98	4.89
Number of problem institutions.....	66	69	71	82	144	247	426
Assets of problem institutions (in billions).....	\$5	\$5	\$5	\$5	\$17	\$33	\$242
Number of failed/assisted institutions.....	7	3	1	5	6	11	42

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

<i>(dollar figures in millions)</i>	Preliminary				%Change 98:4-99:4	
	4th Quarter 1999	3rd Quarter 1999	4th Quarter 1998			
Number of institutions reporting.....	8,580	8,621	8,774		-2.2	
Total employees (full-time equivalent).....	1,656,508	1,633,242	1,627,050		1.8	
<b>CONDITION DATA</b>						
Total assets.....	\$5,734,843	\$5,512,476	\$5,441,055		5.4	
Loans secured by real estate.....	1,509,758	1,431,332	1,345,568		12.2	
Commercial & industrial loans.....	971,129	947,886	898,662		8.1	
Loans to individuals.....	558,465	530,573	570,876		-2.2	
Farm loans.....	45,276	46,537	46,247		-2.1	
Other loans & leases.....	410,401	409,296	381,010		7.7	
Less: Unearned income.....	3,670	3,659	4,032		-9.0	
Total loans & leases.....	3,491,359	3,361,964	3,238,331		7.8	
Less: Reserve for losses.....	58,757	58,289	57,274		2.6	
Net loans and leases.....	3,432,603	3,303,675	3,181,057		7.9	
Securities.....	1,046,171	1,035,592	979,704		6.8	
Other real estate owned.....	2,792	2,920	3,150		-11.4	
Goodwill and other intangibles.....	98,041	87,045	80,222		22.2	
All other assets.....	1,155,236	1,083,244	1,196,923		-3.5	
Total liabilities and capital.....	5,734,843	5,512,476	5,441,055		5.4	
Noninterest-bearing deposits.....	703,090	689,656	719,952		-2.3	
Interest-bearing deposits.....	3,127,686	3,017,854	2,961,492		5.6	
Other borrowed funds.....	1,048,820	973,420	903,080		16.1	
Subordinated debt.....	76,452	75,744	72,785		5.0	
All other liabilities.....	298,920	286,784	321,577		-7.0	
Equity capital.....	479,875	469,018	462,169		3.8	
Loans and leases 30-89 days past due.....	39,788	39,411	40,831		-2.6	
Noncurrent loans and leases.....	33,000	32,971	31,252		5.6	
Restructured loans and leases.....	1,145	1,313	1,848		-38.0	
Direct and indirect investments in real estate.....	278	284	506		-45.1	
1-4 Family residential mortgages.....	839,140	789,145	765,324		9.6	
Mortgage-backed securities.....	454,478	455,269	470,062		-3.3	
Earning assets.....	4,947,408	4,766,594	4,675,703		5.8	
Long-term assets (5+ years).....	1,181,058	1,146,637	1,019,475		15.8	
Volatile liabilities.....	2,003,960	1,839,068	1,723,790		16.3	
Foreign office deposits.....	655,589	602,778	572,034		14.6	
FHLB Advances (Source: FHFB).....	155,424	144,047	106,295		46.2	
Unused loan commitments.....	3,958,205	3,825,911	3,699,240		7.0	
Off-balance-sheet derivatives.....	34,883,219	36,252,328	33,380,216		4.5	
<b>INCOME DATA</b>						
	Preliminary Full Year 1999	Full Year 1998	%Change	Preliminary 4th Quarter 1999	4th Quarter 1998	%Change 98:4-99:4
Total interest income.....	\$367,336	\$362,024	1.5	\$97,190	\$91,581	6.1
Total interest expense.....	175,132	179,266	-2.3	47,942	44,558	7.6
Net interest income.....	192,204	182,758	5.2	49,248	47,022	4.7
Provision for credit losses.....	21,713	22,218	-2.3	6,144	5,808	5.8
Total noninterest income.....	144,456	123,700	16.8	38,827	34,649	12.1
Total noninterest expense.....	204,176	194,117	5.2	54,758	54,950	-0.4
Securities gains (losses).....	184	3,127	-94.1	-276	1,055	N/M
Applicable income taxes.....	39,420	31,957	23.4	9,336	7,178	30.1
Extraordinary gains, net.....	169	507	-66.7	202	-9	N/M
Net income.....	71,703	61,800	16.0	17,763	14,781	20.2
Net charge-offs.....	20,340	20,731	-1.9	6,019	5,801	3.8
Cash dividends.....	51,927	41,005	26.6	16,343	12,648	29.2
Net operating income.....	71,465	59,245	20.6	17,741	14,063	26.2

N/M - Not meaningful

**TABLE III-A. Full Year 1999, FDIC-Insured Commercial Banks**

FULL YEAR 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 \$10 Billion	Greater than \$10 Billion	East			West		
						North- east	South- east	Central	Mid- west	South- west	West
Number of institutions reporting.....	8,580	5,157	3,029	318	76	678	1,450	1,858	2,205	1,456	933
Total assets (in billions).....	\$5,734.8	\$242.5	\$754.6	\$915.2	\$3,822.5	\$2,009.6	\$1,531.7	\$952.0	\$389.6	\$314.3	\$537.7
Total deposits (in billions).....	3,830.8	205.9	611.6	624.7	2,388.6	1,267.7	1,018.0	639.5	275.6	248.4	381.5
Net income (in millions).....	71,703	2,389	9,780	12,853	46,681	23,454	19,252	11,673	5,596	3,487	8,241
% of unprofitable institutions.....	7.2	10.5	2.4	1.3	1.3	10.2	12.4	5.2	3.2	6.5	11.9
% of institutions with earnings gains.....	63.1	57.2	71.4	76.1	77.6	68.3	66.1	63.3	59.9	58.3	69.2
<b>Performance ratios (%)</b>											
Yield on earning assets.....	7.78	7.94	8.08	7.98	7.65	7.67	7.67	7.60	8.16	7.59	8.64
Cost of funding earning assets.....	3.71	3.50	3.49	3.56	3.81	4.00	3.62	3.76	3.60	3.23	3.21
Net interest margin.....	4.07	4.44	4.59	4.42	3.84	3.67	4.05	3.84	4.56	4.36	5.42
Noninterest income to earning assets.....	3.06	1.45	1.83	2.93	3.47	4.09	2.50	2.26	2.73	1.61	3.66
Noninterest expense to earning assets.....	4.32	4.05	3.96	4.26	4.44	4.84	3.93	3.66	4.13	3.76	5.34
Credit loss provision to assets.....	0.40	0.31	0.32	0.48	0.40	0.42	0.32	0.28	0.57	0.30	0.67
Net operating income to assets.....	1.30	1.02	1.34	1.50	1.27	1.24	1.27	1.27	1.54	1.17	1.63
Return on assets.....	1.31	1.01	1.36	1.49	1.28	1.24	1.29	1.28	1.50	1.15	1.64
Return on equity.....	15.34	9.07	14.24	16.02	15.97	15.76	14.75	15.46	16.94	13.18	15.54
Net charge-offs to loans and leases.....	0.61	0.37	0.36	0.68	0.66	0.79	0.45	0.37	0.75	0.46	0.95
Credit loss provision to net charge-offs.....	106.75	142.95	143.18	112.99	99.82	100.29	111.49	117.48	111.26	113.93	104.60
Efficiency ratio.....	58.66	68.01	60.82	55.73	58.46	60.59	57.57	58.59	55.45	61.26	56.10
<b>Condition Ratios (%)</b>											
Earning assets to total assets.....	86.27	91.17	91.25	89.76	84.14	83.00	86.90	89.36	90.35	88.82	86.74
Loss allowance to:											
Loans and leases.....	1.68	1.41	1.45	1.82	1.71	1.93	1.53	1.37	1.67	1.32	2.16
Noncurrent loans and leases.....	178.05	157.49	192.43	220.63	168.20	152.73	186.33	182.72	213.84	143.84	252.01
Noncurrent assets plus other real estate owned to assets.....	0.63	0.65	0.57	0.58	0.66	0.71	0.58	0.56	0.59	0.61	0.67
Equity capital ratio.....	8.37	10.68	9.26	9.09	7.87	7.71	8.60	8.03	8.86	8.53	10.30
Core capital (leverage) ratio.....	7.80	10.88	9.22	8.49	7.14	7.54	7.57	7.69	8.47	8.19	8.87
Net loans and leases to deposits.....	89.61	69.61	77.65	91.19	93.98	81.03	96.47	98.75	95.03	71.95	92.02
<b>Structural Changes</b>											
New Charters.....	231	221	8	1	1	30	89	34	22	23	33
Banks absorbed by mergers.....	417	221	164	27	5	45	104	73	84	68	43
Failed banks.....	7	4	2	1	0	0	3	0	0	2	1
<b>PRIOR FULL YEARS</b> (The way it was...)											
Number of institutions.....	1998 8,774	1998 5,409	1998 2,973	1998 321	1998 71	1998 693	1998 1,445	1998 1,904	1998 2,265	1998 1,517	1998 950
.....	1996 9,527	1996 6,203	1996 2,926	1996 325	1996 73	1996 743	1996 1,577	1996 2,109	1996 2,401	1996 1,683	1996 1,014
.....	1994 10,451	1994 7,259	1994 2,800	1994 328	1994 64	1994 834	1994 1,741	1994 2,272	1994 2,622	1994 1,857	1994 1,125
Total assets (in billions).....	1998 \$5,441.1	1998 \$252.4	1998 \$726.8	1998 \$921.7	1998 \$3,540.2	1998 \$1,920.9	1998 \$1,211.5	1998 \$889.3	1998 \$376.5	1998 \$304.7	1998 \$738.2
.....	1996 4,578.3	1996 280.0	1996 713.5	1996 1,002.4	1996 2,582.5	1996 1,730.7	1996 805.4	1996 716.8	1996 297.2	1996 334.4	1996 693.8
.....	1994 4,010.5	1994 315.9	1994 682.9	1994 1,072.3	1994 1,939.4	1994 1,545.0	1994 646.1	1994 659.6	1994 262.3	1994 304.6	1994 593.0
Return on assets (%).....	1998 1.19	1998 1.13	1998 1.31	1998 1.52	1998 1.08	1998 1.06	1998 1.30	1998 1.25	1998 1.50	1998 1.13	1998 1.11
.....	1996 1.19	1996 1.16	1996 1.28	1996 1.31	1996 1.12	1996 1.10	1996 1.22	1996 1.21	1996 1.43	1996 1.22	1996 1.24
.....	1994 1.15	1994 1.12	1994 1.19	1994 1.31	1994 1.06	1994 1.07	1994 1.18	1994 1.13	1994 1.46	1994 1.12	1994 1.24
Net charge-offs to loans & leases (%)											
.....	1998 0.67	1998 0.31	1998 0.40	1998 1.02	1998 0.65	1998 0.91	1998 0.43	1998 0.44	1998 0.74	1998 0.43	1998 0.87
.....	1996 0.58	1996 0.27	1996 0.42	1996 0.89	1996 0.52	1996 0.63	1996 0.45	1996 0.44	1996 0.70	1996 0.35	1996 0.79
.....	1994 0.50	1994 0.25	1994 0.37	1994 0.54	1994 0.57	1994 0.75	1994 0.27	1994 0.29	1994 0.46	1994 0.16	1994 0.58
Noncurrent assets plus OREO to assets (%).....	1998 0.65	1998 0.71	1998 0.62	1998 0.71	1998 0.64	1998 0.78	1998 0.55	1998 0.56	1998 0.57	1998 0.59	1998 0.67
.....	1996 0.75	1996 0.77	1996 0.74	1996 0.85	1996 0.71	1996 0.84	1996 0.68	1996 0.57	1996 0.65	1996 0.61	1996 0.88
.....	1994 1.01	1994 0.86	1994 0.92	1994 0.90	1994 1.13	1994 1.28	1994 0.72	1994 0.66	1994 0.68	1994 0.67	1994 1.33
Equity capital ratio (%).....	1998 8.49	1998 10.95	1998 9.52	1998 9.46	1998 7.86	1998 7.81	1998 9.10	1998 8.27	1998 8.72	1998 8.83	1998 9.29
.....	1996 8.20	1996 10.54	1996 9.44	1996 8.77	1996 7.38	1996 7.36	1996 8.48	1996 8.43	1996 8.74	1996 8.74	1996 9.22
.....	1994 7.78	1994 9.83	1994 8.79	1994 7.94	1994 7.01	1994 7.33	1994 7.84	1994 7.87	1994 8.43	1994 8.15	1994 8.33

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

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

**Central** - Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin

**Midwest** - Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota

**Southwest** - Arkansas, Louisiana, New Mexico, Oklahoma, Texas

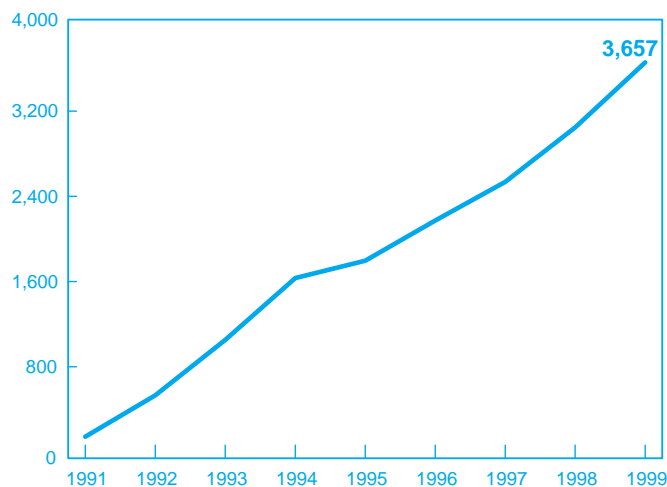
**West** - Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, Oregon, Pacific Islands, Utah, Washington, Wyoming

**TABLE IV-A. Fourth Quarter 1999, 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
<b>FOURTH QUARTER Preliminary</b> <i>(The way it is...)</i>											
Number of institutions reporting.....	8,580	5,157	3,029	318	76	678	1,450	1,858	2,205	1,456	933
Total assets (in billions).....	\$5,734.8	\$242.5	\$754.6	\$915.2	\$3,822.5	\$2,009.6	\$1,531.7	\$952.0	\$389.6	\$314.3	\$537.7
Total deposits (in billions).....	3,830.8	205.9	611.6	624.7	2,388.6	1,267.7	1,018.0	639.5	275.6	248.4	381.5
Net income (in millions).....	17,763.1	522.8	2,454.8	3,186.1	11,599.4	5,837.3	4,871.7	2,953.5	1,344.1	767.2	1,989.3
% of unprofitable institutions.....	11.2	15.9	4.1	3.8	6.6	12.5	14.4	8.1	9.8	12.0	13.5
% of institutions with earnings gains.....	60.9	57.6	65.9	67.0	65.8	60.6	61.9	61.1	60.0	58.7	64.8
<b>Performance Ratios (annualized, %)</b>											
Yield on earning assets.....	8.04	8.15	8.24	8.23	7.94	7.72	8.27	7.74	8.30	7.86	8.98
Cost of funding earning assets.....	3.97	3.59	3.62	3.78	4.12	4.07	4.14	4.00	3.72	3.37	3.60
Net interest margin.....	4.08	4.56	4.62	4.46	3.83	3.65	4.13	3.74	4.58	4.49	5.39
Noninterest income to earning assets.....	3.21	1.57	1.86	3.00	3.68	4.19	2.59	2.32	2.85	1.66	4.45
Noninterest expense to earning assets.....	4.53	4.48	4.10	4.39	4.67	5.00	4.14	3.65	4.28	3.95	6.18
Credit loss provision to assets.....	0.44	0.32	0.38	0.55	0.43	0.46	0.35	0.30	0.63	0.41	0.77
Net operating income to assets.....	1.27	0.89	1.25	1.47	1.25	1.20	1.26	1.26	1.48	1.10	1.52
Return on assets.....	1.27	0.87	1.32	1.42	1.25	1.21	1.29	1.26	1.41	0.99	1.53
Return on equity.....	15.03	8.04	14.06	15.51	15.73	15.47	14.95	15.46	15.86	11.47	14.58
Net charge-offs to loans and leases.....	0.70	0.42	0.47	0.81	0.75	0.88	0.59	0.42	0.81	0.60	0.98
Credit loss provision to net charge-offs.....	102.08	126.47	129.06	108.29	95.90	98.68	90.26	104.19	114.05	119.01	116.70
Efficiency ratio.....	60.12	72.41	62.26	56.36	59.98	61.99	59.12	58.61	56.23	62.32	60.00
<b>Structural Changes (QTR)</b>											
New charters.....	56	52	4	0	0	6	19	9	5	5	12
Banks absorbed by mergers.....	91	36	46	6	3	8	12	27	21	13	10
Failed banks.....	2	1	1	0	0	1	0	0	0	0	1
<b>PRIOR FOURTH QUARTERS</b> <i>(The way it was...)</i>											
Return on assets (%):.....1998	1.10	0.83	1.19	1.36	1.04	1.01	1.37	1.09	1.46	0.99	0.80
.....1996	1.21	0.97	1.28	1.42	1.14	1.17	1.26	1.28	1.39	1.20	1.12
.....1994	1.07	0.98	1.13	1.20	1.00	0.95	1.09	1.05	1.31	1.00	1.34
Net charge-offs to loans & leases (%):.....1998	0.73	0.49	0.55	1.11	0.67	0.95	0.52	0.57	0.81	0.56	0.80
.....1996	0.64	0.42	0.56	1.01	0.52	0.67	0.53	0.53	0.84	0.48	0.79
.....1994	0.55	0.40	0.49	0.62	0.54	0.74	0.38	0.39	0.56	0.26	0.59

**NUMBER OF COMMERCIAL BANKS WITH FHLB ADVANCES, \* 1991-1999**

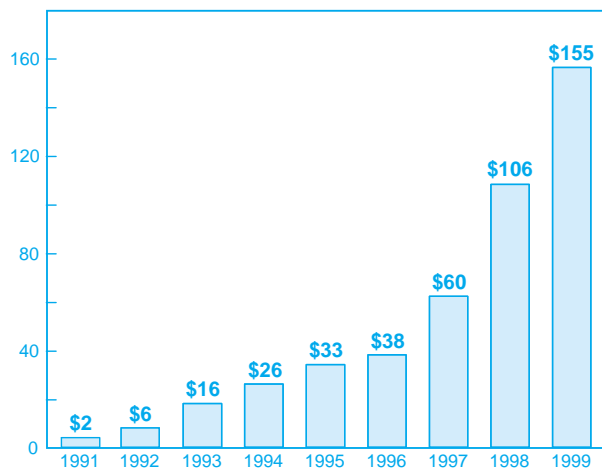
Number of Banks



\* Source: FHFB

**AMOUNT OF FHLB ADVANCES OUTSTANDING, \* 1991-1999**

\$ Billions



\* Source: FHFB

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

December 31, 1999	Asset Size Distribution					Geographical Distribution by Region					
	All Institutions	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.....	1.09	1.20	0.90	0.90	1.23	1.13	1.21	1.09	0.94	1.10	0.77
Construction and development.....	0.98	0.73	0.76	1.06	1.08	0.83	0.82	1.35	0.93	1.14	0.98
Commercial real estate.....	0.69	0.83	0.60	0.66	0.73	0.73	0.61	0.89	0.74	0.75	0.46
Multifamily residential real estate.....	0.58	0.75	0.48	0.46	0.64	0.51	0.46	1.01	0.68	0.58	0.31
Home equity loans.....	0.75	0.71	0.63	0.74	0.78	0.75	0.82	0.81	0.65	0.70	0.48
Other 1-4 Family residential.....	1.43	1.65	1.28	1.09	1.56	1.34	1.67	1.26	1.13	1.49	1.26
Commercial and industrial loans*.....	0.80	1.32	1.12	1.03	0.65	0.55	0.70	1.05	1.29	1.15	0.97
Loans to individuals.....	2.33	2.33	2.18	2.35	2.35	2.53	2.36	2.32	2.41	1.70	1.99
Credit card loans.....	2.59	2.01	3.84	2.78	2.44	2.75	2.93	2.25	2.89	1.15	1.98
Other loans to individuals.....	2.17	2.34	1.84	2.02	2.30	2.31	2.17	2.33	1.96	1.72	2.01
All other loans and leases (including farm).....	0.55	N/A	N/A	0.85	0.55	0.48	0.33	0.92	0.50	0.55	0.62
Memo: Commercial RE loans not secured by RE.....	0.52	0.52	0.30	0.26	0.55	0.27	0.19	2.11	1.02	0.63	0.25
<b>Percent of Loans Noncurrent**</b>											
All real estate loans.....	0.79	0.73	0.59	0.70	0.89	1.01	0.77	0.71	0.57	0.85	0.62
Construction and development.....	0.67	0.51	0.50	0.66	0.77	0.93	0.73	0.55	0.47	0.56	0.66
Commercial real estate.....	0.77	0.72	0.61	0.72	0.90	0.98	0.73	0.78	0.64	1.01	0.56
Multifamily residential real estate.....	0.42	0.64	0.43	0.48	0.38	0.41	0.37	0.50	0.29	0.44	0.46
Home equity loans.....	0.31	0.42	0.31	0.39	0.28	0.38	0.25	0.34	0.28	0.32	0.25
Other 1-4 Family residential.....	0.82	0.69	0.61	0.75	0.92	0.90	0.88	0.75	0.51	0.76	0.77
Commercial and industrial loans*.....	1.18	1.28	1.11	0.93	1.17	1.40	1.01	0.98	1.06	1.52	1.17
Loans to individuals.....	1.42	0.79	0.88	1.13	1.65	2.23	0.94	0.76	1.26	0.52	1.18
Credit card loans.....	2.05	1.38	2.56	1.84	2.09	2.45	1.71	1.17	1.96	0.67	1.66
Other loans to individuals.....	1.03	0.76	0.54	0.60	1.33	2.01	0.70	0.69	0.61	0.51	0.37
All other loans and leases (including farm).....	0.39	N/A	N/A	0.44	0.40	0.38	0.38	0.42	0.36	0.36	0.44
Memo: Commercial RE loans not secured by RE.....	0.37	0.27	0.44	0.54	0.35	0.12	0.53	0.37	0.19	0.30	0.58
<b>Percent of Loans Charged-off</b>											
All real estate loans.....	0.08	0.05	0.05	0.08	0.10	0.06	0.11	0.07	0.10	0.09	0.06
Construction and development.....	0.04	0.10	0.04	0.07	0.02	-0.02	0.07	0.02	0.04	0.03	0.05
Commercial real estate.....	0.03	0.05	0.04	0.04	0.02	-0.02	0.06	0.02	0.05	0.10	-0.02
Multifamily residential real estate.....	0.01	0.06	0.04	0.00	0.01	0.01	0.02	0.03	0.04	-0.03	0.01
Home equity loans.....	0.15	0.04	0.05	0.16	0.17	0.14	0.16	0.18	0.15	0.49	0.05
Other 1-4 Family residential.....	0.11	0.05	0.06	0.11	0.13	0.08	0.13	0.09	0.15	0.09	0.16
Commercial and industrial loans*.....	0.57	0.47	0.45	0.62	0.56	0.59	0.38	0.38	0.47	0.77	0.88
Loans to individuals.....	2.32	1.30	1.58	2.40	2.49	2.85	1.70	1.39	2.89	1.02	3.18
Credit card loans.....	4.45	5.01	5.74	4.60	4.29	4.48	4.04	4.13	5.23	2.50	4.41
Other loans to individuals.....	1.04	0.65	0.67	0.87	1.22	1.30	0.99	0.87	0.82	0.95	1.00
All other loans and leases (including farm).....	0.26	N/A	N/A	0.31	0.27	0.23	0.19	0.32	0.33	0.34	0.38
Memo: Commercial RE loans not secured by RE.....	-0.01	0.64	0.10	0.01	-0.02	-0.11	0.03	0.03	0.14	0.09	-0.04
<b>Loans Outstanding (in billions)</b>											
All real estate loans.....	\$1,509.8	\$83.0	\$304.7	\$297.5	\$824.5	\$339.9	\$511.3	\$290.4	\$120.8	\$83.7	\$163.7
Construction and development.....	135.6	6.7	31.5	32.0	65.5	13.7	50.8	26.0	12.0	10.9	22.1
Commercial real estate.....	417.5	23.2	110.5	97.5	186.3	73.0	123.7	87.9	33.3	31.7	67.9
Multifamily residential real estate.....	53.1	1.8	10.3	11.3	29.8	13.7	14.7	10.3	3.5	2.6	8.4
Home equity loans.....	102.3	1.9	12.8	18.3	69.3	23.4	35.2	25.5	5.6	1.2	11.5
Other 1-4 Family residential.....	736.8	38.7	127.1	134.5	436.5	185.9	277.7	132.8	56.5	33.8	50.1
Commercial and industrial loans.....	971.1	24.8	87.1	127.5	731.8	324.5	268.2	183.1	60.0	46.9	88.6
Loans to individuals.....	558.5	20.2	64.8	119.3	354.3	204.1	119.3	78.2	50.1	33.0	73.8
Credit card loans.....	212.0	0.8	10.9	51.4	148.9	101.5	28.6	10.5	24.1	1.3	46.0
Other loans to individuals.....	346.5	19.3	53.9	67.9	205.3	102.6	90.7	67.7	26.0	31.7	27.8
All other loans and leases (including farm).....	455.7	17.8	26.2	36.6	375.1	180.8	99.4	88.9	35.5	17.8	33.2
Memo: Commercial RE loans not secured by RE.....	37.8	0.2	1.0	3.1	33.4	10.9	14.1	4.4	2.5	1.4	4.5
<b>Memo: Other Real Estate Owned (in millions)</b>											
All other real estate owned.....	\$2,792.0	\$276.2	\$669.5	\$438.1	\$1,408.1	\$831.7	\$768.0	\$346.4	\$199.4	\$250.5	\$396.0
Construction and development.....	215.3	26.3	87.9	41.3	59.7	40.5	81.8	19.9	20.3	17.9	34.8
Commercial real estate.....	1,223.4	120.7	303.8	199.9	598.9	354.6	322.6	128.5	71.5	127.9	218.2
Multifamily residential real estate.....	45.3	7.9	17.3	10.4	9.7	14.1	5.3	7.7	4.3	3.9	10.0
1-4 Family residential.....	1,026.2	88.8	226.1	179.7	531.6	220.9	349.7	181.7	73.0	80.2	120.6
Farmland.....	81.2	32.5	34.4	5.9	8.4	2.7	8.6	8.5	30.1	20.6	10.7
Other real estate owned in foreign offices.....	200.6	0.0	0.0	0.9	199.7	198.9	0.0	0.0	0.0	0.0	1.7

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

\*\* 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.

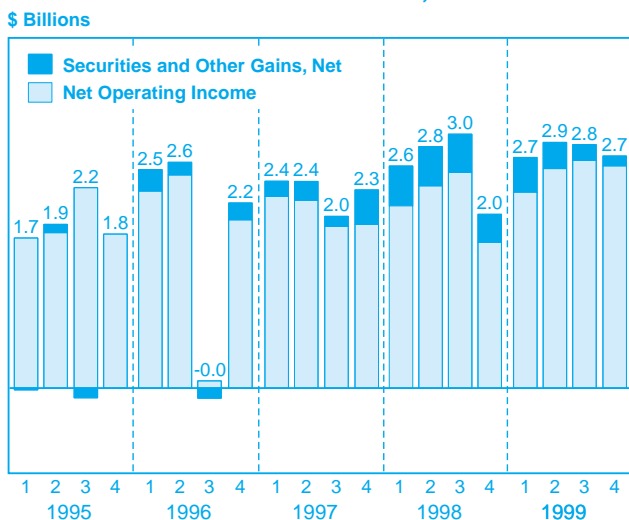
N/A - Not Available

## SAVINGS INSTITUTION PERFORMANCE—FOURTH QUARTER, 1999

- **Fourth-Quarter Earnings Decline Slightly To \$2.7 Billion**
- **1999 Profits Set New Record At \$10.9 Billion**
- **Asset Quality Continues To Improve With Record Low Charge-Offs**
- **Industry Has 37 New Entrants, The Highest Since 1986**

FDIC-insured savings institutions reported earnings of \$2.7 billion for the fourth quarter, which was down by \$132 million from the third quarter and up by \$678 million from a year ago. The average return on assets (ROA) was 0.96 percent this quarter, down from 1.00 percent last quarter and up from 0.76 percent a year ago. Higher interest costs in the fourth quarter led to a \$94-million decline in net interest income from the level of the third quarter. Noninterest income rose by \$160 million, but this improvement was more than offset by a \$162-million increase in noninterest expenses. Gains on the sales of securities during the fourth quarter, at \$150 million, were the lowest quarterly amount since 1995. A year ago, when interest-rate conditions were more favorable for securities values, security sales yielded gains of \$557 million. Over half (55 percent) of savings institutions showed improved quarterly earnings from a year ago, but more than 10 percent were unprofitable.

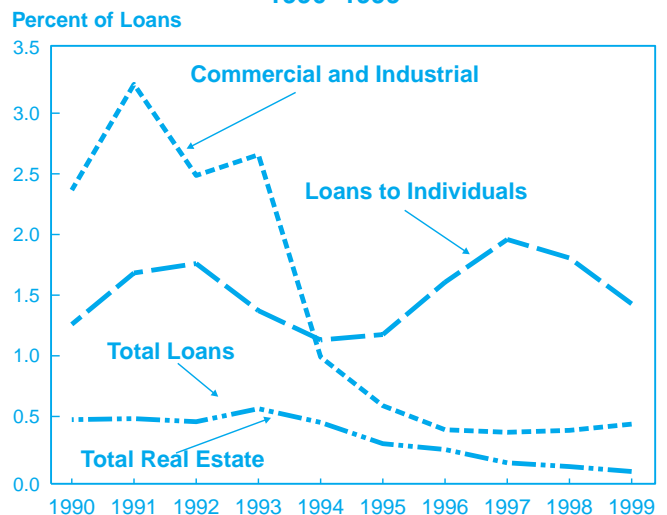
**QUARTERLY NET INCOME, 1995–1999**



Full-year earnings of \$10.9 billion were the highest ever for the thrift industry, surpassing the results for 1998 by \$736 million (7 percent). Thrifts posted an aggregate ROA of 1.00 percent, which was

just one basis point lower than the recent high of 1.01 percent registered in 1998. Before 1998, the industry had gone more than 50 years without achieving an ROA of 1.00 percent or better. The aggregate return on equity (ROE) was 11.74 percent, the highest since 1985 when the industry's equity capital stood at just 3.52 percent of assets. Net interest margins have changed very little over the past two years, remaining at 3.10 percent, but loan growth has generated a \$2-billion increase in net interest income. While higher interest rates have not significantly affected margins, gains from the sales of securities were over \$1 billion lower than in the previous year. Improvements in asset quality led to a \$217-million decline in provisions for loan losses, while net charge-offs on loans declined \$269 million. Net charge-offs averaged 0.17 percent of loans for the year, down from 0.22 percent last year and down from a peak of 0.65 percent in 1991.

**ANNUAL NET CHARGE-OFF RATES ON LOANS, 1990–1999**

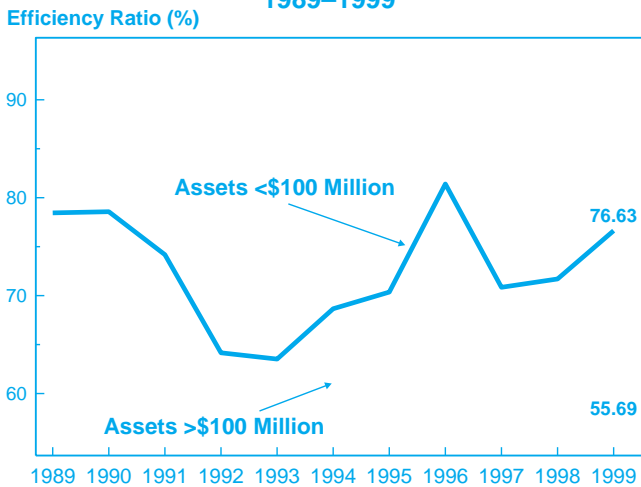


Owing to relatively strong growth in net interest income and noninterest income, combined with modest growth in noninterest expenses, core earnings rose and operating efficiency improved in



1999. Net operating income, which excludes gains on the sales of securities and extraordinary items, improved by \$1.4 billion (17 percent) to \$9.9 billion or 0.91 percent of assets. By keeping operating expenses under control while revenues grew, the efficiency ratio, which measures the proportion of net operating revenue that is absorbed by overhead expenses, improved to 56.40 percent from 59.41 percent in 1998.

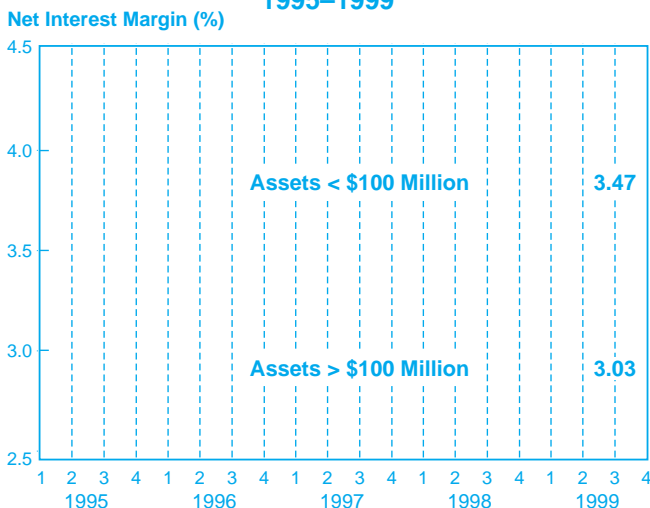
**ANNUAL EFFICIENCY RATIOS,\*  
1989–1999**



\* Noninterest expense less amortization of intangible assets as a percent of net interest income plus noninterest income.

With interest rates rising during the quarter, the cost of funding earning assets rose faster (by 15 basis points) than the yield on earning assets (up by 11 basis points). As a result, net interest margins declined by 4 basis points to 3.04 percent for the fourth quarter. A year ago, the average net interest margin was 3.05 percent.

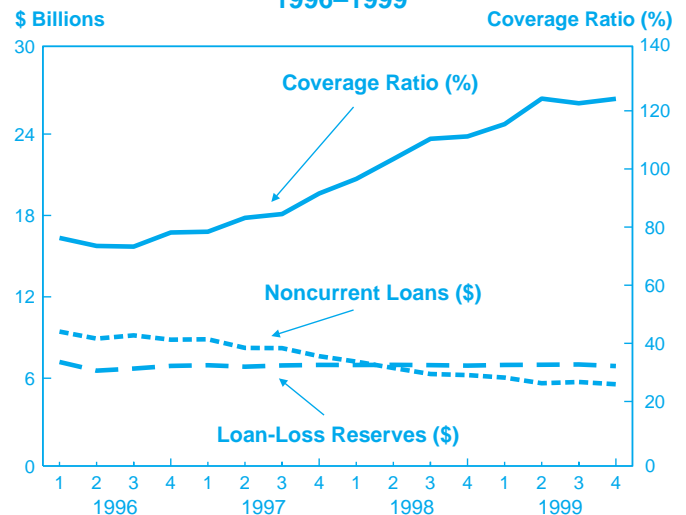
**QUARTERLY NET INTEREST MARGINS,  
1995–1999**



Small savings institutions, with assets below \$100 million, reported an ROA of 0.48 percent for the fourth quarter, which was the lowest since SAIF-insured institutions had to pay a special assessment in the third quarter of 1996. Historically, earnings in the fourth quarter are lower than in other quarters, but profits were particularly poor for this group in the last quarter of 1999, because of lower noninterest income. For the full year, ROA was 0.63 percent, down from 0.77 percent in 1998. A 5-basis-point decline in the average net interest margin was a major factor in the decline in profitability. Because these institutions do not have the ability to generate much fee income, they rely heavily on net interest income for earnings. Approximately 17 percent of institutions in this group reported losses for the quarter and nearly 15 percent reported losses for the year.

One of the broadest measures of asset quality, noncurrent assets—assets 90 days or more past due, or in nonaccrual status—plus other real estate owned, declined from 0.72 percent of assets to 0.58 percent during 1999. This is the lowest level reported by thrifts since consistent measures of noncurrent loans became available in 1990. Noncurrent loans declined by \$166 million in the fourth quarter and other real estate owned declined by \$103 million. Reserves for loan losses also fell (by \$118 million), but the coverage ratio—loan-loss reserves to noncurrent loans—bounced back to \$1.24 in reserves for each dollar of noncurrent loans from \$1.23 last quarter.

**COVERAGE RATIO\* AND RESERVE LEVELS,  
1996–1999**



\*Loan-loss reserves to noncurrent loans.

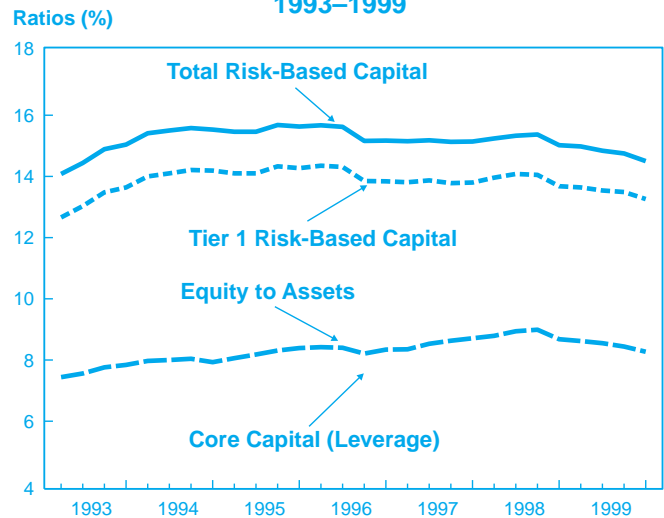
The industry has had asset growth of approximately 6 percent in each of the past two years, which is the strongest growth since 1988. Assets grew by \$5.6 billion in the fourth quarter. During the quarter one large organization securitized \$12 billion in 1-4 family residential mortgages and retained the securities.<sup>1</sup> Overall, this contributed to a \$12.3-billion decline in home mortgages and an \$8.2-billion increase in mortgage backed securities. Deposits, which had declined earlier in the year, increased by \$9.3 billion in the fourth quarter, giving the industry a full-year increase in deposits of \$2.2 billion. Federal Home Loan Bank (FHLB) advances also grew in the fourth quarter, by \$17.7 billion. The industry increased its reliance on FHLB advances from 20 percent of liabilities to almost 24 percent during the year. Thrifts now hold \$231 billion in FHLB advances and \$707 billion in deposits.

Equity capital of \$95 billion was just \$450 million higher than a year ago. With little change in equity and growth in assets, the equity capital ratio declined to 8.27 percent at year-end from 8.68 percent at the beginning of the year. This is the lowest point for this ratio since 1996 when the industry had to pay a special assessment on SAIF-insured deposits. Equity capital includes the unrealized gains or losses on available-for-sale (AFS) securities, which swung from a gain of over \$2 billion to a loss of \$2.6 billion during the year as interest rates rose. In the fourth quarter alone, the value of these securities declined by over \$1 billion. In contrast, the core capital (leverage) ratio does not include the value of these securities and this ratio increased slightly (by 1 basis point) during the year to 7.86 percent of average assets.

The industry added 37 *de novo* institutions during the year, but mergers continued to reduce the number of thrifts. This year had the highest number of *de novo* charters since 1986. An additional charter was issued to absorb another charter during the year for a total of 38 new charters. There

<sup>1</sup> Washington Mutual, Inc., of Seattle, Washington, securitized approximately \$12 billion in single-family residential mortgages and kept the investment securities during the fourth quarter.

### RISK-BASED CAPITAL RATIOS, 1993–1999



were 1,640 active charters at the end of the year, down from 1,689 at the beginning of the year. During the fourth quarter 9 thrifts began operations. Commercial banks absorbed 11 thrifts with \$29.3 billion in assets in the fourth quarter, bringing the total number of thrifts merged into commercial banks in 1999 to 46. Two thrifts with \$194 million in assets converted their charters to commercial bank charters this quarter, joining a dozen other conversions earlier in the year. Within the industry, 5 thrifts with \$6.6 billion in assets merged into other thrifts during the fourth quarter; the total for the year was 34 mergers. No thrifts failed in the fourth quarter, but one did fail earlier in the year. Charter changes that do not affect the count of institutions include mutual-to-stock conversions. During the fourth quarter 8 thrifts with \$3.5 billion in assets made this conversion, which brings the total to 39 for the year. At year-end 1999, there were 740 mutually owned thrifts and 900 thrifts owned by stockholders. The number of “problem” thrifts increased to 13 from 11 thrifts last quarter, but was lower than the 15 thrifts in this group at the end of 1998. Assets of “problem” thrifts increased to \$5.5 billion from \$3.9 billion last quarter, but were down slightly from \$5.9 billion at the end of 1998. Assets of “problem” thrifts accounted for less than one half of one percent (48 basis points) of the industry at year-end.

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

	1999	1998	1997	1996	1995	1994	1993
Return on assets (%).....	1.00	1.01	0.93	0.70	0.77	0.66	0.71
Return on equity (%).....	11.74	11.35	10.84	8.40	9.40	8.28	9.32
Core capital (leverage) ratio (%).....	7.86	7.85	7.95	7.76	7.80	7.65	7.45
Noncurrent assets plus							
other real estate owned to assets (%).....	0.58	0.72	0.95	1.09	1.20	1.38	2.10
Net charge-offs to loans (%).....	0.17	0.22	0.25	0.32	0.34	0.51	0.65
Asset growth rate (%).....	5.56	6.05	-0.21	0.25	1.70	0.77	-2.85
Net interest margin.....	3.10	3.10	3.23	3.22	3.09	3.34	3.51
Net operating income growth (%).....	16.69	7.69	20.08	-13.99	13.81	22.24	21.16
Number of institutions reporting.....	1,640	1,689	1,780	1,925	2,030	2,152	2,262
Percentage of unprofitable institutions (%).....	7.99	5.27	4.10	12.05	5.86	6.97	5.88
Number of problem institutions.....	13	15	21	35	49	71	146
Assets of problem institutions (in billions).....	\$6	\$6	\$2	\$7	\$14	\$39	\$92
Number of failed/assisted institutions.....	1	0	0	1	2	4	8

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

<i>(dollar figures in millions)</i>	Preliminary		3rd Quarter	4th Quarter	%Change	
	4th Quarter	1999				
Number of institutions reporting.....		1,640	1,649	1,689	-2.90	
Total employees (full-time equivalent).....		243,852	245,354	236,797	2.98	
<b>CONDITION DATA</b>						
Total assets.....		\$1,148,726	\$1,143,114	\$1,088,238	5.56	
Loans secured by real estate.....		668,307	676,061	643,935	3.78	
1-4 Family Residential.....		530,225	542,570	518,184	2.32	
Multifamily residential property.....		55,591	54,242	54,489	2.02	
Commercial real estate.....		53,418	51,411	47,876	11.58	
Construction, development, and land.....		29,073	27,838	23,386	24.32	
Commercial & industrial loans.....		26,534	24,481	21,055	26.02	
Loans to individuals.....		62,099	60,157	52,614	18.03	
Other loans & leases.....		4,780	4,392	3,752	27.39	
Less: Unearned income & contra accounts**.....		205	204	188	9.01	
Total loans & leases.....		761,514	765,246	721,169	5.59	
Less: Reserve for losses.....		6,895	7,013	6,928	-0.47	
Net loans & leases.....		754,619	758,233	714,241	5.65	
Securities.....		291,421	283,757	269,377	8.18	
Other real estate owned.....		1,125	1,227	1,577	-28.66	
Goodwill and other intangibles.....		14,811	15,505	14,210	4.23	
All other assets.....		86,751	84,391	88,833	-2.34	
Total liabilities and capital.....		1,148,726	1,143,114	1,088,238	5.56	
Deposits.....		707,097	697,781	704,859	0.32	
Other borrowed funds.....		327,219	329,591	267,613	22.27	
Subordinated debt.....		3,019	3,316	2,812	7.35	
All other liabilities.....		16,431	15,897	18,445	-10.92	
Equity capital.....		94,959	96,529	94,509	0.48	
Loans and leases 30-89 days past due.....		6,763	6,540	7,479	-9.57	
Noncurrent loans and leases.....		5,554	5,721	6,231	-10.85	
Restructured loans and leases.....		1,673	1,900	2,435	-31.29	
Direct and indirect investments in real estate.....		641	573	589	8.81	
Mortgage-backed securities.....		221,723	213,553	207,165	7.03	
Earning assets.....		1,065,552	1,063,334	1,012,720	5.22	
FHLB Advances (Source: TFR and FHFB).....		231,449	213,754	174,729	32.46	
Unused loan commitments.....		176,001	176,777	185,090	-4.91	
<b>INCOME DATA</b>						
	Preliminary	Preliminary		Preliminary		
	Full Year	Full Year	%Change	4th Quarter	4th Quarter	
	1999	1998		1999	1998	
Total interest income.....	\$74,228	\$71,085	4.4	\$19,611	\$18,402	6.6
Total interest expense.....	42,897	41,902	2.4	11,617	10,836	7.2
Net interest income.....	31,331	29,183	7.4	7,994	7,567	5.7
Provision for credit losses**.....	1,555	1,772	-12.3	417	459	-9.2
Total noninterest income.....	9,782	9,200	6.3	2,649	2,241	18.2
Total noninterest expense.....	23,992	23,570	1.8	6,224	6,691	-7.0
Securities gains (losses).....	1,446	2,458	-41.2	150	557	-73.1
Applicable income taxes.....	6,133	5,269	16.4	1,461	1,125	29.8
Extraordinary gains, net.....	5	-83	N/M	9	-67	N/M
Net income.....	10,884	10,148	7.3	2,701	2,023	33.5
Net charge-offs.....	1,190	1,459	-18.4	331	406	-18.5
Cash dividends.....	6,103	6,566	-7.1	2,160	1,749	23.5
Net operating income.....	9,897	8,482	16.7	2,587	1,697	52.4

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

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

**TABLE III-B. Full Year 1999, 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
<b>FULL YEAR Preliminary (The way it is...)</b>											
Number of institutions reporting.....	1,640	664	829	113	34	637	223	427	126	115	112
Total assets (in billions).....	\$1,148.7	\$33.7	\$244.7	\$230.3	\$640.0	\$384.1	\$75.7	\$188.2	\$41.4	\$76.3	\$383.0
Total deposits (in billions).....	707.1	26.7	183.1	146.0	351.3	258.5	52.3	127.1	26.1	44.4	198.6
Net income (in millions).....	10,884.2	208.1	2,001.8	2,280.2	6,394.1	3,739.2	538.9	1,759.7	325.2	818.2	3,702.9
% of unprofitable institutions.....	8.0	14.8	3.4	4.4	0.0	4.9	10.3	10.1	9.5	10.4	8.9
% of institutions with earnings gains.....	52.9	43.2	57.4	69.0	79.4	61.2	51.6	45.4	40.5	50.4	53.6
<b>Performance ratios (%)</b>											
Yield on earning assets.....	7.33	7.29	7.41	7.50	7.25	7.26	7.56	7.50	7.38	7.65	7.21
Cost of funding earning assets.....	4.24	3.93	3.99	4.19	4.37	3.95	4.24	4.37	4.41	4.42	4.41
Net interest margin.....	3.10	3.36	3.41	3.31	2.88	3.32	3.32	3.13	2.97	3.22	2.80
Noninterest income to earning assets.....	0.97	1.10	0.73	0.98	1.05	0.84	1.18	1.23	0.77	1.25	0.89
Noninterest expense to earning assets.....	2.37	3.44	2.82	2.54	2.07	2.48	3.11	2.66	2.32	2.76	1.91
Credit loss provision to assets*	0.14	0.08	0.11	0.27	0.12	0.10	0.26	0.24	0.11	0.26	0.10
Net operating income to assets.....	0.91	0.55	0.74	0.89	1.00	0.93	0.64	0.85	0.77	1.02	0.96
Return on assets.....	1.00	0.63	0.86	1.05	1.06	1.02	0.78	0.99	0.83	1.14	1.02
Return on equity.....	11.74	4.98	8.03	11.91	14.37	10.64	7.93	10.97	8.38	13.80	14.85
Net charge-offs to loans and leases.....	0.17	0.09	0.10	0.29	0.15	0.11	0.24	0.22	0.15	0.27	0.16
Credit loss provision to net charge-offs.....	130.63	143.58	157.16	143.89	114.70	155.13	155.24	147.38	108.60	139.24	93.54
Efficiency ratio.....	56.40	76.63	67.14	57.53	50.21	57.40	68.17	58.54	60.33	60.56	49.96
<b>Condition Ratios (%)</b>											
Earning assets to total assets.....	92.76	93.46	93.44	92.72	92.47	92.59	92.75	91.54	93.33	92.08	93.60
Loss allowance to:											
Loans and leases.....	0.91	0.73	0.84	1.13	0.86	1.00	0.84	0.80	0.63	0.81	0.94
Noncurrent loans and leases.....	124.14	88.85	127.85	102.13	139.40	114.64	139.41	110.16	126.45	86.22	155.66
Noncurrent assets plus											
other real estate owned to assets.....	0.58	0.65	0.55	0.90	0.47	0.63	0.56	0.63	0.48	0.80	0.48
Noncurrent RE loans to RE loans.....	0.71	0.78	0.63	1.14	0.60	0.90	0.58	0.69	0.46	0.92	0.58
Equity capital ratio.....	8.27	12.50	10.34	8.56	7.14	9.52	9.34	8.48	9.67	8.19	6.56
Core capital (leverage) ratio.....	7.86	12.32	10.09	8.20	6.64	8.90	9.13	7.78	9.00	8.16	6.42
Gross real estate assets to gross assets.....	77.16	69.12	71.61	73.18	81.14	71.61	71.18	72.53	78.19	65.23	88.44
Gross 1-4 family mortgages to gross assets.....	45.87	49.64	46.58	39.49	47.71	40.82	45.73	51.08	51.89	34.09	50.11
Net loans and leases to deposits.....	106.72	84.06	90.72	103.17	118.26	90.78	100.10	107.94	112.14	120.57	124.61
<b>Structural Changes</b>											
New Charters.....	38	36	2	0	0	8	9	13	2	3	3
Thriffs absorbed by mergers.....	80	32	41	5	2	24	19	24	4	8	1
Failed Thrifts.....	1	1	0	0	0	0	1	0	0	0	0
<b>PRIOR FULL YEARS** (The way it was...)</b>											
Number of institutions.....1998	1,689	701	843	111	34	656	233	442	125	120	113
.....1996	1,925	845	919	125	36	730	278	500	145	129	143
.....1994	2,152	996	992	133	31	786	343	547	160	141	175
Total assets (in billions).....1998	\$1,088.2	\$36.2	\$245.0	\$220.4	\$586.7	\$360.0	\$66.4	\$176.1	\$36.7	\$70.6	\$378.5
.....1996	1,028.3	43.7	270.1	258.3	456.2	345.4	63.2	175.8	50.3	78.3	315.3
.....1994	1,008.6	50.4	286.0	292.2	379.9	330.9	82.1	155.5	53.1	70.8	316.1
Return on assets (%).....1998	1.01	0.77	0.89	1.08	1.04	0.97	0.93	0.97	0.92	1.19	1.05
.....1996	0.70	0.44	0.66	0.82	0.69	0.84	0.52	0.70	0.56	1.57	0.40
.....1994	0.66	0.79	0.77	0.82	0.43	0.89	0.84	0.76	0.40	0.97	0.30
Net charge-offs to loans & leases (%)											
.....1998	0.22	0.08	0.15	0.27	0.24	0.16	0.54	0.20	0.10	0.42	0.19
.....1996	0.32	0.10	0.17	0.33	0.43	0.32	0.38	0.14	0.15	0.32	0.44
.....1994	0.51	0.10	0.23	0.49	0.79	0.49	0.16	0.11	0.15	0.29	0.86
Noncurrent assets plus											
OREO to assets (%)***.....1998	0.72	0.77	0.69	1.03	0.61	0.79	0.66	0.69	0.54	0.87	0.66
.....1996	1.09	0.96	0.99	1.25	1.08	1.26	0.99	0.65	0.67	1.11	1.25
.....1994	1.38	1.08	1.24	1.47	1.46	1.83	1.07	0.50	0.61	1.37	1.56
Equity capital ratio (%).....1998	8.68	12.32	10.74	9.04	7.47	9.80	10.16	9.16	9.64	8.20	7.14
.....1996	8.34	11.40	9.95	8.29	7.13	9.12	9.44	8.69	8.71	8.10	7.09
.....1994	7.93	9.94	9.02	8.10	6.70	8.51	8.59	8.75	7.71	7.01	6.97

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

\*\* Data between 1994 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. FOURTH Quarter 1999, FDIC-Insured Savings Institutions**

FOURTH 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.....	1,640	664	829	113	34	637	223	427	126	115	112
Total assets (in billions).....	\$1,148.7	\$33.7	\$244.7	\$230.3	\$640.0	\$384.1	\$75.7	\$188.2	\$41.4	\$76.3	\$383.0
Total deposits (in billions).....	707.1	26.7	183.1	146.0	351.3	258.5	52.3	127.1	26.1	44.4	198.6
Net income (in millions).....	2,700.6	40.4	445.7	584.5	1,630.0	994.6	111.4	377.0	90.2	199.8	927.7
% of unprofitable institutions.....	10.1	16.9	5.7	6.2	0.0	6.4	16.1	11.9	9.5	8.7	14.3
% of institutions with earnings gains.....	55.1	48.3	57.5	70.8	73.5	61.2	52.5	48.5	56.3	53.0	50.9
<b>Performance Ratios</b>											
Yield on earning assets.....	7.46	7.49	7.52	7.68	7.36	7.40	7.76	7.61	7.48	7.85	7.33
Cost of funding earning assets.....	4.42	4.02	4.10	4.35	4.59	4.07	4.45	4.52	4.53	4.64	4.66
Net interest margin.....	3.04	3.47	3.42	3.33	2.77	3.33	3.31	3.09	2.95	3.20	2.66
Noninterest income to earning assets.....	1.01	1.19	0.70	0.98	1.13	0.88	1.20	1.37	0.84	1.26	0.89
Noninterest expense to earning assets.....	2.37	3.78	2.91	2.53	2.02	2.48	3.25	2.77	2.35	2.75	1.82
Credit loss provision to assets.....	0.15	0.10	0.12	0.29	0.11	0.11	0.34	0.25	0.11	0.25	0.09
Net operating income to assets.....	0.91	0.43	0.65	0.90	1.05	1.00	0.52	0.82	0.79	1.00	0.95
Return on assets.....	0.96	0.48	0.74	1.03	1.04	1.05	0.60	0.82	0.89	1.07	0.98
Return on equity.....	11.43	3.84	7.06	12.01	14.31	11.03	6.30	9.38	9.01	12.87	14.80
Net charge-offs to loans and leases.....	0.18	0.08	0.12	0.31	0.16	0.14	0.27	0.18	0.14	0.42	0.14
Credit loss provision to net charge-offs*	125.96	182.54	149.86	142.57	105.11	124.58	179.62	186.31	106.53	83.28	92.71
Efficiency ratio.....	56.35	80.56	69.48	56.56	49.28	56.50	71.12	59.34	59.94	60.56	49.26
<b>Structural Changes (QTR)</b>											
New charters.....	9	9	0	0	0	3	1	2	1	2	0
Thrifts absorbed by mergers.....	16	5	9	0	2	4	5	4	2	1	0
Failed Thrifts.....	0	0	0	0	0	0	0	0	0	0	0
<b>PRIOR FOURTH QUARTERS**</b>											
<b>(The way it was...)</b>											
Return on assets (%).....1998	0.76	0.64	0.79	1.03	0.65	0.82	0.55	0.83	0.93	1.16	0.62
.....1996	0.84	0.81	0.91	1.08	0.67	0.98	0.85	1.06	0.63	1.02	0.57
.....1994	0.65	0.69	0.63	0.80	0.55	0.80	0.70	0.72	-0.08	1.01	0.51
Net charge-offs to loans & leases (%)											
.....1998	0.23	0.10	0.17	0.27	0.25	0.16	0.18	0.24	0.15	0.41	0.26
.....1996	0.36	0.12	0.21	0.37	0.45	0.38	0.43	0.15	0.17	0.32	0.47
.....1994	0.45	0.11	0.27	0.44	0.63	0.47	0.13	0.12	0.32	0.28	0.70

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

\*\* Data between 1994 and 1995 do not include Resolution Trust Corporation conservatorships. Excludes one self-liquidating institution.

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

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

December 31, 1999	Asset Size Distribution					Geographical Distribution by Region					
	All Institutions	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.....	0.80	1.63	0.95	0.87	0.67	0.76	0.95	0.91	1.16	1.00	0.69
Construction, development, and land.....	0.95	1.42	1.39	1.09	0.47	0.77	1.07	1.54	2.07	0.41	0.87
Commercial real estate.....	0.55	1.35	0.66	0.51	0.38	0.55	0.82	0.55	0.63	0.73	0.36
Multifamily residential real estate.....	0.28	0.49	0.42	0.38	0.20	0.22	0.56	0.54	0.38	0.62	0.22
Home equity loans.....	0.45	0.56	0.52	0.47	0.41	0.56	0.28	0.59	0.48	0.13	0.20
Other 1-4 Family residential.....	0.89	1.74	1.03	1.01	0.76	0.87	0.99	0.94	1.20	1.26	0.78
Commercial and industrial loans.....	1.26	2.07	1.21	1.30	1.15	1.03	1.99	2.05	1.50	0.73	1.07
Loans to individuals.....	1.69	2.40	1.97	1.86	1.51	1.63	2.61	1.57	1.51	0.83	2.67
Credit card loans.....	1.42	0.98	4.08	3.60	0.90	1.34	3.19	1.09	3.39	0.57	3.90
Other loans to individuals.....	1.78	2.44	1.79	1.60	1.84	1.68	2.51	1.77	1.42	1.03	2.30
<b>Percent of Loans Noncurrent*</b>											
All real estate loans.....	0.71	0.78	0.63	1.14	0.60	0.90	0.58	0.69	0.46	0.92	0.58
Construction, development, and land.....	0.68	1.20	0.81	0.92	0.36	0.69	0.68	1.16	0.80	0.13	0.88
Commercial real estate.....	0.84	0.84	0.71	1.09	0.75	1.02	0.73	0.71	0.75	0.69	0.62
Multifamily residential real estate.....	0.40	0.91	0.39	0.74	0.25	0.59	0.51	0.42	0.12	2.40	0.16
Home equity loans.....	0.26	0.17	0.24	0.23	0.28	0.31	0.12	0.34	0.18	0.03	0.16
Other 1-4 Family residential.....	0.75	0.75	0.64	1.27	0.65	0.95	0.58	0.71	0.43	1.06	0.65
Commercial and industrial loans.....	1.18	1.59	1.08	1.09	1.23	0.92	1.06	1.46	1.43	1.99	1.00
Loans to individuals.....	0.72	0.97	0.84	0.89	0.60	0.56	0.63	0.83	0.47	0.69	1.05
Credit card loans.....	1.09	0.71	3.57	1.96	0.79	0.94	0.44	0.53	1.36	1.15	3.23
Other loans to individuals.....	0.60	0.98	0.60	0.73	0.51	0.49	0.66	0.95	0.42	0.33	0.40
<b>Percent of Loans Charged-off</b>											
All real estate loans.....	0.05	0.04	0.04	0.05	0.05	0.04	0.04	0.05	0.05	0.10	0.04
Construction, development, and land.....	0.04	0.12	0.06	0.05	0.00	0.04	0.07	0.10	0.08	0.00	0.00
Commercial real estate.....	0.02	0.05	-0.01	0.03	0.04	-0.02	0.05	0.04	0.20	0.03	0.03
Multifamily residential real estate.....	-0.06	0.07	0.03	-0.05	-0.09	-0.01	0.02	0.07	-0.01	0.01	-0.11
Home equity loans.....	0.13	0.25	0.05	0.15	0.15	0.15	0.10	0.05	0.32	0.15	0.17
Other 1-4 Family residential.....	0.06	0.03	0.04	0.06	0.06	0.05	0.04	0.05	0.02	0.14	0.07
Commercial and industrial loans.....	0.44	0.38	0.46	0.64	0.28	0.18	1.43	0.65	0.47	0.21	0.56
Loans to individuals.....	1.43	0.55	0.83	2.19	1.33	0.89	1.40	1.38	1.12	0.87	3.74
Credit card loans.....	3.46	1.47	3.17	9.19	2.50	2.62	3.53	2.90	13.46	1.33	11.00
Other loans to individuals.....	0.77	0.52	0.65	1.04	0.69	0.53	1.01	0.83	0.54	0.51	1.44
<b>Loans Outstanding (in billions)</b>											
All real estate loans.....	\$668.3	\$20.4	\$150.6	\$128.6	\$368.7	\$204.7	\$43.9	\$115.3	\$26.4	\$39.9	\$238.2
Construction, development, and land.....	29.1	1.0	9.0	7.6	11.4	5.7	4.4	5.1	1.6	7.1	5.3
Commercial real estate.....	53.2	1.9	18.1	15.4	17.7	24.8	3.8	6.6	2.4	4.7	11.0
Multifamily residential real estate.....	55.6	0.6	8.8	13.9	32.3	16.3	0.8	6.9	0.9	2.0	28.7
Home equity loans.....	19.0	0.4	5.0	4.4	9.2	7.1	1.9	5.1	0.6	0.5	3.9
Other 1-4 Family residential.....	511.2	16.4	109.7	87.3	297.9	150.7	33.0	91.6	21.0	25.7	189.3
Commercial and industrial loans.....	26.5	0.7	6.2	7.8	11.8	11.9	2.6	3.9	1.0	3.4	3.7
Loans to individuals.....	62.1	1.4	10.3	14.6	35.7	18.5	6.1	17.6	2.0	10.5	7.3
Credit card loans.....	15.4	0.0	0.8	2.0	12.5	2.9	0.9	5.2	0.1	4.7	1.7
Other loans to individuals.....	46.7	1.4	9.5	12.6	23.2	15.6	5.2	12.4	1.9	5.8	5.6
<b>Memo: Other Real Estate Owned (in millions)**</b>											
All other real estate owned.....	\$1,124.8	\$33.7	\$235.6	\$402.1	\$453.3	\$352.5	\$106.3	\$182.0	\$53.4	\$105.4	\$325.0
Construction, development, and land.....	155.0	5.3	26.4	22.8	100.5	17.5	73.3	18.9	13.0	5.9	26.5
Commercial real estate.....	283.7	5.8	60.4	166.5	51.0	138.8	12.4	41.4	15.6	36.6	39.0
Multifamily residential real estate.....	74.8	0.4	17.0	35.0	22.4	15.7	2.4	9.9	0.3	23.4	23.2
1-4 Family residential.....	656.0	22.7	135.7	192.0	305.7	194.2	38.3	115.2	27.9	41.1	239.3
<b>Troubled Real Estate Asset Rates***</b>											
<b>(% of total RE assets)</b>											
All real estate loans.....	0.88	0.95	0.78	1.45	0.72	1.07	0.82	0.85	0.67	1.18	0.72
Construction, development, and land.....	1.20	1.70	1.10	1.22	1.22	0.99	2.30	1.52	1.62	0.22	1.38
Commercial real estate.....	1.37	1.21	1.04	2.16	1.03	1.57	1.05	1.33	1.39	1.52	0.98
Multifamily residential real estate.....	0.54	0.98	0.59	0.99	0.32	0.69	0.79	0.56	0.15	3.55	0.24
1-4 family residential.....	0.86	0.87	0.74	1.43	0.73	1.04	0.66	0.80	0.55	1.20	0.76

\* 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

- *The BIF Suffers Its First Year-To-Year Decline Since 1991*
- *The BIF Reserve Ratio Dips To 1.37 Percent*
- *Reflecting Minimal Losses, The SAIF Reserve Ratio Advances To 1.45 Percent*

Deposits insured by the FDIC rose by \$29 billion during the final three months of 1999. This was the largest quarterly increase of the year, but it was far less than the \$85-billion increase seen in the fourth quarter of 1998. The fourth quarter of 1999 continued the trend of the 1990s during which insured institutions, in the aggregate, have shifted their funding away from deposits in general and insured deposits in particular. Insured institutions' liabilities grew by 3.6 percent during the fourth quarter, but deposits grew by 3.0 percent and insured deposits by just 1.0 percent. Deposit growth was concentrated in foreign offices, up \$53 billion (8.8 percent), all of which is uninsured, and in the uninsured portion of large domestic deposit accounts, up \$51 billion (5.3 percent). Insured deposits fell to 52.6 percent of domestic liabilities at year-end 1999, having declined steadily from the recent peak of 70 percent in early 1992.

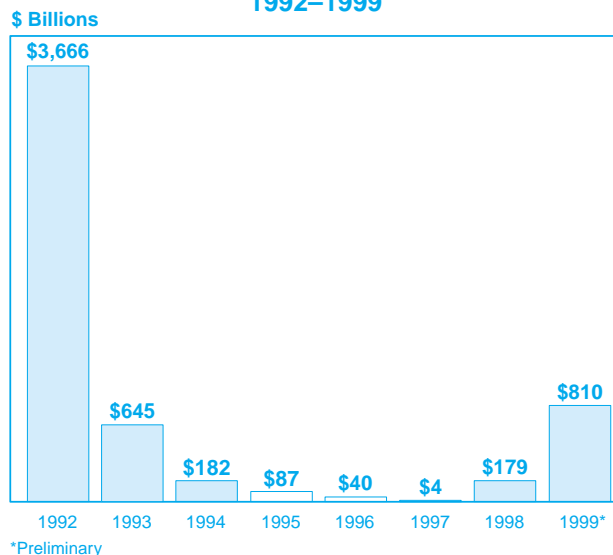
The balance of the Bank Insurance Fund (BIF) rose to \$29.6 billion (unaudited) at the end of 1999 from \$29.5 billion on September 30. However, for the full calendar year the fund fell slightly, by \$12 million, the first year-to-year decline in the fund balance since the depths of the banking crisis in 1991. Despite the continuation of generally favorable economic conditions throughout 1999, the net loss for the year was attributable to sharply higher insurance losses of approximately \$810 million, compared to \$179 million in 1998. Two BIF members failed during the fourth quarter of 1999, bringing the total for the year to seven, the highest number since 13 BIF members failed in 1994. Failed-institution assets totaled \$1.4 billion in 1999, compared to \$370 million in 1998, when three BIF members failed. Despite the fund's fourth-quarter growth, a 1.2 percent increase in BIF-insured deposits

caused a reduction in the BIF reserve ratio to 1.37 percent from 1.38 percent at the end of the third quarter, though still well above the statutory minimum of 1.25 percent.

The Savings Association Insurance Fund (SAIF) had a balance of \$10.3 billion (unaudited) on December 31, 1999, having grown from \$10.2 billion on September 30. No SAIF member failed during the fourth quarter. Only one SAIF member, with total assets of \$69 million, failed in 1999, causing an estimated insurance loss of \$4 million. This was the first SAIF-member failure since 1996. With modest fourth-quarter fund growth (0.7 percent) outpacing the growth of SAIF-insured deposits (0.5 percent), the SAIF reserve ratio rose by 1 basis point, to 1.45 percent at the end of 1999.<sup>1</sup>

<sup>1</sup> The SAIF reserve ratio for September 30 includes the SAIF Special Reserve of \$978 million, which was eliminated on November 12, 1999, with enactment of the Gramm-Leach-Bliley Act of 1999.

**BIF INSURANCE LOSSES,  
1992-1999**



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

<i>(dollar figures in millions)</i>	1999	1998	1997	1996	1995	1994	1993
Number of institutions reporting.....	10,220	10,463	10,922	11,452	11,970	12,603	13,220
Total assets.....	\$6,883,569	\$6,529,293	\$6,041,136	\$5,606,608	\$5,338,418	\$5,019,085	\$4,707,056
Total deposits.....	4,537,873	4,386,302	4,125,862	3,925,058	3,769,480	3,611,618	3,528,486
Number of problem institutions.....	79	84	92	117	193	318	572
Assets of problem institutions (in billions).....	\$10	\$11	\$6	\$12	\$31	\$73	\$334
Number of failed/assisted institutions.....	8	3	1	6	8	15	50
Assets of failed/assisted institutions (in billions).....	\$1.56	\$0.37	\$0.03	\$0.22	\$1.21	\$1.57	\$9.67

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

<i>(dollar figures in millions)</i>	Preliminary 4th Quarter 1999	3rd Quarter 1999	4th Quarter 1998	%Change 98:4-99:4		
Number of institutions reporting.....	10,220	10,270	10,463	-2.3		
Total employees (full-time equivalent).....	1,900,360	1,878,596	1,863,847	2.0		
<b>CONDITION DATA</b>						
Total assets.....	\$6,883,569	\$6,655,590	\$6,529,293	5.4		
Loans secured by real estate.....	2,178,065	2,107,393	1,989,503	9.5		
1-4 Family residential.....	1,369,365	1,331,714	1,283,508	6.7		
Home equity loans.....	121,335	115,401	113,433	7.0		
Multifamily residential property.....	108,711	104,552	97,731	11.2		
Commercial real estate.....	470,645	452,663	418,207	12.5		
Construction, development, and land.....	164,640	155,310	130,108	26.5		
Other real estate loans.....	64,703	63,154	59,950	7.9		
Commercial & industrial loans.....	997,663	972,367	919,717	8.5		
Loans to individuals.....	620,564	591,089	623,491	-0.5		
Credit cards & related plans.....	227,339	202,742	241,592	-5.9		
Other loans & leases.....	460,457	460,224	431,010	6.8		
Less: Unearned income & contra accounts.....	3,875	3,863	4,220	-8.2		
Total loans & leases.....	4,252,873	4,127,210	3,959,500	7.4		
Less: Reserve for losses.....	65,651	65,303	64,202	2.3		
Net loans and leases.....	4,187,222	4,061,908	3,895,298	7.5		
Securities.....	1,337,592	1,319,349	1,249,080	7.1		
Other real estate owned.....	3,917	4,147	4,727	-17.1		
Goodwill and other intangibles.....	112,852	102,550	94,432	19.5		
All other assets.....	1,241,987	1,167,636	1,285,756	-3.4		
Total liabilities and capital.....	6,883,569	6,655,590	6,529,293	5.4		
Deposits.....	4,537,873	4,405,291	4,386,302	3.5		
Other borrowed funds.....	1,376,039	1,303,011	1,170,694	17.5		
Subordinated debt.....	79,471	79,060	75,597	5.1		
All other liabilities.....	315,351	302,681	340,021	-7.3		
Equity capital.....	574,835	565,547	556,678	3.3		
Loans and leases 30-89 days past due.....	46,551	45,951	48,310	-3.6		
Noncurrent loans and leases.....	38,554	38,691	37,482	2.9		
Restructured loans and leases.....	2,818	3,213	4,283	-34.2		
Direct and indirect investments in real estate.....	919	857	1,095	-16.1		
Mortgage-backed securities.....	676,201	668,823	677,228	-0.2		
Earning assets.....	6,012,960	5,829,928	5,688,423	5.7		
FHLB Advances (Source: TFR and FHFB).....	386,874	357,801	281,024	37.7		
Unused loan commitments.....	4,134,206	4,002,687	3,884,330	6.4		
<b>INCOME DATA</b>						
	Preliminary Full Year 1999	Full Year 1998	%Change	Preliminary 4th Quarter 1999	4th Quarter 1998	%Change 98:4-99:4
Total interest income.....	\$441,563	\$433,109	2.0	\$116,800	\$109,983	6.2
Total interest expense.....	218,029	221,168	-1.4	59,559	55,394	7.5
Net interest income.....	223,535	211,941	5.5	57,242	54,589	4.9
Provision for credit losses.....	23,268	23,991	-3.0	6,561	6,267	4.7
Total noninterest income.....	154,238	132,901	16.1	41,476	36,890	12.4
Total noninterest expense.....	228,169	217,687	4.8	60,982	61,640	-1.1
Securities gains (losses).....	1,630	5,585	-70.8	-126	1,611	N/M
Applicable income taxes.....	45,553	37,226	22.4	10,796	8,303	30.0
Extraordinary gains, net.....	174	424	-59.0	211	-76	N/M
Net income.....	82,587	71,947	14.8	20,464	16,804	21.8

\* Excludes insured branches of foreign banks (IBAs) and institutions in RTC conservatorship (the last of which ended in 1995).

N/M - Not meaningful



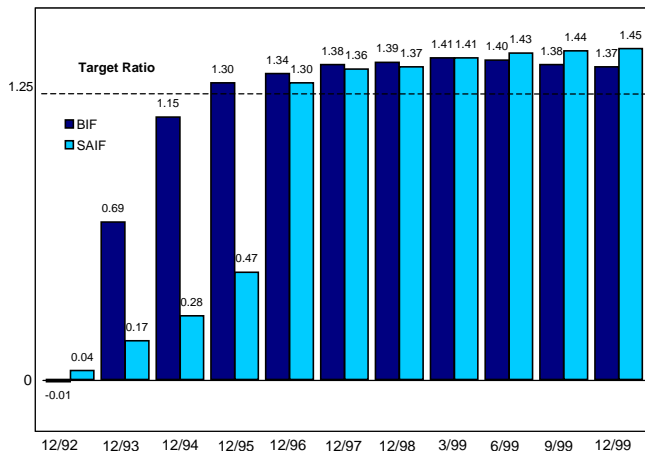
**TABLE III-C. Selected Insurance Fund Indicators**

(dollar figures in millions)	Preliminary 4th Quarter 1999	3rd Quarter 1999	4th Quarter 1998	%Change 98:4-99:4
<b>Bank Insurance Fund*</b>				
Reserve ratio (%)**	1.37	1.38	1.39	1.4
Fund balance (unaudited)	\$29,600	\$29,499	\$29,612	0.0
Estimated insured deposits	2,157,536	2,132,292	2,134,425	1.1
SAIF-member Oakars	43,827	43,049	40,702	7.7
BIF-members	2,113,708	2,089,243	2,093,723	1.0
Assessment base	3,038,385	2,975,923	2,989,587	1.6
SAIF-member Oakars	45,561	44,798	42,854	6.3
BIF-members	2,992,824	2,931,125	2,946,733	1.6
<b>Savings Association Insurance Fund</b>				
Reserve ratio (%)**	1.45	1.44	1.37	5.5
Fund balance (unaudited)	\$10,281	\$10,205	\$9,840	4.5
Estimated insured deposits	711,345	707,565	716,029	-0.7
BIF-member Oakars	262,783	264,531	265,602	-1.1
SAIF-member Sassadors	70,918	68,760	63,398	11.9
Other SAIF members	377,644	374,273	387,028	-2.4
Assessment base	764,359	756,611	758,566	0.8
BIF-member Oakars	263,328	265,064	266,821	-1.3
SAIF-member Sassadors	81,081	78,065	70,162	15.6
Other SAIF members	419,951	413,482	421,583	-0.4

\* Includes U.S. branches of foreign banks.

\*\* Fund balance as a percent of estimated insured deposits. For SAIF, Special Reserve is excluded.

**Insurance Fund Reserve Ratios\***  
Percent of Insured Deposits



**Fund Balances and Insured Deposits\***  
(\$ Millions)

	BIF Balance	BIF-Insured Deposits	SAIF Balance	SAIF-Insured Deposits
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	1,951,693	3,358	711,897
12/96	26,854	2,007,042	8,888	683,403
12/97	28,293	2,056,558	9,368	689,915
12/98	29,612	2,134,425	9,840	716,029
3/99	29,852	2,123,618	9,937	707,029
6/99	29,831	2,128,188	10,066	704,934
9/99	29,499	2,132,292	10,205	707,565
12/99	29,600	2,157,536	10,281	711,345

\* Insurance fund balance as a percent of total insured deposits. The SAIF balance includes the \$978-million SAIF Special Reserve. Net of the Special Reserve, the SAIF reserve ratio was 1.27 percent, 1.29 percent and 1.30 percent for 3/99, 6/99 and 9/99, respectively.

\*Insured deposit amounts are estimates. 1999 fund balance amounts are unaudited.

**TABLE IV-C. Closed/Assisted Institutions**

(dollar figures in millions)	1999	1998	1997	1996	1995	1994	1993
<b>BIF Members</b>							
Number of institutions	7	3	1	5	6	13	41
Total assets	\$1,490	\$371	\$27	\$186	\$758	\$1,432	\$3,539
<b>SAIF Members</b>							
Number of institutions	1	0	0	1	2	2	9
Total assets	\$71	\$0	\$0	\$34	\$456	\$137	\$6,132

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

<i>(dollar figures in millions)</i>	1999	1998	1997	1996	1995	1994	1993
<b>BIF Members</b>							
Number of institutions reporting.....	8,832	9,031	9,404	9,823	10,243	10,760	11,291
BIF-member Oakars.....	728	745	778	793	807	719	570
Other BIF-members.....	8,104	8,286	8,626	9,030	9,436	10,041	10,721
Total assets.....	\$5,979,660	\$5,701,115	\$5,285,412	\$4,857,761	\$4,577,897	\$4,248,300	\$3,949,694
Total deposits.....	3,986,952	3,843,821	3,611,453	3,404,203	3,225,649	3,062,717	2,951,979
Net income.....	74,114	64,349	61,462	54,483	50,779	46,882	44,498
Return on assets (%).....	1.30	1.18	1.22	1.17	1.15	1.14	1.17
Return on equity (%).....	15.14	13.81	14.44	14.14	14.32	14.43	14.89
Noncurrent assets plus OREO to assets (%).....	0.62	0.64	0.67	0.77	0.89	1.06	1.69
Number of problem institutions.....	66	68	73	86	151	264	472
Assets of problem institutions.....	\$4,450	\$5,326	\$4,598	\$6,624	\$20,166	\$42,311	\$269,159
Number of failed/assisted institutions.....	7	3	1	5	6	13	41
Assets of failed/assisted institutions.....	\$1,490	\$371	\$27	\$182	\$753	\$1,392	\$3,539
<b>SAIF Members</b>							
Number of institutions reporting.....	1,388	1,432	1,518	1,629	1,727	1,843	1,929
SAIF-member Oakars.....	120	116	112	94	77	55	28
Other SAIF-members.....	1,268	1,316	1,406	1,535	1,650	1,788	1,091
Total assets.....	\$903,909	\$828,177	\$755,724	\$748,847	\$760,520	\$770,785	\$757,361
Total deposits.....	550,920	542,481	514,408	520,854	543,831	548,900	576,506
Net income.....	8,472	7,598	6,485	4,883	5,584	4,101	5,380
Return on assets (%).....	0.99	0.98	0.94	0.67	0.76	0.56	0.72
Return on equity (%).....	12.00	11.34	11.13	8.07	9.47	7.16	9.74
Noncurrent assets plus OREO to assets (%).....	0.65	0.80	0.98	1.07	1.12	1.23	1.85
Number of problem institutions.....	13	16	19	31	42	54	100
Assets of problem institutions.....	\$5,524	\$5,992	\$1,662	\$5,548	\$10,864	\$30,336	\$64,973
Number of failed/assisted institutions.....	1	0	0	1	2	2	9
Assets of failed/assisted institutions.....	\$71	\$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).

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

<i>(dollar figures in millions)</i>	Number of Institutions	Total Assets	Domestic Deposits*	Estimated Insured Deposits		
				BIF	SAIF	Total
<b>December 31, 1999</b>						
<b>Commercial Banks and Savings Institutions</b>						
FDIC-Insured Commercial Banks.....	8,580	\$5,734,843	\$3,175,187	\$1,959,629	\$269,157	\$2,228,786
BIF-member.....	8,471	5,650,081	3,117,454	1,944,907	236,640	2,181,547
SAIF-member.....	109	84,762	57,732	14,722	32,516	47,238
FDIC-Supervised.....	5,204	1,039,901	762,111	508,849	62,562	571,411
OCC-Supervised.....	2,366	3,271,582	1,776,392	1,097,556	152,593	1,250,149
Federal Reserve-Supervised.....	1,010	1,423,360	636,683	353,224	54,002	407,226
FDIC-Insured Savings Institutions.....	1,640	1,148,726	707,097	196,609	442,189	638,798
OTS-Supervised Savings Institutions.....	1,102	863,414	512,559	75,037	387,049	462,087
BIF-member.....	39	105,432	62,010	47,130	9,405	56,535
SAIF-member.....	1,063	757,982	450,549	27,907	377,644	405,551
FDIC-Supervised State Savings Banks.....	538	285,312	194,538	121,572	55,139	176,711
BIF-member.....	322	224,147	151,944	120,373	16,738	137,111
SAIF-member.....	216	61,165	42,594	1,199	38,401	39,600
<b>Total Commercial Banks and Savings Institutions.....</b>	<b>10,220</b>	<b>6,883,569</b>	<b>3,882,284</b>	<b>2,156,238</b>	<b>711,345</b>	<b>2,867,583</b>
BIF-member.....	8,832	5,979,660	3,331,408	2,112,411	262,783	2,375,194
SAIF-member.....	1,388	903,909	550,876	43,827	448,562	492,390
<b>Other FDIC-Insured Institutions</b>						
U.S. Branches of Foreign Banks.....	20	9,586	3,376	1,298	0.0	1,298
<b>Total FDIC-Insured Institutions.....</b>	<b>10,240</b>	<b>6,893,156</b>	<b>3,885,660</b>	<b>2,157,536</b>	<b>711,345</b>	<b>2,868,881</b>

\* Excludes \$656 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 December 31,1999  
Supervisory and Capital Ratings for First Semiannual Assessment Period, 2000**

Capital Group	Supervisory Risk Subgroup					
	A		B		C	
1. Well-capitalized						
Number of institutions.....	8,291	93.7%	329	3.7%	50	0.6%
Assessable deposit base.....	\$2,946,488	97.0%	\$52,651	1.7%	\$2,475	0.1%
2. Adequately capitalized						
Number of institutions.....	150	1.7%	12	0.1%	10	0.1%
Assessable deposit base.....	\$34,245	1.1%	\$831	0.0%	\$1,144	0.0%
3. Undercapitalized						
Number of institutions.....	2	0.0%	0	0.0%	8	0.1%
Assessable deposit base.....	\$260	0.0%	\$0	0.0%	\$292	0.0%

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

**SAIF Assessment Base Distribution  
Assessable Deposits in Millions as of December 31,1999  
Supervisory and Capital Ratings for First Semiannual Assessment Period, 2000**

Capital Group	Supervisory Risk Subgroup					
	A		B		C	
1. Well-capitalized						
Number of institutions.....	1,271	91.6%	77	5.5%	6	0.4%
Assessable deposit base.....	\$735,274	96.2%	\$18,506	2.4%	\$943	0.1%
2. Adequately capitalized						
Number of institutions.....	21	1.5%	5	0.4%	7	0.5%
Assessable deposit base.....	\$5,404	0.7%	\$1,495	0.2%	\$2,706	0.4%
3. Undercapitalized						
Number of institutions.....	0	0.0%	0	0.0%	1	0.1%
Assessable deposit base.....	\$0	0.0%	\$0	0.0%	\$32	0.0%

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

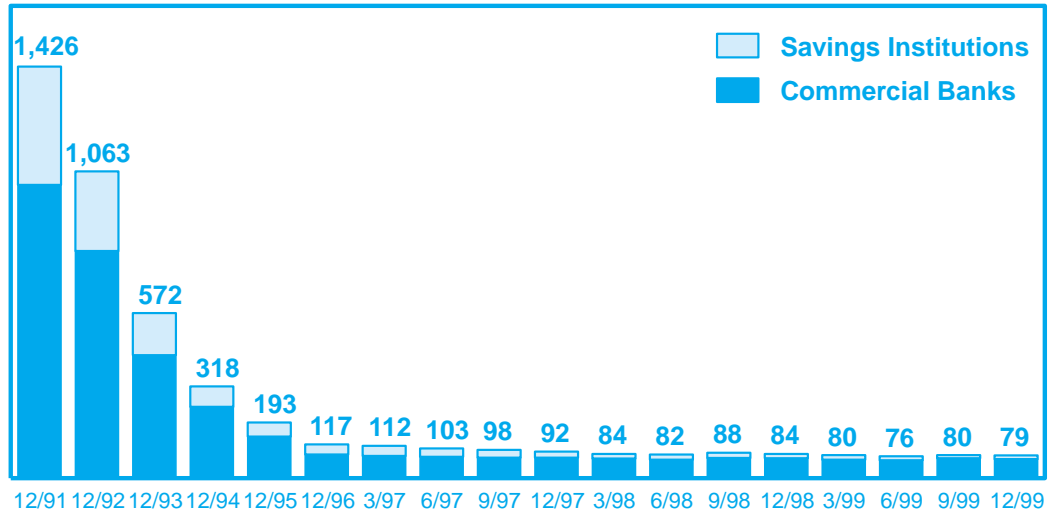
**Assessment Rate Schedules  
First Semiannual 2000 Assessment Period  
Cents Per \$100 of Assessable Deposits**

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, 1991–1999

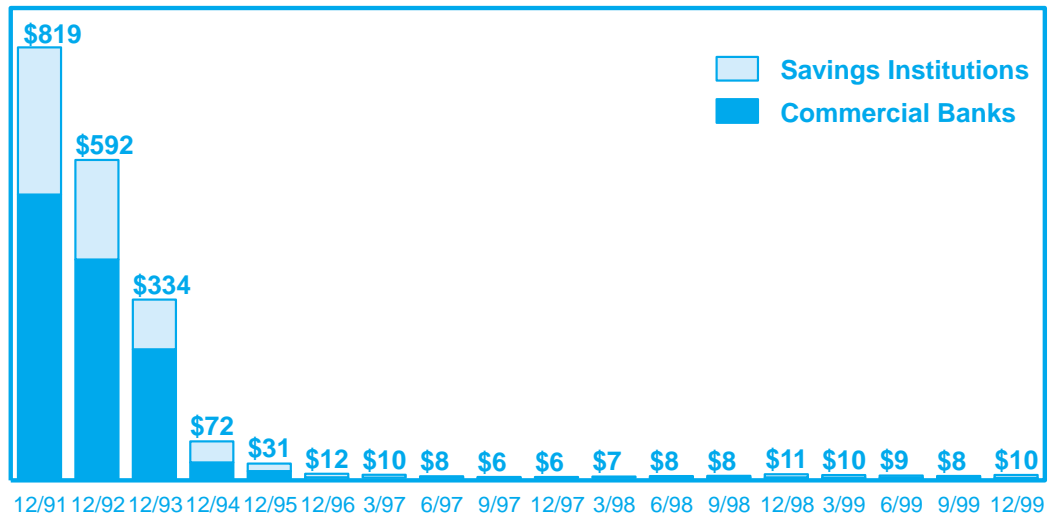
### Number of Institutions



<b>Savings Institutions</b>	410	276	146	71	49	35	35	29	27	21	16	18	18	15	16	14	11	13
<b>Commercial Banks</b>	1,016	787	426	247	144	82	77	74	71	71	68	64	70	69	64	62	69	66

## ASSETS OF FDIC-INSURED “PROBLEM” INSTITUTIONS, 1991–1999

### \$ Billions



<b>Savings Institutions</b>	291	184	92	39	14	7	5	3	2	2	2	3	3	6	5	4	4	6
<b>Commercial Banks</b>	528	408	242	33	17	5	5	5	4	5	5	5	5	5	5	5	4	4

## NOTES TO USERS

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

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

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

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

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

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

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

### **DATA SOURCES**

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

### **COMPUTATION METHODOLOGY**

Certain adjustments are made to the OTS *Thrift Financial Reports* to provide closer conformance with the reporting and accounting requirements of the FFIEC *Call Reports*.

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

All asset and liability figures used in calculating performance ratios represent average amounts for the period (beginning-of-period amount plus end-of-period amount plus any interim periods, divided by the total number of periods). For "pooling-of-interest" mergers, the assets of the acquired institution(s) are included in average assets since the year-to-date income includes the results of all merged institutions. No adjustments are made for "purchase accounting" mergers. Growth rates represent the percentage change over a 12-month period in totals for institutions in the base period to totals for institutions in the current period.

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

### **ACCOUNTING CHANGES**

**Adoption of GAAP Reporting** — Effective with the March 31, 1997 *Call Reports*, generally accepted accounting principles (GAAP) were adopted as the reporting basis for the balance sheet, income statement and supporting schedules. New reporting instructions for 1997 and 1998 changed the amounts reported for a number of items used in the *Quarterly Banking Profile*, so that comparability with prior periods may be affected. Among the items most significantly affected by the new reporting rules are: loans & leases, reserve for losses, loss provisions, goodwill and other intangibles, all other assets and equity capital (see definitions below). More information on changes to the *Call Report* in March 1997 and in March 1998 is contained in Financial Institution Letters (FIL-27-97 and FIL-28-98), which are available through the FDIC World Wide Web site at [www.fdic.gov](http://www.fdic.gov), 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.

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

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

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

\*As a percentage of risk-weighted assets.

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

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

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

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

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

**Derivative contracts, gross fair values (positive/negative)** — are reported separately and represent the amount at which a contract could be exchanged in a transaction between willing parties, other than in a forced or liquidation sale. If a quoted market price is available for a contract, the fair value reported for that contract is calculated using this market price. If quoted market prices are not available, the reporting banks use the best estimate of fair value based on quoted market prices of similar contracts or on valuation 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.

**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** — all borrowings by FDIC insured institutions from the Federal Home Loan Bank System (FHLB) as furnished by the Federal Housing Finance Board (FHFB) for Call filers and reported by TFR filers.

**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 an underlying variable or index at a specified price or yield. These contracts exist for a variety of variables or indices, (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 an underlying variable or index 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 variable or index 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 (notional principal) of the underlying variable or index 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, FHLB advances, other borrowed money, mortgage indebtedness, obligations under capitalized leases and trading liabilities, less revaluation losses on assets held in trading accounts.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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