

# The FDIC Quarterly Banking Profile

Donna Tanoue, Chairman

Fourth Quarter 1998

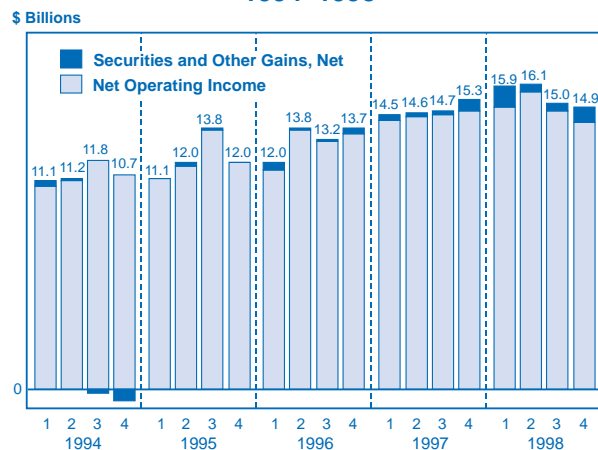
## COMMERCIAL BANK PERFORMANCE — FOURTH QUARTER, 1998

- *Quarterly Profits Fall Below \$15 Billion For First Time In 5 Quarters*
- *Merger-Related Expenses Outweigh Surge In Fee Income*
- *Savings Deposits Rise Sharply During Fourth Quarter*
- *Full-Year Earnings Surpass \$60 Billion For The First Time*
- *Net Interest Margins Decline To 7-Year Low In 1998*

Insured commercial banks earned \$14.9 billion in the fourth quarter of 1998, a decline of \$148 million (1.0 percent) from the third quarter, and \$379 million (2.5 percent) less than fourth-quarter 1997 earnings. This is the first time in five quarters that industry earnings have been below \$15 billion. Large expenses related to corporate restructurings were a major factor in the earnings decline. Total noninterest expense was \$7.5 billion (15.7 percent) higher than in the third quarter, and \$10.5 billion (23.6 percent) above the level of a year ago. The sharp rise in noninterest expenses eclipsed a strong increase in noninterest income. Total noninterest revenues rose by \$4.7 billion (15.9 percent) from third-quarter levels, and were \$7.2 billion (26.5 percent) higher than in the fourth quarter of 1997. Noninterest income provided 42 percent of commercial banks' net operating revenues in the fourth quarter. (Net operating revenues equals net interest income plus noninterest income.)

Gains from securities sales contributed \$1.1 billion to pre-tax earnings, the first time since 1992 that quarterly gains have exceeded \$1 billion. Fourth-quarter earnings also received a boost from lower loan-loss provisions. Provisions for loan losses totaled \$5.5 billion in the fourth quarter, a decline of \$1.1 billion (16.0 percent) from the third quarter, and only \$17 million higher than a year earlier. The industry's return on assets (ROA) averaged 1.11 percent in the fourth quarter, compared to 1.15 percent in the third quarter and 1.24 percent a year ago. More than half of all banks — 53.5 percent — had ROAs of 1 per-

### QUARTERLY NET INCOME, 1994–1998



cent or higher in the fourth quarter, but a majority of commercial banks — 54.6 percent — reported lower ROAs than in the fourth quarter of 1997.

For the full year, commercial bank earnings totaled \$61.9 billion, an increase of \$2.8 billion (4.7 percent) over 1997 results. This is the first year that the industry's earnings have surpassed \$60 billion. Noninterest income was \$19.2 billion higher in 1998, while net interest income was up by \$8.3 billion, and gains from securities sales were \$1.3 billion greater. Much of the positive effect of these improvements was offset by an increase of \$24.1 billion in noninterest expense, and a \$2.4-billion increase in loan-loss provisions. Loss provisions for international operations were \$739 million higher in 1998, as weaknesses in overseas markets also limited

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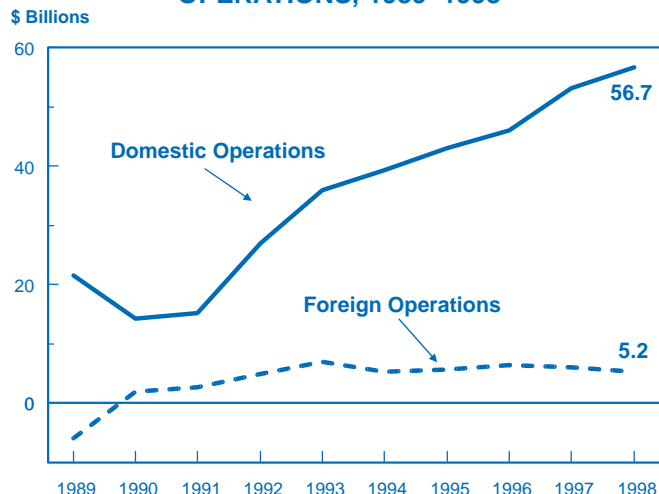
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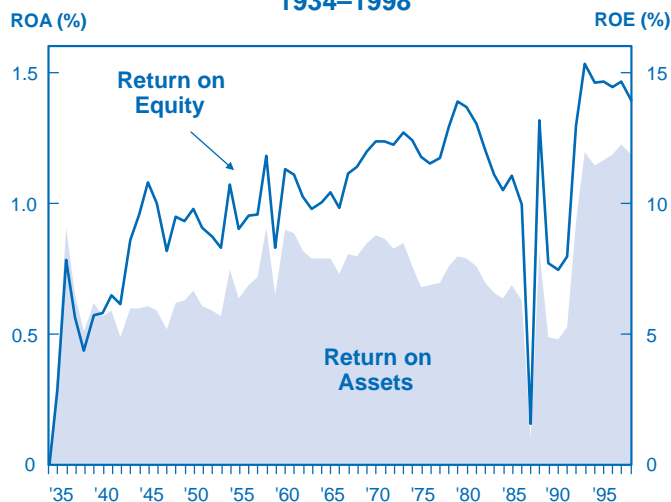
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## NET INCOME FROM DOMESTIC AND FOREIGN OPERATIONS, 1989–1998



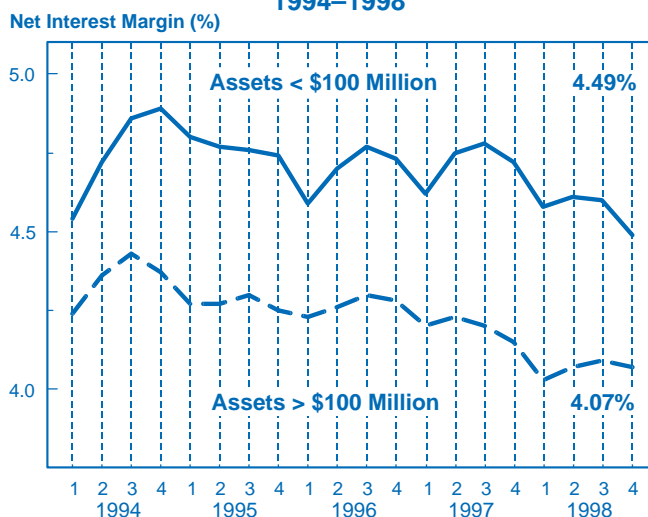
the improvement in bank earnings. Banks' earnings from international operations were \$875 million (14.4 percent) lower than in 1997, the second consecutive year that international earnings have declined. The industry's ROA fell to 1.19 percent in 1998, from 1.23 percent in 1997, but remained above 1 percent for the sixth consecutive year. Almost two-thirds of all commercial banks — 63.2 percent — had full-year ROAs of 1 percent or higher in 1998. The percentage of banks reporting full-year losses rose for the third consecutive year. In 1998, 5.8 percent of commercial banks reported net losses, compared to 4.9 percent in 1997. This is the highest proportion of unprofitable banks since 1992, when 6.9 percent lost money. Full-year industry earnings include \$384 million in net income reported by 9 commercial banks that are directly owned by other commercial banks. The owners of these banks report income on a consolidated basis, causing this income to be double-counted. Approximately \$153 million was double-counted in fourth-quarter earnings (see *Notes to Users*, p. 21).

## RETURN ON ASSETS (ROA) AND EQUITY (ROE), 1934–1998



Net interest margins declined in the fourth quarter, after registering modest gains in the previous two quarters. Average asset yields fell by 26 basis points, while average funding costs declined by 22 basis points. The fourth-quarter net interest margin of 4.09 percent was slightly higher than the 4.06 percent banks registered in the first quarter, but otherwise it was the industry's lowest quarterly margin since the second quarter of 1991. For all of 1998, commercial bank net interest margins declined by 14 basis points, to 4.07 percent from 4.21 percent in 1997. This is the sixth consecutive year that the industry's net interest margin has declined, and the sharpest year-to-year decline since 1974-75, when it fell by 30 basis points.

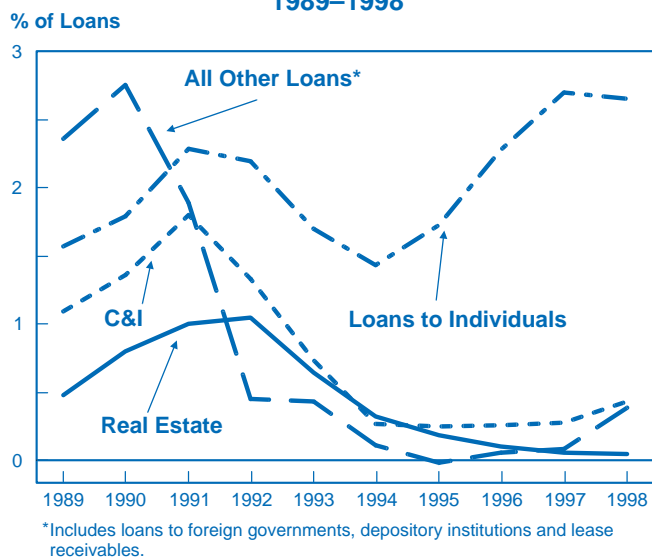
## QUARTERLY NET INTEREST MARGINS, 1994–1998



Asset quality showed signs of weakening in 1998. Noncurrent loans increased by \$2.7 billion in 1998, the first year since 1990 to have an increase. The rise in noncurrent loans occurred despite higher loan charge-offs. Noncurrent commercial and industrial loans increased by \$2.2 billion during 1998, from 0.85 percent to 0.99 percent of total commercial and industrial loans. Banks charged-off \$20.7 billion (0.67 percent of their loans) in 1998, an increase of \$2.4 billion (13.0 percent) over 1997. Noncurrent loans increased in three of the four quarters of 1998, including a \$1.7-billion increase in the fourth quarter. Because of growth in banks' loan portfolios, the percentage of loans that were noncurrent at year-end remained unchanged from a year earlier, at 0.96 percent, slightly higher than the record low level of 0.94 percent registered at the end of the second and third quarters of 1998.

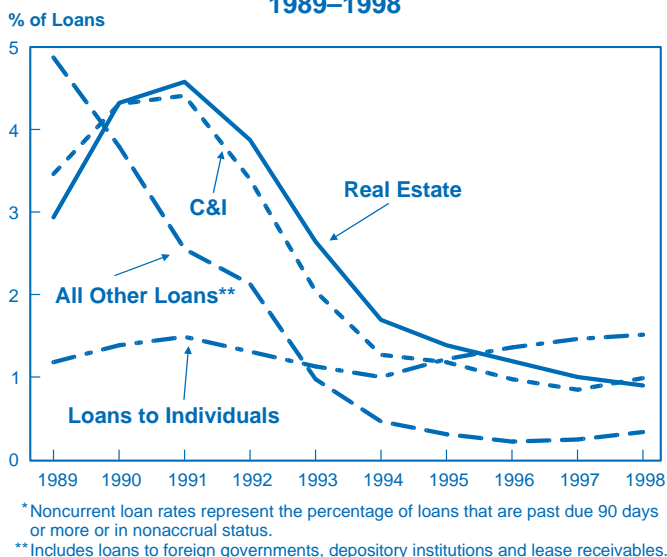
Growth in capital and reserves, which had been strong through most of 1998, slowed in the fourth quarter. Loss reserves increased by only \$14 million in the fourth quarter, but for the full year, reserves increased by \$2.6 billion (4.7 percent), the largest annual

## ANNUAL NET CHARGE-OFF RATES ON LOANS, 1989–1998



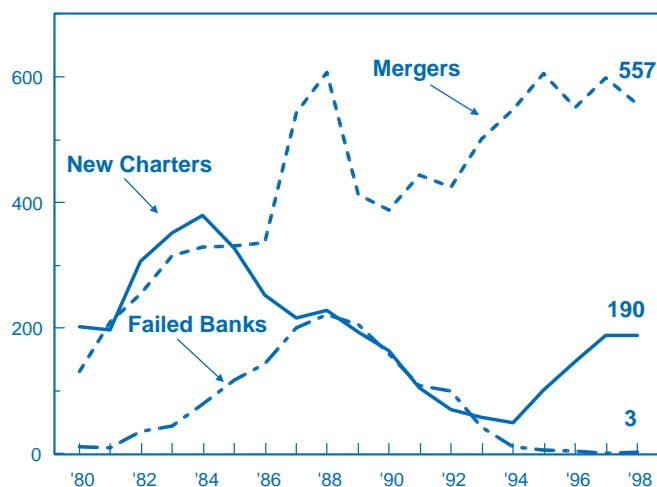
increase since 1989. The industry's "coverage ratio" declined to \$1.83 in reserves for every \$1.00 of non-current loans, from \$1.94 at the end of the third quarter and \$1.92 at the end of 1997. Equity capital increased by only \$4.8 billion in the fourth quarter; this slight increase, combined with the large growth in commercial bank assets, caused the industry's equity-to-assets ratio to decline from 8.68 percent to 8.50 percent during the quarter. For the full year, equity capital increased by \$44.3 billion (10.6 percent). Dividends registered their first year-to-year decline since 1991-92, falling by \$1.4 billion from 1997 levels, and this decline helped boost retained earnings and supported the strong growth of capital in 1998.

## NONCURRENT LOAN RATES AT YEAR-END,\* 1989–1998



The \$171.8-billion increase in commercial bank assets in the fourth quarter set a new quarterly record, surpassing the previous record of \$145.7 billion set in the fourth quarter of 1997. Growth in residential mortgage assets was especially strong. Banks' holdings of 1-4 family residential mortgages increased by \$26.0 billion (3.5 percent), while their mortgage-backed securities increased by \$36.7 billion (8.5 percent). Commercial real estate loans grew by \$13.5 billion, and cash items in process of collection and credit-card loans had seasonal increases of \$21.4 billion and \$12.9 billion, respectively. On the funding side of the balance sheet, domestic-office deposits had their largest quarterly increase ever, rising by \$157.4 billion. Much of the increase occurred in savings deposits, which rose by \$93.6 billion, with money-market deposit accounts (MMDAs) accounting for \$63.6 billion. Demand deposits had a strong seasonal increase of \$45.5 billion in the fourth quarter.

## STRUCTURAL CHANGES AMONG FDIC-INSURED COMMERCIAL BANKS, 1980–1998



The number of insured commercial banks reporting financial results fell by 135 institutions in the fourth quarter, to 8,774 at year-end. Mergers absorbed 198 commercial banks, while there were 65 new charters, one voluntary liquidation, and one bank that did not file a year-end report. No insured commercial banks failed during the fourth quarter. For all of 1998, the net decline totaled 368 banks, as 557 banks were absorbed by mergers, 190 new banks were chartered, 3 banks failed, and 2 noninsured institutions became insured. At the end of 1998, there were 69 commercial banks with \$5.4 billion in assets on the FDIC's "Problem List," down from 70 "problem" banks at the end of the third quarter, and 71 at the beginning of the year.

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

	1998	1997	1996	1995	1994	1993	1992
Return on assets (%).....	1.19	1.23	1.19	1.17	1.15	1.20	0.93
Return on equity (%).....	13.95	14.68	14.45	14.66	14.61	15.34	12.98
Core capital (leverage) ratio (%).....	7.54	7.56	7.64	7.61	7.64	7.65	7.21
Noncurrent assets plus other real estate owned to assets (%).....	0.65	0.66	0.75	0.85	1.01	1.61	2.54
Net charge-offs to loans (%).....	0.67	0.64	0.58	0.49	0.50	0.85	1.27
Asset growth rate (%).....	8.49	9.54	6.16	7.53	8.21	5.72	2.19
Net interest margin (%).....	4.07	4.21	4.27	4.29	4.36	4.40	4.41
Net operating income growth (%).....	2.39	12.47	6.43	7.48	16.18	35.36	92.41
Number of institutions reporting.....	8,774	9,142	9,527	9,940	10,451	10,958	11,462
Percentage of unprofitable institutions (%).....	5.82	4.85	4.27	3.55	3.98	4.89	6.85
Number of problem institutions.....	69	71	82	144	247	426	787
Assets of problem institutions (in billions).....	\$5	\$5	\$5	\$17	\$33	\$242	\$408
Number of failed/assisted institutions.....	3	1	5	6	11	42	100

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

(dollar figures in millions)	Preliminary 4th Quarter 1998	3rd Quarter 1998	4th Quarter 1997	%Change 97:4-98:4		
Number of institutions reporting.....	8,774	8,909	9,142	-4.0		
Total employees (full-time equivalent).....	1,624,235	1,597,756	1,538,408	5.6		
CONDITION DATA						
Total assets.....	\$5,440,943	\$5,269,158	\$5,014,946	8.5		
Loans secured by real estate.....	1,345,418	1,300,426	1,244,014	8.2		
Commercial & industrial loans.....	898,768	873,954	795,922	12.9		
Loans to individuals.....	571,119	555,312	561,369	1.7		
Farm loans.....	46,251	48,214	44,879	3.1		
Other loans & leases.....	381,046	372,148	329,022	15.8		
Less: Unearned income.....	4,043	4,193	4,469	-9.5		
Total loans & leases.....	3,238,559	3,145,861	2,970,738	9.0		
Less: Reserve for losses.....	57,279	57,265	54,684	4.7		
Net loans and leases.....	3,181,281	3,088,596	2,916,054	9.1		
Securities.....	979,654	923,027	871,868	12.4		
Other real estate owned.....	3,148	3,433	3,795	-17.1		
Goodwill and other intangibles.....	80,159	77,111	61,700	29.9		
All other assets.....	1,196,702	1,176,992	1,161,529	3.0		
Total liabilities and capital.....	5,440,943	5,269,158	5,014,946	8.5		
Noninterest-bearing deposits.....	718,506	653,803	676,381	6.2		
Interest-bearing deposits.....	2,963,016	2,853,038	2,745,345	7.9		
Other borrowed funds.....	903,015	907,418	823,057	9.7		
Subordinated debt.....	72,787	68,823	62,016	17.4		
All other liabilities.....	321,394	328,656	290,194	10.8		
Equity capital.....	462,225	457,420	417,954	10.6		
Loans and leases 30-89 days past due.....	40,880	37,752	39,047	4.7		
Noncurrent loans and leases.....	31,253	29,527	28,542	9.5		
Restructured loans and leases.....	1,851	1,950	2,472	-25.1		
Direct and indirect investments in real estate.....	506	513	659	-23.2		
1-4 Family residential mortgages.....	765,281	739,328	718,758	6.5		
Mortgage-backed securities.....	470,201	433,543	384,129	22.4		
Earning assets.....	4,675,569	4,530,906	4,311,321	8.4		
Long-term assets (5+ years).....	1,019,657	926,498	777,058	31.2		
Volatile liabilities.....	1,723,707	1,700,297	1,600,871	7.7		
Foreign office deposits.....	572,022	554,722	526,195	8.7		
Unused loan commitments.....	3,727,961	3,615,187	3,095,628	20.4		
Off-balance-sheet derivatives.....	33,374,723	33,448,875	25,380,445	31.5		
	Preliminary Full Year 1998	Full Year 1997	Preliminary 4th Quarter 1998	4th Quarter 1997	%Change 97:4-98:4	
INCOME DATA						
Total interest income.....	\$362,073	\$339,547	6.6	\$91,530	\$88,481	3.5
Total interest expense.....	179,291	165,040	8.6	44,500	43,857	1.5
Net interest income.....	182,783	174,506	4.7	47,030	44,625	5.4
Provision for credit losses.....	22,209	19,848	11.9	5,537	5,520	0.3
Total noninterest income.....	123,745	104,498	18.4	34,421	27,216	26.5
Total noninterest expense.....	194,047	169,983	14.2	54,863	44,407	23.6
Securities gains (losses).....	3,127	1,842	69.8	1,057	866	22.1
Applicable income taxes.....	31,986	31,874	0.4	7,203	7,507	-4.0
Extraordinary gains, net.....	508	19	N/M	-7	4	N/M
Net income.....	61,921	59,161	4.7	14,897	15,276	-2.5
Net charge-offs.....	20,695	18,315	13.0	5,493	5,080	8.1
Cash dividends.....	41,091	42,514	-3.4	12,687	16,019	-20.8
Net operating income.....	59,318	57,933	2.4	14,127	14,704	-3.9

N/M - Not meaningful

**TABLE III-A. Full Year 1998, FDIC-Insured Commercial Banks**

FULL YEAR Preliminary (The way it is...)	All Institutions	Asset Size Distribution				Geographic Distribution by Region					
		Less than \$100 Million	\$100 Million to \$1 Billion	\$1 Billion to \$10 Billion	Greater than \$10 Billion	East			West		
						North- east	South- east	Central	Mid- west	South- west	West
Number of institutions reporting.....	8,774	5,408	2,974	321	71	693	1,444	1,904	2,265	1,518	950
Total assets (in billions).....	\$5,440.9	\$252.4	\$727.0	\$921.4	\$3,540.2	\$1,921.0	\$1,211.4	\$889.3	\$376.5	\$304.6	\$738.2
Total deposits (in billions).....	3,681.5	215.9	600.9	632.7	2,232.0	1,180.8	810.5	621.7	275.3	250.3	542.9
Net income (in millions).....	61,921	2,744	8,983	13,138	37,056	20,094	15,092	10,465	5,320	3,284	7,665
% of unprofitable institutions.....	5.8	8.2	2.0	1.9	1.4	7.6	8.9	4.0	2.6	5.7	11.4
% of institutions with earnings gains.....	61.8	56.3	71.1	65.4	71.8	67.7	61.5	63.7	58.7	59.2	65.5
<b>Performance ratios (%)</b>											
Yield on earning assets.....	8.07	8.22	8.29	8.49	7.90	8.11	7.79	7.95	8.43	7.87	8.48
Cost of funding earning assets.....	4.00	3.71	3.71	3.81	4.13	4.53	3.72	3.95	3.82	3.41	3.48
Net interest margin.....	4.07	4.51	4.58	4.68	3.76	3.59	4.07	4.00	4.62	4.46	5.00
Noninterest income to earning assets.....	2.76	1.64	1.74	3.15	2.96	3.41	2.37	2.24	2.71	1.61	2.89
Noninterest expense to earning assets.....	4.32	4.17	3.90	4.63	4.35	4.56	4.02	3.85	4.23	4.00	5.02
Credit loss provision to assets.....	0.43	0.26	0.33	0.67	0.40	0.44	0.30	0.33	0.54	0.27	0.71
Net operating income to assets.....	1.14	1.14	1.29	1.42	1.03	1.00	1.23	1.23	1.49	1.10	1.08
Return on assets.....	1.19	1.14	1.31	1.52	1.08	1.07	1.31	1.25	1.50	1.14	1.11
Return on equity.....	13.95	10.15	13.57	15.96	13.82	14.10	14.47	14.71	16.66	12.41	11.39
Net charge-offs to loans and leases.....	0.67	0.30	0.39	1.02	0.65	0.91	0.43	0.44	0.74	0.42	0.86
Credit loss provision to net charge-offs.....	105.01	147.11	138.54	102.32	100.75	90.77	110.47	116.37	108.56	115.58	123.54
Efficiency ratio.....	60.98	67.30	60.93	56.02	62.11	62.65	59.68	60.15	56.62	64.25	60.83
<b>Condition Ratios (%)</b>											
Earning assets to total assets.....	85.93	91.65	91.73	89.26	83.47	82.77	87.25	88.37	90.22	89.36	85.48
Loss allowance to:											
Loans and leases.....	1.77	1.45	1.50	2.04	1.77	2.04	1.45	1.48	1.69	1.37	2.22
Noncurrent loans and leases.....	183.27	139.42	176.51	199.28	183.03	159.18	188.05	184.39	216.98	147.16	244.20
Noncurrent assets plus other real estate owned to assets.....	0.65	0.71	0.62	0.71	0.64	0.78	0.55	0.56	0.57	0.59	0.67
Equity capital ratio.....	8.50	10.95	9.52	9.46	7.86	7.81	9.10	8.27	8.72	8.83	9.29
Core capital (leverage) ratio.....	7.54	10.80	9.18	8.42	6.75	7.01	7.74	7.70	8.37	8.10	7.82
Net loans and leases to deposits.....	86.41	66.34	72.19	90.98	90.89	83.29	91.78	91.59	89.80	65.73	87.08
<b>Structural Changes</b>											
New Charters.....	190	183	6	1	0	19	60	24	18	23	46
Banks absorbed by mergers.....	557	265	247	39	6	33	196	120	80	66	62
Failed banks.....	3	2	1	0	0	0	0	1	0	0	2
<b>PRIOR FULL YEARS</b> (The way it was...)											
Number of institutions.....	1997 9,142	5,853	2,922	301	66	714	1,525	1,998	2,329	1,600	976
.....	1995 9,940	6,658	2,861	346	75	794	1,659	2,178	2,487	1,773	1,049
.....	1993 10,958	7,789	2,787	327	55	878	1,818	2,412	2,706	1,937	1,207
Total assets (in billions).....	1997 \$5,014.9	\$267.8	\$727.7	\$902.7	\$3,116.7	\$1,893.9	\$946.9	\$804.8	\$335.0	\$355.9	\$678.4
.....	1995 4,312.7	297.9	696.7	1,052.8	2,265.2	1,625.6	737.7	695.2	287.5	326.4	640.3
.....	1993 3,706.2	335.1	676.9	1,063.7	1,630.5	1,399.6	594.8	612.4	251.3	293.8	554.3
Return on assets (%).....	1997 1.23	1.18	1.34	1.36	1.18	1.14	1.23	1.29	1.43	1.22	1.35
.....	1995 1.17	1.18	1.24	1.27	1.10	1.02	1.19	1.15	1.50	1.20	1.41
.....	1993 1.20	1.14	1.17	1.31	1.16	1.12	1.20	1.28	1.44	1.39	1.11
Net charge-offs to loans & leases (%)											
.....	1997 0.64	0.28	0.36	1.08	0.58	0.73	0.46	0.50	0.82	0.38	0.83
.....	1995 0.49	0.24	0.37	0.69	0.46	0.64	0.32	0.31	0.54	0.24	0.62
.....	1993 0.85	0.35	0.51	0.92	1.02	1.27	0.43	0.51	0.61	0.28	0.96
Noncurrent assets plus OREO to assets (%).....	1997 0.66	0.71	0.65	0.77	0.63	0.73	0.59	0.58	0.69	0.52	0.72
.....	1995 0.85	0.78	0.80	0.82	0.89	1.03	0.64	0.63	0.64	0.62	1.09
.....	1993 1.61	1.05	1.29	1.43	1.97	2.16	1.08	0.93	0.99	0.92	2.19
Equity capital ratio (%).....	1997 8.33	10.81	9.62	9.16	7.58	7.34	8.87	8.35	9.06	8.65	9.82
.....	1995 8.11	10.42	9.39	8.57	7.19	7.61	8.23	8.30	8.70	8.52	8.53
.....	1993 8.00	9.76	8.74	8.13	7.25	7.48	8.02	8.12	8.67	8.26	8.73

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

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

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

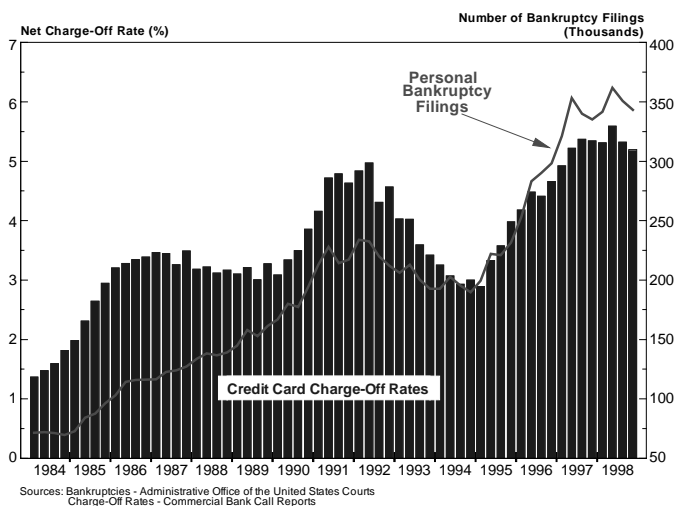
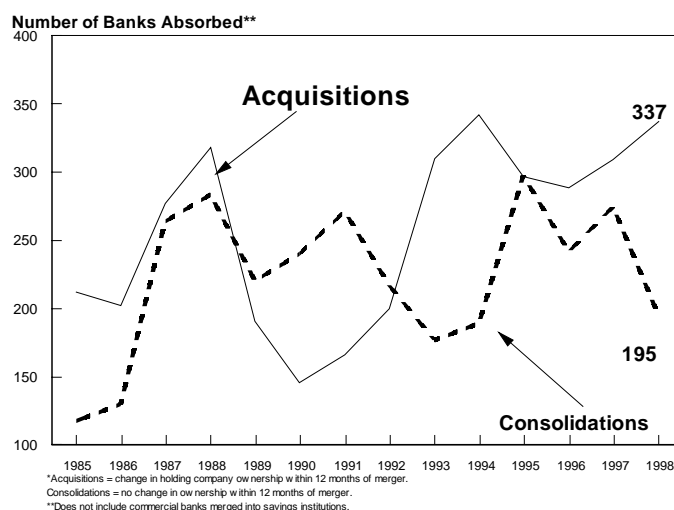
**Midwest** - Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota

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

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

**TABLE IV-A. Fourth Quarter 1998, FDIC-Insured Commercial Banks**

FOURTH QUARTER Preliminary (The way it is...)	All Institutions	Asset Size Distribution				Geographic Distribution by Region					
		Less than \$100 Million	\$100 Million to \$1 Billion	\$1 Billion to \$10 Billion	Greater than \$10 Billion	East			West		
						North- east	South- east	Central	Mid- west	South west	West
Number of institutions reporting.....	8,774	5,408	2,974	321	71	693	1,444	1,904	2,265	1,518	950
Total assets (in billions).....	\$5,440.9	\$252.4	\$727.0	\$921.4	\$3,540.2	\$1,921.0	\$1,211.4	\$889.3	\$376.5	\$304.6	\$738.2
Total deposits (in billions).....	3,681.5	215.9	600.9	632.7	2,232.0	1,180.8	810.5	621.7	275.3	250.3	542.9
Net income (in millions).....	14,897.2	532.0	2,159.3	3,044.6	9,161.4	4,925.1	4,088.8	2,352.3	1,340.2	746.5	1,444.4
% of unprofitable institutions.....	11.8	16.1	4.6	7.5	5.6	10.7	14.1	7.5	12.2	13.7	13.7
% of institutions with earnings gains.....	54.8	50.7	61.4	60.1	70.4	61.8	56.9	58.4	51.6	50.3	54.6
<b>Performance Ratios (annualized, %)</b>											
Yield on earning assets.....	7.95	8.19	8.19	8.45	7.75	8.01	7.57	7.83	8.35	7.80	8.48
Cost of funding earning assets.....	3.87	3.70	3.64	3.69	3.98	4.37	3.53	3.86	3.73	3.36	3.46
Net interest margin.....	4.09	4.49	4.55	4.76	3.77	3.65	4.04	3.97	4.62	4.44	5.02
Noninterest income to earning assets.....	2.99	1.77	1.78	3.38	3.25	3.73	2.57	2.83	2.81	1.57	2.71
Noninterest expense to earning assets.....	4.77	4.62	3.99	5.18	4.84	5.04	4.23	4.62	4.36	4.16	5.65
Credit loss provision to assets.....	0.41	0.33	0.44	0.64	0.36	0.44	0.31	0.39	0.61	0.32	0.47
Net operating income to assets.....	1.06	0.84	1.19	1.32	0.97	0.97	1.25	1.06	1.45	0.95	0.79
Return on assets.....	1.11	0.86	1.21	1.36	1.05	1.03	1.37	1.09	1.47	1.01	0.81
Return on equity.....	12.96	7.73	12.54	14.09	13.23	13.27	14.90	12.75	16.44	11.01	8.48
Net charge-offs to loans and leases.....	0.69	0.44	0.53	0.92	0.67	0.95	0.51	0.57	0.81	0.54	0.57
Credit loss provision to net charge-offs.....	99.10	130.47	135.14	108.73	88.20	86.97	96.71	106.90	111.43	105.34	126.27
Efficiency ratio.....	64.39	73.28	62.04	58.00	66.28	64.08	60.96	66.47	57.54	67.42	70.35
<b>Structural Changes (QTR)</b>											
New charters.....	65	62	2	1	0	9	21	9	5	6	15
Banks absorbed by mergers.....	198	96	80	20	2	13	59	50	32	22	22
Failed banks.....	0	0	0	0	0	0	0	0	0	0	0
<b>PRIOR FOURTH QUARTERS (The way it was...)</b>											
Return on assets (%):.....1997	1.24	0.99	1.26	1.55	1.16	1.13	1.06	1.37	1.57	1.17	1.47
.....1995	1.12	1.05	1.20	1.27	1.04	0.96	1.18	1.09	1.42	1.22	1.35
.....1993	1.17	0.92	1.04	1.36	1.16	1.14	1.10	1.22	1.49	1.26	1.10
Net charge-offs to loans & leases (%):.....1997	0.69	0.43	0.47	1.21	0.60	0.81	0.54	0.54	0.83	0.51	0.84
.....1995	0.62	0.39	0.52	0.92	0.52	0.75	0.48	0.45	0.67	0.38	0.75
.....1993	0.93	0.52	0.66	0.95	1.11	1.42	0.49	0.56	0.73	0.40	0.97

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

**Bank Mergers: Acquisitions vs. Consolidations,\*  
1985-1998**


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

December 31, 1998	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
Percent of Loans 30-89 Days Past Due											
All loans secured by real estate.....	1.26	1.47	1.10	1.19	1.32	1.25	1.34	1.32	1.15	1.49	1.00
Construction and development.....	1.50	1.21	1.03	1.47	1.80	1.19	1.53	1.88	1.46	1.80	1.08
Commercial real estate.....	0.99	1.07	0.75	1.07	1.07	0.94	1.13	1.08	0.90	1.11	0.70
Multifamily residential real estate.....	0.87	0.50	0.58	0.82	1.04	0.69	0.95	1.03	0.87	0.64	0.93
Home equity loans.....	0.98	0.91	0.94	1.00	0.99	0.97	0.99	1.18	0.66	0.81	0.82
Other 1-4 Family residential.....	1.44	1.92	1.45	1.27	1.45	1.42	1.49	1.45	1.25	1.80	1.33
Commercial and industrial loans*.....	0.88	1.62	1.35	1.14	0.67	0.57	0.83	1.15	1.55	1.51	0.86
Loans to individuals.....	2.43	2.54	2.36	2.48	2.42	2.67	2.36	2.53	2.32	2.08	2.02
Credit card loans.....	2.58	2.56	3.73	2.52	2.54	2.72	2.68	2.77	2.53	1.44	2.17
Other loans to individuals.....	2.33	2.54	2.09	2.43	2.33	2.60	2.24	2.48	2.14	2.11	1.84
All other loans and leases (including farm).....	0.51	N/A	N/A	0.97	0.48	0.37	0.44	1.01	0.63	0.96	0.28
Memo: Commercial RE loans not secured by RE.....	0.61	0.56	0.35	0.40	0.63	0.22	0.68	2.08	0.86	1.50	0.17
Percent of Loans Noncurrent**											
All real estate loans.....	0.91	0.87	0.71	0.84	1.02	1.22	0.85	0.78	0.59	0.94	0.86
Construction and development.....	0.81	0.82	0.65	0.68	0.95	1.40	0.72	0.76	0.66	0.69	0.79
Commercial real estate.....	0.95	0.86	0.75	0.92	1.08	1.31	0.90	0.81	0.56	1.09	0.91
Multifamily residential real estate.....	0.85	0.84	0.64	0.91	0.90	1.03	0.99	0.71	0.37	0.73	0.78
Home equity loans.....	0.43	0.53	0.41	0.51	0.40	0.53	0.37	0.46	0.28	0.32	0.39
Other 1-4 Family residential.....	0.88	0.80	0.69	0.85	0.95	0.99	0.89	0.82	0.56	0.83	0.94
Commercial and industrial loans*.....	0.99	1.40	1.24	0.90	0.89	1.14	0.73	0.86	1.21	1.36	0.93
Loans to individuals.....	1.52	0.92	0.81	1.54	1.69	2.24	0.87	1.10	1.09	0.57	1.67
Credit card loans.....	2.22	1.81	1.93	1.99	2.39	2.35	1.57	2.39	1.57	0.74	2.66
Other loans to individuals.....	1.06	0.88	0.59	1.07	1.20	2.11	0.62	0.81	0.66	0.56	0.43
All other loans and leases (including farm).....	0.34	N/A	N/A	0.50	0.33	0.42	0.28	0.36	0.29	0.39	0.22
Memo: Commercial RE loans not secured by RE.....	0.34	0.57	0.30	0.43	0.33	0.22	0.29	0.26	0.12	0.57	0.60
Percent of Loans Charged-off (net, YTD)											
All real estate loans.....	0.05	0.04	0.06	0.06	0.05	0.06	0.05	0.06	0.03	0.04	0.05
Construction and development.....	0.01	0.05	0.05	-0.01	0.00	-0.02	0.02	0.02	0.05	0.02	-0.01
Commercial real estate.....	0.00	0.05	0.05	0.06	-0.05	-0.09	0.03	0.06	-0.05	0.02	0.01
Multifamily residential real estate.....	0.05	0.08	0.04	-0.01	0.07	0.01	0.06	0.01	0.02	0.00	0.15
Home equity loans.....	0.14	0.05	0.07	0.17	0.14	0.18	0.11	0.15	0.11	0.38	0.09
Other 1-4 Family residential.....	0.07	0.05	0.06	0.06	0.07	0.08	0.06	0.05	0.06	0.06	0.07
Commercial and industrial loans.....	0.43	0.44	0.47	0.49	0.39	0.42	0.39	0.35	0.44	0.50	0.59
Loans to individuals.....	2.66	0.92	1.67	3.17	2.72	3.41	1.84	1.74	2.97	1.26	3.41
Credit card loans.....	5.12	4.14	6.44	5.32	4.92	5.24	4.43	5.27	5.28	4.11	5.22
Other loans to individuals.....	1.04	0.65	0.73	0.92	1.21	1.27	0.91	0.85	0.79	1.04	1.28
All other loans and leases (including farm).....	0.39	N/A	N/A	0.36	0.43	0.41	0.23	0.32	0.23	0.16	0.68
Memo: Commercial RE loans not secured by RE.....	-0.05	0.99	0.39	-0.57	-0.02	-0.18	0.01	0.05	0.05	0.29	-0.06
Loans Outstanding (in billions)											
All real estate loans.....	\$1,345.4	\$81.4	\$273.6	\$273.0	\$717.5	\$323.8	\$382.0	\$263.5	\$115.3	\$74.4	\$186.4
Construction and development.....	106.7	6.0	26.0	25.6	49.1	11.9	36.8	20.9	9.5	9.2	18.4
Commercial real estate.....	371.0	22.1	95.2	82.9	170.8	69.4	102.3	77.2	28.7	27.0	66.4
Multifamily residential real estate.....	42.7	1.7	8.7	10.2	22.2	11.4	9.7	8.8	3.1	2.0	7.6
Home equity loans.....	96.7	1.8	11.9	18.5	64.5	21.1	29.3	23.2	4.8	0.9	17.4
Other 1-4 Family residential.....	668.6	39.4	120.8	132.1	376.3	182.6	198.1	126.0	59.7	32.2	70.1
Commercial and industrial loans.....	898.8	24.5	80.9	119.5	673.9	313.8	190.7	161.0	53.4	44.9	135.0
Loans to individuals.....	571.1	21.1	62.2	158.6	329.2	209.8	112.2	86.2	49.6	32.4	80.9
Credit card loans.....	229.0	1.1	10.2	82.0	135.8	113.7	29.6	15.8	23.6	1.3	44.9
Other loans to individuals.....	342.1	20.1	52.0	76.6	193.5	96.2	82.6	70.4	26.0	31.0	35.9
All other loans and leases (including farm).....	427.3	18.8	24.9	37.1	346.4	158.3	70.5	67.8	33.3	15.6	81.8
Memo: Commercial RE loans not secured by RE.....	37.1	0.2	0.9	2.6	33.4	12.0	8.9	3.7	2.5	1.7	8.4
Memo: Other Real Estate Owned (in millions)											
All other real estate owned.....	\$3,147.5	\$287.0	\$732.0	\$496.8	\$1,631.8	\$1,011.9	\$800.5	\$367.8	\$198.4	\$238.0	\$531.0
Construction and development.....	300.9	31.1	128.3	55.7	85.7	60.9	114.5	31.2	30.0	14.1	50.1
Commercial real estate.....	1,318.4	121.0	320.8	214.2	662.4	391.0	286.1	153.0	73.3	132.0	283.0
Multifamily residential real estate.....	71.9	7.4	18.5	26.6	19.4	26.3	18.6	6.6	6.5	1.9	12.0
1-4 Family residential.....	1,136.3	97.9	238.6	193.3	606.5	280.2	371.9	171.4	69.4	67.5	175.9
Farmland.....	67.1	29.6	25.9	6.8	4.8	3.4	9.3	5.5	19.2	22.5	7.1
Other real estate owned in foreign offices.....	253.0	0.0	0.0	0.1	252.9	250.0	0.2	0.0	0.0	0.0	2.8

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

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

N/A - Not Available



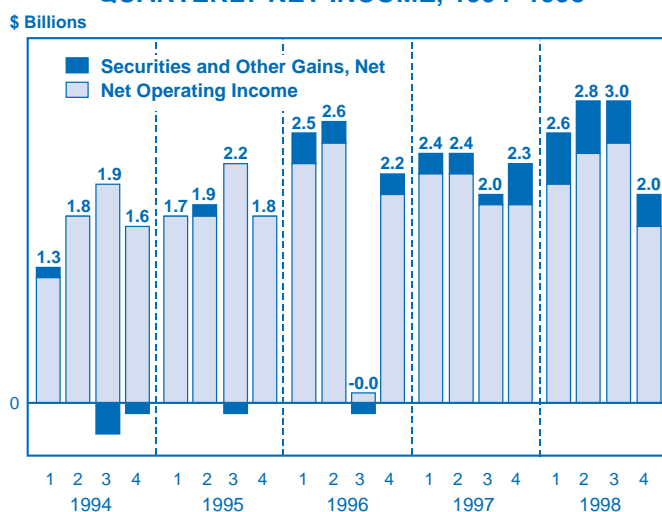
## SAVINGS INSTITUTION PERFORMANCE – FOURTH QUARTER, 1998

- **Earnings Drop To \$2.0 Billion In Fourth Quarter**
- **Merger-Related Charges Cause Reduction In Quarterly Earnings**
- **Despite The Fourth Quarter Decline, Full-Year Earnings Are Highest Ever**
- **Full-Year ROA Surpasses 1 Percent For The First Time Since 1946**
- **Equity Capital Declines For The First Time Since 1996**

Savings institutions earned \$2.0 billion in the fourth quarter, \$921 million less than they earned in the third quarter. This was the lowest quarterly income since the third quarter of 1997. Net interest income improved by \$158 million during the quarter, while noninterest income and expense deteriorated dramatically: noninterest income declined \$836 million (27 percent), since there were fewer gains from asset sales, and noninterest expense increased \$777 million (13 percent), primarily because of merger-related charges taken by a few large institutions. Operating expenses as a percentage of gross operating income rose from 54 percent in the third quarter to 66 percent. This rise was an exception to the improving trend in the industry's efficiency ratio.

The industry's average annualized return on assets (ROA) was 0.76 percent, the lowest since the third quarter of 1996, when a special assessment on SAIF deposits caused the industry to report a small loss. Just 29 percent of the industry achieved an ROA of over 1 percent, but over half (52 percent) reported higher earnings than in the fourth quarter of 1997. Nine percent of savings institutions were unprofitable this quarter compared to 8.3 percent a year ago.

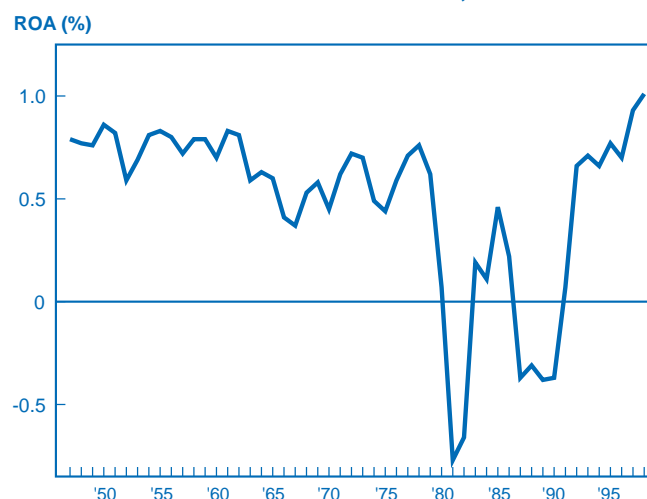
**QUARTERLY NET INCOME, 1994–1998**



Despite the fourth-quarter decline, full-year earnings reached a record \$10.2 billion for an ROA of 1.01 percent — the highest annual ROA since 1946.

Earnings were \$1.4 billion above the previous record, set in 1997; in that year the industry's ROA was 0.93 percent. Net interest income for the year was \$554 million higher than in 1997 because of growth in earning assets. Provisions for loan losses were \$413 million (19 percent) lower than in the previous year, as loan losses declined by \$129 million. Improvements in noninterest income (up by \$2.2 billion) were more than offset, particularly in the fourth quarter, by increases in noninterest expenses (of \$2.5 billion). Gains on the sales of securities<sup>1</sup> were \$2.5 billion in 1998, nearly double the gains of \$1.3 billion in 1997. Conditions for gains on sales of securities were more favorable in 1998 because of the decline in interest rates.

**ANNUAL RETURN ON ASSETS, 1947–1998**



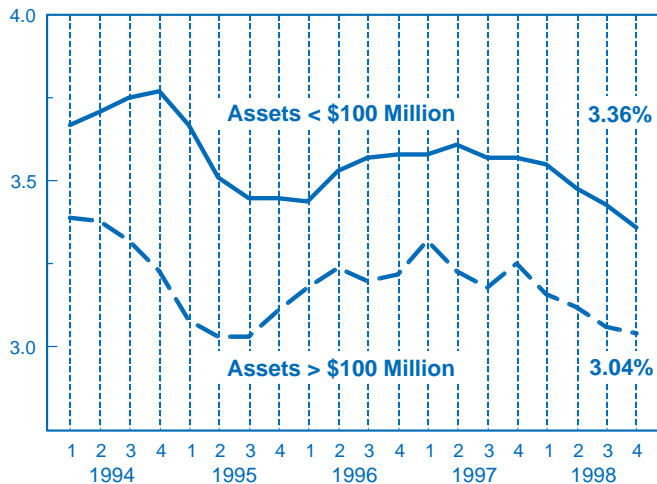
For the fourth quarter, the industry's net interest margin was slightly lower, at 3.05 percent, than the third-quarter margin of 3.07 percent. Both asset yields and the cost of funding earning assets declined, by 15 basis points and 13 basis points, respectively. But a \$27.3-billion increase in earning assets enabled thrifts to increase net interest income without any corresponding improvement in net interest margins.

<sup>1</sup>Gains on the sales of securities include gains on the sales of other assets available for sale at thrifts that file a Thrift Financial Report.



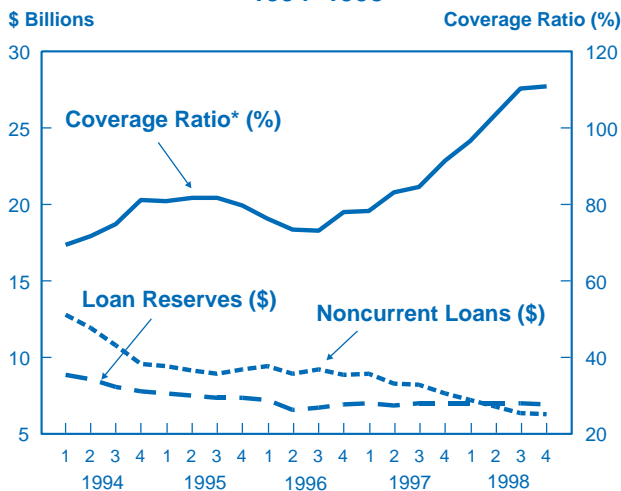
## QUARTERLY NET INTEREST MARGINS, 1994–1998

Net Interest Margins (%)



Noncurrent loans continued to improve, declining to the best levels — in percentage of total loans and in dollar amounts — in the eight years since all institutions began reporting consistent measures of noncurrent loans. Only 0.86 percent of total loans were noncurrent at the end of 1998 and the amount of noncurrent loans declined slightly (by \$79 million) during the quarter. Loan-loss reserves fell even less (\$43 million). Thus the coverage ratio — loan-loss reserves to noncurrent loans — improved slightly to \$1.11 in reserves for each dollar of noncurrent loans. Loan quality improved in every category except credit-card plans. Noncurrent credit-card loans rose from 1.10 percent of all credit-card plans at the end of the third quarter to 1.32 percent at year-end. However, this is an improvement over year-ago levels, when noncurrent credit cards stood at 1.65 percent. Thrifts charged off 4.35 percent of credit cards in 1998. Since credit cards are such a small portion of the

## COVERAGE RATIO\* AND RESERVE LEVELS, 1994–1998



\*Loan-Loss reserves to Noncurrent Loans and Leases.

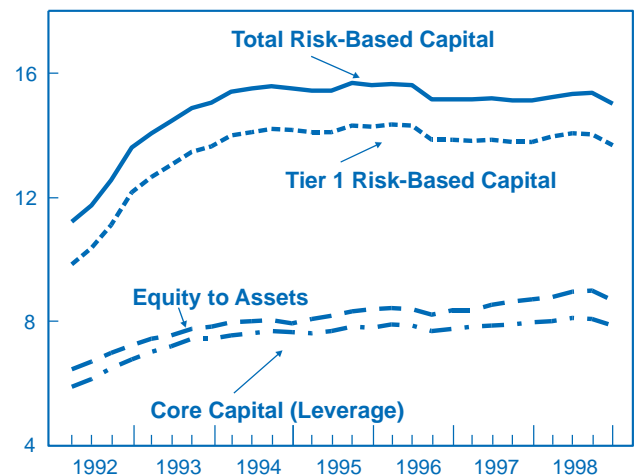
industry's loan portfolio, total charge-offs fell to a record low of 0.21 percent of total loans from 0.25 percent in 1997.

Total assets of the industry rose by \$30.9 billion during the quarter, lifted by increases in securities (up by \$14.1 billion) and in loans (up by \$13.4 billion). Mortgage-backed securities rose \$14.6 billion during the quarter while other securities declined slightly. Nearly all of the increase in mortgage-backed securities was from collateralized-mortgage obligations. Home-mortgage loan growth of \$7.4 billion led all loan categories. Commercial and industrial loans and credit-card loans both increased by \$1.7 billion.

Deposits grew at one third the pace of other borrowed funds during the fourth quarter. Funding from deposits increased by \$7.8 billion, while funding from other borrowed funds rose by \$23.4 billion. Much of the increase in other borrowed funds was in Federal Home Loan Bank advances, which increased by \$17.4 billion for institutions that filed a Thrift Financial Report.

## CAPITAL RATIOS, 1992–1998

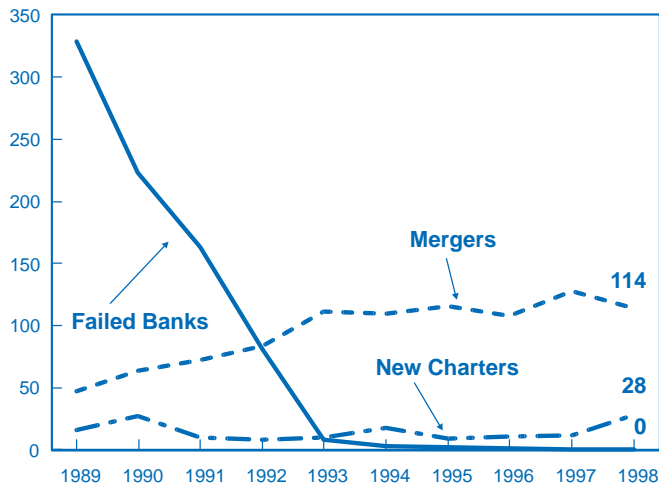
Ratios (%)



Instead of continuing to build capital, thrifts leveraged capital for asset growth this quarter. The industry's equity-to-assets ratio dropped from 8.99 percent of assets at the end of the third quarter to 8.68 percent at the end of the fourth quarter, the lowest level in over a year. Equity capital declined (by \$608 million) for the first time since the end of 1996, primarily because of transfers to commercial banks. For the year, however, capital rose by more than \$5 billion, and only two institutions were undercapitalized according to risk-based capital standards.

There were 1,687 savings institutions at the end of 1998, down by 27 from the third quarter. Seven new charters began operations during the fourth quarter, bringing the total for the year to 28, the most in any

## STRUCTURAL CHANGES AMONG FDIC-INSURED SAVINGS INSTITUTIONS, 1989–1998



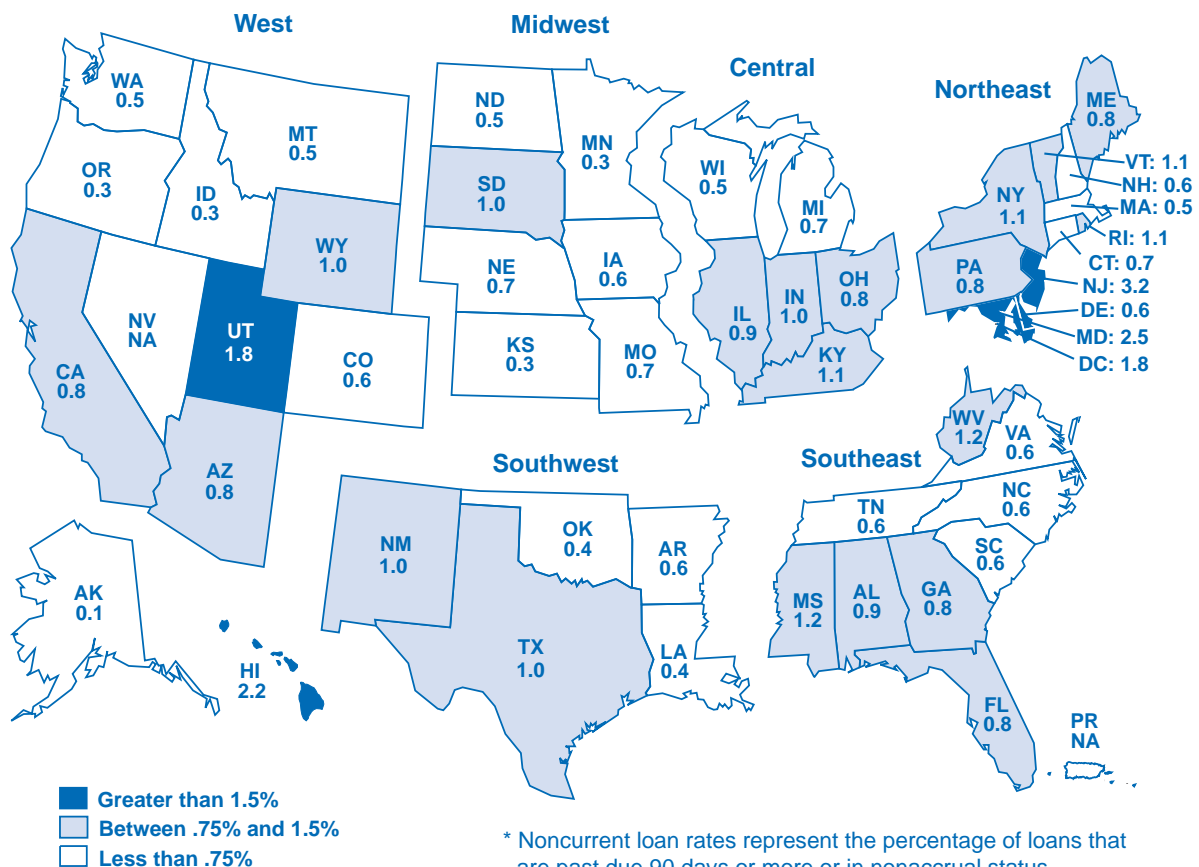
year since 1986. Also during the fourth quarter, 3 commercial banks (with \$1.1 billion in assets) and 2 uninsured institutions (with \$18 million in assets) converted their charters to federally insured thrift char-

ters. Commercial banks absorbed 17 savings institutions with \$12.3 billion in assets, while savings institutions absorbed another 15 thrifts, with \$64.1 billion in assets. The latter group included the merger of two of the largest thrifts in the industry.<sup>2</sup> Three savings institutions with \$2.1 billion in assets converted to commercial bank charters. During the fourth quarter, 17 thrifts with \$4.5 billion in assets converted from mutual to stock ownership and savings institutions absorbed 4 commercial banks with \$455 million in assets.

As in 1997, no savings institution failed during the year. Since the Resolution Trust Corporation stopped taking failed thrifts (in the middle of 1995), only one savings institution has failed (in 1996). The number of "problem" thrifts fell to 15 from 18 during the fourth quarter, but the assets of this group rose to \$5.9 billion from \$2.9 billion.

<sup>2</sup>Washington Mutual, Inc., with \$156.2 billion in assets, completed its merger with H.F. Ahmanson & Company, which owned Home Savings of America, a thrift with \$50.3 billion in assets.

## NONCURRENT LOAN RATES,\* DECEMBER 31, 1998



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

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

	1998	1997	1996	1995	1994	1993	1992
Return on assets (%).....	1.01	0.93	0.70	0.77	0.66	0.71	0.66
Return on equity (%).....	11.36	10.84	8.40	9.40	8.28	9.32	9.51
Core capital (leverage) ratio (%).....	7.85	7.95	7.76	7.80	7.65	7.45	6.77
Noncurrent assets plus other real estate owned to assets (%).....	0.72	0.95	1.09	1.20	1.38	2.10	3.07
Net charge-offs to loans (%).....	0.21	0.25	0.32	0.34	0.51	0.65	0.59
Asset growth rate (%).....	5.99	-0.21	0.25	1.70	0.77	-2.85	-7.44
Net interest margin.....	3.10	3.23	3.22	3.09	3.34	3.51	3.41
Net operating income growth (%).....	7.80	20.07	-13.99	13.81	22.24	21.16	563.55
Number of institutions reporting.....	1,687	1,780	1,925	2,030	2,152	2,262	2,390
Percentage of unprofitable institutions (%).....	5.33	4.10	12.05	5.86	6.97	5.88	7.57
Number of problem institutions.....	15	21	35	49	71	146	276
Assets of problem institutions (in billions).....	\$6	\$2	\$7	\$14	\$39	\$92	\$183
Number of failed/assisted institutions.....	0	0	1	2	4	8	81

**TABLE II-B. Aggregate Condition and Income Data, FDIC-Insured Savings Institutions***(dollar figures in millions)*

	Preliminary 4th Quarter 1998	3rd Quarter 1998	4th Quarter 1997	%Change 97:4-98:4
Number of institutions reporting.....	1,687	1,714	1,780	-5.2
Total employees (full-time equivalent).....	236,552	244,900	244,848	-3.4
<b>CONDITION DATA</b>				
Total assets.....	\$1,087,684	\$1,056,826	\$1,026,186	6.0
Loans secured by real estate.....	643,734	634,267	631,881	1.9
1-4 Family Residential.....	518,055	510,658	506,998	2.2
Multifamily residential property.....	54,469	54,361	57,612	-5.5
Commercial real estate.....	47,840	46,649	47,509	0.7
Construction, development, and land.....	23,370	22,598	19,762	18.3
Commercial & industrial loans.....	21,040	19,357	16,203	29.9
Loans to individuals.....	52,581	50,714	47,670	10.3
Other loans & leases.....	3,741	3,309	3,214	16.4
Less: Unearned income & contra accounts**.....	188	164	215	-12.6
Total loans & leases.....	720,908	707,483	698,753	3.2
Less: Reserve for losses.....	6,922	6,965	6,980	-0.8
Net loans & leases.....	713,986	700,518	691,773	3.2
Securities.....	269,246	255,115	248,681	8.3
Other real estate owned.....	1,578	1,625	2,083	-24.2
Goodwill and other intangibles.....	14,213	14,015	10,984	29.4
All other assets.....	88,662	85,552	72,665	22.0
Total liabilities and capital.....	1,087,684	1,056,826	1,026,186	6.0
Deposits.....	704,531	696,708	704,136	0.1
Other borrowed funds.....	267,575	244,188	216,258	23.7
Subordinated debt.....	2,812	2,823	2,935	-4.2
All other liabilities.....	18,339	18,071	13,525	35.6
Equity capital.....	94,427	95,035	89,332	5.7
Loans and leases 30-89 days past due.....	7,479	7,325	8,132	-8.0
Noncurrent loans and leases.....	6,231	6,310	7,623	-18.3
Restructured loans and leases.....	2,428	2,674	3,372	-28.0
Direct and indirect investments in real estate.....	589	564	597	-1.4
Mortgage-backed securities.....	207,061	192,472	180,647	14.6
Earning assets.....	1,012,246	984,932	959,674	5.5
FHLB Advances (TFR Filers only).....	143,081	125,674	118,620	20.6
Unused loan commitments.....	184,699	181,773	111,472	65.7
<b>INCOME DATA</b>				
	Preliminary Full Year 1998	Full Year 1997	Preliminary 4th Quarter 1998	%Change 97:4-98:4
Total interest income.....	\$71,059	\$69,175	\$18,397	-1.3
Total interest expense.....	41,888	40,559	10,832	-1.9
Net interest income.....	29,170	28,616	7,565	-0.3
Provision for credit losses**.....	1,773	2,186	459	-24.9
Total noninterest income.....	9,200	7,029	2,243	10.8
Total noninterest expense.....	23,545	21,073	6,675	12.5
Securities gains (losses).....	2,456	1,260	555	-0.9
Applicable income taxes.....	5,269	4,852	1,127	-14.6
Extraordinary gains, net.....	-83	-5	-67	N/M
Net income.....	10,157	8,789	2,034	-11.8
Net charge-offs.....	1,456	1,585	403	-3.1
Cash dividends.....	6,557	4,906	1,741	4.6
Net operating income.....	8,490	7,876	1,708	-10.3

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

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

N/M - Not Meaningful

**TABLE III-B. Full Year 1998, FDIC-Insured Savings Institutions**

FULL YEAR Preliminary (The way it is...)	All Institutions	Asset Size Distribution				Geographic Distribution by Region					
		Less than \$100 Million	\$100 Million to \$1 Billion	\$1 Billion to \$5 Billion	Greater than \$5 Billion	East			West		
						North- east	South- east	Central	Mid- west	South- west	
Number of institutions reporting.....	1,687	701	841	111	34	656	232	442	125	119	113
Total assets (in billions).....	\$1,087.7	\$36.2	\$244.6	\$220.3	\$586.6	\$359.9	\$66.2	\$176.1	\$36.7	\$70.4	\$378.4
Total deposits (in billions).....	704.5	29.4	189.8	145.8	339.6	259.5	47.6	122.3	26.0	42.8	206.4
Net income (in millions).....	10,156.7	269.4	2,080.8	2,204.5	5,602.0	3,260.1	568.3	1,604.5	319.1	781.6	3,623.0
% of unprofitable institutions.....	5.3	9.6	2.1	4.5	0.0	3.7	8.6	4.8	8.0	5.9	7.1
% of institutions with earnings gains.....	51.5	42.9	55.3	66.7	82.4	52.9	52.6	47.1	40.8	53.8	67.3
<b>Performance ratios (%)</b>											
Yield on earning assets.....	7.55	7.63	7.62	7.76	7.44	7.45	7.82	7.65	7.57	7.80	7.51
Cost of funding earning assets.....	4.45	4.22	4.24	4.45	4.57	4.12	4.47	4.59	4.62	4.62	4.66
Net interest margin.....	3.10	3.42	3.39	3.32	2.87	3.33	3.35	3.06	2.95	3.17	2.85
Noninterest income to earning assets.....	0.98	0.94	0.68	1.20	1.03	0.72	1.69	1.09	0.76	1.34	1.01
Noninterest expense to earning assets.....	2.50	3.14	2.69	2.83	2.26	2.53	3.37	2.68	2.22	2.88	2.20
Credit loss provision to assets*.....	0.18	0.10	0.16	0.32	0.14	0.12	0.37	0.25	0.12	0.32	0.14
Net operating income to assets.....	0.84	0.67	0.72	0.83	0.91	0.83	0.75	0.71	0.82	0.87	0.94
Return on assets.....	1.01	0.77	0.89	1.08	1.04	0.97	0.94	0.97	0.92	1.20	1.05
Return on equity.....	11.36	6.21	8.35	11.80	13.51	9.82	9.13	10.27	9.34	14.26	14.23
Net charge-offs to loans and leases.....	0.21	0.08	0.15	0.27	0.24	0.16	0.54	0.20	0.10	0.41	0.19
Credit loss provision to net charge-offs.....	121.80	204.53	160.42	186.38	84.09	127.41	101.36	170.45	163.18	116.95	101.90
Efficiency ratio.....	59.37	71.56	65.45	60.86	55.02	60.35	65.97	61.78	58.45	62.75	55.00
<b>Condition Ratios (%)</b>											
Earning assets to total assets.....	93.06	94.33	94.25	92.59	92.67	93.37	92.71	92.34	94.21	92.08	93.24
Loss allowance to:											
Loans and leases.....	0.96	0.78	0.88	1.24	0.91	1.06	0.92	0.81	0.66	0.86	1.01
Noncurrent loans and leases.....	111.09	76.98	106.78	98.55	123.63	96.22	130.48	101.90	112.50	97.13	133.54
Noncurrent assets plus											
other real estate owned to assets.....	0.72	0.77	0.69	1.03	0.61	0.79	0.66	0.69	0.54	0.87	0.66
Noncurrent RE loans to RE loans.....	0.86	0.98	0.79	1.29	0.74	1.12	0.67	0.76	0.55	0.96	0.75
Equity capital ratio.....	8.68	12.35	10.74	9.04	7.46	9.81	10.17	9.16	9.64	8.21	7.12
Core capital (leverage) ratio.....	7.85	11.93	10.13	8.36	6.46	8.73	9.55	8.17	8.89	7.93	6.47
Gross real estate assets to gross assets.....	77.91	68.19	71.42	72.88	83.11	72.45	72.91	76.01	76.07	66.92	87.09
Gross 1-4 family mortgages to gross assets.....	47.32	49.32	46.67	38.93	50.63	41.20	47.75	52.67	53.04	36.90	51.96
Net loans and leases to deposits.....	101.34	80.50	84.64	95.66	114.92	82.26	93.29	102.71	100.93	111.83	124.26
<b>Structural Changes</b>											
New Charters.....	28	28	0	0	0	2	9	9	4	3	1
Thriffs absorbed by mergers.....	114	35	53	21	5	33	24	28	13	5	11
Failed Thriffs.....	0	0	0	0	0	0	0	0	0	0	0
<b>PRIOR FULL YEARS**</b> (The way it was...)											
Number of institutions.....1997	1,780	765	858	122	35	687	253	462	134	118	126
.....1995	2,030	910	959	130	31	754	305	522	153	137	159
.....1993	2,262	1,048	1,040	146	28	826	367	568	166	147	188
Total assets (in billions).....1997	\$1,026.2	\$39.9	\$250.4	\$239.7	\$496.1	\$342.8	\$64.8	\$174.2	\$33.6	\$64.0	\$346.8
.....1995	1,025.7	46.7	278.5	281.3	419.2	352.3	70.9	169.9	52.2	74.9	305.6
.....1993	1,000.9	53.4	298.8	306.8	341.9	336.6	89.1	150.8	50.9	56.9	316.6
Return on assets (%).....1997	0.93	0.75	0.95	1.06	0.87	1.00	0.84	0.90	1.01	1.00	0.86
.....1995	0.77	0.67	0.80	0.84	0.72	0.88	0.87	0.85	0.98	1.05	0.51
.....1993	0.71	1.00	0.93	0.62	0.53	0.68	0.71	0.97	0.98	1.58	0.39
Net charge-offs to loans & leases (%)											
.....1997	0.25	0.10	0.17	0.35	0.26	0.22	0.47	0.24	0.07	0.46	0.22
.....1995	0.34	0.14	0.17	0.38	0.45	0.39	0.14	0.14	0.18	0.23	0.47
.....1993	0.65	0.15	0.29	0.53	1.13	0.68	0.34	0.11	0.15	0.28	1.03
Noncurrent assets plus											
OREO to assets (%)***.....1997	0.95	0.87	0.82	1.31	0.84	1.12	0.86	0.67	0.57	1.10	0.94
.....1995	1.20	1.00	0.99	1.39	1.24	1.40	1.14	0.53	0.61	1.21	1.46
.....1993	2.10	1.43	1.74	2.17	2.45	2.73	1.48	0.72	0.83	2.26	2.44
Equity capital ratio (%).....1997	8.71	11.91	10.49	8.73	7.54	9.62	10.12	9.20	9.44	8.33	7.29
.....1995	8.39	10.73	9.84	8.54	7.06	9.05	9.50	9.07	8.48	7.60	7.17
.....1993	7.84	9.33	8.61	7.71	7.04	7.99	7.97	8.53	7.90	7.12	7.42

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

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

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

**TABLE IV-B. FOURTH Quarter 1998, FDIC-Insured Savings Institutions**

FOURTH QUARTER Preliminary (The way it is...)	All Institutions	Asset Size Distribution				Geographic Distribution by Region					
		Less than \$100 Million	\$100 Million to \$1 Billion	\$1 Billion to \$5 Billion	Greater than \$5 Billion	East			West		
		North- east	South- east	Central	Mid- west	South west	West				
Number of institutions reporting.....	1,687	701	841	111	34	656	232	442	125	119	113
Total assets (in billions).....	\$1,087.7	\$36.2	\$244.6	\$220.3	\$586.6	\$359.9	\$66.2	\$176.1	\$36.7	\$70.4	\$378.4
Total deposits (in billions).....	704.5	29.4	189.8	145.8	339.6	259.5	47.6	122.3	26.0	42.8	206.4
Net income (in millions).....	2,034.2	58.0	488.3	555.4	932.5	719.7	94.2	357.5	83.3	204.7	574.7
% of unprofitable institutions.....	9.1	14.7	5.0	4.5	8.8	7.0	12.5	9.0	9.6	10.9	11.5
% of institutions with earnings gains.....	51.8	44.8	55.8	64.0	58.8	51.8	54.7	49.8	40.0	56.3	61.9
Performance Ratios (annualized, %)											
Yield on earning assets.....	7.42	7.57	7.54	7.68	7.26	7.32	7.56	7.59	7.45	7.71	7.36
Cost of funding earning assets.....	4.37	4.20	4.20	4.40	4.44	4.05	4.37	4.52	4.51	4.56	4.55
Net interest margin.....	3.05	3.36	3.34	3.29	2.82	3.27	3.19	3.08	2.94	3.15	2.80
Noninterest income to earning assets.....	0.90	1.02	0.72	1.22	0.86	0.80	1.06	1.09	0.74	1.40	0.82
Noninterest expense to earning assets.....	2.69	3.36	2.77	2.87	2.55	2.69	3.21	2.78	2.21	2.87	2.58
Credit loss provision to assets.....	0.17	0.14	0.17	0.33	0.12	0.14	0.24	0.26	0.11	0.32	0.13
Net operating income to assets.....	0.64	0.53	0.67	0.80	0.58	0.71	0.46	0.64	0.79	0.90	0.55
Return on assets.....	0.76	0.65	0.81	1.03	0.65	0.82	0.58	0.83	0.93	1.20	0.62
Return on equity.....	8.66	5.22	7.56	11.25	8.48	8.22	5.66	8.88	9.43	14.39	8.52
Net charge-offs to loans and leases.....	0.23	0.10	0.16	0.27	0.25	0.16	0.19	0.24	0.15	0.38	0.26
Credit loss provision to net charge-offs*.....	114.06	208.10	160.32	185.69	70.91	138.78	190.39	155.53	100.18	121.66	73.16
Efficiency ratio.....	66.02	76.13	67.24	62.25	66.42	63.76	74.39	64.46	58.16	62.08	69.26
Structural Changes (QTR)											
New charters.....	7	7	0	0	0	1	4	2	0	0	0
Thriffs absorbed by mergers.....	32	10	16	3	3	8	7	10	2	2	3
Failed Thriffs.....	0	0	0	0	0	0	0	0	0	0	0
PRIOR FOURTH QUARTERS** (The way it was...)											
Return on assets (%).....1997	0.93	0.59	0.88	1.12	0.89	1.00	0.64	0.65	0.98	1.35	0.97
.....1995	0.71	0.66	0.81	0.76	0.61	0.83	0.84	0.64	0.79	1.37	0.41
.....1993	0.65	0.88	0.76	0.69	0.50	0.89	0.17	0.81	0.83	1.22	0.34
Net charge-offs to loans & leases (%)											
.....1997	0.25	0.08	0.22	0.38	0.21	0.23	0.47	0.24	0.12	0.68	0.16
.....1995	0.34	0.13	0.21	0.39	0.42	0.41	0.12	0.14	0.17	0.30	0.45
.....1993	0.70	0.18	0.37	0.65	1.08	0.82	0.61	0.11	0.27	0.18	0.96

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

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

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

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

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

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

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

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

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

December 31, 1998	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.....	0.96	1.90	1.19	0.92	0.82	0.94	1.12	1.02	1.27	1.23	0.85
Construction, development, and land.....	1.53	1.92	1.69	1.66	1.25	1.13	1.52	1.84	2.05	1.28	1.79
Commercial real estate.....	0.87	1.49	0.91	0.94	0.71	0.96	1.03	1.01	1.67	0.81	0.52
Multifamily residential real estate.....	0.46	1.10	0.76	0.39	0.39	0.57	1.03	0.43	0.45	0.60	0.39
Home equity loans.....	0.67	0.82	0.85	0.58	0.60	0.90	0.36	0.62	0.25	0.36	0.52
Other 1-4 Family residential.....	1.00	1.99	1.24	0.96	0.87	0.97	1.12	1.03	1.25	1.34	0.93
Commercial and industrial loans.....	1.32	2.70	1.55	1.27	1.03	1.23	1.66	1.58	2.07	0.89	1.28
Loans to individuals.....	1.96	2.46	2.01	2.19	1.77	1.85	2.98	1.98	2.00	0.95	2.55
Credit card loans.....	1.79	0.91	3.76	2.65	1.05	1.17	2.64	2.35	2.88	0.64	4.43
Other loans to individuals.....	2.01	2.52	1.91	1.96	2.04	2.03	3.04	1.85	1.94	1.22	2.21
<b>Percent of Loans Noncurrent*</b>											
All real estate loans.....	0.86	0.98	0.79	1.29	0.74	1.12	0.67	0.76	0.55	0.96	0.75
Construction, development, and land.....	1.01	1.44	1.04	1.12	0.86	1.01	0.74	1.81	1.37	0.41	1.01
Commercial real estate.....	1.19	1.17	1.02	1.58	1.03	1.38	1.10	1.17	0.80	1.06	0.95
Multifamily residential real estate.....	0.68	0.65	0.72	1.17	0.48	0.99	0.84	0.60	0.43	4.00	0.35
Home equity loans.....	0.31	0.26	0.46	0.26	0.26	0.39	0.11	0.36	0.12	0.04	0.26
Other 1-4 Family residential.....	0.86	0.95	0.76	1.32	0.77	1.14	0.64	0.71	0.50	0.84	0.80
Commercial and industrial loans.....	1.05	1.94	1.44	0.94	0.77	1.09	0.73	1.36	1.21	1.17	0.74
Loans to individuals.....	0.83	1.03	0.91	1.22	0.58	0.78	1.06	0.99	0.70	0.52	0.94
Credit card loans.....	1.32	0.86	2.65	2.19	0.61	0.70	1.37	1.58	1.42	0.66	3.71
Other loans to individuals.....	0.68	1.04	0.81	0.72	0.57	0.80	1.00	0.77	0.65	0.39	0.44
<b>Percent of Loans Charged-off (net, YTD)</b>											
All real estate loans.....	0.09	0.04	0.05	0.08	0.11	0.09	0.03	0.04	0.04	0.06	0.12
Construction, development, and land.....	0.07	0.07	0.06	0.04	0.09	-0.01	0.03	0.16	-0.09	0.01	0.18
Commercial real estate.....	0.05	0.07	0.09	0.09	-0.03	0.06	0.06	-0.03	0.28	0.04	0.04
Multifamily residential real estate.....	0.06	0.10	0.05	0.04	0.07	0.04	-0.02	0.03	0.00	0.07	0.08
Home equity loans.....	0.17	0.01	0.13	0.22	0.19	0.14	0.08	0.09	0.21	0.25	0.36
Other 1-4 Family residential.....	0.09	0.03	0.04	0.08	0.12	0.10	0.02	0.04	0.03	0.07	0.13
Commercial and industrial loans.....	0.39	0.30	0.56	0.37	0.29	0.28	0.57	0.36	0.62	0.70	0.33
Loans to individuals.....	1.80	0.53	1.41	1.88	1.99	0.96	5.08	1.78	0.61	1.85	1.84
Credit card loans.....	4.35	1.84	2.96	4.28	4.49	2.25	15.57	5.53	3.96	1.71	4.25
Other loans to individuals.....	1.01	0.49	1.33	0.88	0.96	0.66	1.05	0.69	0.42	1.98	1.47
<b>Loans Outstanding (in billions)</b>											
All real estate loans.....	\$643.7	\$21.6	\$147.1	\$118.7	\$356.4	\$190.1	\$39.3	\$109.9	\$23.1	\$36.8	\$244.6
Construction, development, and land.....	23.4	1.1	7.9	5.9	8.5	4.6	3.4	4.6	1.1	5.1	4.5
Commercial real estate.....	47.6	1.9	15.8	13.6	16.3	21.7	3.3	5.7	1.6	3.7	11.6
Multifamily residential real estate.....	54.5	0.6	8.4	12.7	32.8	14.4	0.7	6.3	0.8	1.8	30.4
Home equity loans.....	16.8	0.4	4.8	3.9	7.7	6.7	1.5	4.2	0.5	0.4	3.5
Other 1-4 Family residential.....	501.3	17.5	110.1	82.6	291.1	142.6	30.3	89.0	19.1	25.8	194.5
Commercial and industrial loans.....	21.0	0.7	5.0	6.2	9.1	9.1	1.6	3.0	0.9	2.6	3.8
Loans to individuals.....	52.6	1.6	9.5	14.9	26.6	15.1	3.8	12.7	2.4	8.6	10.0
Credit card loans.....	12.8	0.1	0.5	5.0	7.2	3.2	0.6	3.4	0.2	4.0	1.5
Other loans to individuals.....	39.8	1.5	9.0	9.9	19.4	12.0	3.2	9.3	2.2	4.6	8.5
<b>Memo: Other Real Estate Owned (in millions)**</b>											
All other real estate owned.....	\$1,577.9	\$39.9	\$355.1	\$497.6	\$685.3	\$480.4	\$123.3	\$211.8	\$42.4	\$186.6	\$533.4
Construction, development, and land.....	194.2	5.4	37.0	29.3	122.5	35.2	95.0	21.0	10.0	7.1	25.8
Commercial real estate.....	307.1	6.6	63.5	174.5	62.5	143.4	9.1	44.6	10.6	42.8	56.5
Multifamily residential real estate.....	197.2	1.5	81.2	60.1	54.5	52.3	1.4	5.9	0.1	80.4	57.2
1-4 Family residential.....	934.0	27.0	179.4	249.5	478.1	265.4	42.1	142.9	26.7	57.9	399.1
<b>Troubled Real Estate Asset Rates*** (% of total RE assets)</b>											
All real estate loans.....	1.11	1.16	1.03	1.70	0.93	1.37	0.98	0.95	0.74	1.46	0.97
Construction, development, and land.....	1.83	1.92	1.50	1.60	2.27	1.77	3.41	2.26	2.23	0.54	1.57
Commercial real estate.....	1.83	1.53	1.41	2.85	1.41	2.03	1.38	1.95	1.44	2.23	1.44
Multifamily residential real estate.....	1.04	0.90	1.67	1.64	0.64	1.35	1.03	0.69	0.44	8.04	0.54
1-4 family residential.....	1.02	1.09	0.90	1.55	0.91	1.28	0.75	0.85	0.63	1.05	0.99

\* 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

- **Quarterly Increase In Insured Deposits Is The Largest Ever Reported**
- **Deposit Growth Drives BIF Reserve Ratio Down To 1.38 Percent**
- **SAIF Reserve Ratio Is Unchanged At 1.39 Percent, Pending Special Reserve**

Fueled by a sharp increase in deposits, the total assets of the nation's 10,461 FDIC-insured institutions increased by \$202 billion, or 3.2 percent, during the fourth quarter of 1998. Total deposits rose by \$183 billion (4.3 percent) during the quarter, including increases of \$85 billion (3.1 percent) in estimated insured deposits, \$81 billion (9.1 percent) in uninsured domestic deposits and \$17 billion (3.1 percent) in foreign-office deposits. Fourth-quarter growth in assets and insured deposits has been a seasonal phenomenon in each of the seven years since the 1990-1991 recession, but growth rates in the fourth quarter of 1998 far exceeded those of the preceding years. In addition, this was the largest one-quarter increase in insured deposits since quarterly reporting was adopted in 1991.

The bulk of the growth in insured deposits occurred in deposits insured by the Bank Insurance Fund (BIF). BIF-insured deposits grew nearly \$75 billion from September 30 to December 31, a rise of 3.6 percent. For all of 1998, BIF-insured deposits increased by \$85 billion, or 4.1 percent. The balance of the BIF (unaudited) was \$29.6 billion as of December 31, compared to \$29.1 billion on September 30 and \$28.3 billion at the end of 1997. Despite this growth in the fund, the BIF reserve ratio – the ratio of the fund to insured

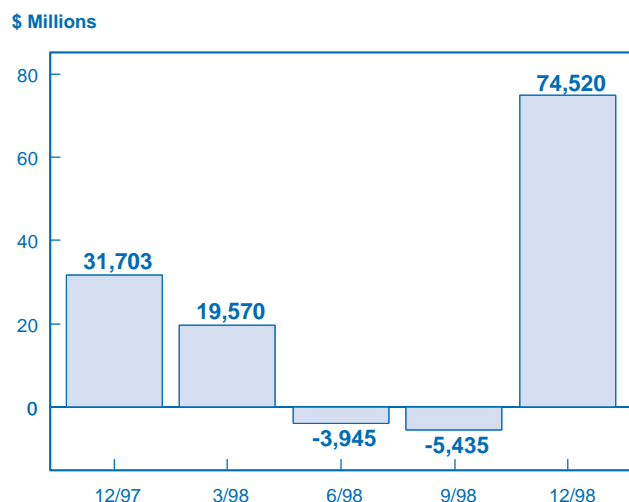
deposits – fell from 1.41 percent on September 30 to 1.38 percent at year-end 1998.

Deposits insured by the Savings Association Insurance Fund (SAIF) grew more slowly in the fourth quarter of 1998, rising \$10 billion, or 1.4 percent. This was approximately half of the increase for all of 1998, during which SAIF-insured deposits grew by \$19 billion, or 2.8 percent. The balance of the SAIF increased modestly to \$9.8 billion as of December 31 (unaudited), yielding a reserve ratio of 1.39 percent, which is unchanged from September 30. However, the Deposit Insurance Funds Act of 1996 required the creation of a SAIF Special Reserve as of January 1, 1999. On that date, the amount in the SAIF above the designated reserve ratio of 1.25 percent was moved into the Special Reserve, which is excluded from the reserve ratio calculation and available for insurance purposes only under certain adverse conditions. Thus, effective January 1, the Special Reserve totaled approximately \$978 million, reducing the SAIF balance to \$8.862 billion and the SAIF reserve ratio to 1.25 percent.

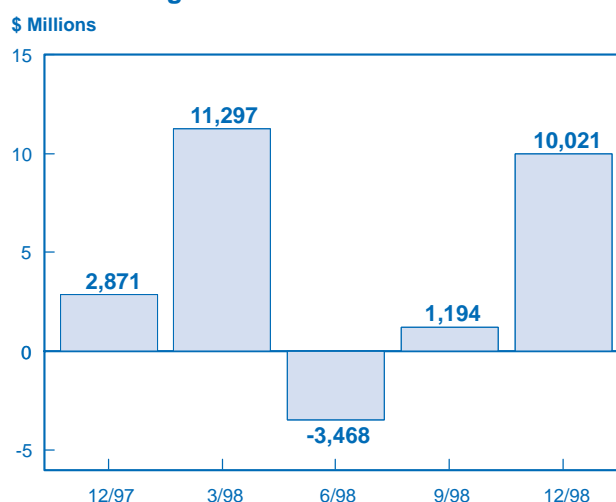
There were no failures of insured institutions in the fourth quarter of 1998. For the full year, three institutions failed, all of which were BIF-member commercial banks, with aggregate assets of \$371 million.

### QUARTERLY CHANGE IN INSURED DEPOSITS, 1997–1998

Bank Insurance Fund



Savings Association Insurance Fund





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

<i>(dollar figures in millions)</i>	1998	1997	1996	1995	1994	1993	1992
Number of institutions reporting.....	10,461	10,922	11,452	11,970	12,603	13,220	13,852
Total assets.....	\$ 6,528,627	\$6,041,131	\$5,606,608	\$5,338,418	\$5,019,085	\$4,707,056	\$4,535,877
Total deposits.....	4,386,053	4,125,862	3,925,058	3,769,480	3,611,618	3,528,486	3,527,033
Number of problem institutions.....	84	92	117	193	318	572	1,063
Assets of problem institutions (in billions).....	\$11	\$6	\$12	\$31	\$73	\$334	\$592
Number of failed/assisted institutions.....	3	1	6	8	15	50	181
Assets of failed/assisted institutions (in billions).....	\$0.37	\$0.03	\$0.22	\$1.21	\$1.57	\$9.67	\$88

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

(dollar figures in millions)	Preliminary				
	4th Quarter	3rd Quarter	4th Quarter		%Change
	1998	1998	1997		97:4-98:4
Number of institutions reporting.....	10,461	10,623	10,922		-4.2
Total employees (full-time equivalent).....	1,860,787	1,842,656	1,783,256		4.3
<b>CONDITION DATA</b>					
Total assets.....	\$6,528,628	\$6,325,984	\$6,041,132		8.1
Loans secured by real estate.....	1,989,152	1,934,693	1,875,895		6.0
1-4 Family residential.....	1,283,336	1,249,987	1,225,756		4.7
Home equity loans.....	113,459	114,236	115,620		-1.9
Multifamily residential property.....	97,165	96,814	98,843		-1.7
Commercial real estate.....	418,618	403,971	387,902		7.9
Construction, development, and land.....	130,085	125,063	108,009		20.4
Other real estate loans.....	59,948	58,859	55,384		8.2
Commercial & industrial loans.....	919,808	893,311	812,125		13.3
Loans to individuals.....	623,700	606,026	609,039		2.4
Credit cards & related plans.....	241,796	227,289	242,535		-0.3
Other loans & leases.....	431,039	423,671	377,116		14.3
Less: Unearned income & contra accounts.....	4,231	4,357	4,684		-9.7
Total loans & leases.....	3,959,467	3,853,344	3,669,491		7.9
Less: Reserve for losses.....	64,201	64,230	61,664		4.1
Net loans and leases.....	3,895,267	3,789,113	3,607,827		8.0
Securities.....	1,248,899	1,178,142	1,120,549		11.5
Other real estate owned.....	4,725	5,059	5,877		-19.6
Goodwill and other intangibles.....	94,372	91,126	72,685		29.8
All other assets.....	1,285,364	1,262,544	1,234,194		4.1
Total liabilities and capital.....	6,528,628	6,325,984	6,041,132		8.1
Deposits.....	4,386,054	4,203,549	4,125,863		6.3
Other borrowed funds.....	1,170,590	1,151,606	1,039,314		12.6
Subordinated debt.....	75,599	71,647	64,951		16.4
All other liabilities.....	339,733	346,727	303,719		11.9
Equity capital.....	556,652	552,454	507,286		9.7
Loans and leases 30-89 days past due.....	48,359	45,078	47,180		2.5
Noncurrent loans and leases.....	37,484	35,837	36,165		3.6
Restructured loans and leases.....	4,279	4,625	5,844		-26.8
Direct and indirect investments in real estate.....	1,095	1,077	1,256		-12.9
Mortgage-backed securities.....	677,262	626,016	564,776		19.9
Earning assets.....	5,687,815	5,515,839	5,270,995		7.9
Unused loan commitments.....	3,912,660	3,796,960	3,207,100		22.0
	Preliminary		Preliminary		
	Full Year	Full Year	4th Quarter	4th Quarter	%Change
	1998	1997	1998	1997	97:4-98:4
<b>INCOME DATA</b>					
Total interest income.....	\$433,132	\$408,722	\$109,927	\$107,113	2.6
Total interest expense.....	221,179	205,600	55,332	54,902	0.8
Net interest income.....	211,953	203,122	54,595	52,212	4.6
Provision for credit losses.....	23,982	22,035	5,996	6,132	-2.2
Total noninterest income.....	132,946	111,527	36,663	29,241	25.4
Total noninterest expense.....	217,592	191,056	61,538	50,341	22.2
Securities gains (losses).....	5,583	3,102	1,612	1,426	13.1
Applicable income taxes.....	37,255	36,726	8,330	8,825	-5.6
Extraordinary gains, net.....	426	14	-74	3	N/M
Net income.....	72,078	67,950	16,931	17,582	-3.7

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

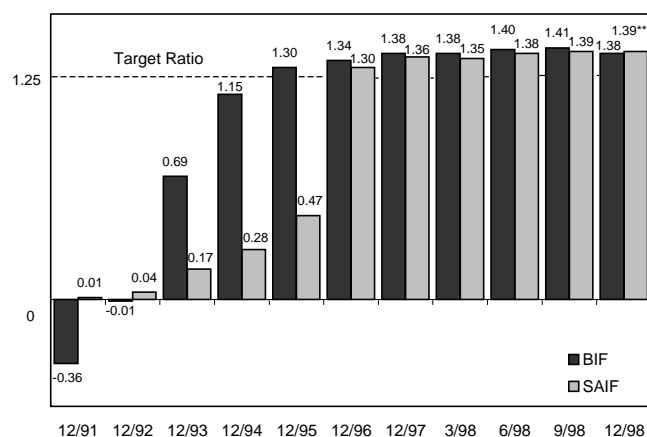
N/M - Not meaningful

**TABLE III-C. Selected Insurance Fund Indicators**
*(dollar figures in millions)*

	Preliminary 4th Quarter 1998	3rd Quarter 1998	4th Quarter 1997	%Change 97:4-98:4
<b>Bank Insurance Fund*</b>				
Reserve ratio (%)**	1.38	1.41	1.38	0.0
Fund balance (unaudited)	\$29,612	\$29,101	\$28,293	4.7
Estimated insured deposits	2,141,268	2,066,748	2,056,558	4.1
SAIF-member Oakars	38,863	35,116	30,962	25.5
BIF-members	2,102,405	2,031,632	2,025,596	3.8
Assessment base	2,996,396	2,832,452	2,786,250	7.4
SAIF-member Oakars	41,015	36,517	32,647	25.6
BIF-members	2,955,381	2,795,934	2,753,603	7.3
<b>Savings Association Insurance Fund</b>				
Reserve ratio (%)**	1.39	1.39	1.36	2.2
Fund balance (unaudited)	\$9,840	\$9,731	\$9,368	5.0
Estimated insured deposits	708,959	698,938	689,915	2.8
BIF-member Oakars	256,894	277,286	246,285	4.3
SAIF-member Sassadors	64,219	61,970	60,424	6.3
Other SAIF members	387,846	359,682	383,207	1.2
Assessment base	751,413	738,468	721,132	4.2
BIF-member Oakars	257,990	279,463	246,696	4.6
SAIF-member Sassadors	70,984	68,157	65,473	8.4
Other SAIF members	422,439	390,848	408,964	3.3

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

\*\* Fund balance as a percent of estimated insured deposits.

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


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

\*\* Effective January 1, 1999, approximately \$978 million was moved to a SAIF Special Reserve, reducing the SAIF reserve ratio to 1.25 percent.

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

	BIF Fund Balance	BIF-Insured Deposits	SAIF Fund Balance	SAIF-Insured Deposits
12/91	-7,028	1,957,722	101	776,351
12/92	-101	1,945,550	279	732,159
12/93	13,122	1,905,245	1,157	697,885
12/94	21,848	1,895,258	1,937	693,610
12/95	25,454	1,951,963	3,358	711,897
12/96	26,854	2,007,042	8,888	683,403
12/97	28,293	2,056,558	9,368	689,915
3/98	28,559	2,076,128	9,484	701,212
6/98	28,931	2,071,753	9,610	697,386
9/98	29,101	2,066,748	9,731	698,915
12/98	29,612	2,141,268	9,840	708,959

\* Insured deposit amounts are estimates. 1998 fund balance amounts are unaudited.

**TABLE IV-C. Closed/Assisted Institutions**
*(dollar figures in millions)*

	1998	1997	1996	1995	1994	1993	1992
<b>BIF Members</b>							
Number of institutions	3	1	5	6	13	41	122
Total assets	\$371	\$27	\$186	\$758	\$1,432	\$3,539	\$44,232
<b>SAIF Members</b>							
Number of institutions	0	0	1	2	2	9	59
Total assets	\$0	\$0	\$34	\$456	\$137	\$6,132	\$44,197

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

<i>(dollar figures in millions)</i>	1998	1997	1996	1995	1994	1993	1992
<b>BIF Members</b>							
Number of institutions reporting.....	9,031	9,404	9,823	10,243	10,760	11,291	11,813
BIF-member Oakars.....	730	778	793	807	719	570	485
Other BIF-members.....	8,301	8,626	9,030	9,436	10,041	10,721	11,318
Total assets.....	\$ 5,700,851	\$5,285,407	\$4,857,760	\$4,577,897	\$4,248,300	\$3,949,694	\$3,711,611
Total deposits.....	3,843,776	3,611,453	3,404,203	3,225,649	3,062,717	2,951,979	2,873,168
Net income.....	64,469	61,463	54,483	50,779	46,882	44,498	33,318
Return on assets (%).....	1.18	1.22	1.17	1.15	1.14	1.17	0.92
Return on equity (%).....	13.83	14.44	14.14	14.32	14.43	14.89	12.72
Noncurrent assets plus OREO to assets (%).....	0.64	0.67	0.77	0.89	1.06	1.69	2.64
Number of problem institutions.....	68	73	86	151	264	472	856
Assets of problem institutions.....	\$5,326	\$4,598	\$6,624	\$20,166	\$42,311	\$269,159	\$463,803
Number of failed/assisted institutions.....	3	1	5	6	13	41	122
Assets of failed/assisted institutions.....	\$371	\$27	\$182	\$753	\$1,392	\$3,539	\$45,391
<b>SAIF Members</b>							
Number of institutions reporting.....	1,430	1,518	1,629	1,727	1,843	1,929	2,039
SAIF-member Oakars.....	109	112	94	77	55	28	9
Other SAIF-members.....	1,321	1,406	1,535	1,650	1,788	1,091	2,030
Total assets.....	\$827,775	\$755,724	\$748,847	\$760,520	\$770,785	\$757,361	\$824,266
Total deposits.....	542,277	514,408	520,854	543,831	548,900	576,506	653,865
Net income.....	7,609	6,485	4,883	5,584	4,101	5,380	5,359
Return on assets (%).....	0.98	0.94	0.67	0.76	0.56	0.72	0.66
Return on equity (%).....	11.36	11.13	8.07	9.47	7.16	9.74	9.78
Noncurrent assets plus OREO to assets (%).....	0.80	0.98	1.07	1.12	1.23	1.85	2.74
Number of problem institutions.....	16	19	31	42	54	100	207
Assets of problem institutions.....	\$5,992	\$1,662	\$5,548	\$10,846	\$30,336	\$64,973	\$127,838
Number of failed/assisted institutions.....	0	0	1	2	2	9	59
Assets of failed/assisted institutions.....	\$0	\$0	\$35	\$426	\$129	\$6,105	\$44,197

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

Excludes one self-liquidating institution.

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

<i>(dollar figures in millions)</i>	Number of Institutions	Total Assets	Domestic Deposits	Estimated Insured Deposits		
				BIF	SAIF	Total
<b>December 31, 1998</b>						
<b>Commercial Banks and Savings Institutions</b>						
FDIC-Insured Commercial Banks.....	8,774	\$5,440,943	\$3,109,500	\$1,948,444	\$257,951	\$2,206,395
BIF-member.....	8,671	5,370,156	3,060,394	1,934,070	231,289	2,165,360
SAIF-member.....	103	70,788	49,106	14,374	26,662	41,035
FDIC-Supervised.....	5,321	947,473	718,207	497,748	57,646	555,395
OCC-Supervised.....	2,459	3,183,118	1,785,843	1,121,390	150,918	1,272,309
Federal Reserve-Supervised.....	994	1,310,353	605,450	329,305	49,386	378,691
FDIC-Insured Savings Institutions.....	1,687	1,087,684	704,531	191,232	451,009	642,240
OTS-Supervised Savings Institutions.....	1,143	817,223	510,313	67,514	397,891	465,405
BIF-member.....	38	116,443	58,131	44,030	10,045	54,075
SAIF-member.....	1,105	700,780	452,182	23,484	387,846	411,330
FDIC-Supervised State Savings Banks.....	544	270,461	194,218	123,718	53,117	176,835
BIF-member.....	322	214,253	153,228	122,712	15,560	138,272
SAIF-member.....	222	56,208	40,990	1,006	37,558	38,563
<b>Total Commercial Banks and Savings Institutions.....</b>						
BIF-member.....	10,461	6,528,628	3,814,031	2,139,676	708,959	2,848,635
SAIF-member.....	9,031	5,700,852	3,271,754	2,100,813	256,894	2,357,706
SAIF-member.....	1,430	827,776	542,278	38,863	452,066	490,929
<b>Other FDIC-Insured Institutions</b>						
U.S. Branches of Foreign Banks.....	25	9,116	2,924	1,592	0	1,592
<b>Total FDIC-Insured Institutions.....</b>	<b>10,486</b>	<b>6,537,744</b>	<b>3,816,955</b>	<b>2,141,268</b>	<b>708,959</b>	<b>2,850,227</b>

\* Excludes \$572 billion in foreign office deposits, which are uninsured.

**TABLE VII-C. Assessment Base Distribution and Rate Schedules**

**BIF Assessment Base Distribution**  
**Assessable Deposits in Millions as of December 31, 1998**  
**Supervisory and Capital Ratings for First Semiannual Assessment Period, 1999**

Capital Group	Supervisory Risk Subgroup					
	A		B		C	
1. Well-capitalized						
Number of institutions.....	8,602	95.0%	261	2.9%	36	0.4%
Assessable deposit base.....	2,931,749	97.8%	40,714	1.4%	1,954	0.1%
2. Adequately capitalized						
Number of institutions.....	111	1.2%	14	0.2%	14	0.2%
Assessable deposit base.....	17,655	0.6%	1,436	0.1%	1,734	0.1%
3. Undercapitalized						
Number of institutions.....	5	0.1%	2	0.0%	11	0.1%
Assessable deposit base.....	398	0.0%	228	0.0%	528	0.0%

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

**SAIF Assessment Base Distribution**  
**Assessable Deposits in Millions as of December 31, 1998**  
**Supervisory and Capital Ratings for First Semiannual Assessment Period, 1999**

Capital Group	Supervisory Risk Subgroup					
	A		B		C	
1. Well-capitalized						
Number of institutions.....	1,322	92.4%	64	4.5%	14	1.1%
Assessable deposit base.....	721,969	96.1%	19,426	2.6%	4,446	0.6%
2. Adequately capitalized						
Number of institutions.....	17	1.2%	4	0.3%	4	0.3%
Assessable deposit base.....	4,419	0.8%	235	0.0%	297	0.0%
3. Undercapitalized						
Number of institutions.....	2	0.1%	1	0.1%	2	0.1%
Assessable deposit base.....	411	0.1%	78	0.0%	134	0.0%

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

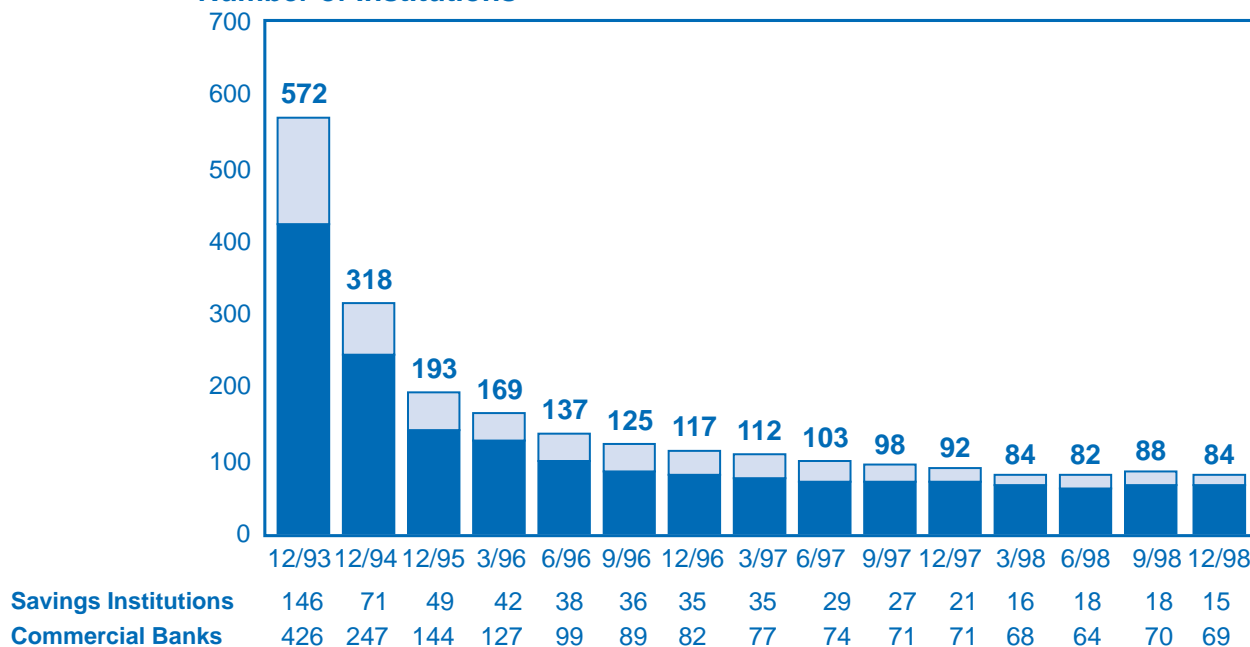
**Assessment Rate Schedules**  
**First Semiannual 1999 Assessment Period**  
**Cents Per \$100 of Assessable Deposits**

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 1993-1998

Number of Institutions



## Assets of FDIC-Insured “Problem” Institutions 1993-1998

\$ Billions

