

# The FDIC Quarterly Banking Profile

Donna Tanoue, Chairman

Second Quarter 2000

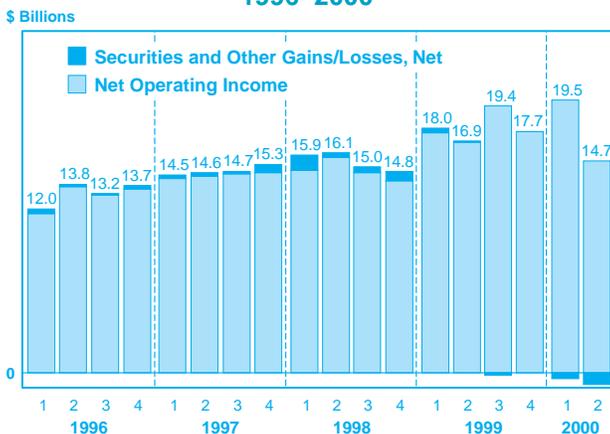
## COMMERCIAL BANKING PERFORMANCE—SECOND QUARTER, 2000

- *Charges At Several Large Banks Cause Decline In Industry Earnings*
- *Industry ROA Falls Below 1 Percent For First Time In 30 Quarters*
- *Most Banks Report Improved Profitability*
- *Signs Of Weakness Persist In Commercial Loans*
- *Net Interest Margin Falls To Lowest Level Since 1990*

Unusually high expenses for restructurings and additions to loan-loss reserves at several large banks trimmed the banking industry's earnings to \$14.7 billion in the second quarter. This is the lowest quarterly earnings total since the second quarter of 1997. Commercial banks' net income was \$2.2 billion (13.2 percent) less than they earned in the second quarter of 1999, and was \$4.8 billion (24.7 percent) below their record earnings in the first quarter of this year. Transactions at a few large banks contributed to higher overhead expenses and loan-loss provisions for the industry, as well as unusually low growth in non-interest revenues. Despite the adverse shifts in

industry totals, the majority of insured commercial banks continued to report improving profitability. The industry's return on assets (ROA) declined to 0.99 percent, the lowest level since the fourth quarter of 1992, but almost two out of every three banks (65.6 percent) had a quarterly ROA of 1 percent or higher. A majority of banks (57.0 percent) had a higher ROA than in the second quarter of 1999, when the industry's ROA was 1.25 percent. Commercial banks' earnings through the first six months of this year totaled \$34.2 billion, down \$665 million (1.9 percent) from the same period in 1999. The industry's ROA for the first half of 2000 was 1.17 percent, compared to 1.28 percent for the first half of 1999.

QUARTERLY NET INCOME, 1996–2000



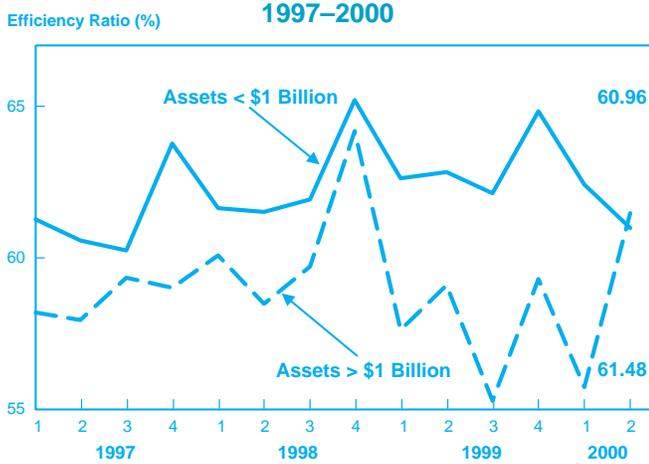
Noninterest expenses of \$55.2 billion were \$4.3 billion (8.5 percent) higher than a year ago. Restructuring charges taken by a few large banks accounted for more than half of this increase. Commercial banks' loan-loss provisions were up by \$2.2 billion (45.9 percent), with a large part of the increase attributable to higher provisions at a few large institutions. Sales of securities yielded \$1 billion in losses in the second quarter, in contrast to the second quarter of 1999, when securities sales produced a net gain of \$141 million. Industry earnings were also held down by lower-than-usual growth in banks' noninterest income.

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### QUARTERLY EFFICIENCY RATIOS,\*

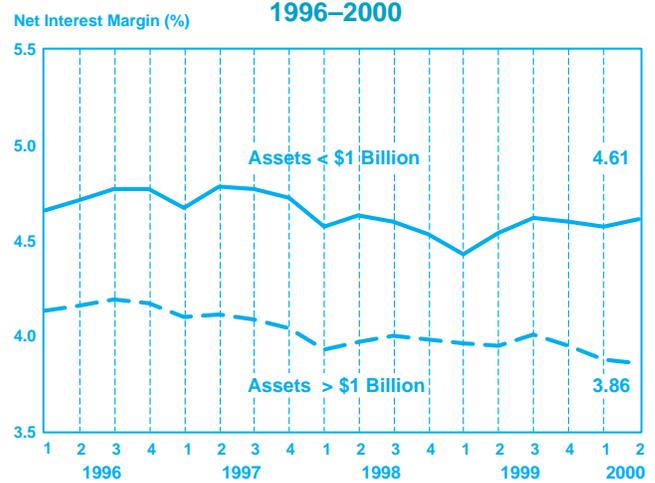


\*Noninterest expense less amortization of intangible assets as a percent of net interest income plus noninterest income.

Total noninterest income of \$35.6 billion was only \$1.1 billion (3.2 percent) higher than a year earlier, and was \$3.2 billion (8.2 percent) below the quarterly record of \$38.8 billion in the fourth quarter of 1999. Transactions reflecting restructurings and asset sales at several large banks were also largely responsible for the weakness in the industry's noninterest revenues. In addition, conditions in the second quarter were less conducive to market-sensitive revenues, such as gains from venture capital investments. The combination of above-normal noninterest expenses and below-normal noninterest income caused large banks' average efficiency ratio, which measures the proportion of revenues that are absorbed by overhead expenses, to rise above the smaller-bank average for the first time since the third quarter of 1996.

Net interest margins improved at small banks but deteriorated at larger institutions during the second quarter. In an environment of rising interest rates, large banks' average funding costs rose more rapidly than the average yields on their interest-bearing assets. More than half of all commercial banks—59.2 percent—reported higher net interest margins in the second quarter than in the first quarter, but declines at a number of large banks caused the industry average to register a slight decline, from 4.00 percent to 3.99 percent. This is the first quarter that commercial banks' average net interest margin has dropped below 4.00 percent since the third quarter of 1990. The decline continues a trend dating back to 1993; the industry's most recent peak came in the fourth quarter of 1992, when it reached 4.55 percent.

### QUARTERLY NET INTEREST MARGINS,



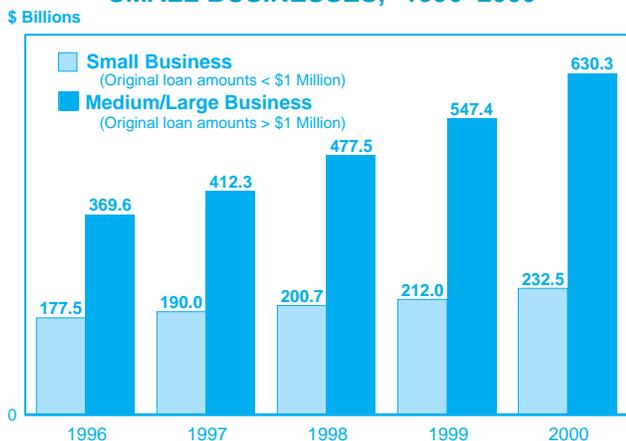
Large banks' commercial and industrial loans showed increasing signs of problems in the second quarter, while smaller banks' C&I loans showed an improving trend. The industry's annualized net charge-off rate on C&I loans rose to 0.67 percent from 0.54 percent a year ago. At commercial banks with assets over \$1 billion, the average net charge-off rate rose from 0.53 percent to 0.68 percent; at banks with less than \$1 billion in assets, the average net charge-off rate declined from 0.62 percent to 0.58 percent. A similar disparity was evident in noncurrent C&I loans, as the percentage of large banks' C&I loans that were noncurrent (90 days or more past due or in nonaccrual status) rose during the quarter from 1.24 percent to 1.38 percent. The noncurrent rate on smaller banks' C&I loans remained at 1.59 percent in the second quarter. No deterioration was evident in other loan categories. The net charge-off rate on banks' credit-card loans continued to decline. During the second quarter, the net charge-off rate on these loans fell to 4.19 percent, compared to a 4.56-percent rate in the first quarter and a 4.25-percent rate in the second quarter of 1999. Two years ago, the net charge-off rate on credit-card loans was 5.42 percent.

Total net charge-offs of \$5.2 billion in the second quarter were \$678 million (14.9 percent) higher than a year earlier. During the quarter, commercial banks set aside \$7.2 billion in provisions for future loan losses, the largest quarterly amount since the first quarter of 1992. As a result, industry reserves increased by \$2.1 billion, the largest quarterly increase since the fourth quarter of 1990. The

increase in reserves was more than matched by increases in loans and in noncurrent loans. Total loans and leases increased by a record \$136.7 billion during the quarter, while noncurrent loans registered their largest quarterly increase in almost 10 years, rising by \$2.0 billion. As a result, the industry's reserve ratio declined during the quarter from \$1.68 to \$1.67 in reserves for every \$100 of loans, the lowest level since the end of 1986. The "coverage ratio" also declined, to \$1.69 in reserves for every \$1.00 of non-current loans, the lowest level since the third quarter of 1995.

Asset growth remained robust. Total assets of commercial banks increased by \$138 billion (2.4 percent) during the quarter, and have grown by \$515 billion (9.4 percent) over the last 12 months. Loans accounted for most of the asset growth in the quarter, rising by \$137 billion. Loans secured by real estate increased by \$65.9 billion, while commercial and industrial loans were up by \$33.5 billion. Growth in real estate construction lending remained strong, and home equity loans registered a 7.5-percent (\$8.1-billion) jump during the quarter. During the 12 months ended June 30, total loans and leases of insured commercial banks rose by 12.0 percent. Construction loans grew by 27.2 percent, home equity loans increased by 26.7 percent, and loans secured by commercial real estate rose by 14.4 percent. Over the past year, growth in commercial and industrial loans to smaller borrowers lagged behind the increase in larger C&I loans. C&I loans of \$1 million or less increased by \$20.5 billion (9.7 percent), while larger C&I loans increased by \$82.8 billion (15.1 percent).

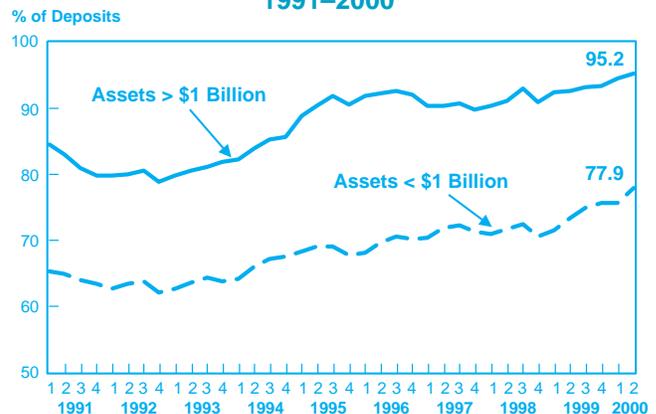
### COMMERCIAL AND INDUSTRIAL LOANS TO SMALL BUSINESSES,\* 1996-2000



\*As of June 30.

Total deposits increased by \$96.9 billion (2.5 percent) during the quarter, but only \$17.2 billion of this increase consisted of core deposits (domestic deposits in accounts of less than \$100,000), as banks increased their reliance on nondeposit liabilities and more volatile deposits. Deposits in foreign offices increased by \$45.9 billion (7.2 percent). Broker deposits increased by a record \$30.6 billion (27.5 percent), with two banks accounting for more than a third (38.2 percent) of the increase.<sup>1</sup> Commercial banks' advances from Federal Home Loan Banks increased by \$17.5 billion (10.9 percent). Banks' balance sheets are becoming less liquid, as the industry's ratio of loans to deposits continued to rise to new heights.

### NET LOANS AND LEASES TO DEPOSITS, 1991-2000



Equity capital growth remained strong. Commercial banks' equity increased by \$11.9 billion during the quarter, keeping pace with the growth in total assets, so that the industry's equity-to-assets ratio remained at 8.41 percent. A \$1.7-billion decline in unrealized losses on banks' available-for-sale securities contributed to the growth in equity.

The number of insured commercial banks reporting financial results declined by 40 institutions in the second quarter. During the quarter, there were 52 new bank charters, while 91 banks were absorbed by mergers and one insured commercial bank failed. The number of commercial banks on the FDIC's "Problem List" increased from 71 to 72 banks during the quarter, while assets of "problem" banks increased from \$5.2 billion to \$11.1 billion.

<sup>1</sup> Merrill Lynch Bank USA and Merrill Lynch Bank & Trust Co. together increased their broker deposits by \$11.7 billion during the quarter.

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

	2000*	1999*	1999	1998	1997	1996	1995
Return on assets (%).....	1.17	1.28	1.31	1.19	1.23	1.19	1.17
Return on equity (%).....	13.91	14.96	15.31	13.93	14.68	14.45	14.66
Core capital (leverage) ratio (%).....	7.73	7.74	7.79	7.54	7.56	7.64	7.61
Noncurrent assets plus							
other real estate owned to assets (%).....	0.67	0.64	0.63	0.65	0.66	0.75	0.85
Net charge-offs to loans (%).....	0.57	0.58	0.61	0.67	0.64	0.58	0.49
Asset growth rate (%).....	9.41	5.54	5.37	8.53	9.54	6.16	7.53
Net interest margin (%).....	3.99	4.05	4.07	4.07	4.21	4.27	4.29
Net operating income growth (%).....	3.08	12.79	20.45	2.24	12.46	6.43	7.48
Number of institutions reporting.....	8,477	8,674	8,580	8,774	9,142	9,527	9,940
Percentage of unprofitable institutions (%).....	6.62	6.46	7.45	6.11	4.85	4.28	3.55
Number of problem institutions.....	73	62	66	69	71	82	144
Assets of problem institutions (in billions).....	\$11	\$5	\$4	\$5	\$5	\$5	\$17
Number of failed/assisted institutions.....	2	2	7	3	1	5	6

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

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

<i>(dollar figures in millions)</i>	Preliminary		1st Quarter 2000	2nd Quarter 1999		%Change 99:2-00:2
	2nd Quarter 2000	2nd Quarter 1999				
Number of institutions reporting.....	8,477	8,517	8,517	8,674		-2.3
Total employees (full-time equivalent).....	1,662,504	1,648,708	1,648,708	1,623,205		2.4
<b>CONDITION DATA</b>						
Total assets.....	\$5,983,262	\$5,845,247	\$5,845,247	\$5,468,660		9.4
Loans secured by real estate.....	1,626,812	1,560,949	1,560,949	1,373,452		18.4
Commercial & industrial loans.....	1,034,495	1,001,010	1,001,010	935,940		10.5
Loans to individuals.....	568,136	556,491	556,491	534,476		6.3
Farm loans.....	47,013	43,367	43,367	46,017		2.2
Other loans & leases.....	430,794	408,813	408,813	422,290		2.0
Less: Unearned income.....	3,205	3,252	3,252	3,664		-12.5
Total loans & leases.....	3,704,044	3,567,377	3,567,377	3,308,513		12.0
Less: Reserve for losses.....	61,924	59,813	59,813	57,619		7.5
Net loans and leases.....	3,642,120	3,507,564	3,507,564	3,250,894		12.0
Securities.....	1,046,529	1,056,464	1,056,464	1,007,396		3.9
Other real estate owned.....	2,781	2,764	2,764	2,915		-4.6
Goodwill and other intangibles.....	102,297	101,315	101,315	85,555		19.6
All other assets.....	1,189,536	1,177,140	1,177,140	1,121,900		6.0
Total liabilities and capital.....	5,983,262	5,845,247	5,845,247	5,468,660		9.4
Noninterest-bearing deposits.....	723,982	708,360	708,360	708,759		2.1
Interest-bearing deposits.....	3,249,991	3,168,699	3,168,699	2,972,016		9.4
Other borrowed funds.....	1,128,512	1,088,690	1,088,690	963,572		17.1
Subordinated debt.....	82,216	78,934	78,934	74,570		10.3
All other liabilities.....	295,080	308,966	308,966	283,610		4.0
Equity capital.....	503,481	491,598	491,598	466,133		8.0
Loans and leases 30-89 days past due.....	39,429	39,793	39,793	36,953		6.7
Noncurrent loans and leases.....	36,638	34,596	34,596	31,170		17.5
Restructured loans and leases.....	1,116	1,132	1,132	1,486		-24.9
Direct and indirect investments in real estate.....	281	284	284	321		-12.3
1-4 Family residential mortgages.....	903,690	862,206	862,206	755,030		19.7
Mortgage-backed securities.....	452,693	461,293	461,293	445,999		1.5
Earning assets.....	5,180,472	5,045,053	5,045,053	4,727,664		9.6
Long-term assets (5+ years).....	1,209,354	1,221,107	1,221,107	1,092,882		10.7
Volatile liabilities.....	2,145,645	2,043,237	2,043,237	1,804,774		18.9
Foreign office deposits.....	685,411	639,489	639,489	594,107		15.4
FHLB Advances (Source: FHFB).....	178,572	161,052	161,052	122,043		46.3
Unused loan commitments.....	4,172,177	4,062,779	4,062,779	3,705,730		12.6
Off-balance-sheet derivatives.....	39,684,231	38,115,650	38,115,650	33,500,227		18.5
<b>INCOME DATA</b>						
	Preliminary First Half 2000	First Half 1999	%Change	Preliminary 2nd Quarter 2000	2nd Quarter 1999	%Change 99:2-00:2
Total interest income.....	\$206,252	\$180,145	14.5	\$105,936	\$89,905	17.8
Total interest expense.....	105,124	84,988	23.7	54,864	42,114	30.3
Net interest income.....	101,128	95,158	6.3	51,072	47,790	6.9
Provision for credit losses.....	12,973	10,355	25.3	7,191	4,930	45.9
Total noninterest income.....	74,042	69,205	7.0	35,604	34,512	3.2
Total noninterest expense.....	107,112	100,437	6.7	55,159	50,846	8.5
Securities gains (losses).....	-1,772	708	N/M	-1,044	141	N/M
Applicable income taxes.....	19,084	19,341	-1.3	8,577	9,723	-11.8
Extraordinary gains, net.....	13	-33	N/M	-4	1	N/M
Net income.....	34,241	34,906	-1.9	14,702	16,946	-13.2
Net charge-offs.....	10,273	9,549	7.6	5,232	4,554	14.9
Cash dividends.....	22,761	23,005	-1.1	11,246	13,802	-18.5
Net operating income.....	35,564	34,502	3.1	15,564	16,892	-7.9

N/M - Not meaningful

**TABLE III-A. First Half 2000, FDIC-Insured Commercial Banks**

FIRST HALF 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	North- east	East South- east	Central	Mid- west	West South- west	West
		Million	\$1 Billion	\$10 Billion	Billion						
Number of institutions reporting.....	8,477	5,038	3,058	299	82	669	1,435	1,833	2,180	1,430	930
Total assets (in billions).....	\$5,983.3	\$237.3	\$766.3	\$863.6	\$4,116.1	\$2,042.9	\$1,605.4	\$1,011.8	\$417.4	\$317.1	\$588.7
Total deposits (in billions).....	3,974.0	199.4	620.2	597.2	2,557.2	1,290.7	1,066.5	677.5	284.1	249.5	405.7
Net income (in millions).....	34,241	1,386	4,897	5,451	22,507	13,026	7,117	5,263	2,937	1,692	4,206
% of unprofitable institutions.....	6.6	9.9	1.5	4.0	6.1	10.0	11.1	5.6	3.1	5.3	9.5
% of institutions with earnings gains.....	69.8	69.2	71.9	65.6	48.8	65.5	69.3	67.4	71.0	70.3	75.2
<b>Performance ratios (annualized, %)</b>											
Yield on earning assets.....	8.15	8.29	8.39	8.32	8.05	7.99	8.00	8.05	8.48	8.06	9.04
Cost of funding earning assets.....	4.15	3.71	3.81	4.03	4.28	4.39	4.03	4.38	4.03	3.60	3.67
Net interest margin.....	3.99	4.58	4.58	4.30	3.77	3.60	3.97	3.67	4.45	4.46	5.37
Noninterest income to earning assets.....	2.92	1.33	1.67	2.43	3.39	4.09	2.27	1.91	2.71	1.52	3.51
Noninterest expense to earning assets.....	4.23	3.90	3.84	3.93	4.40	4.71	4.05	3.33	4.05	3.71	5.14
Credit loss provision to assets.....	0.44	0.26	0.30	0.46	0.48	0.44	0.34	0.40	0.58	0.34	0.75
Net operating income to assets.....	1.21	1.18	1.32	1.34	1.17	1.28	0.99	1.12	1.50	1.20	1.56
Return on assets.....	1.17	1.19	1.31	1.30	1.11	1.29	0.91	1.06	1.45	1.08	1.48
Return on equity.....	13.91	10.86	14.09	15.02	13.86	16.31	10.73	13.36	16.22	12.48	14.50
Net charge-offs to loans and leases.....	0.57	0.24	0.32	0.59	0.64	0.75	0.41	0.33	0.81	0.35	0.88
Credit loss provision to net charge-offs.....	126.28	179.03	147.29	123.00	123.75	111.57	129.60	179.13	106.73	169.19	127.36
Efficiency ratio.....	59.07	65.42	60.58	56.43	59.02	59.00	62.45	58.01	54.96	60.26	55.87
<b>Condition Ratios (%)</b>											
Earning assets to total assets.....	86.58	91.83	91.57	90.11	84.61	83.36	87.23	89.65	89.84	89.11	87.04
Loss allowance to:											
Loans and leases.....	1.67	1.40	1.42	1.71	1.73	1.89	1.51	1.43	1.61	1.39	2.09
Noncurrent loans and leases.....	169.01	149.68	184.20	204.66	161.82	149.12	169.96	169.24	205.24	143.27	234.86
Noncurrent assets plus other real estate owned to assets.....	0.67	0.69	0.59	0.58	0.70	0.73	0.64	0.62	0.58	0.65	0.68
Equity capital ratio.....	8.41	10.94	9.30	8.63	8.06	8.01	8.26	7.97	9.27	8.75	10.23
Core capital (leverage) ratio.....	7.73	11.17	9.30	8.24	7.13	7.41	7.53	7.62	8.33	8.28	8.88
Tier 1 risk-based capital ratio.....	9.48	16.58	13.03	10.95	8.34	9.49	8.88	9.03	10.38	11.64	10.33
Total risk-based capital ratio.....	12.16	17.68	14.20	12.75	11.48	12.43	11.56	11.76	12.48	13.61	12.76
Net loans and leases to deposits.....	91.65	72.52	79.58	89.12	96.66	83.15	97.37	99.86	98.18	74.49	95.91
<b>Structural Changes (YTD)</b>											
New Charters.....	108	105	2	1	0	11	41	21	15	4	16
Banks absorbed by mergers.....	209	82	93	32	2	22	57	46	46	23	15
Failed banks.....	2	1	1	0	0	0	0	0	1	0	1
<b>PRIOR FIRST HALVES (The way it was...)</b>											
Number of institutions.....1999	8,674	5,302	2,978	317	77	684	1,439	1,880	2,243	1,485	943
.....1997	9,308	6,047	2,888	306	67	738	1,543	2,048	2,357	1,648	974
.....1995	10,169	6,987	2,783	331	68	815	1,685	2,220	2,560	1,815	1,074
Total assets (in billions).....1999	\$5,468.7	\$247.0	\$736.7	\$872.7	\$3,612.3	\$1,910.5	\$1,233.1	\$901.7	\$374.6	\$304.3	\$744.5
.....1997	4,771.4	273.5	711.3	916.0	2,870.6	1,810.7	855.1	795.9	289.3	342.1	678.4
.....1995	4,170.8	306.6	680.7	1,057.3	2,126.2	1,590.1	701.6	681.5	268.6	313.0	616.0
Return on assets (%).....1999	1.28	1.08	1.39	1.56	1.21	1.15	1.27	1.31	1.58	1.18	1.50
.....1997	1.25	1.24	1.36	1.26	1.21	1.16	1.29	1.26	1.45	1.24	1.31
.....1995	1.13	1.18	1.22	1.27	1.02	0.99	1.15	1.17	1.41	1.17	1.27
Net charge-offs to loans & leases (%)											
.....1999	0.58	0.21	0.33	0.74	0.62	0.75	0.44	0.35	0.71	0.42	0.72
.....1997	0.60	0.21	0.35	0.99	0.55	0.69	0.43	0.44	0.79	0.30	0.83
.....1995	0.41	0.17	0.33	0.60	0.37	0.54	0.26	0.25	0.45	0.17	0.57
Noncurrent assets plus OREO to assets (%).....1999	0.64	0.74	0.61	0.62	0.65	0.73	0.57	0.58	0.61	0.66	0.63
.....1997	0.69	0.79	0.72	0.82	0.64	0.75	0.61	0.62	0.69	0.60	0.79
.....1995	0.94	0.86	0.88	0.86	1.01	1.18	0.69	0.64	0.65	0.65	1.22
Equity capital ratio (%).....1999	8.52	10.83	9.42	9.53	7.94	7.83	8.89	8.36	8.73	8.72	9.72
.....1997	8.44	10.84	9.69	9.14	7.68	7.38	8.93	8.56	9.21	9.54	9.66
.....1995	8.03	10.39	9.35	8.49	7.03	7.50	8.07	8.22	8.83	8.59	8.48

**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. Second Quarter 2000, 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>SECOND QUARTER Preliminary</b> <i>(The way it is...)</i>											
Number of institutions reporting.....	8,477	5,038	3,058	299	82	669	1,435	1,833	2,180	1,430	930
Total assets (in billions).....	\$5,983.3	\$237.3	\$766.3	\$863.6	\$4,116.1	\$2,042.9	\$1,605.4	\$1,011.8	\$417.4	\$317.1	\$588.7
Total deposits (in billions).....	3,974.0	199.4	620.2	597.2	2,557.2	1,290.7	1,066.5	677.5	284.1	249.5	405.7
Net income (in millions).....	14,701.7	710.9	2,504.5	2,412.5	9,073.8	5,964.4	1,859.1	2,300.9	1,554.0	821.3	2,202.0
% of unprofitable institutions.....	7.0	9.8	2.4	5.7	9.8	10.8	12.2	5.6	3.8	4.8	9.8
% of institutions with earnings gains.....	66.8	65.0	70.4	62.5	54.9	64.9	65.5	64.8	67.5	67.5	71.6
<b>Performance Ratios (annualized, %)</b>											
Yield on earning assets.....	8.28	8.41	8.51	8.47	8.19	8.14	8.12	8.15	8.64	8.20	9.24
Cost of funding earning assets.....	4.29	3.79	3.91	4.18	4.42	4.53	4.16	4.51	4.19	3.70	3.85
Net interest margin.....	3.99	4.62	4.60	4.29	3.77	3.61	3.96	3.64	4.45	4.50	5.39
Noninterest income to earning assets.....	2.78	1.36	1.70	2.32	3.20	3.88	2.09	1.81	2.79	1.50	3.48
Noninterest expense to earning assets.....	4.31	3.89	3.84	4.00	4.51	4.72	4.37	3.32	4.06	3.76	5.08
Credit loss provision to assets.....	0.49	0.29	0.33	0.49	0.53	0.46	0.41	0.45	0.61	0.43	0.81
Net operating income to assets.....	1.05	1.22	1.34	1.19	0.96	1.16	0.61	1.02	1.53	1.15	1.55
Return on assets.....	0.99	1.21	1.32	1.14	0.89	1.18	0.47	0.92	1.52	1.04	1.52
Return on equity.....	11.81	11.06	14.24	13.16	11.05	14.73	5.60	11.55	16.84	11.97	14.92
Net charge-offs to loans and leases.....	0.58	0.30	0.32	0.59	0.64	0.74	0.42	0.32	0.80	0.35	0.90
Credit loss provision to net charge-offs.....	137.40	161.48	157.51	133.52	135.52	115.58	146.91	207.84	112.94	204.57	133.94
Efficiency ratio.....	61.40	64.42	59.94	58.50	62.11	60.17	69.93	59.22	54.26	60.88	55.81
<b>Structural Changes (QTR)</b>											
New charters.....	52	51	1	0	0	5	24	5	7	1	10
Banks absorbed by mergers.....	91	45	34	12	0	12	17	18	25	13	6
Failed banks.....	1	1	0	0	0	0	0	0	0	0	1
<b>PRIOR SECOND QUARTERS</b> <i>(The way it was...)</i>											
Return on assets (%).....1999	1.25	1.08	1.32	1.68	1.14	0.98	1.29	1.28	1.64	1.30	1.59
.....1997	1.24	1.27	1.37	1.24	1.21	1.14	1.28	1.25	1.50	1.27	1.32
.....1995	1.16	1.19	1.23	1.27	1.07	1.04	1.18	1.19	1.42	1.25	1.23
Net charge-offs to loans & leases (%)											
.....1999	0.56	0.24	0.34	0.74	0.57	0.70	0.45	0.31	0.72	0.41	0.68
.....1997	0.62	0.25	0.38	1.01	0.58	0.72	0.44	0.47	0.84	0.29	0.87
.....1995	0.45	0.20	0.37	0.72	0.36	0.50	0.29	0.28	0.49	0.18	0.77

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

June 30, 2000	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.....	0.98	1.15	0.84	0.79	1.08	1.00	1.04	1.05	0.96	0.97	0.68
Construction and development.....	0.94	0.94	0.93	0.93	0.96	0.79	0.61	1.43	1.21	1.21	0.96
Commercial real estate.....	0.62	0.88	0.64	0.61	0.59	0.62	0.48	0.82	0.82	0.73	0.49
Multifamily residential real estate.....	0.43	0.37	0.44	0.52	0.41	0.23	0.37	0.75	0.50	1.01	0.27
Home equity loans.....	0.72	0.74	0.65	0.83	0.71	0.63	0.60	1.02	0.71	0.89	0.54
Other 1-4 Family residential.....	1.25	1.51	1.05	0.90	1.38	1.20	1.46	1.18	1.05	1.13	0.85
Commercial and industrial loans*.....	0.85	1.43	1.25	1.30	0.66	0.59	0.60	1.12	1.78	1.26	1.08
Loans to individuals.....	2.09	2.16	1.95	2.05	2.12	2.35	2.06	2.09	2.03	1.46	1.78
Credit card loans.....	2.41	1.98	3.49	2.52	2.32	2.75	2.57	1.87	2.21	1.32	1.86
Other loans to individuals.....	1.89	2.17	1.65	1.81	1.95	1.97	1.88	2.12	1.85	1.46	1.62
All other loans and leases (including farm).....	0.58	N/A	N/A	1.03	0.58	0.36	0.58	0.93	0.75	0.48	0.90
Memo: Commercial RE loans not secured by RE.....	0.91	0.92	0.65	0.65	0.94	1.91	0.32	0.67	1.33	1.09	0.38
<b>Percent of Loans Noncurrent**</b>											
All real estate loans.....	0.77	0.77	0.61	0.70	0.84	0.89	0.77	0.78	0.59	0.85	0.58
Construction and development.....	0.73	0.68	0.60	0.74	0.78	0.74	0.68	0.81	0.64	1.03	0.62
Commercial real estate.....	0.76	0.79	0.64	0.78	0.82	0.84	0.71	0.86	0.63	0.94	0.63
Multifamily residential real estate.....	0.35	0.42	0.41	0.37	0.32	0.22	0.33	0.49	0.26	0.37	0.45
Home equity loans.....	0.32	0.34	0.28	0.32	0.32	0.31	0.22	0.53	0.28	0.31	0.18
Other 1-4 Family residential.....	0.79	0.68	0.58	0.67	0.89	0.80	0.91	0.77	0.50	0.66	0.57
Commercial and industrial loans*.....	1.41	1.33	1.19	1.19	1.41	1.68	1.32	1.07	1.16	1.70	1.44
Loans to individuals.....	1.32	0.76	0.78	0.93	1.53	2.13	0.85	0.72	1.02	0.47	1.12
Credit card loans.....	1.88	1.08	2.23	1.64	1.90	2.36	1.61	1.04	1.49	0.71	1.51
Other loans to individuals.....	0.97	0.75	0.50	0.57	1.22	1.91	0.58	0.67	0.54	0.46	0.40
All other loans and leases (including farm).....	0.44	N/A	N/A	0.52	0.46	0.39	0.36	0.65	0.44	0.41	0.46
Memo: Commercial RE loans not secured by RE.....	0.42	1.25	0.40	0.53	0.40	0.50	0.46	0.44	0.24	0.32	0.24
<b>Percent of Loans Charged-off (net, YTD)</b>											
All real estate loans.....	0.07	0.04	0.03	0.08	0.09	0.07	0.08	0.08	0.09	0.06	0.05
Construction and development.....	0.02	0.02	0.02	0.05	0.01	0.00	0.03	0.01	-0.02	0.05	0.03
Commercial real estate.....	0.04	0.04	0.02	0.04	0.06	0.03	0.04	0.07	0.01	0.05	0.04
Multifamily residential real estate.....	0.01	0.01	0.01	-0.01	0.01	-0.07	0.00	0.01	-0.06	-0.01	0.16
Home equity loans.....	0.14	0.05	0.05	0.17	0.15	0.10	0.14	0.20	0.19	0.43	0.06
Other 1-4 Family residential.....	0.10	0.05	0.04	0.12	0.11	0.06	0.11	0.09	0.19	0.06	0.09
Commercial and industrial loans*.....	0.60	0.36	0.36	0.51	0.63	0.61	0.56	0.44	0.54	0.60	1.01
Loans to individuals.....	2.23	0.79	1.61	2.37	2.38	2.73	1.62	1.18	3.30	0.84	2.87
Credit card loans.....	4.34	5.73	7.37	5.06	4.01	4.38	3.55	3.79	6.19	2.91	3.93
Other loans to individuals.....	0.95	0.53	0.46	0.97	1.09	1.12	0.99	0.81	0.55	0.76	1.06
All other loans and leases (including farm).....	0.18	N/A	N/A	0.24	0.19	0.10	0.22	0.22	0.20	0.10	0.47
Memo: Commercial RE loans not secured by RE.....	0.05	0.20	1.36	-0.01	0.02	0.04	0.08	0.04	0.05	0.05	0.02
<b>Loans Outstanding (in billions)</b>											
All real estate loans.....	\$1,626.8	\$83.9	\$319.0	\$296.4	\$927.5	\$350.5	\$549.9	\$321.3	\$127.5	\$89.1	\$188.5
Construction and development.....	150.4	6.8	33.8	33.5	76.3	15.2	56.5	28.7	13.2	11.9	24.9
Commercial real estate.....	447.2	23.5	117.2	98.5	208.1	77.3	134.1	94.1	35.8	33.8	72.1
Multifamily residential real estate.....	59.7	1.9	10.9	11.5	35.4	15.2	16.8	12.3	3.8	2.7	8.9
Home equity loans.....	116.2	2.0	13.4	18.0	82.8	25.5	39.9	29.6	6.5	1.3	13.3
Other 1-4 Family residential.....	787.5	38.8	130.4	130.9	487.5	187.4	292.9	148.3	57.7	35.8	65.4
Commercial and industrial loans.....	1,034.5	25.0	90.8	119.1	799.6	337.3	283.8	199.9	66.2	49.6	97.6
Loans to individuals.....	568.1	20.1	64.6	93.6	389.8	203.2	123.1	76.4	52.8	34.0	78.7
Credit card loans.....	218.9	0.8	10.6	31.6	175.9	98.4	32.4	9.3	26.6	1.3	50.9
Other loans to individuals.....	349.3	19.3	54.1	62.0	213.9	104.8	90.7	67.1	26.1	32.7	27.9
All other loans and leases (including farm).....	477.8	17.9	27.1	33.0	399.9	204.1	98.5	89.0	37.1	16.0	33.1
Memo: Commercial RE loans not secured by RE.....	37.3	0.2	1.1	2.9	33.1	10.1	13.1	5.1	2.7	1.3	5.0
<b>Memo: Other Real Estate Owned (in millions)</b>											
All other real estate owned.....	\$2,781.1	\$264.8	\$638.4	\$404.0	\$1,474.0	\$795.0	\$823.6	\$387.2	\$192.6	\$239.1	\$343.7
Construction and development.....	217.7	26.8	92.8	39.0	59.1	39.8	96.4	21.7	15.8	16.0	28.0
Commercial real estate.....	1,240.6	120.1	293.4	178.4	648.6	359.6	352.4	143.5	78.2	121.6	185.3
Multifamily residential real estate.....	55.3	8.3	23.3	16.9	6.7	6.7	9.6	11.5	7.5	5.6	14.3
1-4 Family residential.....	1,016.7	82.4	202.0	161.6	570.7	204.9	358.7	202.5	68.1	76.9	105.6
Farmland.....	69.4	27.2	26.8	6.9	8.5	3.9	6.5	7.9	22.9	19.0	9.2
Other real estate owned in foreign offices.....	181.5	0.0	0.0	1.0	180.4	180.1	0.0	0.0	0.0	0.0	1.4

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

N/A - Not Available

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

## SAVINGS INSTITUTION PERFORMANCE—SECOND QUARTER, 2000

- *Industry Earnings Decline To \$2.8 Billion*
- *Higher Loan-Loss Provisions Contribute To Earnings Decline*
- *Net Interest Margin Falls To Lowest Level Since 1991*
- *Increases In Noninterest Income Limit The Drop In Earnings*

FDIC-insured savings institutions reported earnings of \$2.8 billion in the second quarter, down by \$194 million from the first quarter and by \$106 million from a year ago. Earnings were lower primarily because of higher loan-loss provisions and noninterest expenses, but improved noninterest income and gains on the sales of securities limited the decline. Provisions for loan losses were up by \$147 million (35 percent) from last quarter and by \$170 million (42 percent) from a year earlier. Noninterest income was up by \$235 million (9 percent) from last quarter and by \$441 million (18 percent) from a year earlier. Fee income, other than deposit service charges, accounted for the bulk of the increase in noninterest income. Noninterest income represented 26.4 percent of net operating revenue—net interest income plus noninterest income—a higher portion than a year ago, when it contributed 23.3 percent. Noninterest expenses increased by \$188 million (3 percent) over last quarter and by \$260 million (4 percent) from a year ago. Gains on the sales of securities rose \$52 million (30 percent) from last quarter to \$221 million, but this total was less than half the total reported a year ago, which

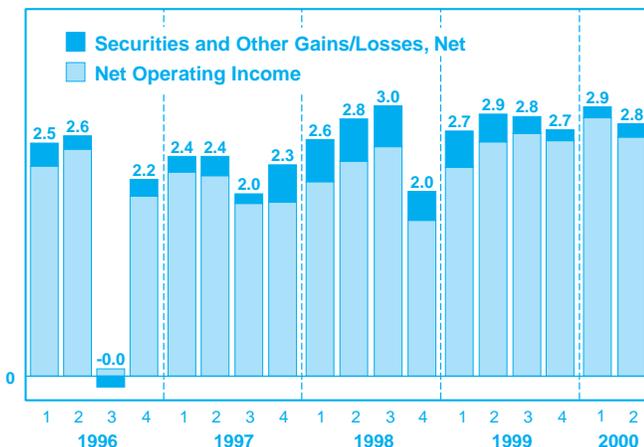
was \$447 million. The aggregate annualized return on assets (ROA) for the quarter was 0.95 percent, down from last quarter and from a year ago; the ROA for the industry was 1.03 percent last quarter and a year ago. Almost 61 percent of savings institutions showed improved earnings from a year ago, and 8 percent were unprofitable.

Average profitability of the smallest asset size group (less than \$100 million) improved, but much of this improvement reflected large amounts of noninterest income reported by two specialized institutions. Noninterest income for this group rose to 1.75 percent of earning assets, up from 1.43 percent last quarter, accounting for one-third of net operating revenue. Their large increases in noninterest income and improved margins helped drive the average ROA for thrifts with less than \$100 million in assets to 0.67 percent from 0.57 percent last quarter. Without the two institutions that accounted for 41 percent of the group's noninterest income, noninterest income of the remaining institutions would have been 1.04 percent of earning assets, up from 0.87 percent last quarter and ROA would have been 0.52 percent, up from 0.46 percent in the first quarter. Profitability would have declined from year-ago levels (0.58 percent ROA) without these two institutions. The percentage of small thrifts that were unprofitable rose to 15 percent in the second quarter from 13 percent a year ago and just 21 percent had an ROA of 1.00 percent or better.

Rising interest rates in the second quarter hurt net interest margins at a majority of institutions, where liabilities repriced faster than assets. The cost of funding earning assets was up 21 basis points while the yield on earning assets was up by 17 basis points for a decline in net interest margins of 4 basis points. Only the margins at small thrifts, those with assets of less than \$100 million,

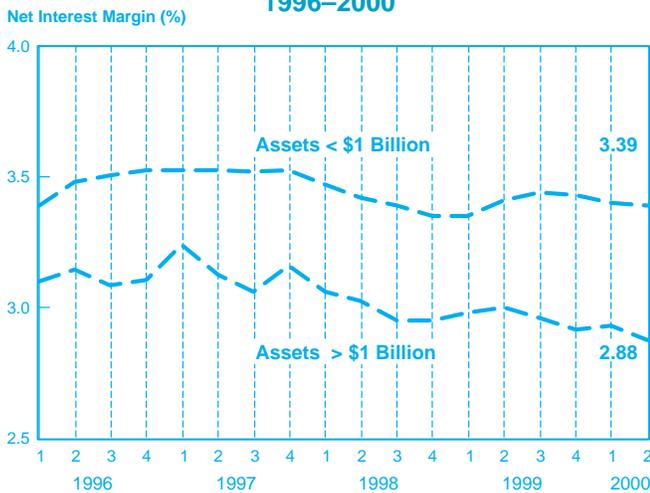
### QUARTERLY NET INCOME, 1996–2000

\$ Billions



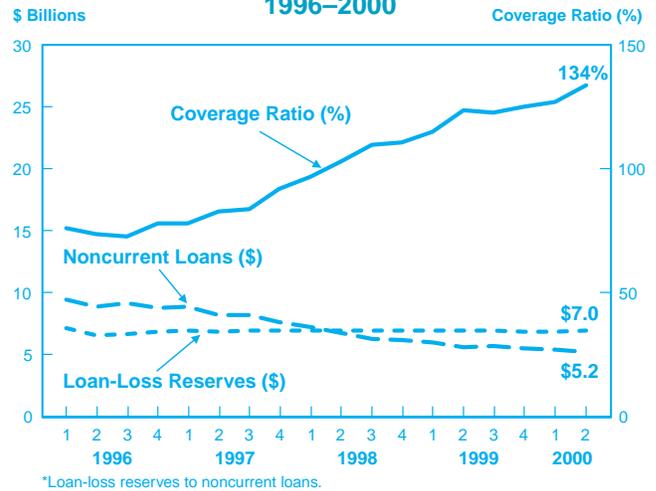
showed improvement, rising 4 basis points. Their yield on earning assets rose by 20 basis points while the cost of funding earning assets rose by only 16 basis points. No individual institutions significantly influenced the average margin for this group. The largest thrifts, those with assets over \$5 billion, reported lower margins, down by 6 basis points. For this group the cost of funding earning assets rose by 24 basis points while the yield on earning assets rose by just 18 basis points. The aggregate net interest margin for the industry, at 3.00 percent, was the lowest quarterly annualized rate since 1991.

### QUARTERLY NET INTEREST MARGINS, 1996–2000



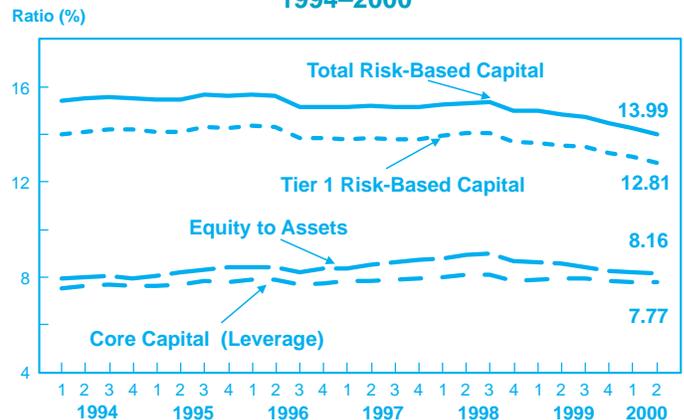
Despite the decline in overall noncurrent loans, the industry added to its reserves for loan losses. Thrifts' reserves increased by \$115 million during the second quarter, while noncurrent loans declined by \$212 million. At the end of June, reserves were 0.88 percent of loans (the lowest level since 1990), down from 0.89 percent last quarter. Provisions for loan losses, which add to reserves, exceeded net charge-offs, which subtract from reserves, by \$220 million. The coverage ratio—loan loss reserves to noncurrent loans—rose to a record high of 134 percent for each dollar of noncurrent loans. Commercial and industrial loans deteriorated, with noncurrent rates rising from 1.18 percent last quarter to 1.25 percent at the end of this quarter. These loans represent approximately 3 percent of industry assets. All other loan categories remained stable or showed improved noncurrent rates.

### COVERAGE RATIO\* AND RESERVE LEVELS, 1996–2000



The quarterly increase in assets for the industry, at \$21.3 billion, was the biggest increase in over a year. Home mortgages were up by \$18.5 billion, while investment securities declined by \$4.6 billion. Loans to individuals grew by \$2.1 billion and commercial and industrial loans rose by \$1.8 billion. Most of the asset growth was funded by a \$14.4 billion increase in Federal Home Loan Bank (FHLB) advances. Thrifts also increased deposits by \$2.8 billion. Equity capital rose by \$1.3 billion for the industry, but this increase did not keep pace with asset growth. The industry's equity capital ratio fell to 8.16 percent, down from 8.20 percent last quarter. Earnings retained by the industry after paying \$1.7 billion in cash dividends were just over \$1 billion this quarter, down from \$1.5 billion last quarter. The total risk-based capital ratio also declined to 13.99 percent, the lowest level since

### RISK-BASED CAPITAL RATIOS, 1994–2000



1992. This decline was due to the rise in risk-weighted assets. Because loans have a higher risk weighting than securities, thrifts' shift from securities to loans caused the increase in risk-weighted assets.

The commercial banking industry absorbed 19 savings institutions with \$14.7 billion in assets during the second quarter. Of these, 17 were mergers, and 2 savings institutions converted their charters to a commercial bank charter. Within the thrift industry, mergers reduced the number of charters by 6 this quarter. Ten *de novo* institutions

opened, to offset some of the decline in savings institution charters. Other additions include 2 new charters to absorb other thrifts, plus charter conversions from 1 credit union and 2 commercial banks. No savings institutions failed this quarter. Other structural changes that do not affect the count of charters include 5 mutual-to-stock conversions by thrifts with \$393 million in assets. The number of "problem" institutions increased by one to 16, with \$7.6 billion in assets at the end of the quarter—up from \$5.3 billion in assets at the beginning of the quarter.

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

	2000**	1999**	1999	1998	1997	1996	1995
Return on assets (%).....	0.99	1.01	1.00	1.01	0.93	0.70	0.77
Return on equity (%).....	12.02	11.69	11.72	11.34	10.84	8.41	9.40
Core capital (leverage) ratio (%).....	7.77	7.93	7.86	7.85	7.95	7.76	7.80
Noncurrent assets plus other real estate owned to assets (%).....	0.54	0.62	0.58	0.72	0.95	1.09	1.20
Net charge-offs to loans (%).....	0.18	0.17	0.17	0.22	0.25	0.32	0.34
Asset growth rate (%).....	4.74	7.75	5.57	6.06	-0.21	0.32	1.70
Net interest margin.....	3.02	3.09	3.10	3.10	3.23	3.22	3.09
Net operating income growth (%).....	11.77	8.51	16.61	7.68	20.07	-13.92	13.81
Number of institutions reporting.....	1,624	1,653	1,641	1,689	1,780	1,926	2,030
Percentage of unprofitable institutions (%).....	7.88	6.65	8.29	5.27	4.10	12.05	5.86
Number of problem institutions.....	16	14	13	15	21	35	49
Assets of problem institutions (in billions).....	\$8	\$4	\$6	\$6	\$2	\$7	\$14
Number of failed/assisted institutions.....	1	0	1	0	0	1	2

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

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

<i>(dollar figures in millions)</i>	Preliminary		1st Quarter 2000	2nd Quarter 1999	%Change 99:2-00:2	
	2nd Quarter 2000	2nd Quarter 1999				
Number of institutions reporting.....	1,624	1,634		1,653	-1.8	
Total employees (full-time equivalent).....	242,707	245,038		241,372	0.6	
<b>CONDITION DATA</b>						
Total assets.....	\$1,179,386	\$1,158,119		\$1,125,978	4.7	
Loans secured by real estate.....	701,957	680,535		656,509	6.9	
1-4 Family Residential.....	558,856	540,364		528,043	5.8	
Multifamily residential property.....	55,062	53,961		52,248	5.4	
Commercial real estate.....	56,605	55,506		50,143	12.9	
Construction, development, and land.....	31,434	30,704		26,076	20.5	
Commercial & industrial loans.....	31,205	29,422		23,680	31.8	
Loans to individuals.....	61,645	59,580		57,585	7.1	
Other loans & leases.....	4,864	4,666		3,958	22.9	
Less: Unearned income & contra accounts***.....	205	200		188	9.2	
Total loans & leases.....	799,465	774,004		741,545	7.8	
Less: Reserve for losses.....	7,001	6,887		6,991	0.1	
Net loans & leases.....	792,463	767,117		734,554	7.9	
Securities.....	278,459	283,103		290,315	-4.1	
Other real estate owned.....	1,112	1,152		1,353	-17.8	
Goodwill and other intangibles.....	15,782	15,320		15,432	2.3	
All other assets.....	91,570	91,427		84,325	8.6	
Total liabilities and capital.....	1,179,386	1,158,119		1,125,978	4.7	
Deposits.....	716,010	713,219		699,276	2.4	
Other borrowed funds.....	348,681	331,877		311,517	11.9	
Subordinated debt.....	2,834	3,018		2,946	-3.8	
All other liabilities.....	15,667	15,074		16,011	-2.1	
Equity capital.....	96,194	94,931		96,228	0.0	
Loans and leases 30-89 days past due.....	6,310	6,283		6,423	-1.8	
Noncurrent loans and leases.....	5,220	5,432		5,630	-7.3	
Restructured loans and leases.....	1,563	1,638		2,083	-24.9	
Direct and indirect investments in real estate.....	677	655		606	11.7	
Mortgage-backed securities.....	210,425	218,875		220,536	-4.6	
Earning assets.....	1,090,730	1,075,808		1,047,428	4.1	
FHLB Advances (Source: TFR and FHFB).....	250,093	235,701		199,469	25.4	
Unused loan commitments.....	208,791	203,654		183,955	13.5	
<b>INCOME DATA</b>						
Total interest income.....	\$40,535	\$37,093	9.3	\$20,782	\$18,809	10.5
Total interest expense.....	24,521	21,265	15.3	12,712	10,755	18.2
Net interest income.....	16,014	15,828	1.2	8,070	8,054	0.2
Provision for credit losses***.....	987	793	24.4	569	400	42.4
Total noninterest income.....	5,493	4,761	15.4	2,888	2,447	18.0
Total noninterest expense.....	12,363	12,122	2.0	6,330	6,071	4.3
Securities gains (losses).....	390	1,044	-62.6	221	447	-50.5
Applicable income taxes.....	2,899	3,187	-9.0	1,530	1,618	-5.5
Extraordinary gains, net.....	8	-3	N/M	2	-1	N/M
Net income.....	5,656	5,529	2.3	2,752	2,858	-3.7
Net charge-offs.....	688	609	13.0	350	318	10.0
Cash dividends.....	3,172	2,255	40.7	1,703	1,184	43.9
Net operating income.....	5,392	4,824	11.8	2,611	2,554	2.3

\* 1995 data 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. First Half 2000, FDIC-Insured Savings Institutions**

FIRST HALF 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.....	1,624	643	835	111	35	638	217	416	127	113	113
Total assets (in billions).....	\$1,179.4	\$31.8	\$246.4	\$225.0	\$676.2	\$395.5	\$78.6	\$181.5	\$43.8	\$80.9	\$399.2
Total deposits (in billions).....	716.0	24.9	184.8	143.0	363.3	266.1	54.1	122.7	26.4	46.3	200.4
Net income (in millions).....	5,656.3	95.3	991.7	1,068.6	3,500.7	1,845.1	260.7	872.1	177.8	395.9	2,104.7
% of unprofitable institutions.....	7.9	14.9	3.4	3.6	0.0	5.3	10.6	8.7	12.6	8.0	8.8
% of institutions with earnings gains.....	61.6	60.3	62.0	63.1	68.6	65.4	57.6	59.6	59.1	61.9	57.5
<b>Performance ratios (annualized, %)</b>											
Yield on earning assets.....	7.64	7.55	7.60	7.80	7.60	7.52	7.89	7.91	7.56	8.04	7.50
Cost of funding earning assets.....	4.62	4.08	4.21	4.60	4.80	4.21	4.71	4.71	4.73	4.93	4.89
Net interest margin.....	3.02	3.48	3.38	3.20	2.80	3.32	3.19	3.20	2.83	3.11	2.62
Noninterest income to earning assets.....	1.03	1.60	0.71	0.92	1.17	0.83	1.29	1.57	0.86	1.23	0.93
Noninterest expense to earning assets.....	2.33	4.02	2.72	2.37	2.09	2.47	3.05	2.80	2.18	2.60	1.81
Credit loss provision to assets*.....	0.17	0.08	0.11	0.32	0.15	0.11	0.37	0.42	0.12	0.29	0.07
Net operating income to assets.....	0.94	0.58	0.79	0.87	1.04	0.93	0.63	0.90	0.84	0.98	1.04
Return on assets.....	0.99	0.61	0.82	0.98	1.07	0.97	0.70	0.99	0.84	1.01	1.08
Return on equity.....	12.02	4.72	7.97	11.44	15.05	10.14	7.68	11.57	8.82	12.43	16.53
Net charge-offs to loans and leases.....	0.18	0.06	0.08	0.36	0.16	0.11	0.24	0.28	0.14	0.24	0.17
Credit loss provision to net charge-offs.....	143.37	221.82	184.68	132.04	142.47	150.45	215.53	198.97	114.18	176.08	62.18
Efficiency ratio.....	55.65	78.76	65.52	56.02	50.25	57.03	67.36	57.10	57.32	58.86	49.45
<b>Condition Ratios (%)</b>											
Earning assets to total assets.....	92.48	93.91	93.89	93.00	91.73	91.84	93.25	91.48	93.56	92.92	93.22
Loss allowance to:											
Loans and leases.....	0.88	0.71	0.83	0.99	0.86	0.97	0.82	0.81	0.59	0.86	0.88
Noncurrent loans and leases.....	134.12	89.81	146.56	96.78	155.39	131.20	139.37	115.00	115.86	93.62	167.97
Noncurrent assets plus other real estate owned to assets.....	0.54	0.65	0.49	0.86	0.44	0.56	0.55	0.64	0.53	0.78	0.42
Noncurrent RE loans to RE loans.....	0.62	0.75	0.55	1.03	0.51	0.74	0.53	0.61	0.47	0.90	0.51
Equity capital ratio.....	8.16	12.76	10.26	8.46	7.07	9.52	8.74	8.47	9.31	8.05	6.45
Core capital (leverage) ratio.....	7.77	12.62	10.12	8.05	6.60	8.79	8.63	7.89	8.68	8.02	6.41
Tier 1 risk-based capital ratio.....	12.81	23.07	17.10	13.05	10.79	14.38	14.16	12.27	15.49	11.92	11.09
Total risk-based capital ratio.....	13.99	24.01	18.21	14.18	12.02	15.66	15.60	13.44	16.21	13.06	12.19
Gross real estate assets to gross assets.....	77.04	69.48	72.01	73.61	80.37	70.51	73.00	73.80	79.65	65.75	87.79
Gross 1-4 family mortgages to gross assets.....	47.10	49.82	46.84	41.73	48.85	41.96	46.92	54.78	53.03	33.58	50.82
Net loans and leases to deposits.....	110.68	86.09	91.94	105.59	123.90	93.64	101.82	112.56	120.42	121.91	130.66
<b>Structural Changes (YTD)</b>											
New Charters.....	17	16	1	0	0	9	2	2	3	0	1
Thriffs absorbed by mergers.....	36	15	13	7	1	9	9	12	3	2	1
Failed Thriffs.....	1	1	0	0	0	0	1	0	0	0	0
<b>PRIOR FIRST HALVES (The way it was...)</b>											
Number of institutions.....1999	1,653	682	828	108	35	644	227	431	127	113	111
.....1997	1,852	808	887	121	36	704	271	478	139	126	134
.....1995	2,082	946	975	126	35	767	319	534	157	138	167
Total assets (in billions).....1999	\$1,126.0	\$35.1	\$241.4	\$220.8	\$628.7	\$372.9	\$68.9	\$179.5	\$39.2	\$72.3	\$393.1
.....1997	1,028.6	42.1	263.4	246.3	476.8	341.5	65.8	175.9	41.8	64.7	338.9
.....1995	1,017.2	48.3	282.0	267.0	419.9	334.6	77.4	167.6	52.8	74.1	310.7
Return on assets (%).....1999	1.01	0.68	0.92	1.14	1.01	0.98	0.92	1.08	0.82	1.15	1.00
.....1997	0.94	0.80	0.96	1.12	0.85	0.99	0.91	1.00	0.84	1.11	0.85
.....1995	0.72	0.64	0.68	0.77	0.73	0.87	0.81	0.89	0.95	0.81	0.39
Net charge-offs to loans & leases (%)											
.....1999	0.17	0.09	0.09	0.39	0.13	0.10	0.22	0.25	0.16	0.20	0.17
.....1997	0.28	0.10	0.13	0.36	0.35	0.31	0.46	0.22	0.05	0.40	0.26
.....1995	0.33	0.18	0.16	0.36	0.46	0.38	0.13	0.09	0.18	0.18	0.52
Noncurrent assets plus											
OREO to assets (%)***.....1999	0.62	0.70	0.59	0.91	0.53	0.66	0.58	0.66	0.51	0.86	0.54
.....1997	1.02	0.89	0.90	1.35	0.92	1.20	0.93	0.64	0.66	1.01	1.09
.....1995	1.26	1.02	1.11	1.45	1.27	1.66	0.99	0.50	0.59	1.07	1.46
Equity capital ratio (%).....1999	8.55	12.21	10.71	8.87	7.40	9.59	10.30	9.12	10.21	8.17	6.89
.....1997	8.53	11.65	10.08	8.52	7.41	9.29	9.64	9.27	8.73	8.30	7.19
.....1995	8.18	10.40	9.43	8.23	7.05	8.84	8.76	8.93	8.15	7.13	7.18

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

\*\* 1995 data 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. SECOND Quarter 2000, FDIC-Insured Savings Institutions**

SECOND QUARTER Preliminary (The way it is...)	Asset Size Distribution					Geographic 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				
Number of institutions reporting.....	1,624	643	835	111	35	638	217	416	127	113	113
Total assets (in billions).....	\$1,179.4	\$31.8	\$246.4	\$225.0	\$676.2	\$395.5	\$78.6	\$181.5	\$43.8	\$80.9	\$399.2
Total deposits (in billions).....	716.0	24.9	184.8	143.0	363.3	266.1	54.1	122.7	26.4	46.3	200.4
Net income (in millions).....	2,752.2	52.3	503.9	526.2	1,669.8	893.7	122.6	448.6	89.7	205.8	991.8
% of unprofitable institutions.....	8.0	15.2	3.2	3.6	2.9	6.1	11.1	8.7	10.2	8.0	8.0
% of institutions with earnings gains.....	60.8	57.9	63.1	59.5	65.7	61.6	56.2	61.1	58.3	66.4	61.9
<b>Performance Ratios (annualized, %)</b>											
Yield on earning assets.....	7.72	7.67	7.67	7.90	7.69	7.59	7.99	8.07	7.64	8.15	7.57
Cost of funding earning assets.....	4.72	4.17	4.29	4.71	4.92	4.28	4.85	4.85	4.84	5.06	4.99
Net interest margin.....	3.00	3.51	3.38	3.18	2.77	3.31	3.13	3.22	2.80	3.10	2.58
Noninterest income to earning assets.....	1.07	1.75	0.75	0.90	1.22	0.84	1.21	1.69	0.87	1.27	0.98
Noninterest expense to earning assets.....	2.35	4.14	2.71	2.36	2.13	2.52	2.98	2.90	2.19	2.57	1.81
Credit loss provision to assets.....	0.20	0.09	0.11	0.37	0.17	0.12	0.44	0.51	0.12	0.31	0.07
Net operating income to assets.....	0.90	0.61	0.82	0.81	0.98	0.90	0.56	0.87	0.81	1.01	0.96
Return on assets.....	0.95	0.67	0.83	0.95	1.01	0.92	0.64	1.01	0.84	1.03	1.00
Return on equity.....	11.58	5.18	8.03	11.18	14.18	9.69	7.18	11.82	8.86	12.78	15.46
Net charge-offs to loans and leases.....	0.18	0.05	0.08	0.33	0.17	0.13	0.27	0.23	0.18	0.21	0.17
Credit loss provision to net charge-offs*.....	162.76	245.85	193.68	165.50	153.85	142.73	232.63	281.62	95.12	202.95	65.97
Efficiency ratio.....	55.92	78.32	65.03	56.12	50.91	58.01	67.90	57.42	57.92	57.84	49.14
<b>Structural Changes (QTR)</b>											
New charters.....	12	11	1	0	0	5	2	2	2	0	1
Thrifts absorbed by mergers.....	23	10	8	5	0	4	8	6	2	2	1
Failed Thrifts.....	0	0	0	0	0	0	0	0	0	0	0
<b>PRIOR SECOND QUARTERS** (The way it was...)</b>											
Return on assets (%).....1999	1.03	0.66	0.88	1.18	1.05	1.05	0.82	1.06	0.89	1.23	1.00
.....1997	0.95	0.83	0.97	1.15	0.84	1.00	0.92	1.09	0.68	1.16	0.82
.....1995	0.76	0.56	0.76	0.81	0.74	0.87	0.79	0.96	0.90	0.86	0.47
Net charge-offs to loans & leases (%)											
.....1999	0.17	0.11	0.10	0.31	0.16	0.12	0.21	0.19	0.19	0.20	0.20
.....1997	0.30	0.12	0.16	0.33	0.37	0.35	0.46	0.19	0.17	0.37	0.28
.....1995	0.36	0.27	0.18	0.39	0.48	0.40	0.19	0.09	0.11	0.19	0.59

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

\*\* 1995 data 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**

June 30, 2000	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.....	0.69	1.47	0.84	0.70	0.59	0.61	0.79	0.88	1.00	0.79	0.60
Construction, development, and land.....	0.87	1.50	1.30	0.85	0.53	0.59	1.06	1.82	1.42	0.46	0.51
Commercial real estate.....	0.58	1.07	0.65	0.80	0.31	0.50	0.98	1.20	0.80	0.53	0.24
Multifamily residential real estate.....	0.17	0.49	0.36	0.21	0.09	0.17	0.30	0.48	0.13	0.28	0.10
Home equity loans.....	0.39	0.43	0.52	0.32	0.35	0.51	0.28	0.46	0.30	0.01	0.21
Other 1-4 Family residential.....	0.76	1.58	0.89	0.76	0.67	0.68	0.77	0.85	1.05	1.00	0.70
Commercial and industrial loans.....	1.42	1.79	1.31	1.60	1.32	1.41	1.80	2.10	1.57	0.64	1.19
Loans to individuals.....	1.64	2.12	1.50	1.45	1.72	1.60	2.48	1.87	1.28	0.70	1.94
Credit card loans.....	1.61	1.47	1.69	3.17	1.39	1.45	3.86	2.08	2.77	0.51	2.01
Other loans to individuals.....	1.65	2.14	1.49	1.15	1.89	1.63	2.25	1.73	1.20	0.84	1.93
<b>Percent of Loans Noncurrent*</b>											
All real estate loans.....	0.62	0.75	0.55	1.03	0.51	0.74	0.53	0.61	0.47	0.90	0.51
Construction, development, and land.....	0.74	1.17	0.83	1.16	0.36	0.61	0.81	0.98	1.27	0.09	1.40
Commercial real estate.....	0.82	0.83	0.65	1.26	0.65	1.02	0.63	0.70	0.64	0.80	0.54
Multifamily residential real estate.....	0.30	0.64	0.27	0.63	0.17	0.44	0.31	0.28	0.13	2.38	0.10
Home equity loans.....	0.19	0.14	0.19	0.27	0.17	0.25	0.09	0.25	0.06	0.02	0.12
Other 1-4 Family residential.....	0.64	0.73	0.55	1.07	0.55	0.75	0.51	0.62	0.41	1.08	0.56
Commercial and industrial loans.....	1.25	1.94	0.90	1.33	1.31	0.88	1.13	1.64	1.80	2.38	1.15
Loans to individuals.....	0.72	0.85	0.55	0.82	0.73	0.58	0.80	1.21	0.37	0.50	0.39
Credit card loans.....	1.23	0.90	0.77	2.18	1.12	1.06	2.51	1.51	1.22	0.77	1.03
Other loans to individuals.....	0.55	0.85	0.54	0.58	0.52	0.51	0.52	1.02	0.33	0.30	0.29
<b>Percent of Loans Charged-off (net, YTD)</b>											
All real estate loans.....	0.03	0.01	0.02	0.05	0.04	0.02	0.03	0.05	0.07	0.02	0.04
Construction, development, and land.....	0.06	0.01	0.06	0.11	0.02	-0.03	0.03	0.20	0.05	0.04	0.06
Commercial real estate.....	0.00	0.00	0.02	0.06	-0.06	0.00	-0.01	0.05	0.04	0.01	-0.04
Multifamily residential real estate.....	-0.03	-0.02	0.04	-0.04	-0.05	0.01	-0.03	0.05	0.05	0.12	-0.08
Home equity loans.....	0.08	0.00	0.04	0.11	0.09	0.09	0.14	0.05	0.26	0.07	0.06
Other 1-4 Family residential.....	0.04	0.01	0.02	0.05	0.05	0.03	0.03	0.04	0.07	0.01	0.06
Commercial and industrial loans.....	0.58	0.44	0.56	0.98	0.41	0.37	1.97	0.53	0.95	0.14	0.74
Loans to individuals.....	1.66	0.47	0.67	3.35	1.41	0.93	1.14	1.97	0.73	1.15	4.18
Credit card loans.....	3.89	1.97	3.15	13.64	2.50	2.80	3.52	2.88	5.71	1.82	18.84
Other loans to individuals.....	0.89	0.42	0.56	1.46	0.80	0.60	0.73	1.41	0.48	0.62	1.31
<b>Loans Outstanding (in billions)</b>											
All real estate loans.....	\$702.0	\$19.4	\$153.6	\$131.8	\$397.1	\$215.6	\$46.5	\$117.7	\$28.8	\$42.4	\$250.9
Construction, development, and land.....	31.4	1.1	8.8	8.7	12.9	6.3	4.7	5.2	1.8	8.1	5.3
Commercial real estate.....	56.3	1.8	19.6	15.3	19.6	26.6	3.8	7.0	2.7	4.9	11.4
Multifamily residential real estate.....	55.1	0.6	9.0	13.2	32.3	15.7	0.9	5.4	1.0	2.0	30.0
Home equity loans.....	20.4	0.4	5.2	4.0	10.7	7.5	1.8	5.3	0.6	0.6	4.6
Other 1-4 Family residential.....	538.5	15.5	110.9	90.6	321.5	159.6	35.3	94.8	22.8	26.7	199.5
Commercial and industrial loans.....	31.2	0.7	6.9	7.4	16.3	15.1	2.8	4.1	1.1	3.8	4.3
Loans to individuals.....	61.6	1.5	10.3	12.1	37.7	19.1	6.0	15.8	2.0	10.5	8.2
Credit card loans.....	15.5	0.0	0.4	1.8	13.1	2.7	0.8	6.2	0.1	4.5	1.1
Other loans to individuals.....	46.2	1.4	9.8	10.3	24.6	16.5	5.2	9.6	1.9	6.0	7.1
<b>Memo: Other Real Estate Owned (in millions)**</b>											
All other real estate owned.....	\$1,111.6	\$33.7	\$248.3	\$383.3	\$446.3	\$349.0	\$109.5	\$179.5	\$68.6	\$109.8	\$295.3
Construction, development, and land.....	181.3	4.4	39.2	29.6	108.0	18.7	76.1	19.7	20.8	13.3	32.7
Commercial real estate.....	277.9	6.3	70.3	154.2	47.1	130.3	10.5	34.7	22.6	41.0	38.8
Multifamily residential real estate.....	63.2	0.4	16.2	33.9	12.7	22.6	0.7	7.8	0.2	16.7	15.2
1-4 Family residential.....	628.1	23.0	127.0	179.3	298.9	190.9	38.8	119.6	27.3	39.8	211.8
<b>Troubled Real Estate Asset Rates***</b> (% of total RE assets)											
All real estate loans.....	0.78	0.92	0.71	1.32	0.62	0.90	0.76	0.76	0.70	1.16	0.63
Construction, development, and land.....	1.31	1.57	1.27	1.50	1.19	0.91	2.40	1.35	2.38	0.26	2.00
Commercial real estate.....	1.31	1.20	1.00	2.25	0.90	1.51	0.91	1.20	1.46	1.61	0.89
Multifamily residential real estate.....	0.42	0.71	0.45	0.88	0.21	0.59	0.39	0.43	0.15	3.18	0.15
1-4 family residential.....	0.74	0.85	0.64	1.22	0.63	0.84	0.59	0.72	0.51	1.19	0.65

\* 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

- ***BIF Reserve Ratio Dips To 1.34 Percent***
- ***SAIF Reserve Ratio Remains At 1.44 Percent***
- ***One BIF Member Fails In The Second Quarter***

The total assets of the nation's 10,118 FDIC-insured institutions increased 2.3 percent from March 31 to June 30. This asset growth of \$159 billion was funded primarily by deposits, which rose by \$100 billion, or 2.2 percent, during the three-month period. Insured deposits, however, rose just \$22 billion, or 0.7 percent, as foreign-office deposits and large, uninsured domestic deposits accounted for the bulk of deposit growth.

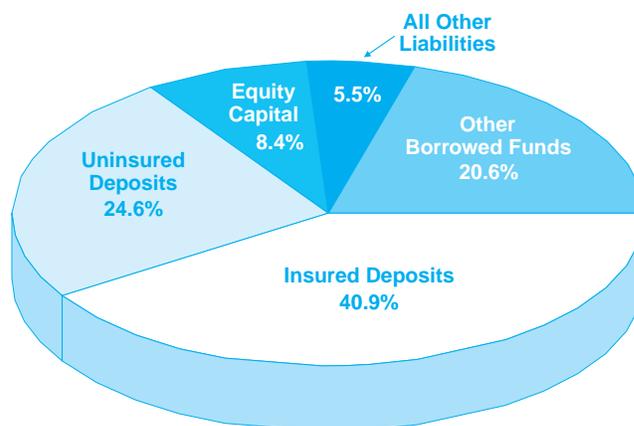
Only one insured institution failed during the second quarter of 2000, a Bank Insurance Fund (BIF) member with total assets of \$11 million. For the first six months of the year, two BIF members and one Savings Association Insurance Fund (SAIF) member failed, resulting in estimated losses of \$19 million to the BIF and \$1 million to the SAIF.

The BIF increased minimally during the second quarter, rising to \$29.78 billion (unaudited) on June 30 from \$29.74 billion on March 31. The BIF reserve ratio stood at 1.34 percent of estimated insured deposits on June 30, compared to 1.35 percent at the end of the first quarter and 1.40 percent in the second quarter of 1999. The reserve ratio of the SAIF was unchanged from March to June, holding at 1.44 percent of estimated insured deposits, compared to 1.43 percent in June 1999. The fund's balance of \$10.5 billion (unaudited) on June 30, 2000, was up from \$10.4 billion three months earlier.

Beginning with the second quarter of 2000, the method used by the FDIC to estimate insured deposits incorporates estimates made by some institutions of their uninsured deposits. In general, insured deposits are estimated to be total domestic deposits minus uninsured deposits, and uninsured deposits have been derived from the number and balances of accounts larger than \$100,000. Alternative estimates of uninsured deposits have been reported by some banks and thrifts since 1993, but these estimates were not incorporated into the insured-deposits calculation, in part

because the two methodologies resulted in aggregate differences, both positive and negative, that were not considered significant. On one hand, insured deposits may be overestimated when owners of multiple accounts have less than full coverage on all accounts. On the other hand, insured deposits likely are underestimated for institutions that report large (greater than \$100,000) deposits that "pass through" full insurance coverage to individual depositors. Based on reported estimates of uninsured deposits, this underestimation of insured deposits has become significant, growing from \$3 billion in 1996 to \$21.8 billion in June 2000. This latter figure includes \$19.5 billion for the BIF and \$2.3 billion for the SAIF. Reported values of uninsured deposits, which are required for Thrift Financial Report filers and are optional for Call Report filers, are considered to result in more accurate estimates of insured deposits and have been incorporated into the methodology. For the second quarter of 2000, the net effect of the higher estimates of insured deposits was a decrease of 1 basis point in the BIF and SAIF reserve ratios from the levels that would have been calculated using the old methodology.

**TOTAL LIABILITIES AND EQUITY CAPITAL,  
JUNE 30, 2000**



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

<i>(dollar figures in millions)</i>	2000**	1999**	1999	1998	1997	1996	1995
Number of institutions reporting.....	10,101	10,327	10,221	10,463	10,922	11,453	11,970
Total assets.....	\$7,162,648	\$6,594,638	\$6,883,712	\$6,530,947	\$6,041,127	\$5,607,333	\$5,338,418
Total deposits.....	4,689,983	4,380,050	4,538,081	4,386,297	4,125,861	3,925,058	3,769,480
Number of problem institutions.....	89	76	79	84	92	117	193
Assets of problem institutions (in billions).....	\$19	\$9	\$10	\$11	\$6	\$12	\$31
Number of failed/assisted institutions.....	3	2	8	3	1	6	8
Assets of failed/assisted institutions (in billions).....	\$0.16	\$0.03	\$1.56	\$0.37	\$0.03	\$0.22	\$1.21

\*\* As of June 30.

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

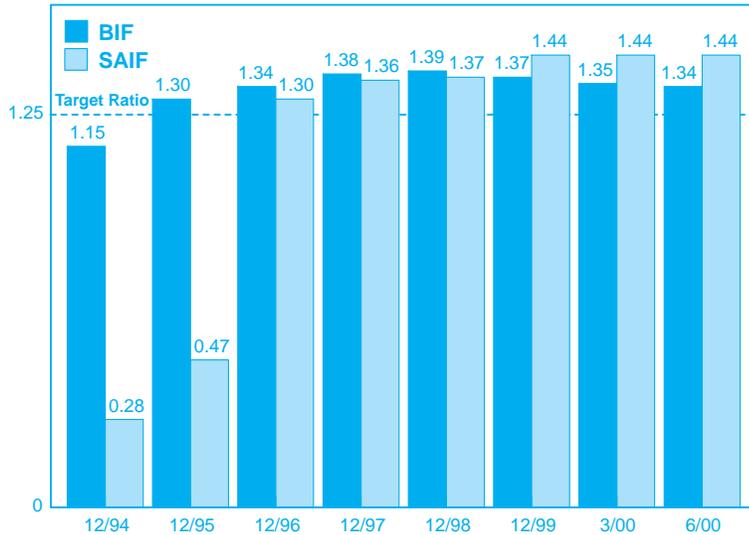
<i>(dollar figures in millions)</i>	Preliminary 2nd Quarter 2000	1st Quarter 2000	2nd Quarter 1999	%Change 99:2-00:2
<b>CONDITION DATA</b>				
Total assets.....	\$7,162,649	\$7,003,366	\$6,594,638	8.6
Loans secured by real estate.....	2,328,768	2,241,484	2,029,962	14.7
1-4 Family residential.....	1,462,545	1,402,570	1,283,073	14.0
Home equity loans.....	136,529	127,684	109,292	24.9
Multifamily residential property.....	114,726	111,206	100,123	14.6
Commercial real estate.....	503,578	489,182	440,606	14.3
Construction, development, and land.....	181,824	173,155	144,226	26.1
Other real estate loans.....	66,095	65,370	61,935	6.7
Commercial & industrial loans.....	1,065,700	1,030,432	959,621	11.1
Loans to individuals.....	629,780	616,071	592,061	6.4
Credit cards & related plans.....	234,307	222,420	205,749	13.9
Other loans & leases.....	482,670	456,846	472,266	2.2
Less: Unearned income & contra accounts.....	3,410	3,452	3,852	-11.5
Total loans & leases.....	4,503,508	4,341,381	4,050,058	11.2
Less: Reserve for losses.....	68,925	66,700	64,611	6.7
Net loans and leases.....	4,434,583	4,274,681	3,985,447	11.3
Securities.....	1,324,988	1,339,567	1,297,711	2.1
Other real estate owned.....	3,893	3,916	4,268	-8.8
Goodwill and other intangibles.....	118,079	116,635	100,988	16.9
All other assets.....	1,281,106	1,268,567	1,206,225	6.2
Total liabilities and capital.....	7,162,649	7,003,366	6,594,638	8.6
Deposits.....	4,689,983	4,590,279	4,380,051	7.1
Other borrowed funds.....	1,477,193	1,420,566	1,275,089	15.9
Subordinated debt.....	85,050	81,952	77,516	9.7
All other liabilities.....	310,747	324,040	299,621	3.7
Equity capital.....	599,675	586,528	562,361	6.6
Loans and leases 30-89 days past due.....	45,739	46,077	43,376	5.4
Noncurrent loans and leases.....	41,858	40,028	36,799	13.7
Restructured loans and leases.....	2,679	2,769	3,569	-24.9
Direct and indirect investments in real estate.....	959	940	927	3.4
Mortgage-backed securities.....	663,118	680,169	666,535	-0.5
Earning assets.....	6,271,202	6,120,861	5,775,092	8.6
FHLB Advances (Source: TFR and FHFB).....	428,665	396,753	321,512	33.3
Unused loan commitments.....	4,380,968	4,266,433	3,889,685	12.6
<b>INCOME DATA</b>				
Total interest income.....	\$246,787	\$217,238	\$126,718	13.6
Total interest expense.....	129,645	106,252	67,575	22.0
Net interest income.....	117,142	110,986	59,142	5.5
Provision for credit losses.....	13,960	11,148	7,760	25.2
Total noninterest income.....	79,535	73,967	38,493	7.5
Total noninterest expense.....	119,475	112,558	61,489	6.1
Securities gains (losses).....	-1,382	1,752	-822	N/M
Applicable income taxes.....	21,983	22,528	10,107	-2.4
Extraordinary gains, net.....	21	-36	-2	N/M
Net income.....	39,897	40,435	17,454	-1.3

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

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

<i>(dollar figures in millions)</i>	Preliminary 2nd Quarter 2000	1st Quarter 2000	2nd Quarter 1999	%Change 99:2-00:2
<b>Bank Insurance Fund</b>				
Reserve ratio (%).....	1.34	1.35	1.40	-4.5
Fund balance (unaudited).....	\$29,780	\$29,739	\$29,831	-0.2
Estimated insured deposits.....	2,222,825	2,196,283	2,129,612	4.4
SAIF-member Oakars.....	51,712	47,569	41,823	23.6
BIF-members.....	2,171,113	2,148,714	2,087,788	4.0
Assessment base.....	3,140,538	3,090,556	2,952,766	6.4
SAIF-member Oakars.....	52,607	48,488	42,774	23.0
BIF-members.....	3,087,931	3,042,068	2,909,992	6.1
<b>Savings Association Insurance Fund</b>				
Reserve ratio (%).....	1.44	1.44	1.43	1.0
Fund balance (unaudited).....	\$10,538	\$10,435	\$10,066	4.7
Estimated insured deposits.....	730,774	723,534	703,552	3.9
BIF-member Oakars.....	284,692	279,874	260,285	9.4
SAIF-member Sassers.....	71,326	72,064	67,396	5.8
Other SAIF members.....	374,757	371,595	375,871	-0.3
Assessment base.....	791,673	783,438	748,799	5.7
BIF-member Oakars.....	285,366	280,383	260,789	9.4
SAIF-member Sassers.....	84,895	83,961	76,302	11.3
Other SAIF members.....	421,412	419,095	411,708	2.4

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



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

	BIF Balance	BIF-Insured Deposits	SAIF Balance	SAIF-Insured Deposits
12/94	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	2,123,564	9,937	707,143
6/99	29,831	2,129,612	10,066	703,552
9/99	29,499	2,132,292	10,205	707,565
12/99	29,414	2,153,519	10,281	715,531
3/00	29,739	2,196,283	10,435	723,534
6/00	29,780	2,222,825	10,538	730,774

\* A reserve ratio is the fund balance as a percentage of estimated insured deposits. As with other Call Report items, prior periods may reflect adjustments. As a result, prior period reserve ratios may differ from previously reported values. Fund balances in 2000 are unaudited. BIF-insured deposit totals include U.S. branches of foreign banks.

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

<i>(dollar figures in millions)</i>	2000*	1999*	1999	1998	1997	1996	1995
<b>BIF Members</b>							
Number of institutions.....	2	2	7	3	1	5	6
Total assets.....	\$124	\$30	\$1,424	\$370	\$26	\$183	\$753
<b>SAIF Members</b>							
Number of institutions.....	1	0	1	0	0	1	2
Total assets.....	\$34	\$0	\$63	\$0	\$0	\$35	\$456

\* Through June 30.

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

<i>(dollar figures in millions)</i>	2000**	1999**	1999	1998	1997	1996	1995
<b>BIF Members</b>							
Number of institutions reporting.....	8,733	8,771	8,927	9,031	9,404	9,823	10,243
BIF-member Oakars.....	740	729	739	745	778	793	807
Other BIF-members.....	7,993	8,042	8,188	8,286	8,626	9,030	9,436
Total assets.....	\$6,232,755	\$5,738,223	\$5,980,163	\$5,702,770	\$5,285,403	\$4,857,760	\$4,577,897
Total deposits.....	4,126,483	3,841,948	3,987,378	3,843,816	3,611,453	3,404,203	3,225,649
Net income.....	35,391	36,198	73,983	64,334	61,459	54,483	50,779
Return on assets (%).....	1.16	1.27	1.30	1.18	1.22	1.17	1.15
Return on equity (%).....	13.75	14.74	15.11	13.81	14.44	14.14	14.32
Noncurrent assets plus OREO to assets (%).....	0.65	0.63	0.62	0.64	0.67	0.77	0.89
Number of problem institutions.....	73	63	66	68	73	86	151
Assets of problem institutions.....	\$11,136	\$4,638	\$4,450	\$5,326	\$4,598	\$6,624	\$20,166
Number of failed/assisted institutions.....	2	2	7	3	1	5	6
Assets of failed/assisted institutions.....	\$124	\$30	\$1,424	\$370	\$26	\$183	\$753
<b>SAIF Members</b>							
Number of institutions reporting.....	1,368	1,380	1,400	1,432	1,518	1,629	1,727
SAIF-member Oakars.....	120	121	118	116	112	94	77
Other SAIF-members.....	1,248	1,259	1,282	1,316	1,406	1,535	1,650
Total assets.....	\$929,893	\$856,415	\$903,548	\$828,177	\$755,724	\$749,572	\$760,520
Total deposits.....	563,499	538,102	550,703	542,481	514,408	520,854	543,831
Net income.....	4,506	4,236	8,459	7,597	6,485	4,891	5,584
Return on assets (%).....	1.00	1.01	0.99	0.98	0.94	0.67	0.76
Return on equity (%).....	12.53	12.06	11.98	11.34	11.13	8.08	9.47
Noncurrent assets plus OREO to assets (%).....	0.60	0.68	0.64	0.80	0.98	1.07	1.12
Number of problem institutions.....	16	13	13	16	19	31	42
Assets of problem institutions.....	\$7,647	\$4,241	\$5,524	\$5,992	\$1,662	\$5,548	\$10,864
Number of failed/assisted institutions.....	1	0	1	0	0	1	2
Assets of failed/assisted institutions.....	\$34	\$0	\$63	\$0	\$0	\$35	\$456

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

\*\* Through June 30, ratios annualized where appropriate.

**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>June 30, 2000</b>						
<b>Commercial Banks and Savings Institutions</b>						
FDIC-Insured Commercial Banks.....	8,477	\$5,983,262	\$3,288,563	\$2,018,985	\$290,506	\$2,309,490
BIF-member.....	8,369	5,894,976	3,227,523	2,003,315	257,673	2,260,989
SAIF-member.....	108	88,287	61,039	15,670	32,832	48,502
FDIC-Supervised.....	5,178	1,079,634	792,373	533,135	67,275	600,410
OCC-Supervised.....	2,303	3,363,838	1,788,975	1,091,891	160,714	1,252,604
Federal Reserve-Supervised.....	996	1,539,790	707,214	393,959	62,517	456,476
FDIC-Insured Savings Institutions.....	1,624	1,179,386	716,010	202,511	440,269	642,780
OTS-Supervised Savings Institutions.....	1,091	888,499	518,313	80,758	383,993	464,751
BIF-member.....	40	109,786	59,285	46,054	9,235	55,290
SAIF-member.....	1,051	778,712	459,028	34,704	374,757	409,461
FDIC-Supervised State Savings Banks.....	533	290,888	197,697	121,752	56,276	178,029
BIF-member.....	324	227,993	154,322	120,413	17,783	138,197
SAIF-member.....	209	62,895	43,375	1,339	38,493	39,832
<b>Total Commercial Banks and Savings Institutions.....</b>	<b>10,101</b>	<b>7,162,649</b>	<b>4,004,573</b>	<b>2,221,496</b>	<b>730,774</b>	<b>2,952,270</b>
BIF-member.....	8,733	6,232,755	3,441,130	2,169,783	284,692	2,454,475
SAIF-member.....	1,368	929,894	563,443	51,712	446,083	497,795
<b>Other FDIC-Insured Institutions</b>						
U.S. Branches of Foreign Banks.....	19	9,053	3,723	1,330	0	1,330
<b>Total FDIC-Insured Institutions.....</b>	<b>10,120</b>	<b>7,171,701</b>	<b>4,008,296</b>	<b>2,222,825</b>	<b>730,774</b>	<b>2,953,600</b>

Excludes \$685 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 June 30, 2000**  
**Supervisory and Capital Ratings for Second Semiannual Assessment Period, 2000**

Capital Group	Supervisory Risk Subgroup					
	A		B		C	
1. Well-capitalized						
Number of institutions.....	8,139	93.0%	359	4.1%	58	0.7%
Assessable deposit base.....	\$3,052,799	97.0%	\$60,912	1.9%	\$7,028	0.2%
2. Adequately capitalized						
Number of institutions.....	159	1.8%	15	0.2%	10	0.1%
Assessable deposit base.....	\$23,745	0.8%	\$1,730	0.1%	\$954	0.0%
3. Undercapitalized						
Number of institutions.....	3	0.0%	0	0.0%	9	0.1%
Assessable deposit base.....	\$141	0.0%	\$0	0.0%	\$615	0.0%

Note: "Number" reflects the number of BIF members; "Base" reflects the BIF-assessable deposits held by both BIF and SAIF members.

**SAIF Assessment Base Distribution**  
**Assessable Deposits in Millions as of June 30, 2000**  
**Supervisory and Capital Ratings for Second Semiannual Assessment Period, 2000**

Capital Group	Supervisory Risk Subgroup					
	A		B		C	
1. Well-capitalized						
Number of institutions.....	1,232	90.1%	88	6.4 %	14	1.0%
Assessable deposit base.....	\$748,904	95.5%	\$22,318	2.8 %	\$3,946	0.5%
2. Adequately capitalized						
Number of institutions.....	22	1.6%	8	0.6 %	3	0.2%
Assessable deposit base.....	\$4,560	0.6%	\$2,029	0.3 %	\$2,266	0.3%
3. Undercapitalized						
Number of institutions.....	0	0.0%	0	0.0 %	1	0.1%
Assessable deposit base.....	\$0	0.0%	\$0	0.0 %	\$93	0.0%

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

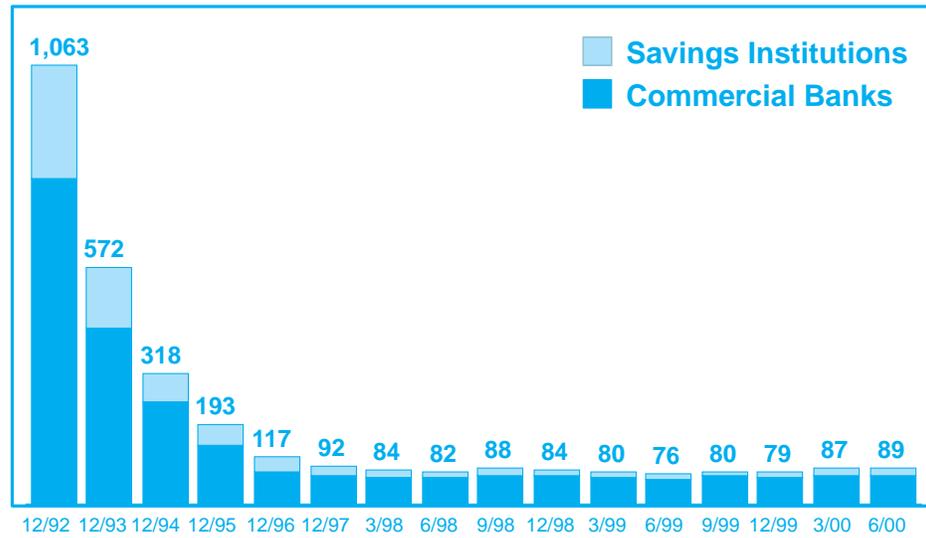
**Assessment Rate Schedules**  
**Second Semiannual 2000 Assessment Period**  
**Cents Per \$100 of Assessable Deposits**

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, 1992–2000

Number of Institutions

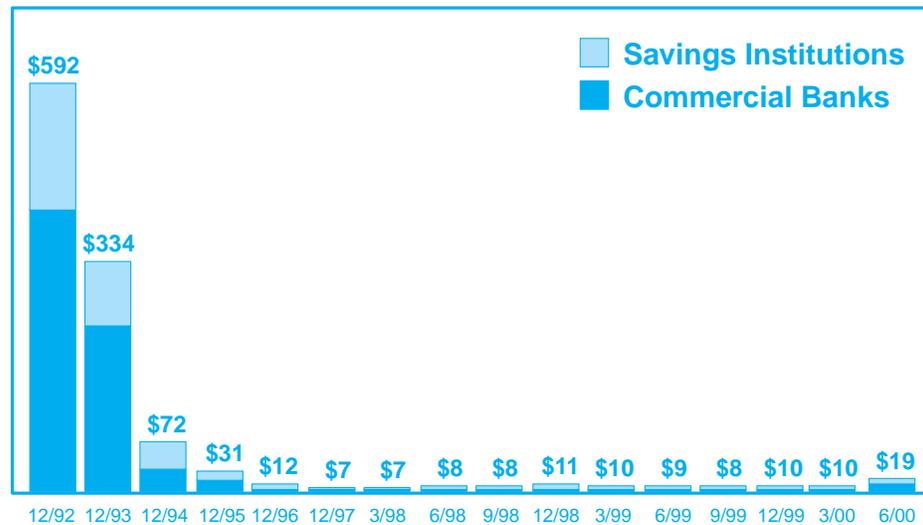


Savings Institutions  
Commercial Banks

12/92	12/93	12/94	12/95	12/96	12/97	3/98	6/98	9/98	12/98	3/99	6/99	9/99	12/99	3/00	6/00
276	146	71	49	35	21	16	18	18	15	16	14	11	13	15	16
787	426	247	144	82	71	68	64	70	69	64	62	69	66	72	73

## ASSETS OF FDIC-INSURED “PROBLEM” INSTITUTIONS, 1992–2000

\$ Billions



Savings Institutions  
Commercial Banks

12/92	12/93	12/94	12/95	12/96	12/97	3/98	6/98	9/98	12/98	3/99	6/99	9/99	12/99	3/00	6/00
184	92	39	14	7	2	2	3	3	6	5	4	4	6	5	8
408	242	33	17	5	5	5	5	5	5	5	5	4	4	5	11

## 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.

**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 consoli-

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

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

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

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

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

**SAIF-insured deposits (estimated)** — the 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.