

# The FDIC Quarterly Banking Profile

Andrew C. Hove, Jr., Chairman

Third Quarter 1997

## COMMERCIAL BANKING PERFORMANCE — THIRD QUARTER 1997

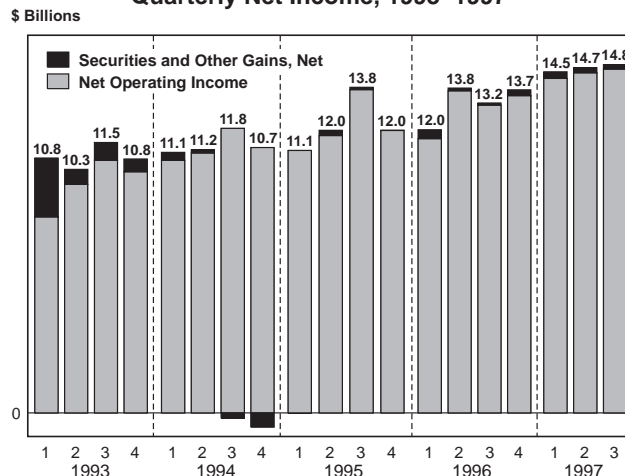
- **Industry Earnings Set Third Consecutive Quarterly Record**
- **Net Income Of \$14.8 Billion Surpasses Previous Quarter's Record By \$131 Million**
- **Credit-Card Lenders Bounce Back From Weak 2nd-Quarter Performance**
- **Rise In Earnings Is Limited By Restructuring And Merger Expenses**

For a third consecutive quarter, insured commercial banks reported record earnings. Industry net income for the third quarter totaled \$14.8 billion, an increase of \$131 million over the previous record, set in the second quarter. Industry earnings were \$1.6 billion (12.3 percent) higher than in the third quarter of 1996, when a one-time special assessment to capitalize the Savings Association Insurance Fund reduced bank profits by an estimated \$650 million. The annualized return on assets (ROA) in the third quarter was 1.22 percent, down slightly from 1.24 percent in the second quarter, but above the 1.19 percent of a year ago. Commercial bank earnings through the first nine months of 1997 totaled \$43.9 billion, an increase of \$5.3 billion (13.8 percent) compared to the first nine months of 1996. The industry's ROA for the nine-month period was 1.24 percent, up from 1.19 percent in the same period of 1996. Almost three-quarters of all commercial banks had ROAs of one percent or higher for the third quarter (73.4 percent) and a similar proportion (72.1 percent) had ROAs of one percent or higher for the first nine months of 1997.

The increase in quarterly earnings was supported by resurgent earnings at credit-card specialty banks, and by higher trading profits at a few large banks. In the second quarter, restructuring charges and the expense of boosting reserves at some large credit-card banks caused profits for that group of institutions to dip sharply. Commercial banks specializing in credit-card lending saw their profits drop from \$1.1 billion in the first quarter of 1997 to \$623 million in the second quarter, and their annualized ROA decline from 2.03 per-

cent to 1.30 percent. In the third quarter, profits of this group more than doubled, to \$1.3 billion, and the annualized quarterly ROA rose to 2.59 percent. Without this \$634-million increase in their quarterly profits, total industry earnings would have declined compared to the second quarter.

Quarterly Net Income, 1993–1997



Noninterest income was \$2.1 billion (8.3 percent) higher than in the second quarter, while net interest income rose \$709 million (1.6 percent). Compared to a year ago, they were up by \$4.4 billion (19.3 percent) and \$2.8 billion (6.7 percent), respectively. Commercial banks set aside \$5.0 billion in provisions for loan losses in the third quarter, a decline of \$72 million from the previous quarter, but \$1 billion (25.5 percent) more than a year earlier. The quarterly decline in provisions was primarily due to a \$227-million drop in provisioning at credit-card banks. Noninterest ex-

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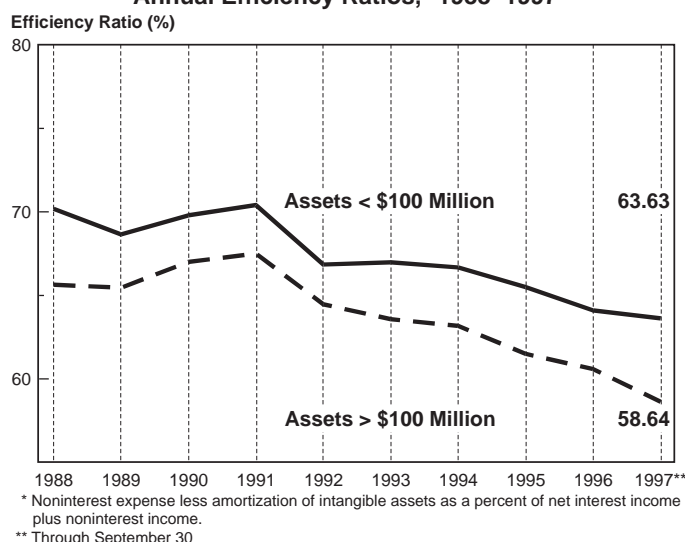
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penses were \$2.4 billion (5.7 percent) higher than in the second quarter, and \$3.6 billion (9.0 percent) higher than a year ago. One-time charges stemming from mergers, plus a large restructuring expense added nearly \$1 billion to third-quarter noninterest expenses.

The effect of the increased noninterest expenses is evident in the higher third-quarter "efficiency ratio" for the largest banks – those with assets of \$10 billion or more – compared to that of banks with \$1 billion - \$10 billion in assets. This ratio measures the proportion of net operating revenues that are consumed by overhead expenses, so that a lower value indicates greater efficiency. The long-term trend for banks of all sizes has been in the direction of greater efficiency, owing to cost controls and a rising contribution from noninterest income sources.

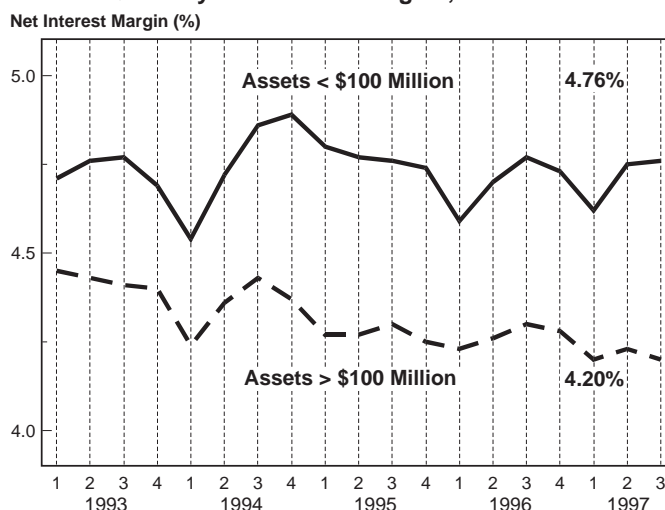
**Annual Efficiency Ratios,\* 1988–1997**



The improvement in net interest income was attributable to growth in interest-earning assets, as net interest margins declined for the third time in the last four quarters. The industry's margin declined to 4.23 percent in the third quarter, from 4.26 percent in the second quarter, and 4.33 percent a year ago. The cost of funding earning assets rose more rapidly during the quarter (5 basis points) than average asset yields (2 basis points). Smaller banks had less margin erosion than larger institutions. Banks' interest-earning assets increased by \$85.1 billion (2.1 percent) during the third quarter, and are \$357.7 billion (9.3 percent) higher than a year ago.

Loan growth slowed considerably from the previous quarter, as banks' inventories of credit-card loans declined, and loans to commercial and industrial borrowers registered their smallest increase since the second quarter of 1996. Real estate loan growth remained strong, in both residential and commercial categories. Total loans increased by \$37.1 billion in the third quarter, after increasing \$93.9 billion in the previous quarter. Credit-card loans held by commercial banks declined by

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



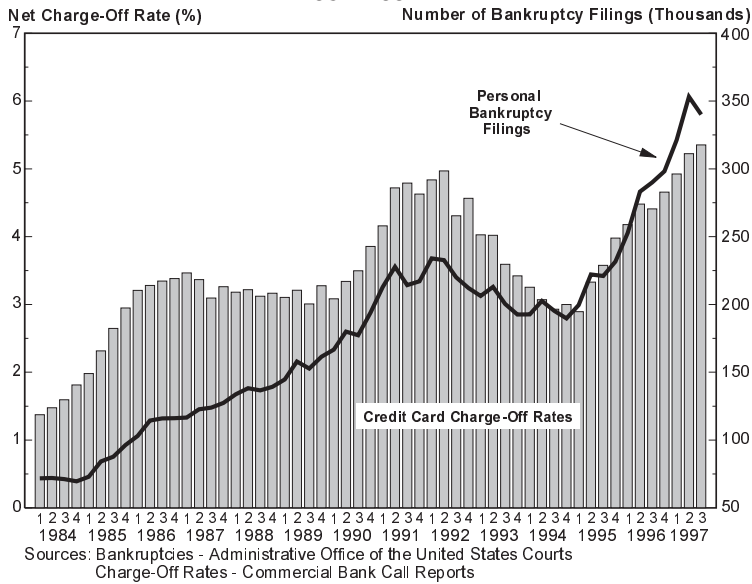
\$4.9 billion, but this decline was caused by a \$12.0-billion increase in the amount of credit-card loans that banks have securitized and sold. Commercial and industrial loans increased by \$10.0 billion, compared to a \$23.1-billion increase in the second quarter. Real estate loans increased by \$32.2 billion, after rising by \$38.2 billion in the previous quarter. Growth in construction and home equity loans was especially strong.

Banks' securities holdings increased by \$15.1 billion, with \$3.3 billion of the rise (21.6 percent) attributable to appreciation in market values of "available-for-sale" securities. Almost all of the increase in securities occurred in mortgage-backed securities and collateralized mortgage obligations (CMOs). Bank holdings of U.S. Treasury securities declined by \$7.0 billion (4.2 percent).

Liability growth was concentrated in short-term borrowings and large time deposits. Jumbo CDs increased by \$31.0 billion, while fed funds purchased and securities sold under repurchase agreements increased by \$27.9 billion. In contrast, demand deposits declined by \$41.0 billion during the quarter.

Asset quality indicators remained largely favorable, with the exception of credit-card loans and other loans to consumers. Delinquent loans – those 30-89 days past due on scheduled payments – increased by \$232 million (0.7 percent) during the quarter, fueled by a \$406-million increase in delinquent credit-card loans and a \$276-million increase in delinquencies on other (non-mortgage) consumer loans. Delinquent home mortgage loans increased by \$320 million during the quarter, but the delinquency rate on banks' home mortgage loans only increased from 1.43 percent to 1.45 percent. Noncurrent loans increased by \$119 million, after declining in each of the previous three quarters, but remained below the level of a year ago. Net loan charge-offs of \$4.8 billion were the highest quarterly total since the fourth quarter of 1993. Credit-card loans accounted for 62.6 percent (\$3.0 billion) of all loan charge-offs.

## Credit-Card Loss Rates and Personal Bankruptcy Filings, 1984-1997

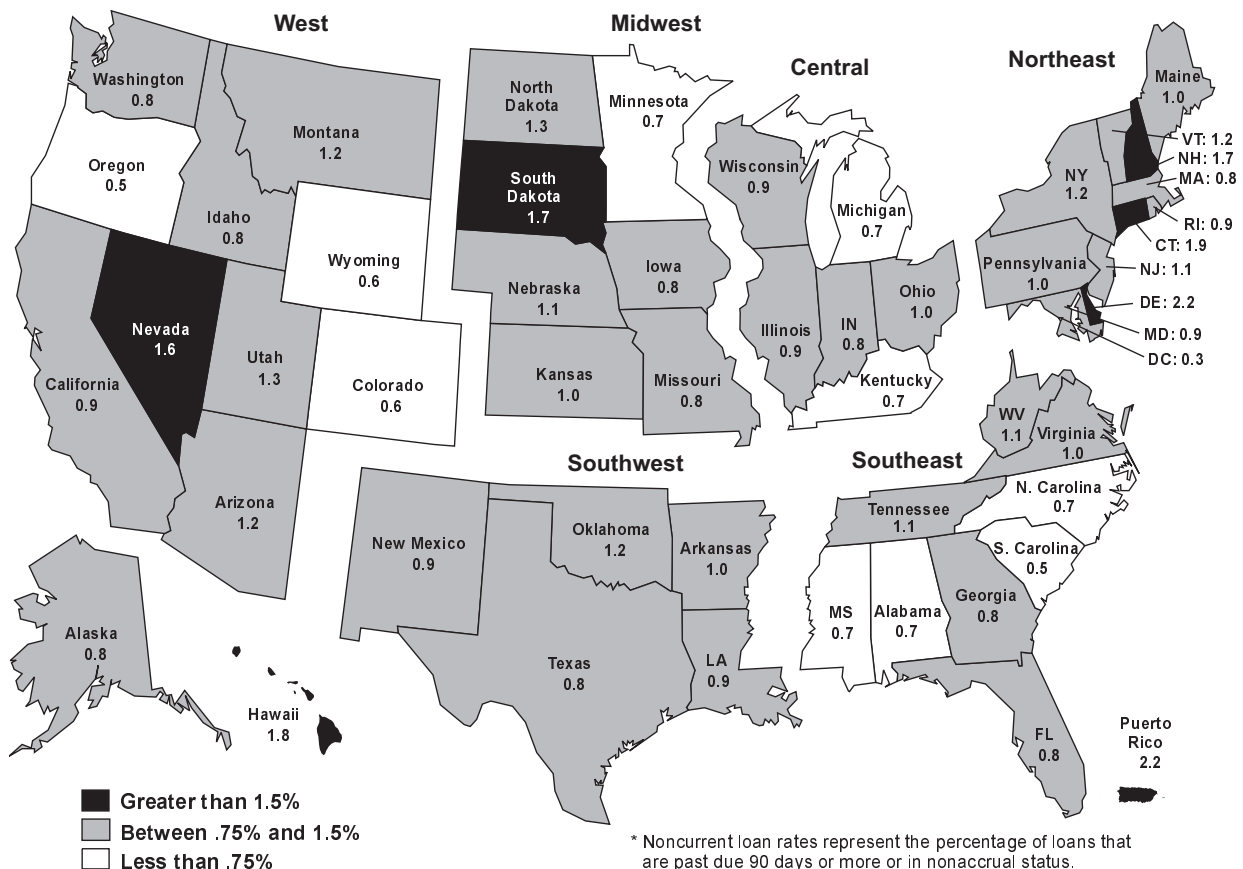


Commercial banks' equity capital increased by \$12.6 billion (3.1 percent) in the third quarter. Their equity-capital-to-assets ratio rose to 8.53 percent, from 8.44 percent at mid-year. Retained earnings contributed \$6.2 billion, and higher

unrealized gains on available-for-sale securities added \$2.2 billion to the increase in equity. Banks increased their reserves against future credit losses by \$380 million (0.7 percent). The industry's "coverage ratio" remained at \$1.91 in reserves for every \$1.00 in noncurrent loans, while the ratio of reserves to total loans declined by one basis point, from 1.90 percent to 1.89 percent.

The number of insured commercial banks reporting financial results declined by 93 institutions during the third quarter, to 9,215 at the end of September. Mergers and consolidations absorbed 148 commercial banks, with 58 of the banks absorbed by out-of-state institutions. There were 46 new banks chartered, and 8 insured savings institutions converted to commercial bank charters. One commercial bank converted to a thrift charter during the quarter. For the fourth consecutive quarter, no insured commercial banks failed. At the end of the third quarter, there were 71 insured commercial banks, with assets of \$5 billion, on the FDIC's "Problem List," down from 74 "problem" banks at midyear.

## Noncurrent Loan Rates\* September 30, 1997



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

	1997*	1996*	1996	1995	1994	1993	1992
Return on assets (%).....	1.24	1.19	1.19	1.17	1.15	1.20	0.93
Return on equity (%).....	14.71	14.40	14.46	14.66	14.61	15.34	12.98
Core capital (leverage) ratio (%).....	7.77	7.79	7.64	7.61	7.64	7.65	7.21
Noncurrent assets plus other real estate owned to assets (%).....	0.68	0.80	0.75	0.85	1.01	1.61	2.54
Net charge-offs to loans (%).....	0.62	0.56	0.58	0.49	0.50	0.85	1.27
Asset growth rate (%).....	9.22	5.41	6.16	7.53	8.21	5.72	2.19
Net interest margin (%).....	4.22	4.26	4.27	4.29	4.36	4.40	4.41
Net operating income growth (%).....	13.73	4.04	6.45	7.48	16.18	35.36	92.41
Number of institutions reporting.....	9,215	9,586	9,528	9,940	10,451	10,958	11,462
Percentage of unprofitable institutions.....	3.97	3.81	4.23	3.55	3.98	4.89	6.85
Number of problem institutions.....	71	89	82	144	247	426	787
Assets of problem institutions (in billions).....	\$5	\$7	\$5	\$17	\$33	\$242	\$408
Number of failed/assisted institutions.....	0	5	5	6	11	42	100

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

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

(dollar figures in millions)

(dollar figures in millions)		Preliminary 3rd Quarter 1997	2nd Quarter 1997	3rd Quarter 1996	%Change 96:3-97:3	
Number of institutions reporting.....		9,215	9,308	9,586	-3.9	
Total employees (full-time equivalent).....		1,523,996	1,513,875	1,479,568	3.0	
<b>CONDITION DATA</b>						
Total assets.....		\$4,869,450	\$4,771,298	\$4,458,480	9.2	
Loans secured by real estate.....		1,226,822	1,194,628	1,115,689	10.0	
Commercial & industrial loans.....		765,210	755,215	698,733	9.5	
Loans to individuals.....		554,591	557,740	548,985	1.0	
Farm loans.....		45,021	43,663	42,042	7.1	
Other loans & leases.....		316,723	320,469	338,155	-6.3	
Less: Unearned income.....		4,750	5,144	5,583	-14.9	
Total loans & leases.....		2,903,619	2,866,570	2,738,022	6.0	
Less: Reserve for losses.....		54,917	54,537	53,687	2.3	
Net loans & leases.....		2,848,702	2,812,034	2,684,334	6.1	
Securities.....		835,521	820,463	799,475	4.5	
Other real estate owned.....		4,137	4,380	5,034	-17.8	
Goodwill and other intangibles.....		58,871	56,739	43,543	35.2	
All other assets.....		1,122,220	1,077,683	926,094	21.2	
Total liabilities and capital.....		4,869,450	4,771,298	4,458,480	9.2	
Noninterest-bearing deposits.....		629,330	668,037	628,425	0.1	
Interest-bearing deposits.....		2,675,596	2,611,686	2,467,654	8.4	
Other borrowed funds.....		822,251	788,563	723,306	13.7	
Subordinated debt.....		55,096	54,285	48,502	13.6	
All other liabilities.....		271,752	245,895	220,196	23.4	
Equity capital.....		415,425	402,831	370,397	12.2	
Loans and leases 30-89 days past due.....		35,388	35,156	34,756	1.8	
Noncurrent loans and leases.....		28,723	28,604	30,399	-5.5	
Restructured loans and leases.....		2,724	3,396	4,007	-32.0	
Direct and indirect investments in real estate.....		655	635	563	16.3	
1-4 Family residential mortgages.....		708,175	690,416	640,203	10.6	
Mortgage-backed securities.....		360,247	345,718	327,508	10.0	
Earning assets.....		4,214,511	4,129,402	3,856,819	9.3	
Long-term assets (5+ years).....		738,579	698,529	628,598	17.5	
Volatile liabilities.....		1,580,420	1,520,396	1,384,079	14.2	
Foreign office deposits.....		507,048	504,198	451,054	12.4	
Unused loan commitments.....		2,966,288	2,834,746	2,447,382	21.2	
Off-balance-sheet derivatives.....		25,679,304	23,831,440	20,385,221	26.0	
	Preliminary First Three Qtrs 1997	First Three Qtrs 1996	%Change	Preliminary 3rd Quarter 1997	3rd Quarter 1996	%Change 96:3-97:3
<b>INCOME DATA</b>						
Total interest income.....	\$250,915	\$231,676	8.3	\$86,023	\$78,881	9.1
Total interest expense.....	121,110	111,105	9.0	41,831	37,446	11.7
Net interest income.....	129,805	120,571	7.7	44,192	41,435	6.7
Provision for loan losses.....	14,269	11,761	21.3	4,959	3,952	25.5
Total noninterest income.....	77,281	68,742	12.4	27,367	22,947	19.3
Total noninterest expense.....	125,556	118,952	5.6	43,777	40,173	9.0
Securities gains (losses).....	974	721	35.1	256	169	51.7
Applicable income taxes.....	24,353	20,796	17.1	8,313	7,273	14.3
Extraordinary gains, net .....	44	89	-50.3	9	(0)	N/M
Net income.....	43,927	38,614	13.8	14,776	13,153	12.3
Net charge-offs.....	13,193	11,062	19.3	4,765	3,780	26.1
Cash dividends.....	26,428	25,791	2.5	8,572	10,864	-21.1
Net operating income.....	43,244	38,025	13.7	14,593	13,064	11.7

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

FIRST THREE QUARTERS Preliminary (The way it is . . . )	All Institutions	Asset Size Distribution				Geographic Distribution by Region					
		Less than \$100 Million	\$100 Million to \$1 Billion	\$1 Billion to \$10 Billion	Greater than \$10 Billion	East			West		
						North- east	South- east	Central	Mid- west	South- west	West
Number of institutions reporting.....	9,215	5,978	2,874	297	66	724	1,536	2,021	2,343	1,613	978
Total assets (in billions).....	\$4,869.5	\$272.3	\$711.0	\$899.8	\$2,986.4	\$1,840.1	\$898.5	\$793.4	\$329.2	\$341.4	\$666.9
Total deposits (in billions).....	3,304.9	233.2	587.7	615.9	1,868.1	1,108.0	618.9	568.8	248.5	278.0	482.7
Net income (in millions).....	43,927	2,489	7,146	8,584	25,708	15,059	8,648	7,352	3,354	3,040	6,474
% of unprofitable institutions.....	4.0	5.6	0.9	1.7	NA	3.9	5.5	3.5	1.9	3.3	8.9
% of institutions with earnings gains.....	67.9	63.9	75.4	72.7	78.8	72.5	69.5	71.5	63.5	64.6	70.4
<b>Performance Ratios (annualized, %)</b>											
Yield on earning assets.....	8.16	8.36	8.40	8.59	7.94	7.99	8.09	8.17	8.66	7.84	8.63
Cost of funding earning assets.....	3.94	3.69	3.68	3.87	4.06	4.33	3.76	3.92	3.83	3.41	3.52
Net interest margin.....	4.22	4.68	4.72	4.72	3.89	3.65	4.33	4.26	4.83	4.44	5.11
Noninterest income to earning assets.....	2.51	1.35	1.66	2.48	2.86	3.17	1.99	1.79	2.44	2.06	2.69
Noninterest expense to earning assets.....	4.09	3.86	3.86	4.07	4.17	4.30	3.70	3.53	4.24	4.20	4.60
Efficiency ratio.....	58.90	63.63	59.69	54.66	59.75	61.82	56.47	57.05	57.22	61.98	56.17
Net operating income to assets.....	1.22	1.25	1.37	1.28	1.16	1.10	1.29	1.25	1.39	1.23	1.32
Return on assets.....	1.24	1.25	1.39	1.30	1.18	1.14	1.30	1.27	1.40	1.24	1.31
Return on equity.....	14.71	11.57	14.50	14.30	15.32	15.39	14.48	14.95	15.54	13.87	13.38
Net charge-offs to loans and leases.....	0.62	0.23	0.33	1.03	0.58	0.71	0.44	0.48	0.83	0.33	0.83
Loan loss provision to net charge-offs.....	108.16	159.51	132.57	117.83	96.94	100.55	124.20	123.12	111.98	115.11	97.77
<b>Condition Ratios (%)</b>											
Loss allowance to:											
Loans and leases.....	1.89	1.45	1.52	2.19	1.93	2.17	1.65	1.61	1.80	1.45	2.18
Noncurrent loans and leases.....	191.19	137.16	162.10	195.39	202.58	174.83	207.07	185.90	199.79	168.49	228.86
Noncurrent assets plus other real estate owned to assets.....	0.68	0.77	0.71	0.82	0.62	0.72	0.61	0.62	0.68	0.55	0.77
Equity capital ratio.....	8.53	10.96	9.69	9.34	7.79	7.39	9.29	8.68	9.20	8.98	9.92
Core capital (leverage) ratio.....	7.77	10.82	9.32	8.56	6.88	7.03	7.97	8.24	8.76	8.35	8.25
Net loans and leases to deposits.....	86.20	68.29	73.82	94.92	89.45	82.92	93.20	90.68	87.43	65.85	90.55
<b>PRIOR FIRST THREE QUARTERS (The way it was . . . )</b>											
Number of institutions.....1996	9,586	6,334	2,854	330	68	752	1,587	2,122	2,425	1,687	1,013
.....1994	10,593	7,411	2,791	334	57	846	1,757	2,318	2,645	1,884	1,143
.....1992	11,590	8,435	2,781	326	48	941	1,901	2,559	2,813	2,066	1,310
Total assets (in billions).....1996	\$4,458.5	\$285.1	\$694.2	\$1,035.0	\$2,444.2	\$1,687.5	\$776.3	\$704.8	\$289.4	\$327.9	\$672.6
.....1994	3,922.9	320.2	678.9	1,087.6	1,836.3	1,516.6	632.0	649.1	255.7	294.8	574.8
.....1992	3,481.3	345.2	676.2	1,035.1	1,424.8	1,326.5	532.0	571.3	234.1	275.1	542.4
Return on assets (%).....1996	1.19	1.23	1.29	1.31	1.10	1.08	1.21	1.19	1.44	1.23	1.28
.....1994	1.18	1.17	1.22	1.40	1.04	1.11	1.22	1.15	1.52	1.17	1.20
.....1992	0.94	1.12	1.04	1.04	0.77	0.81	1.04	1.01	1.27	1.11	0.85
Net charge-offs to loans & leases (%)											
.....1996	0.56	0.21	0.37	0.99	0.44	0.62	0.43	0.42	0.65	0.31	0.79
.....1994	0.49	0.19	0.33	0.61	0.53	0.76	0.24	0.26	0.43	0.12	0.58
.....1992	1.24	0.47	0.69	1.35	1.57	1.74	0.75	1.02	0.83	0.75	1.13
Noncurrent assets plus OREO to assets (%).....1996	0.80	0.82	0.81	0.89	0.76	0.92	0.67	0.63	0.67	0.65	0.95
.....1994	1.16	0.92	1.07	1.06	1.29	1.50	0.82	0.74	0.80	0.72	1.48
.....1992	2.83	1.53	1.95	2.51	3.80	3.88	1.90	1.51	1.42	1.89	3.65
Equity capital ratio (%).....1996	8.31	10.57	9.45	8.96	7.44	7.39	8.52	8.62	8.86	8.89	9.53
.....1994	7.95	9.99	8.97	8.28	7.02	7.40	7.96	8.02	8.89	8.50	8.61
.....1992	7.39	9.55	8.28	7.67	6.23	6.57	7.75	7.87	8.68	7.48	7.91

**TABLE IV-A. Third Quarter 1997, FDIC-Insured Commercial Banks**

THIRD QUARTER Preliminary (The way it is . . . )	All Institutions	Asset Size Distribution				Geographic Distribution by Region					
		Less than \$100 Million	\$100 Million to \$1 Billion	\$1 Billion to \$10 Billion	Greater than \$10 Billion	East			West		
						North- east	South- east	Central	Mid- west	South- west	West
Number of institutions reporting.....	9,215	5,978	2,874	297	66	724	1,536	2,021	2,343	1,613	978
Total assets (in billions).....	\$4,869.5	\$272.3	\$711.0	\$899.8	\$2,986.4	\$1,840.1	\$898.5	\$793.4	\$329.2	\$341.4	\$666.9
Total deposits (in billions).....	3,304.9	233.2	587.7	615.9	1,868.1	1,108.0	618.9	568.8	248.5	278.0	482.7
Net income (in millions).....	14,776	883	2,567	3,104	8,222	4,961	3,000	2,525	1,074	1,026	2,190
% of unprofitable institutions.....	4.3	5.9	1.3	2.0	NA	4.8	5.2	3.9	2.6	3.7	8.5
% of institutions with earnings gains.....	65.2	60.5	74.1	70.7	72.7	68.8	66.6	68.0	62.0	61.8	67.9
<b>Performance Ratios (annualized, %)</b>											
Yield on earning assets.....	8.24	8.54	8.54	8.85	7.94	8.03	8.17	8.22	8.91	7.95	8.73
Cost of funding earning assets.....	4.01	3.79	3.78	3.98	4.10	4.42	3.74	3.98	4.03	3.50	3.55
Net interest margin.....	4.23	4.76	4.76	4.87	3.84	3.61	4.43	4.24	4.89	4.44	5.18
Noninterest income to earning assets.....	2.62	1.43	1.79	2.67	2.94	3.24	2.15	1.93	2.53	2.10	2.79
Noninterest expense to earning assets.....	4.19	3.93	3.91	4.19	4.29	4.44	3.79	3.62	4.44	4.23	4.65
Efficiency ratio.....	59.45	63.13	58.98	54.23	61.10	63.60	55.06	57.50	58.62	62.89	55.69
Net operating income to assets.....	1.21	1.30	1.44	1.37	1.10	1.05	1.33	1.26	1.31	1.21	1.38
Return on assets.....	1.22	1.31	1.46	1.39	1.11	1.09	1.35	1.28	1.32	1.23	1.32
Return on equity.....	14.43	12.01	15.17	15.17	14.26	14.80	14.56	14.92	14.49	13.59	13.35
Net charge-offs to loans and leases.....	0.66	0.24	0.35	1.10	0.62	0.74	0.48	0.54	0.90	0.39	0.86
Loan loss provision to net charge-offs.....	104.07	149.98	131.00	117.14	90.49	94.18	121.61	107.34	114.34	118.72	98.65
<b>PRIOR THIRD QUARTERS</b> (The way it was . . . )											
Return on assets (%).....1996	1.19	1.26	1.27	1.31	1.11	1.12	1.17	1.21	1.46	1.23	1.24
.....1994	1.21	1.20	1.27	1.40	1.08	1.17	1.21	1.14	1.62	1.12	1.26
.....1992	0.98	1.16	1.04	1.09	0.83	0.94	1.05	0.86	1.22	1.14	0.95
Net charge-offs to loans & leases (%)											
.....1996	0.56	0.25	0.39	1.03	0.42	0.59	0.44	0.45	0.68	0.34	0.77
.....1994	0.44	0.21	0.35	0.56	0.42	0.61	0.26	0.26	0.48	0.15	0.52
.....1992	1.31	0.50	0.77	1.31	1.74	1.62	0.71	1.56	0.99	0.76	1.28

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

September 30, 1997	All Institutions	Asset Size Distribution				Geographic Distribution by Region					
		Less than \$100 Million	\$100 Million to \$1 Billion	\$1 Billion to \$10 Billion	Greater than \$10 Billion	East			West		
						North- east	South- east	Central	Mid- west	South- west	West
<b>Percent of Loans 30-89 Days Past Due</b>											
All loans secured by real estate.....	1.18	1.34	1.02	1.15	1.25	1.26	1.13	1.29	0.99	1.29	1.05
Construction and development.....	1.22	1.16	1.09	1.35	1.23	1.04	1.02	1.73	1.18	1.16	1.17
Commercial real estate.....	0.86	1.03	0.77	1.01	0.81	1.03	0.67	1.20	0.77	0.87	0.57
Multifamily residential real estate.....	0.75	0.84	0.70	0.97	0.63	0.66	0.57	1.08	0.43	0.42	1.01
Home equity loans.....	0.86	0.88	0.84	0.90	0.85	1.04	0.68	0.97	0.59	0.78	0.80
Other 1-4 Family residential.....	1.45	1.69	1.25	1.26	1.57	1.44	1.48	1.38	1.24	1.72	1.49
Commercial and industrial loans*.....	0.80	1.40	1.32	1.14	0.53	0.42	0.79	1.29	1.47	1.25	0.71
Loans to individuals.....	2.38	2.39	2.05	2.60	2.33	2.64	2.18	2.32	2.48	1.94	2.23
Credit card loans.....	2.72	3.43	2.87	2.88	2.58	2.77	2.88	2.80	2.54	2.82	2.55
Other loans to individuals.....	2.15	2.33	1.90	2.29	2.15	2.50	1.89	2.18	2.41	1.86	1.84
All other loans and leases (including farm).....	0.43	NA	NA	1.03	0.37	0.35	0.38	0.86	0.42	0.57	0.27
Memo: Commercial RE loans not secured by RE..	0.48	1.37	0.57	0.70	0.44	0.26	0.50	1.19	0.25	1.03	0.28
<b>Percent of Loans Noncurrent**</b>											
All real estate loans.....	1.06	0.91	0.82	1.06	1.19	1.53	0.88	0.81	0.68	0.99	1.11
Construction and development.....	1.05	0.79	0.81	1.13	1.21	2.86	0.62	0.89	0.75	0.74	1.09
Commercial real estate.....	1.35	1.02	0.96	1.30	1.69	2.38	0.94	1.04	0.78	1.09	1.42
Multifamily residential real estate.....	1.08	0.88	0.92	1.05	1.20	1.25	0.79	0.86	0.46	0.36	1.94
Home equity loans.....	0.42	0.44	0.40	0.41	0.43	0.62	0.32	0.34	0.14	0.15	0.49
Other 1-4 Family residential.....	0.94	0.82	0.73	1.00	1.01	1.12	0.97	0.73	0.60	0.98	0.97
Commercial and industrial loans*.....	0.93	1.41	1.33	0.92	0.75	0.87	0.68	1.12	1.40	1.10	0.82
Loans to individuals.....	1.37	0.91	0.80	1.52	1.45	2.12	0.89	0.93	1.21	0.58	1.21
Credit card loans.....	2.01	2.12	1.93	2.09	1.95	2.29	1.57	1.96	1.77	1.10	1.88
Other loans to individuals.....	0.94	0.84	0.60	0.90	1.09	1.92	0.61	0.64	0.65	0.53	0.42
All other loans and leases (including farm).....	0.29	NA	NA	0.48	0.28	0.25	0.24	0.33	0.33	0.23	0.39
Memo: Commercial RE loans not secured by RE..	0.56	1.62	0.38	0.48	0.56	0.89	0.30	0.50	0.23	0.44	0.52
<b>Percent of Loans Charged-off (net YTD, annual)</b>											
All real estate loans.....	0.05	0.03	0.06	0.04	0.06	0.10	0.04	0.03	0.02	-0.02	0.07
Construction and development.....	-0.02	0.02	0.06	-0.01	-0.09	0.09	-0.01	0.02	0.12	-0.27	-0.10
Commercial real estate.....	0.00	0.03	0.05	0.00	-0.04	0.02	0.02	0.00	-0.05	-0.05	-0.01
Multifamily residential real estate.....	0.04	0.12	0.09	0.05	0.01	0.06	0.00	0.07	0.00	-0.02	0.09
Home equity loans.....	0.15	0.11	0.08	0.15	0.17	0.14	0.09	0.13	0.08	0.53	0.26
Other 1-4 Family residential.....	0.07	0.04	0.06	0.06	0.09	0.11	0.06	0.04	0.04	0.04	0.11
Commercial and industrial loans*.....	0.25	0.34	0.34	0.26	0.21	0.18	0.15	0.28	0.67	0.24	0.34
Loans to individuals.....	2.65	0.72	1.33	3.27	2.76	3.12	2.02	2.00	2.86	1.27	3.65
Credit card loans.....	5.10	3.29	4.40	5.38	4.99	5.04	4.57	5.63	5.00	4.56	5.43
Other loans to individuals.....	0.98	0.54	0.72	0.89	1.17	1.05	0.91	0.89	0.70	0.97	1.36
All other loans and leases (including farm).....	0.08	NA	NA	0.19	0.06	-0.04	0.15	0.16	0.18	0.13	0.20
Memo: Commercial RE loans not secured by RE..	-0.04	1.96	0.16	0.05	-0.08	-0.17	-0.02	0.12	0.03	0.02	-0.04
<b>Loans Outstanding (in billions)</b>											
All real estate loans.....	\$1,226.8	\$90.4	\$271.5	\$264.8	\$600.2	\$312.5	\$315.0	\$236.2	\$96.5	\$78.6	\$188.0
Construction and development.....	86.1	6.3	23.5	21.3	34.9	10.4	27.1	17.0	7.4	8.9	15.2
Commercial real estate.....	336.1	23.8	92.6	77.0	142.7	71.7	82.3	69.2	26.3	26.4	60.1
Multifamily residential real estate.....	39.9	2.0	8.9	10.6	18.4	11.4	8.4	7.5	3.2	2.4	6.9
Home equity loans.....	96.1	2.2	13.4	20.8	59.7	23.9	24.1	23.0	4.7	1.0	19.3
Other 1-4 Family residential.....	612.1	45.3	123.1	131.5	312.2	167.8	168.3	112.7	46.2	36.8	80.4
Commercial and industrial loans.....	765.2	26.2	76.7	125.6	536.8	288.6	123.4	140.0	46.1	50.7	116.3
Loans to individuals.....	554.6	24.5	69.6	165.7	294.9	187.9	104.8	94.8	48.9	38.1	80.0
Credit card loans.....	220.4	1.4	10.8	85.1	123.1	97.9	30.5	21.2	24.6	3.1	43.2
Other loans to individuals.....	334.2	23.1	58.8	80.5	171.8	90.0	74.3	73.6	24.3	35.1	36.8
All other loans and leases (including farm).....	361.7	21.2	24.1	42.5	273.8	152.2	44.1	53.7	29.7	18.9	63.1
Memo: Commercial RE loans not secured by RE..	26.4	0.2	1.0	3.2	22.0	7.0	4.3	3.2	1.7	2.1	8.1
<b>Memo: Other Real Estate Owned (in millions)</b>											
All other real estate owned.....	\$4,136.6	\$384.3	\$926.9	\$722.9	\$2,102.5	\$1,485.5	\$852.5	\$396.4	\$234.9	\$288.5	\$878.8
Construction and development.....	496.9	47.5	160.9	108.5	179.9	120.2	185.8	35.5	42.1	23.9	89.4
Commercial real estate.....	1,895.1	167.6	432.8	341.5	953.1	609.0	353.8	208.3	97.0	156.4	470.4
Multifamily residential real estate.....	208.0	12.1	39.4	47.1	109.5	131.0	22.1	6.9	8.2	3.3	36.5
1-4 Family residential.....	1,152.9	118.8	260.1	201.4	572.6	334.6	281.5	139.5	64.4	77.3	255.7
Farmland.....	117.2	38.2	33.6	24.2	21.3	25.1	9.2	6.2	23.2	27.5	26.0
Other real estate owned in foreign offices.....	266.5	0.1	0.1	0.1	266.1	265.6	0.1	0.0	0.0	0.0	0.8

\*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 — THIRD QUARTER, 1997

- ***Savings Institutions Earn \$2.0 Billion In The Third Quarter***
- ***Acquisition Charges Lift Noninterest Expenses***
- ***Equity Capital Reaches Highest Level Since 1943***
- ***Movement Of Thrift Industry Assets To Commercial Banks Continues At Record Pace***

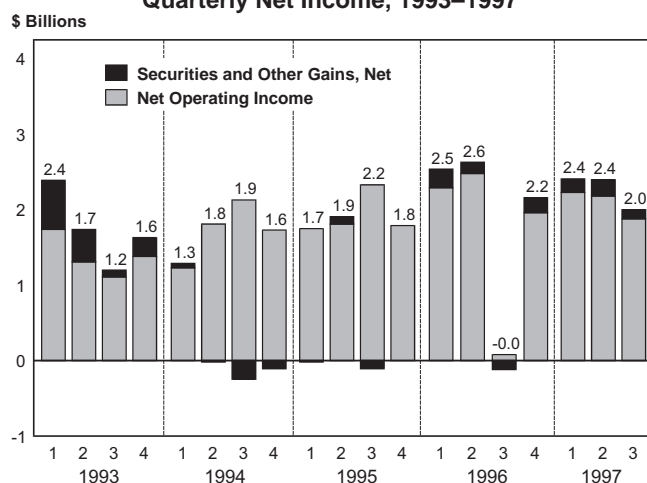
Savings institutions reported earnings of \$2.0 billion in the third quarter of 1997, for an average annualized return on assets (ROA) of 0.79 percent. Earnings were \$398 million lower than in the second quarter, primarily because of charges related to acquisitions. Noninterest expenses rose to \$5.9 billion, from \$5.6 billion in the second quarter. One large institution reported acquisition-related charges in the third quarter that accounted for about two-thirds of the industry's increase in noninterest expenses.<sup>1</sup> Gains from the sales of securities declined by 45 percent, from \$296 million in the second quarter to \$162 million in the third quarter. Losses from the sales of securities at one institution accounted for 94 percent of the decline in securities gains. With the reduced earnings, income taxes declined by \$184 million from the second quarter. More than 95 percent of savings institutions were profitable in the third quarter and 39 percent had ROAs of 1.00 percent or more.

Savings institutions reported a loss of \$34 million in the third quarter of 1996 because of the industry's contribution of \$3.5 billion for the one-time SAIF

assessment. Ninety percent of all savings institutions showed improved quarterly earnings from a year ago. For 1997, savings institutions are on pace to break the record earnings of \$7.6 billion set in 1995. The industry earned \$6.6 billion in the first three quarters of 1997, up by \$1.7 billion over the same period in 1996, and within \$1 billion of the annual record set in 1995.

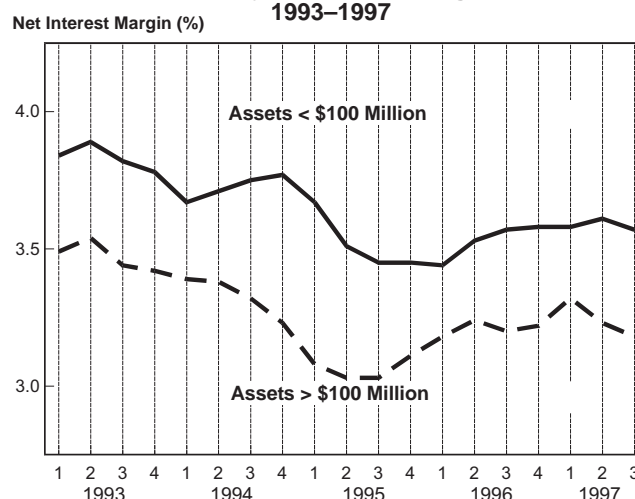
Net interest margins declined during the third quarter to 3.20 percent, from 3.25 percent in the second quarter, because of an increase in the cost of funding earning assets. The cost of funding earning assets rose 8 basis points, while the yield on earning assets rose by only 2 basis points. The increase in the cost of funding earning assets was greatest at large institutions, with over \$5 billion in assets, which reported a 10-basis-point increase. Rising funding costs tend to appear later at smaller institutions. Net interest income fell by \$136 million during the third quarter, due to narrower margins and the exodus of thrift industry assets to commercial banks.

**Quarterly Net Income, 1993–1997**



<sup>1</sup> Great Western Bank, a federal savings bank headquartered in Chatsworth, California, reported a \$227 million increase in noninterest expense for the third quarter and a \$108-million decline in noninterest income. These changes were related to its acquisition by a holding company.

**Quarterly Net Interest Margins  
1993–1997**

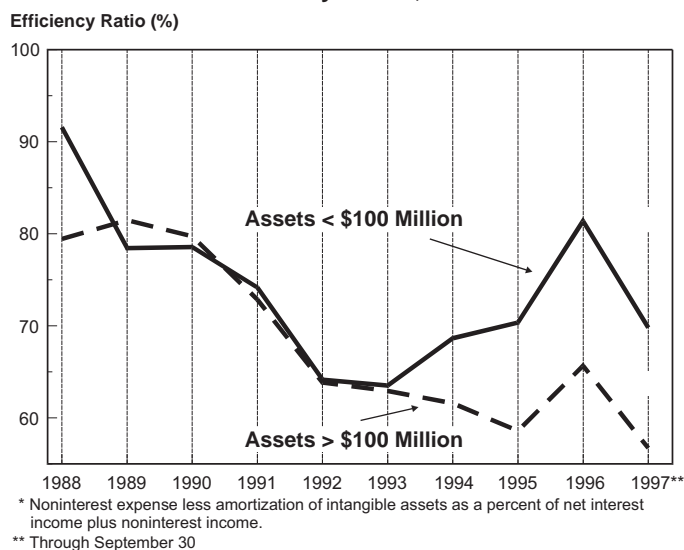


The operating efficiency of large institutions has diverged from smaller institutions in recent years. The efficiency ratio – noninterest expense less amortization of intangible assets as a percent of net



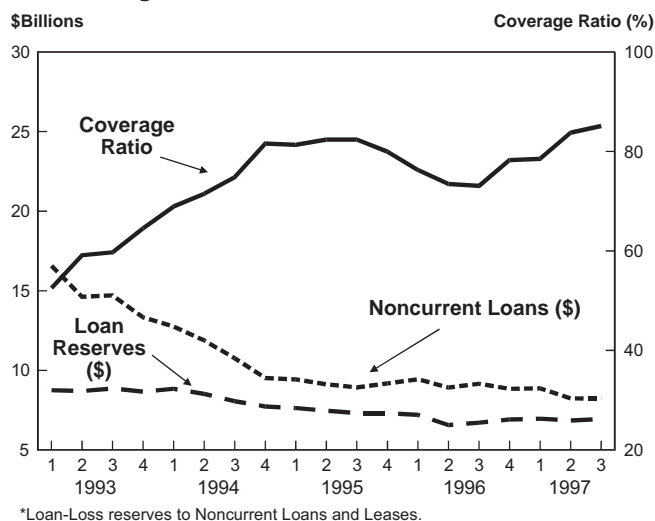
interest income plus noninterest income – improved from 66 percent for 1996 to 57 percent for the first three quarters of 1997. The one-time SAIF assessment in 1996 and the reduction in insurance premiums for 1997 helped move this ratio lower for all institutions. As recently as 1993 the difference between large and small institutions was very small, less than one percentage point. Since late 1993, small institutions, with assets of less than \$100 million, have shown some deterioration in their average efficiency ratio, which has risen from 64 percent to just under 70 percent. However, large institutions, with assets of over \$5 billion, have shown remarkable improvement as restructuring charges related to cleaning up asset quality problems have diminished. The efficiency ratio for this group has dropped from 62 percent at the end of 1993 to just under 55 percent this quarter. Ten years ago the industry's aggregate ratio was over 80 percent.

**Annual Efficiency Ratios,\* 1988–1997**



Asset quality was little changed during the third quarter of 1997. The coverage ratio rose to 84 cents in reserves for each dollar of noncurrent loans, from 83 cents at the end of the second quarter. This was the second consecutive quarter that a new record was set by the industry. Noncurrent loans declined by just \$17 million as reserves rose by \$90 million. Provisions for loan losses during the quarter were \$637 million, 25 percent higher than net charge-offs of \$508 million. Provisions have exceeded net charge-offs for eight consecutive quarters. However, loan-loss reserves remained just below one percent of total loans, the lowest level since 1990. Reserve levels have not kept pace with loan growth.

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



The industry continues to increase the percentage of its balance sheet that is held in loans and to decrease the percentage held in securities. Total assets declined by \$6.8 billion during the third quarter as securities fell by \$10.7 billion. Loan growth continued with a 1.7 percent rise over year-ago levels. Lending on real estate secured by 1-4 family residential properties increased by \$2.6 billion during the quarter, while loans to individuals rose by \$2.2 billion. Overall lending increased by \$5.6 billion. Deposits fell by \$12.3 billion during the quarter while non-deposit borrowings grew by \$3.1 billion.

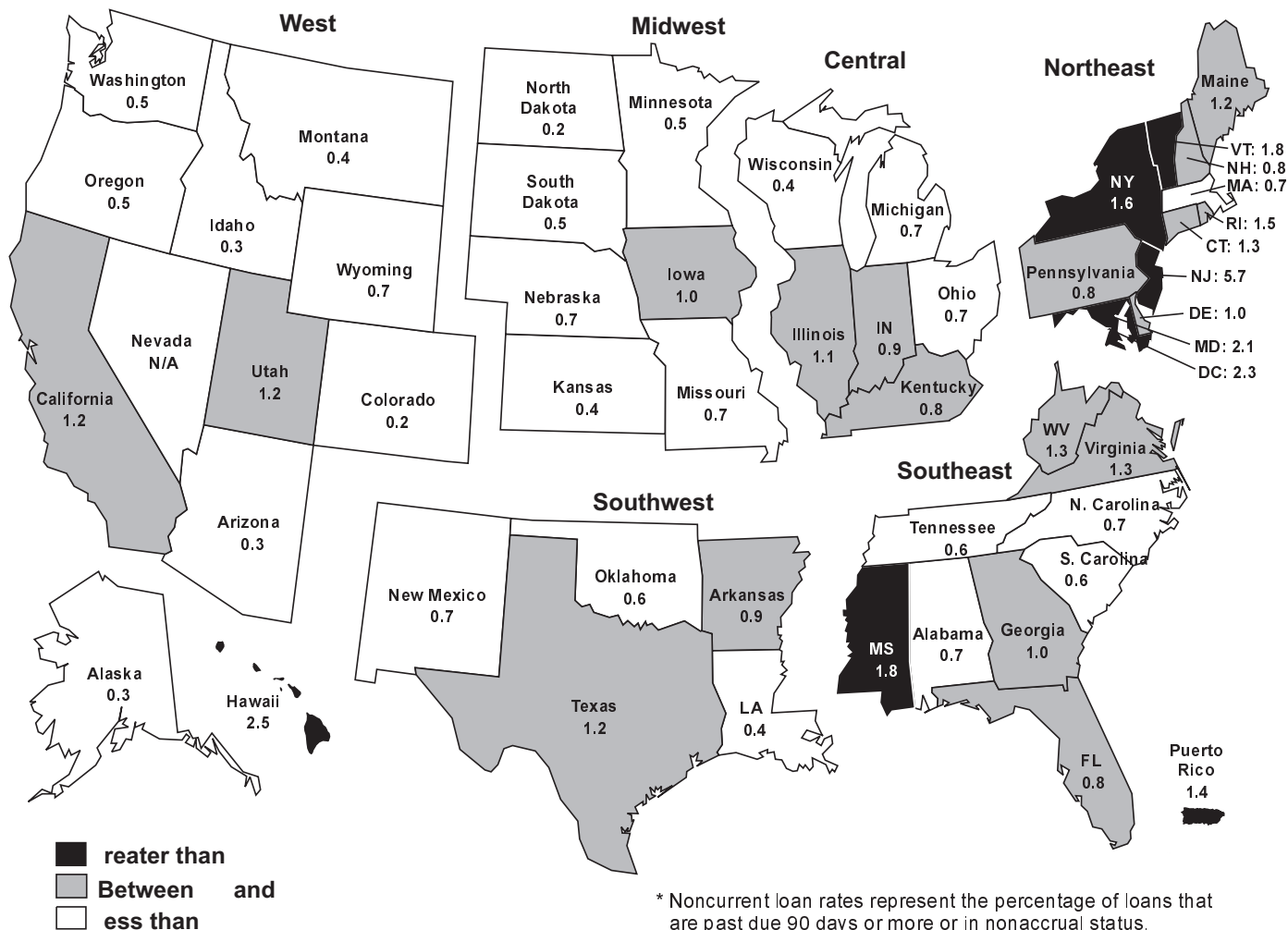
Equity capital increased to 8.63 percent of industry assets, the highest level since 1943. Equity capital received a \$560-million boost from unrealized gains on available-for-sale securities. The industry also retained almost half of its \$2.0 billion in quarterly earnings, but the absorption of thrifts into the commercial banking industry kept growth in equity capital down to \$429 million. The core capital (leverage) ratio, which does not include unrealized gains on available-for-sale securities, increased to 7.91 percent from 7.86 percent at the beginning of the quarter. This is the highest level achieved since this ratio was introduced in 1990.

A decline of 40 in the number of savings institutions was driven by a record number of thrifts (33) migrating to the commercial banking industry. Commercial banks acquired 25 savings institutions with assets of \$16.3 billion and 8 savings institutions, with \$5.0 billion in assets, converted to commercial bank charters. This was the second consecutive quarter that there has been a record transfer to the commercial banking industry. Changes in tax laws a year ago removed the tax

penalty for recapture of a thrift's bad-debt reserves when it converts to a commercial bank or is acquired by a bank. However, asset growth in individual savings institutions has limited the industry's overall decline in assets. In the last 12 months, assets decreased by \$13 billion, or 1.3 percent. One dozen thrifts with \$7.6 billion in assets were acquired by other thrifts and four new charters began operations

during the third quarter. At the end of September the industry numbered 1,812 institutions. There were nine mutual-to-stock conversions during the third quarter involving \$1.5 billion in assets. The number of "problem" institutions fell by two to 27 at the end of the quarter. Assets of "problem" institutions declined to \$2.0 billion at the end of the third quarter from \$2.8 billion at midyear.

**Noncurrent Loan Rates By State\***  
**September 30, 1997**



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

	1997**	1996**	1996	1995	1994	1993	1992
Return on assets (%).....	0.90	0.66	0.70	0.77	0.66	0.70	0.65
Return on equity (%).....	10.56	7.84	8.40	9.40	8.28	9.24	9.48
Core capital (leverage) ratio (%).....	7.91	7.67	7.76	7.80	7.65	7.45	6.77
Noncurrent assets plus							
other real estate owned to assets (%).....	1.02	1.14	1.09	1.20	1.38	2.10	3.07
Net charge-offs to loans (%).....	0.29	0.31	0.32	0.34	0.51	0.65	0.59
Asset growth rate (%).....	-1.29	1.03	0.25	1.70	0.77	-2.85	-7.44
Net interest margin (%).....	3.24	3.21	3.22	3.09	3.34	3.48	3.40
Net operating income growth (%).....	30.26	-21.33	-13.98	13.81	22.24	21.21	574.61
Number of institutions.....	1,812	1,962	1,924	2,030	2,152	2,262	2,390
Percentage of unprofitable institutions.....	3.75	18.65	11.95	5.86	6.97	5.88	7.57
Number of problem institutions.....	27	36	35	49	71	146	276
Assets of problem institutions (in billions).....	\$2	\$8	\$7	\$14	\$39	\$92	\$183
Number of failed/assisted institutions.....	0	1	1	2	4	8	81

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

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

<i>(dollar figures in millions)</i>		Preliminary				
	3rd Quarter	2nd Quarter	3rd Quarter	%Change		
	1997	1997	1996	96:3-97:3		
Number of institutions reporting.....	1,812	1,852	1,962	-7.6		
Total employees (full-time equivalent).....	245,040	247,944	255,226	-4.0		
<b>CONDITION DATA</b>						
Total assets.....	\$1,021,885	\$1,028,719	\$1,035,271	-1.3		
Loans secured by real estate.....	631,512	629,367	637,080	-0.9		
1-4 Family residential.....	505,753	503,141	501,489	0.9		
Multifamily residential property.....	58,480	58,236	59,451	-1.6		
Commercial real estate.....	47,702	48,911	50,431	-5.4		
Construction, development and land.....	19,576	19,078	25,710	-23.9		
Commercial & industrial loans.....	16,034	15,300	14,512	10.5		
Loans to individuals.....	48,934	46,781	45,146	8.4		
Other loans & leases.....	3,021	2,418	2,214	36.4		
Less: Unearned income & contra accounts***.....	227	238	11,137	N/M		
Total loans & leases.....	699,274	693,628	687,815	1.7		
Less: Reserve for losses.....	6,939	6,849	7,353	-5.6		
Net loans & leases.....	692,334	686,779	680,462	1.7		
Securities.....	247,413	258,151	272,304	-9.1		
Other real estate owned.....	2,205	2,242	2,608	-15.5		
Goodwill and other intangibles.....	10,381	10,433	8,122	27.8		
All other assets.....	69,552	71,115	71,773	-3.1		
Total liabilities and capital.....	1,021,885	1,028,719	1,035,271	-1.3		
Deposits.....	706,430	718,752	730,145	-3.2		
Other borrowed funds.....	210,482	207,383	203,728	3.3		
Subordinated debt.....	2,931	2,474	2,443	20.0		
All other liabilities.....	13,835	12,332	13,933	-0.7		
Equity capital.....	88,207	87,778	85,021	3.7		
Loans and leases 30-89 days past due.....	7,869	7,918	8,969	-12.3		
Noncurrent loans and leases.....	8,218	8,235	9,158	-10.3		
Restructured loans and leases.....	3,573	3,998	4,869	-26.6		
Direct and indirect investments in real estate.....	580	578	632	-8.3		
Mortgage-backed securities.....	182,244	190,659	202,033	-9.8		
Earning assets.....	957,552	964,423	971,412	-1.4		
FHLB Advances (TFR filers only).....	106,760	105,665	98,805	8.1		
Unused loan commitments.....	110,520	108,401	97,281	13.6		
		Preliminary	Preliminary			
	First Three	First Three	3rd Quarter	3rd Quarter		
	Qtrs 1997	Qtrs 1996	1997	1996		
		%Change	%Change			
			96:3-97:3			
<b>INCOME DATA</b>						
Total interest income.....	\$53,981	\$54,787	-1.5	\$18,551	\$18,608	-0.3
Total interest expense.....	31,425	31,975	-1.7	10,954	10,865	0.8
Net interest income.....	22,556	22,812	-1.1	7,597	7,742	-1.9
Provision for loan losses.....	1,805	1,709	5.6	637	642	-0.8
Total noninterest income.....	5,409	5,673	-4.7	1,905	1,844	3.3
Total noninterest expense.....	16,541	20,194	-18.1	5,883	9,115	-35.5
Securities gains (losses).....	718	688	4.4	162	164	-1.2
Applicable income taxes.....	3,696	2,057	79.7	1,138	(222)	N/M
Extraordinary gains, net .....	(3)	(247)	N/M	(3)	(249)	N/M
Net income.....	6,639	4,965	33.7	2,004	(34)	N/M
Net charge-offs.....	1,441	1,540	-6.4	508	514	-1.1
Cash dividends.....	3,336	4,165	-19.9	1,073	1,529	-29.8
Net operating income.....	6,116	4,695	30.3	1,883	84	2148.7

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

N/M - Not Meaningful

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

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

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

<b>FIRST THREE QUARTERS Preliminary</b> <i>(The way it is . . .)</i>	All Institutions	Asset Size Distribution				Geographic Distribution by Region					
		Less than \$100 Million	\$100 Million to \$1 Billion	\$1 Billion to \$5 Billion	Greater than \$5 Billion	East			West		
						North- east	South- east	Central	Mid- west	South- west	West
Number of institutions reporting.....	1,812	788	868	121	35	693	263	465	136	123	132
Total assets (in billions).....	\$1,021.9	\$41.0	\$255.5	\$246.8	\$478.7	\$343.4	\$65.1	\$172.5	\$34.5	\$64.7	\$341.7
Total deposits (in billions).....	706.4	33.6	200.2	170.2	302.4	258.9	49.2	123.7	25.1	39.8	209.8
Net income (in millions).....	6,638.5	241.3	1,804.2	1,833.6	2,759.5	2,499.2	435.3	1,214.9	255.2	414.3	1,819.6
% of unprofitable institutions.....	3.8	6.5	1.4	3.3	2.9	2.3	6.5	2.6	2.2	8.1	7.6
% of institutions with earnings gains.....	89.9	88.1	92.1	88.4	82.9	85.4	89.0	95.5	96.3	89.4	89.4
<b>Performance Ratios (annualized, %)</b>											
Yield on earning assets.....	7.76	7.84	7.87	8.01	7.57	7.73	8.18	7.66	7.80	8.10	7.70
Cost of funding earning assets.....	4.52	4.27	4.35	4.53	4.62	4.18	4.53	4.59	4.77	4.87	4.73
Net interest margin.....	3.24	3.57	3.52	3.48	2.94	3.55	3.66	3.07	3.03	3.23	2.97
Noninterest income to earning assets.....	0.78	0.83	0.62	1.04	0.73	0.63	1.49	0.93	0.71	1.10	0.66
Noninterest expense to earning assets.....	2.38	3.09	2.52	2.63	2.11	2.38	3.44	2.36	2.10	2.51	2.19
Efficiency ratio.....	57.32	69.81	60.07	56.67	54.72	55.07	65.64	56.28	55.06	56.86	58.65
Net operating income to assets.....	0.82	0.72	0.90	0.92	0.75	0.93	0.73	0.85	0.92	0.99	0.69
Return on assets.....	0.90	0.80	0.97	1.02	0.80	1.00	0.92	0.97	1.02	0.88	0.74
Return on equity.....	10.56	6.89	9.56	11.96	10.98	10.75	9.50	10.77	11.02	10.72	10.38
Net charge-offs to loans and leases.....	0.29	0.10	0.14	0.42	0.32	0.28	0.46	0.23	0.06	0.38	0.30
Loan loss provision to net charge-offs.....	125.23	136.92	151.56	129.79	116.00	132.36	120.39	118.55	279.53	152.75	115.00
<b>Condition Ratios (%)</b>											
Loss allowance to:											
Loans and leases.....	0.99	0.74	0.89	1.18	0.98	1.11	1.04	0.75	0.71	0.96	1.04
Noncurrent loans and leases.....	84.44	68.45	87.81	65.25	100.79	64.44	114.83	100.50	110.41	91.82	99.09
Noncurrent assets plus other real estate owned to assets.....	1.02	0.89	0.88	1.44	0.89	1.24	0.92	0.65	0.61	1.03	1.04
Noncurrent RE loans to RE loans.....	1.19	1.04	1.00	1.91	0.99	1.80	0.81	0.69	0.58	1.15	1.07
Equity capital ratio.....	8.63	11.93	10.31	8.69	7.43	9.47	9.92	9.28	9.27	8.41	7.19
Core capital (leverage) ratio.....	7.91	11.60	9.80	8.05	6.51	8.68	9.35	8.29	8.90	7.97	6.57
Gross real estate assets to gross assets....	79.35	71.70	74.55	75.94	84.32	74.04	72.15	79.41	77.06	74.27	87.21
Gross 1-4 family mortgages to gr. assets...	49.15	52.33	48.04	39.90	54.24	43.06	46.06	54.53	54.03	36.90	54.96
Net loans and leases to deposits.....	98.00	83.08	86.03	91.79	111.09	81.13	90.39	99.49	98.82	103.70	118.56
<b>PRIOR FIRST THREE QUARTERS*</b> <i>(The way it was . . .)</i>											
Number of institutions.....1996	1,962	862	939	124	37	736	294	504	149	130	149
.....1994	2,181	1,011	1,003	137	30	799	345	552	160	142	183
.....1992	2,443	1,129	1,123	161	30	867	427	601	183	157	208
Total assets (in billions).....1996	\$1,035.3	\$44.9	\$276.4	\$253.8	\$460.1	\$348.9	\$68.0	\$174.4	\$52.1	\$77.9	\$314.0
.....1994	1,006.2	51.3	290.8	297.0	367.1	335.0	82.4	153.2	52.4	56.9	326.3
.....1992	1,048.5	56.5	326.6	331.0	334.4	357.1	111.4	151.2	49.2	61.3	318.3
Return on assets (%).....1996	0.66	0.31	0.57	0.73	0.70	0.79	0.45	0.57	0.53	1.76	0.34
.....1994	0.67	0.82	0.84	0.80	0.40	0.92	0.89	0.77	0.57	0.96	0.26
.....1992	0.64	0.85	0.79	0.56	0.53	0.49	0.78	0.88	0.98	1.52	0.42
Net charge-offs to loans & leases (%)											
.....1996	0.31	0.10	0.17	0.31	0.42	0.30	0.35	0.14	0.14	0.32	0.44
.....1994	0.53	0.11	0.21	0.50	0.85	0.49	0.18	0.11	0.09	0.31	0.89
.....1992	0.56	0.22	0.36	0.64	0.73	0.86	0.38	0.20	0.19	0.28	0.56
Noncurrent assets plus OREO to assets (%)**.....1996	1.14	0.99	0.95	1.34	1.16	1.30	1.29	0.64	0.66	1.08	1.31
.....1994	1.57	1.17	1.35	1.67	1.73	2.06	1.10	0.56	0.62	1.44	1.85
.....1992	3.33	1.90	2.60	3.48	4.14	4.21	2.71	1.12	1.29	4.37	3.73
Equity capital ratio (%).....1996	8.21	10.98	9.75	8.13	7.07	8.96	9.26	8.70	8.33	7.95	6.93
.....1994	8.04	9.82	8.97	8.12	7.00	8.46	8.47	8.71	7.86	7.43	7.33
.....1992	6.99	8.32	7.45	6.81	6.49	6.98	7.24	7.66	6.77	6.16	6.79

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

\*\*Beginning with June 1996, TFR filers report noncurrent loans net of specific reserves. Accordingly, specific reserves have been subtracted from loan-loss reserves, beginning with June 1996, to make the ratio more closely comparable to prior periods.

TABLE IV-B. Third Quarter 1997, FDIC-Insured Savings Institutions

THIRD QUARTER Preliminary (The way it is . . . )	All Institutions	Asset Size Distribution				Geographic Distribution by Region					
		Less than \$100 Million	\$100 Million to \$1 Billion	\$1 Billion to \$5 Billion	Greater than \$5 Billion	East			West		
						North- east	South- east	Central	Mid- west	South- west	West
Number of institutions reporting.....	1,812	788	868	121	35	693	263	465	136	123	132
Total assets (in billions).....	\$1,021.9	\$41.0	\$255.5	\$246.8	\$478.7	\$343.4	\$65.1	\$172.5	\$34.5	\$64.7	\$341.7
Total deposits (in billions).....	706.4	33.6	200.2	170.2	302.4	258.9	49.2	123.7	25.1	39.8	209.8
Net income (in millions).....	2,004.2	86.3	607.0	523.6	787.4	859.0	151.6	383.5	88.4	67.1	454.6
% of unprofitable institutions.....	4.7	7.2	2.4	4.1	5.7	2.7	9.1	3.2	2.2	10.6	8.3
% of institutions with earnings gains.....	90.0	88.7	91.5	87.6	88.6	84.0	89.7	96.1	96.3	91.1	92.4
<b>Performance Ratios (annualized, %)</b>											
Yield on earning assets.....	7.80	7.89	7.93	7.99	7.63	7.74	8.07	7.88	7.85	8.19	7.69
Cost of funding earning assets.....	4.61	4.33	4.42	4.60	4.74	4.26	4.59	4.77	4.82	4.96	4.79
Net interest margin.....	3.20	3.57	3.51	3.39	2.90	3.48	3.48	3.11	3.02	3.23	2.90
Noninterest income to earning assets.....	0.80	1.05	0.64	1.15	0.69	0.75	1.72	0.99	0.73	1.16	0.53
Noninterest expense to earning assets.....	2.47	3.19	2.53	2.73	2.26	2.37	3.50	2.53	2.15	2.66	2.36
Efficiency ratio.....	60.06	68.85	60.31	58.31	60.07	54.22	66.26	58.82	57.08	59.26	66.88
Net operating income to assets.....	0.74	0.77	0.90	0.84	0.61	0.95	0.71	0.80	0.91	0.83	0.47
Return on assets.....	0.79	0.85	0.96	0.86	0.66	1.01	0.94	0.90	1.04	0.41	0.54
Return on equity.....	9.20	7.19	9.36	9.90	8.93	10.73	9.57	9.66	11.20	4.97	7.47
Net charge-offs to loans and leases.....	0.29	0.10	0.17	0.32	0.36	0.21	0.42	0.26	0.09	0.35	0.37
Loan loss provision to net charge-offs.....	125.32	162.12	127.16	191.51	96.21	191.20	145.51	107.81	168.19	206.49	83.06
<b>PRIOR THIRD QUARTERS*</b>											
<b>(The way it was . . . )</b>											
Return on assets (%).....1996	-0.01	-0.51	0.00	0.29	-0.14	0.49	-0.40	-0.26	-0.21	0.32	-0.41
.....1994	0.76	0.79	0.84	0.91	0.56	1.01	0.87	0.88	0.87	0.71	0.40
.....1992	0.60	0.93	0.86	0.33	0.56	0.43	0.78	0.91	1.03	1.78	0.29
Net charge-offs to loans & leases (%)											
.....1996	0.30	0.09	0.16	0.33	0.40	0.28	0.36	0.16	0.13	0.31	0.41
.....1994	0.51	0.10	0.22	0.46	0.82	0.56	0.11	0.12	0.10	0.40	0.79
.....1992	0.56	0.19	0.33	0.67	0.74	0.89	0.32	0.14	0.17	0.23	0.58

\*Data between 1992 and 1994 does not include Resolution Trust Corporation conservatorships. Excludes one self-liquidating institution.

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

September 30, 1997	All Institutions	Asset Size Distribution				Geographic Distribution by Region					
		Less than \$100 Million	\$100 Million to \$1 Billion	\$1 Billion to \$5 Billion	Greater than \$5 Billion	East			West		
						North- east	South- east	Central	Mid- west	South- west	West
<b>Percent of Loans 30-89 Days Past Due</b>											
All loans secured by real estate.....	1.06	1.84	1.18	1.00	0.95	1.12	1.18	0.98	1.31	1.47	0.94
Construction, development and land.....	1.52	2.00	1.66	1.40	1.31	1.21	1.59	1.90	2.58	1.47	1.10
Commercial real estate.....	0.80	1.60	0.94	0.85	0.48	0.91	0.87	0.84	1.15	0.82	0.53
Multifamily residential real estate.....	0.41	1.17	0.60	0.38	0.34	0.58	0.85	0.42	1.07	0.39	0.31
Home equity loans.....	0.69	0.73	0.97	0.71	0.45	0.93	0.34	0.66	0.56	0.26	0.41
Other 1-4 Family residential.....	1.15	1.92	1.24	1.13	1.06	1.21	1.22	1.01	1.29	1.66	1.09
Commercial and industrial loans.....	1.26	2.09	1.61	1.13	0.89	1.15	1.75	1.68	2.15	0.92	1.07
Loans to individuals.....	2.03	2.38	1.89	2.35	1.83	2.03	2.96	2.34	1.89	1.24	1.87
Credit card loans.....	2.21	0.91	3.60	3.02	1.67	1.97	4.12	2.89	2.51	0.83	3.08
Other loans to individuals.....	1.98	2.43	1.72	2.18	1.92	2.04	2.39	2.17	1.87	1.62	1.70
<b>Percent of Loans Noncurrent*</b>											
All real estate loans.....	1.19	1.04	1.00	1.91	0.99	1.80	0.81	0.69	0.58	1.15	1.07
Construction, development and land.....	1.14	1.66	1.35	1.09	0.77	1.71	1.05	1.39	0.96	0.43	1.01
Commercial real estate.....	1.89	1.41	1.35	2.93	1.53	2.61	0.75	0.87	0.88	1.97	1.60
Multifamily residential real estate.....	1.06	1.25	1.03	2.05	0.52	2.20	1.23	0.72	1.02	3.46	0.54
Home equity loans.....	0.34	0.27	0.42	0.36	0.27	0.46	0.15	0.28	0.24	0.15	0.29
Other 1-4 Family residential.....	1.17	0.98	0.96	1.84	1.04	1.72	0.81	0.66	0.52	0.95	1.15
Commercial and industrial loans.....	1.33	1.86	1.57	1.38	0.90	1.56	1.39	1.22	1.87	1.27	0.78
Loans to individuals.....	0.95	1.21	0.96	1.28	0.67	0.89	1.54	1.40	0.97	0.62	0.47
Credit card loans.....	1.56	0.64	2.67	2.25	1.12	1.68	2.73	2.22	0.93	0.60	1.34
Other loans to individuals.....	0.76	1.23	0.79	1.02	0.42	0.72	0.95	1.14	0.97	0.64	0.34
<b>Percent of Loans Charged-off (net, annualized)</b>											
All real estate loans.....	0.15	0.06	0.07	0.14	0.22	0.15	0.04	0.03	-0.02	0.09	0.26
Construction, development and land.....	0.06	0.22	0.10	0.04	0.00	0.13	-0.01	0.07	0.12	0.03	0.07
Commercial real estate.....	0.13	0.11	0.12	0.06	0.20	0.12	0.11	0.04	0.05	0.14	0.19
Multifamily residential real estate.....	0.20	0.14	0.14	0.27	0.19	0.11	0.04	0.05	0.20	0.06	0.29
Home equity loans.....	0.19	0.08	0.11	0.25	0.23	0.16	0.09	0.09	0.28	0.19	0.43
Other 1-4 Family residential.....	0.15	0.04	0.05	0.12	0.23	0.16	0.03	0.03	-0.06	0.09	0.26
Commercial and industrial loans.....	0.32	0.67	0.48	0.35	0.10	0.32	0.76	0.35	0.49	0.47	0.04
Loans to individuals.....	2.06	0.53	1.10	2.95	2.01	1.83	3.41	2.69	0.78	1.59	1.62
Credit card loans.....	5.38	1.46	6.26	8.92	4.01	4.76	7.93	10.87	4.40	2.01	5.17
Other loans to individuals.....	0.99	0.50	0.53	1.68	0.68	1.15	1.04	0.60	0.65	1.17	1.11
<b>Loans Outstanding (in billions)</b>											
All real estate loans.....	\$631.5	\$25.7	\$158.3	\$135.1	\$312.5	\$187.4	\$38.3	\$111.8	\$22.1	\$32.5	\$239.4
Construction, development and land.....	19.6	1.2	8.2	4.4	5.8	4.0	3.4	4.3	1.0	3.4	3.5
Commercial real estate.....	47.6	2.1	16.5	14.7	14.3	21.2	3.7	5.8	1.6	3.0	12.3
Multifamily residential real estate.....	58.5	0.8	10.0	16.7	30.9	13.3	1.0	7.2	0.8	2.0	34.3
Home equity loans.....	17.5	0.6	5.2	4.9	6.8	7.1	1.4	4.6	0.5	0.3	3.5
Other 1-4 Family residential.....	488.3	21.0	118.3	94.3	254.7	141.8	28.8	90.0	18.3	23.7	185.7
Commercial and industrial loans.....	16.0	0.6	4.3	5.9	5.2	7.6	1.2	2.0	0.5	1.3	3.3
Loans to individuals.....	48.9	1.8	10.9	15.6	20.6	15.9	5.3	9.6	2.2	7.8	8.2
Credit card loans.....	11.6	0.1	1.0	3.3	7.3	2.8	1.7	2.3	0.1	3.7	1.0
Other loans to individuals.....	37.3	1.8	9.9	12.3	13.3	13.1	3.5	7.3	2.2	4.1	7.1
<b>Memoranda:</b>											
<b>Other Real Estate Owned (in millions)**</b>											
All other real estate owned.....	\$2,205.4	\$60.8	\$484.7	\$692.2	\$967.7	\$604.6	\$189.5	\$196.5	\$51.8	\$228.8	\$934.2
Construction, development and land.....	270.2	9.1	83.8	49.1	128.3	65.6	122.8	12.2	10.7	12.4	46.6
Commercial real estate.....	399.2	11.5	107.5	195.7	84.5	172.7	25.0	55.9	16.2	49.7	79.7
Multifamily residential real estate.....	363.4	3.3	43.5	193.0	123.6	70.1	4.9	13.6	2.2	105.9	166.6
1-4 Family residential.....	1,224.7	38.1	261.7	267.5	657.3	309.1	52.4	118.0	25.2	64.0	656.0
<b>Troubled Real Estate Asset Rates*** (% of total RE assets)</b>											
All real estate loans.....	1.54	1.28	1.31	2.41	1.29	2.12	1.30	0.86	0.81	1.84	1.45
Construction, development and land.....	2.48	2.40	2.35	2.18	2.92	3.29	4.47	1.67	2.04	0.80	2.30
Commercial real estate.....	2.72	1.96	1.99	4.24	2.11	3.41	1.41	1.82	1.87	3.64	2.23
Multifamily residential real estate.....	1.67	1.65	1.46	3.17	0.92	2.72	1.74	0.91	1.29	8.33	1.02
1-4 Family residential.....	1.38	1.14	1.14	2.03	1.27	1.86	0.95	0.77	0.65	1.20	1.47

\*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 Rises To 1.38 Percent As Fund Nears \$28 Billion**
- **With A Decline In SAIF-Insured Deposits, SAIF Reserve Ratio Increases To 1.35 Percent**
- **No Insured Institutions Fail, Marking The Fourth Consecutive Quarter**

The 11,027 depository institutions insured by the FDIC grew at a slower pace during the third quarter than in the second quarter of 1997. Total assets increased \$91 billion (1.6 percent) during the third quarter, down from growth of \$136 billion (2.3 percent) in the second quarter. Asset growth occurred primarily at members of the Bank Insurance Fund (BIF), whose assets increased \$92 billion, while the total assets of members of the Savings Association Insurance Fund (SAIF) declined \$1 billion. These figures reflect \$15 billion of former SAIF-member assets that were merged into BIF members during the third quarter.

Since year-end 1992, insured institutions' total loans have increased 34 percent, but this growth was funded increasingly by nondeposit liabilities and, to a lesser extent, equity. The ratio of deposits to liabilities declined steadily from 84 percent at the end of 1992 to 74.5 percent on September 30. The ratio of insured deposits to liabilities fell at an even faster rate during this period, from 63.0 percent to 50.3 percent.

The BIF grew to \$27.967 billion (unaudited) as of September 30, an increase of \$578 million (2.1 percent) since June 30. Most of the increase was attributable to investment income, but with insurance losses expected to remain low for the near-term, a reduction in the reserve for anticipated failures also contributed to fund growth. BIF-insured deposits increased just \$5.3 billion (0.3 percent) during the third quarter, and, as a result, the ratio of the fund balance to insured deposits rose to 1.38 percent from 1.35 percent on June 30. The fund exceeds the statutorily mandated reserve ratio of 1.25 percent by \$2.6 billion.

The SAIF reserve ratio also increased by 3 basis points during the third quarter, rising to 1.35 percent from 1.32

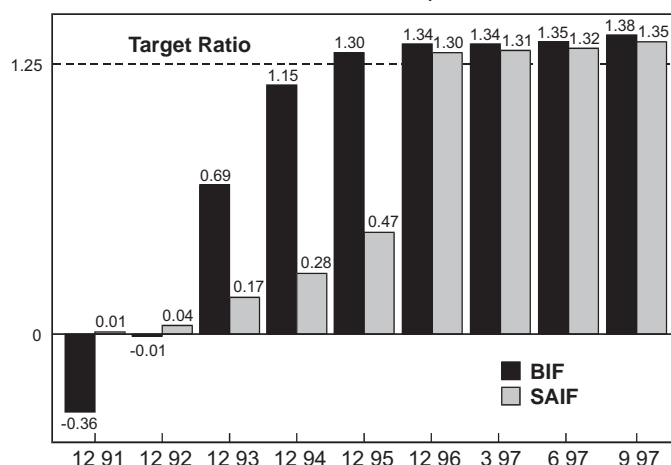
percent on June 30. The fund balance grew by a modest \$119 million (1.3 percent) during the quarter, reaching \$9.253 billion (unaudited) on September 30. SAIF-insured deposits, however, fell by \$6 billion (0.9 percent), resulting in the increase in the reserve ratio. The SAIF exceeds the designated reserve ratio of 1.25 percent by \$700 million.

No insured institutions failed during the third quarter, extending to more than one year the interval since the most recent failures.

**Oakars and Sassers.** Oakar deposits are those acquired by a member of one insurance fund from a member of the other fund. These deposits remain insured by the seller's fund. Sasser institutions are former savings and loan associations that convert to a commercial or savings bank charter. By remaining members of the SAIF, they avoid costly exit and entrance fees. On September 30, 783 BIF members held \$236 billion in SAIF-assessable deposits, or 32.9 percent of the SAIF assessment base. On this date, there were 341 Sasser institutions with \$70 billion in SAIF-assessable deposits, or 9.8 percent of the SAIF assessment base. Their numbers included 241 savings banks and 100 commercial banks. Although these commercial banks represented approximately 30 percent of all Sassers, most recent Sasser conversions have opted for commercial bank charters. Of the nine Sasser conversions in the third quarter, seven became commercial banks.

**FICO bonds.** All insured institutions are required to pay quarterly amounts to the Financing Corporation (FICO) to cover the FICO's annual bond interest of \$793 million. For the first half of 1998, annualized FICO assessment rates are expected to be 6.28 basis points for SAIF-assessable deposits and 1.26 basis points for BIF-assessable deposits.

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



\* insurance fund balance as a percent of total insured deposits.

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

	BIF Fund Balance	BIF-Insured Deposits	SAIF Fund Balance	SAIF-Insured Deposits
12 91	-7 028	1 957 722	101	776 351
12 92	-101	1 945 550	279	732 159
12 93	13 122	1 905 245	1 157	697 885
12 94	21 848	1 895 258	1 937	693 610
12 95	25 454	1 951 963	3 358	711 897
12 96	26 854	2 008 234	8 888	682 284
3 97	27 042	2 024 439	9 010	688 229
6 97	27 389	2 022 745	9 134	690 220
9 97	27 967	2 028 024	9 253	684 262

\* insured deposit amounts are estimates. 1997 fund balances are unaudited.



**Estimated FDIC-Insured Deposits by Fund Membership and Type of Institution**  
**September 30, 1997\***

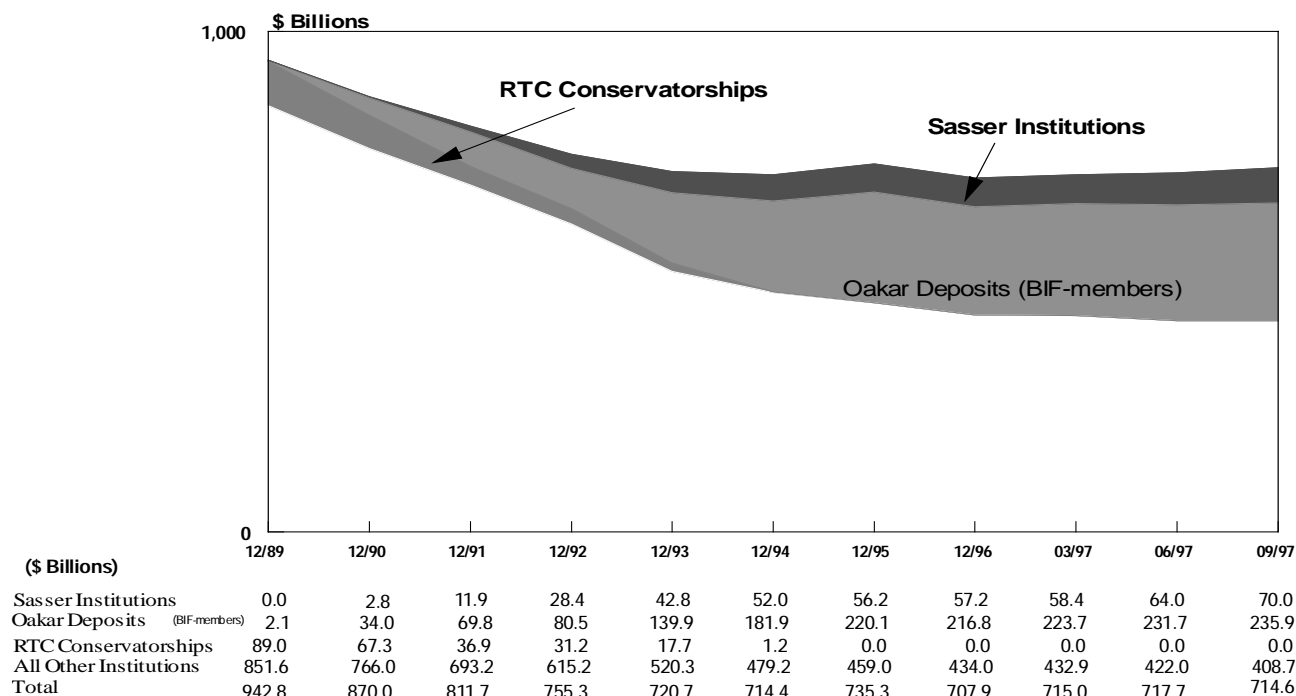
(dollar figures in millions)	Number of Institutions	Total Assets	Domestic Deposits**	Estimated Insured Deposits		
				BIF	SAIF	Total
<b>Private-Sector Commercial and Savings Institutions</b>						
FDIC-Insured Commercial Banks.....	9,215	4,869,450	2,797,879	1,847,823	203,743	2,051,566
BIF-member.....	9,115	4,814,904	2,757,998	1,835,924	182,328	2,018,253
SAIF-member.....	100	54,547	39,881	11,899	21,415	33,313
FDIC-Insured Savings Institutions.....	1,812	1,021,885	706,430	178,642	480,519	659,162
OTS-Supervised Savings Institutions.....	1,237	763,818	510,520	52,768	423,979	476,747
BIF-member.....	32	126,951	83,605	40,048	38,713	78,761
SAIF-member*.....	1,205	636,868	426,914	12,721	385,266	397,986
FDIC-Supervised State Savings Banks.....	575	258,067	195,910	125,874	56,541	182,414
BIF-member.....	334	196,148	149,859	124,785	13,990	138,775
SAIF-member.....	241	61,919	46,051	1,089	42,551	43,639
<b>Total Private-Sector Commercial and Savings Institutions.....</b>	11,027	5,891,335	3,504,308	2,026,465	684,262	2,710,728
BIF-member.....	9,481	5,138,003	2,991,463	2,000,757	235,032	2,235,789
SAIF-member.....	1,546	753,333	512,846	25,708	449,231	474,939
<b>Other FDIC-Insured Institutions</b>						
U.S. Branches of Foreign Banks .....	30	7,769	3,051	1,559	0	1,559
<b>Total FDIC-Insured Institutions.....</b>	11,057	5,899,105	3,507,359	2,028,024	684,262	2,712,287

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

\*\*Excludes \$507 billion in foreign office deposits, which are uninsured.

**SAIF Assessment Base**

December 31, 1989 - September 30, 1997



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

<i>(dollar figures in millions)</i>	1997**	1996**	1996	1995	1994	1993
Number of institutions reporting.....	11,027	11,548	11,452	11,970	12,603	13,220
Total assets.....	\$5,891,335	\$5,493,750	\$5,606,582	\$5,338,421	\$5,019,085	\$4,707,056
Total deposits.....	4,011,357	3,826,223	3,925,066	3,769,481	3,611,619	3,528,486
Number of problem institutions.....	98	125	117	193	318	572
Assets of problem institutions (in billions).....	\$7	\$15	\$12	\$31	\$73	\$334
Number of failed/assisted institutions.....	0	6	6	8	15	50
Assets of failed/assisted institutions (in billions).....	\$0.00	\$0.22	\$0.22	\$1.21	\$1.57	\$9.67

\*\*As of September 30.

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

<i>(dollar figures in millions)</i>	Preliminary 3rd Quarter 1997	2nd Quarter 1997	3rd Quarter 1996	% Change 96:3-97:3		
Number of institutions reporting.....	11,027	11,160	11,548	-4.5		
Total employees (full-time equivalent).....	1,769,036	1,761,819	1,734,794	2.0		
<b>CONDITION DATA</b>						
Total assets.....	\$5,891,335	\$5,800,017	\$5,493,750	7.2		
Loans secured by real estate.....	1,858,334	1,823,995	1,752,769	6.0		
1-4 Family residential.....	1,213,929	1,193,557	1,141,691	6.3		
Home equity loans.....	113,526	109,472	100,369	13.1		
Multifamily residential property.....	98,388	97,957	97,307	1.1		
Commercial real estate.....	383,677	376,013	362,014	6.0		
Construction, development and land.....	105,684	101,547	99,880	5.8		
Other real estate loans.....	56,657	54,921	51,877	9.2		
Commercial & industrial loans.....	781,245	770,515	713,245	9.5		
Loans to individuals.....	603,525	604,521	594,131	1.6		
Credit cards & related plans.....	232,034	236,634	227,726	1.9		
Other loans & leases.....	364,765	366,550	382,411	-4.6		
Less: Unearned income & contra accounts.....	4,977	5,382	16,719	-70.2		
Total loans & leases.....	3,602,893	3,560,198	3,425,837	5.2		
Less: Reserve for losses.....	61,857	61,386	61,040	1.3		
Net loans & leases.....	3,541,036	3,498,812	3,364,797	5.2		
Securities .....	1,082,933	1,078,613	1,071,779	1.0		
Other real estate owned.....	6,342	6,622	7,643	-17.0		
Goodwill and other intangibles.....	69,252	67,172	51,665	34.0		
All other assets.....	1,191,772	1,148,798	997,867	19.4		
Total liabilities and capital.....	5,891,335	5,800,017	5,493,750	7.2		
Deposits.....	4,011,357	3,998,476	3,826,223	4.8		
Other borrowed funds.....	1,032,734	995,946	927,034	11.4		
Subordinated debt.....	58,027	56,759	50,945	13.9		
All other liabilities.....	285,586	258,228	234,130	22.0		
Equity capital.....	503,632	490,609	455,418	10.6		
Loans and leases 30-89 days past due.....	43,257	43,073	43,724	-1.1		
Noncurrent loans and leases.....	36,941	36,839	39,557	-6.6		
Restructured loans and leases.....	6,297	7,393	8,876	-29.1		
Direct and indirect investments in real estate.....	1,234	1,213	1,195	3.3		
Mortgage-backed securities.....	542,491	536,377	529,541	2.4		
Earning assets.....	5,172,062	5,093,825	4,828,231	7.1		
Unused loan commitments.....	3,076,809	2,943,147	2,544,662	20.9		
<b>Including IBA's:***</b>						
Estimated BIF-insured deposits.....	2,028,024	2,022,745	1,981,623	2.3		
Assessment base.....	2,697,895	2,678,931	2,565,757	5.2		
BIF balance (unaudited figures).....	27,967	27,389	26,106	7.1		
BIF reserve ratio (%).....	1.38	1.35	1.32	4.7		
Estimated SAIF-insured deposits.....	684,262	690,220	687,745	-0.5		
Assessment base.....	714,623	717,659	711,768	0.4		
SAIF balance (unaudited figures).....	9,253	9,134	8,722	6.1		
SAIF reserve ratio (%).....	1.35	1.32	1.27	6.6		
Estimated FDIC-insured deposits, BIF and SAIF.....	2,712,286	2,712,965	2,669,368	1.6		
	Preliminary First Three Qtrs 1997	First Three Qtrs 1996	%Change	Preliminary 3rd Quarter 1997	3rd Quarter 1996	%Change 96:3-97:3
<b>INCOME DATA</b>						
Total interest income.....	\$304,896	\$286,463	6.4	\$104,574	\$97,488	7.3
Total interest expense.....	152,534	143,080	6.6	52,785	48,311	9.3
Net interest income.....	152,362	143,384	6.3	51,789	49,177	5.3
Provision for loan losses.....	16,074	13,470	19.3	5,596	4,594	21.8
Total noninterest income.....	82,690	74,414	11.1	29,272	24,791	18.1
Total noninterest expense.....	142,097	139,146	2.1	49,660	49,289	0.8
Securities gains (losses).....	1,693	1,409	20.1	419	333	25.6
Applicable income taxes.....	28,049	22,853	22.7	9,451	7,051	34.0
Extraordinary gains, net.....	41	(158)	N/M	7	(250)	N/M
Net income.....	50,566	43,579	16.0	16,780	13,118	27.9

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

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

N/M-Not meaningful

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

<i>(dollar figures in millions)</i>	1997**	1996**	1996	1995	1994	1993
Number of institutions reporting.....	9,481	9,884	9,822	10,242	10,759	11,291
Total assets.....	5,138,003	4,733,667	4,855,811	4,576,263	4,246,786	3,949,695
Total deposits.....	3,498,511	3,301,383	3,402,648	3,224,307	3,061,457	2,951,979
Number of problem institutions.....	73	93	86	151	264	472
Assets of problem institutions (in billions).....	\$4	\$8	\$7	\$20	\$42	\$269
Number of failed/assisted institutions.....	0	5	5	6	13	41
Assets of failed/assisted institutions (in billions).....	\$0.00	\$0.19	\$0.19	\$0.76	\$1.43	\$3.54

\*\*As of September 30.

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

(dollar figures in millions)		Preliminary			
		3rd Quarter 1997	2nd Quarter 1997	3rd Quarter 1996	% Change 96:3-97:3
Number of institutions reporting.....		9,481	9,583	9,884	-4.1
Commercial banks.....		9,115	9,212	9,502	-4.1
Savings institutions.....		366	371	382	-4.2
Total employees (full-time equivalent).....		1,577,668	1,569,319	1,538,480	2.5
CONDITION DATA					
Total assets.....		\$5,138,003	\$5,045,508	\$4,733,667	8.5
Loans secured by real estate, total.....		1,394,885	1,361,637	1,280,130	9.0
1-4 Family residential.....		838,354	819,697	766,513	9.4
Multifamily residential property.....		62,299	61,452	58,675	6.2
Commercial real estate.....		349,536	341,165	326,759	7.0
Construction, development and land.....		88,275	84,624	76,484	15.4
Commercial & industrial loans.....		768,089	758,054	702,110	9.4
Reserve for losses.....		56,945	56,590	55,885	1.9
Total deposits.....		3,498,511	3,478,421	3,301,383	6.0
Domestic deposits.....		2,991,463	2,974,515	2,850,398	4.9
Estimated insured deposits.....		2,235,789	2,227,130	2,176,015	2.7
BIF-insured deposits (estimated).....		2,000,757	1,995,998	1,958,861	2.1
SAIF-insured deposits (estimated).....		235,032	231,132	217,154	8.2
Noncurrent loans and leases.....		30,777	30,817	33,111	-7.0
Other real estate owned.....		4,582	4,855	5,717	-19.9
Equity capital.....		439,505	426,987	393,878	11.6
CAPITAL CATEGORY DISTRIBUTION					
Number of institutions:					
Well capitalized.....		9,284	9,399	9,723	-4.5
Adequately capitalized.....		184	170	149	23.5
Undercapitalized.....		7	6	8	-12.5
Significantly undercapitalized.....		3	6	3	0.0
Critically undercapitalized.....		3	2	1	200.0
Total assets:					
Well capitalized.....		\$5,103,420	\$5,014,443	\$4,711,117	8.3
Adequately capitalized.....		33,510	30,512	21,580	55.3
Undercapitalized.....		837	179	594	40.8
Significantly undercapitalized .....		151	350	339	-55.3
Critically undercapitalized.....		84	24	37	125.9
		Preliminary		Preliminary	
		First Three	First Three	3rd Quarter	3rd Quarter
		Qtrs 1997	Qtrs 1996	1997	1996
			%Change		%Change
					96:3-97:3
INCOME DATA					
Net interest income.....		\$135,889	\$126,728	\$46,250	\$43,546
Provision for loan losses.....		14,817	12,177	5,146	4,116
Net income.....		45,668	40,182	15,391	13,567
Net charge-offs.....		13,516	11,491	4,837	3,915
Number of institutions reporting net losses.....		375	362	405	414

\*Excludes insured branches of foreign banks.

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

<i>(dollar figures in millions)</i>	1997**	1996**	1996	1995	1994	1993
Number of institutions reporting.....	1,546	1,664	1,630	1,728	1,844	1,929
Total assets.....	753,333	760,083	750,770	762,157	772,299	757,362
Total deposits.....	512,846	524,840	522,419	545,174	550,162	576,507
Number of problem institutions.....	25	32	31	42	54	100
Assets of problem institutions (in billions).....	\$3	\$7	\$6	\$11	\$31	\$65
Number of failed/assisted institutions.....	0	1	1	2	2	9
Assets of failed/assisted institutions (in billions).....	\$0.00	\$0.03	\$0.03	\$0.46	\$0.14	\$6.00

\*\*As of September 30.

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

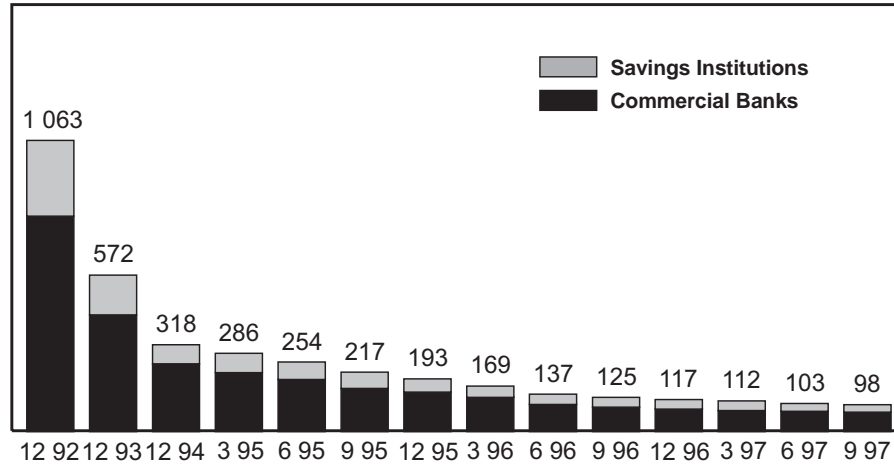
(dollar figures in millions)		Preliminary				
		3rd Quarter 1997	2nd Quarter 1997	3rd Quarter 1996	% Change 96:3-97:3	
Number of institutions reporting.....		1,546	1,577	1,664	-7.1	
Commercial banks.....		100	96	84	19.0	
Savings institutions.....		1,446	1,481	1,580	-8.5	
Total employees (full-time equivalent).....		191,368	192,500	196,314	-2.5	
CONDITION DATA						
Total assets.....		\$753,333	\$754,509	\$760,083	-0.9	
Loans secured by real estate, total.....		463,449	462,358	472,639	-1.9	
1-4 Family residential.....		375,575	373,860	375,178	0.1	
Multifamily residential property.....		36,089	36,504	38,631	-6.6	
Commercial real estate.....		34,141	34,848	35,255	-3.2	
Construction, development and land.....		17,409	16,923	23,396	-25.6	
Commercial & industrial loans.....		13,155	12,461	11,135	18.1	
Reserve for losses.....		4,911	4,797	5,155	-4.7	
Total deposits.....		512,846	520,054	524,840	-2.3	
Domestic deposits.....		512,846	519,763	524,771	-2.3	
Estimated insured deposits.....		474,939	484,260	491,913	-3.5	
BIF-insured deposits (estimated).....		25,708	25,172	21,322	20.6	
SAIF-insured deposits (estimated).....		449,231	459,088	470,591	-4.5	
Noncurrent loans and leases.....		6,164	6,022	6,446	-4.4	
Other real estate owned.....		1,760	1,766	1,926	-8.6	
Equity capital.....		64,126	63,622	61,540	4.2	
CAPITAL CATEGORY DISTRIBUTION						
Number of institutions:						
Well capitalized.....		1,515	1,549	1,597	-5.1	
Adequately capitalized.....		28	24	63	-55.6	
Undercapitalized.....		3	2	3	0.0	
Significantly undercapitalized.....		0	1	0	0.0	
Critically undercapitalized.....		0	1	1	0.0	
Total assets:						
Well capitalized.....		\$745,945	\$742,158	\$718,331	3.8	
Adequately capitalized.....		7,298	12,014	41,002	-82.2	
Undercapitalized.....		90	100	736	-87.8	
Significantly undercapitalized .....		0	27	0	0.0	
Critically undercapitalized.....		0	210	15	-100.0	
	Preliminary	First Three		Preliminary		
	First Three	Qtrs 1997	Qtrs 1996	3rd Quarter	3rd Quarter	
INCOME DATA			%Change	1997	1996	
					%Change	
					96:3-97:3	
Net interest income.....	\$16,473	\$16,655	-1.1	\$5,539	\$5,631	-1.6
Provision for loan losses.....	1,257	1,293	-2.8	449	478	-6.0
Net income.....	4,898	3,397	44.2	1,390	(449)	N/M
Net charge-offs.....	1,118	1,111	0.6	436	378	15.3
Number of institutions reporting net losses.....	59	369	-84.0	79	1,287	-93.9

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

N/M - Not meaningful

## Number of FDIC-Insured "Problem" Institutions

Number of Institutions

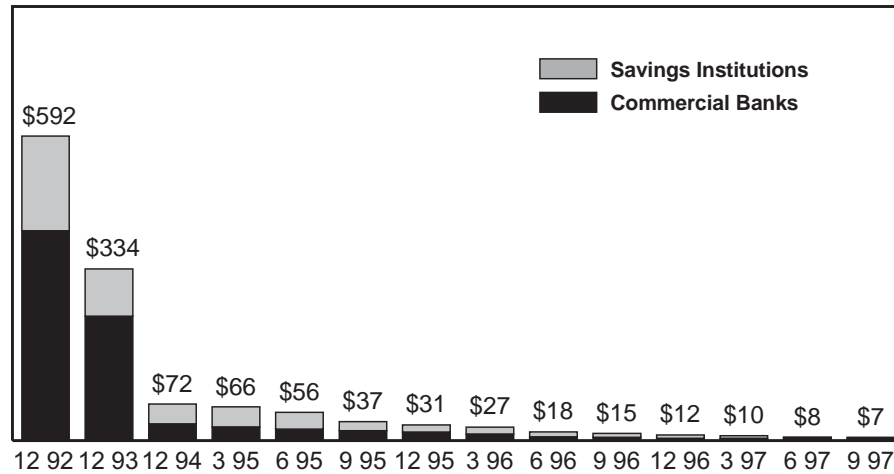


**Savings Institutions**  
**Commercial Banks**

276 146 71 71 64 59 49 42 38 36 35 35 29 27  
787 426 247 215 190 158 144 127 99 89 82 77 74 71

## Assets of FDIC-Insured "Problem" Institutions

\$ Billions



**Savings Institutions**  
**Commercial Banks**

184 92 39 39 33 17 14 13 10 8 7 5 3 2  
408 242 33 27 23 20 17 13 8 7 5 5 5 5