FDIC Quarterly

Quarterly Banking Profile: First Quarter 2009

The FDIC's Small-Dollar Loan Pilot Program: A Case Study after One Year

Findings from the FDIC Survey of Bank Efforts to Serve the Unbanked and Underbanked

FDIC 75 YEARS
CONFIDENCE AND STABILITY

2009, Volume 3, Number 2

The ***FDIC Quarterly*** is published by the Division of Insurance and Research of the Federal Deposit Insurance Corporation and contains a comprehensive summary of the most current financial results for the banking industry. Feature articles appearing in the ***FDIC Quarterly*** range from timely analysis of economic and banking trends at the national and regional level that may affect the risk exposure of FDIC-insured institutions to research on issues affecting the banking system and the development of regulatory policy.

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2009, Volume 3, Number 2

The Federal Deposit Insurance Corporation Celebrates Its 75th Year *See page ii.*

Quarterly Banking Profile: First Quarter 2009

FDIC-insured institutions reported net income of $7.6 billion in the first quarter of 2009, a decline of $11.7 billion (60.8 percent) from the $19.3 billion that the industry earned in the first quarter of 2008. Higher loan-loss provisions, increased goodwill write-downs, and reduced income from securitization activities all contributed to the year-over-year earnings decline. Three out of five insured institutions reported lower net income in the first quarter and one in five was unprofitable. *See page 1.*

Insurance Fund Indicators

Estimated insured deposits (based on the basic FDIC insurance limit of $100,000) increased by 1.7 percent in the first quarter of 2009. The Deposit Insurance Fund reserve ratio fell to 0.27 percent, and 21 FDIC-insured institutions failed during the quarter. *See page 14.*

Temporary Liquidity Guarantee Program

The FDIC Board approved the Temporary Liquidity Guarantee Program (TLGP) in response to major disruptions in credit markets. The TLGP improves access to liquidity for participating institutions by fully guaranteeing non-interest-bearing transaction deposit accounts and by guaranteeing eligible senior unsecured debt. As of March 31, 2009, more than 86 percent of FDIC-insured institutions have opted in to the Transaction Account Guarantee Program, and 8,102 eligible entities have elected the option to participate in the Debt Guarantee Program. Approximately $700 billion in non-interest-bearing transaction accounts was guaranteed as of March 31, 2009, and $336 billion in guaranteed senior unsecured debt, issued by 97 entities, was outstanding at the end of the first quarter. *See page 19.*

Feature Articles:

The FDIC's Small-Dollar Loan Pilot Program: A Case Study after One Year

The FDIC's Small-Dollar Loan Pilot Program is a two-year case study designed to identify best practices in affordable small-dollar loan programs that can be replicated by other financial institutions. This article summarizes results from the first four quarters of the pilot, highlights factors that have contributed to the success of participating banks' programs, and presents the most common small-dollar loan business models. *See page 29.*

Findings from the *FDIC Survey of Bank Efforts to Serve the Unbanked and Underbanked*

This article summarizes key findings of the *FDIC Survey of Bank Efforts to Serve the Unbanked and Underbanked.* It is intended to inform bankers, policymakers, and researchers of the results of the survey and to outline steps for improving access to the mainstream financial system. *See page 39.*

The views expressed are those of the authors and do not necessarily reflect official positions of the Federal Deposit Insurance Corporation. Some of the information used in the preparation of this publication was obtained from publicly available sources that are considered reliable. However, the use of this information does not constitute an endorsement of its accuracy by the Federal Deposit Insurance Corporation. Articles may be reprinted or abstracted if the publication and author(s) are credited. Please provide the FDIC's Division of Insurance and Research with a copy of any publications containing reprinted material.

The Federal Deposit Insurance Corporation Celebrates Its 75th Year

Chairman Bair and the Federal Deposit Insurance Corporation (FDIC) officially launched the agency's 75th anniversary on June 16, 2008. The Corporation is celebrating this milestone with a campaign to promote awareness of deposit insurance and coverage limits, as well as to reinforce its ongoing commitment to consumers through an initiative to enhance financial literacy and improve consumer savings. Please visit our 75th anniversary web site for more information at www.fdic.gov/anniversary.

The FDIC is an independent government agency that has been protecting Americans' savings for 75 years. Created in 1933, the FDIC promotes public trust and confidence in the U.S. banking system by insuring deposits.

The FDIC insures more than $4.8 trillion of deposits in over 8,200 U.S. banks and thrifts—deposits in virtually every bank and thrift in the country. Throughout our 75-year history, no one has ever lost a penny of insured deposits as a result of a bank failure.

In addition to immediately responding to insured depositors when a bank fails, the FDIC monitors and addresses risks to the Deposit Insurance Fund, and directly supervises and examines approximately 5,100 institutions that are not members of the Federal Reserve System. The FDIC—with a staff of more than 5,300 employees nationwide—is managed by a five-person Board of Directors, all of whom are appointed by the President and confirmed by the Senate, with no more than three being from the same political party. Sheila C. Bair heads this board as the 19th Chairman of the Federal Deposit Insurance Corporation.

Quarterly Banking Profile First Quarter 2009

INSURED INSTITUTION PERFORMANCE

- ***Net Income of $7.6 Billion Is Less than Half Year-Earlier Level***
- ***Noninterest Income Registers Strong Rebound at Large Banks***
- ***Aggressive Reserve Building Trails Growth in Troubled Loans***
- ***Industry Assets Contract by $302 Billion***
- ***Total Equity Capital Increases by $82.1 Billion***

With great sadness we note the passing of L. William Seidman, Chairman of the FDIC from 1985 to 1991, and founder of the Quarterly Banking Profile. His wisdom and leadership through difficult times continue to inspire, as does his commitment to openness, transparency, and an informed public.

Highest Earnings in Four Quarters Are 61 Percent Lower than a Year Ago

Sharply higher trading revenues at large banks helped FDIC-insured institutions post an aggregate net profit of $7.6 billion in the first quarter of 2009. Realized gains on securities and other assets at a few large institutions also contributed to the quarter's profits. First quarter earnings were $11.7 billion (60.8 percent) lower than in the first quarter of 2008 but represented a significant recovery from the $36.9 billion net loss the industry reported in the fourth quarter of 2008.[1] Provisions for loan and lease losses were lower than in the fourth quarter of 2008 but continued to rise on a year-over-year basis. The increase in loss provisions, higher charges for goodwill impairment, and reduced income from securitization activity were the primary causes of the year-over-year decline in industry net income. Evidence of earnings weakness was widespread in the first quarter; more than one out of every five institutions (21.6 percent) reported a net loss, and almost three out of every five (59.3 percent) reported lower net income than in the first quarter of 2008.

[1] Amended financial reports received since the publication of the fourth quarter 2008 *Quarterly Banking Profile* caused the industry's fourth-quarter net loss to widen from $32.1 billion to $36.9 billion. The amendments included higher expenses for goodwill impairment and increased loan-loss provisions.

Loss Provisions Continue to Weigh Heavily on Earnings

Insured institutions set aside $60.9 billion in loan loss provisions in the first quarter, an increase of $23.7 billion (63.6 percent) from the first quarter of 2008. Almost two out of every three insured institutions (65.4 percent) increased their loss provisions. Goodwill impairment charges and other intangible asset expenses rose to $7.2 billion from $2.8 billion a year earlier. Against these negative factors, total noninterest income

Chart 1

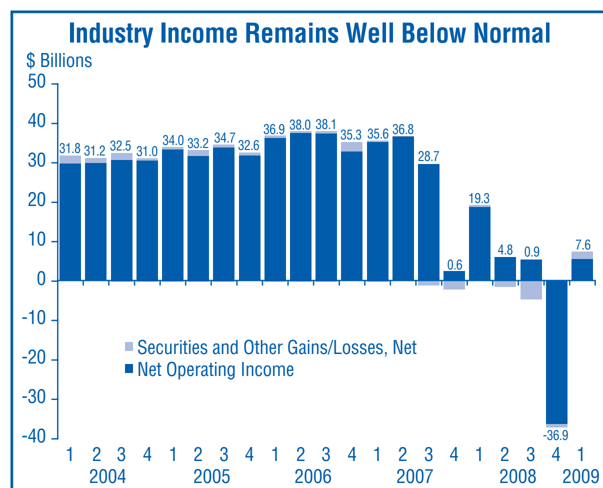
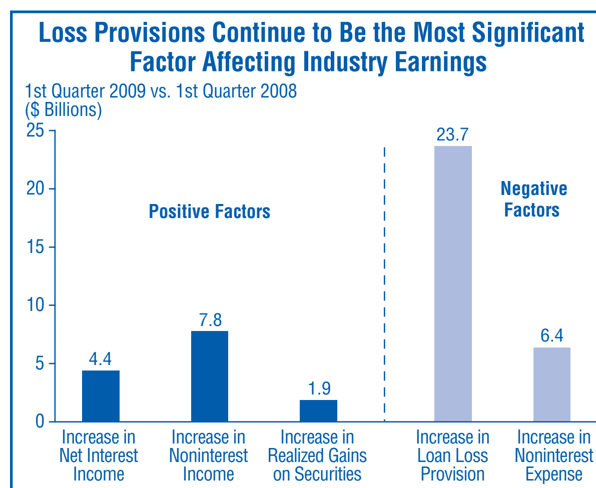


Chart 2



contributed $68.3 billion to pretax earnings, a $7.8-billion (12.8 percent) improvement over the first quarter of 2008. Net interest income was $4.4 billion (4.7 percent) higher, and realized gains on securities and other assets were up by $1.9 billion (152.6 percent). The rebound in noninterest income stemmed primarily from higher trading revenue at a few large banks, but gains on loan sales and increased servicing fees also provided a boost to noninterest revenues. Trading revenues were $7.6 billion higher than a year earlier, servicing fees were up by $2.4 billion, and realized gains on securities and other assets were $1.9 billion higher. Nevertheless, these positive developments were outweighed by the higher expenses for bad loans and goodwill impairment. The average return on assets (ROA) was 0.22 percent, less than half the 0.58 percent registered in the first quarter of 2008 and less than one-fifth the 1.20 percent ROA the industry enjoyed in the first quarter of 2007.

Lower Funding Costs Lift Large Bank Margins

For the sixth consecutive quarter, falling interest rates caused declines in both average funding costs and average asset yields. The industry's average funding cost fell by more than its average asset yield in the quarter, and the quarterly net interest margin (NIM) improved from fourth quarter 2008 and first quarter 2008 levels. The average NIM in the first quarter was 3.39 percent, compared to 3.34 percent in the fourth quarter of 2008 and 3.33 percent in the first quarter of 2008. This is the highest level for the industry NIM since the second quarter of 2006. However, most of the improvement was concentrated among larger institutions; more than half of all institutions (55.4 percent) reported lower NIMs compared to a year earlier, and almost two-thirds (66.0 percent) had lower NIMs than in the fourth quarter of 2008. The average NIM at institutions with less than $1 billion in assets fell from 3.66 percent in the fourth quarter to 3.56 percent, a 21-year low.

Charge-Offs Continue to Rise in All Major Loan Categories

First-quarter net charge-offs of $37.8 billion were slightly lower than the $38.5 billion the industry charged-off in the fourth quarter of 2008, but they were almost twice as high as the $19.6 billion total in the first quarter of 2008. The year-over-year rise in charge-offs was led by loans to commercial and industrial (C&I) borrowers, where charge-offs increased by $4.2 billion (170 percent); by credit cards (up $3.4 billion, or 68.9 percent); by real estate construction loans (up $2.9 billion, or 161.7 percent); and by closed-end 1–4 family residential real estate loans (up $2.7 billion, or 64.9 percent). Net charge-offs in all major categories were higher than a year ago. The annualized net charge-off rate on total loans and leases was 1.94 percent, slightly below the 1.95 percent rate in the fourth quarter of 2008 that is the highest quarterly net charge-off rate in the 25 years that insured institutions have reported these data. Well over half of all insured institutions (58.3 percent) reported year-over-year increases in quarterly charge-offs.

Noncurrent Loans Rise by $59.2 Billion

The high level of charge-offs did not stem the growth in noncurrent loans in the first quarter. On the contrary, noncurrent loans and leases increased by $59.2 billion (25.5 percent), the largest quarterly increase in the three years that noncurrent loans have

Chart 3

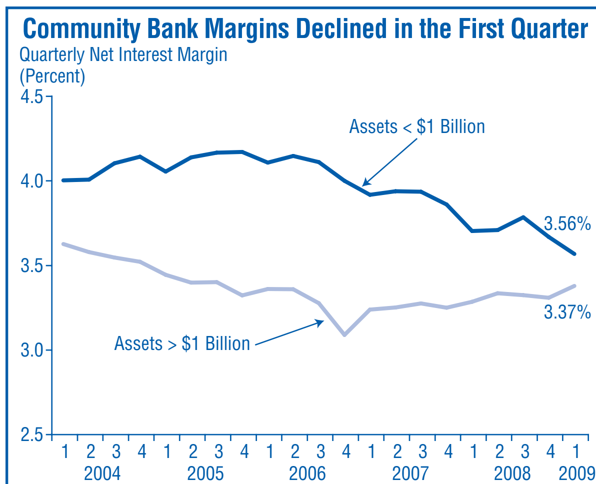
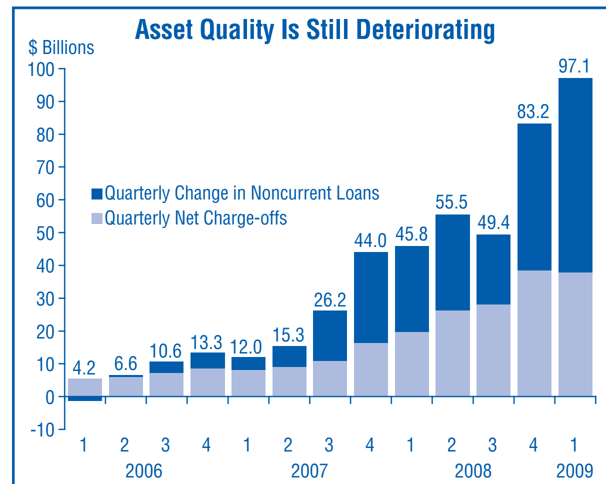


Chart 4



been rising. The percentage of loans and leases that were noncurrent rose from 2.95 percent to 3.76 percent during the quarter; the noncurrent rate is now at the highest level since the second quarter of 1991. The rise in noncurrent loans was led by real estate loans, which accounted for 84 percent of the overall increase. Noncurrent closed-end 1–4 family residential mortgage loans increased by $26.7 billion (28.1 percent), while noncurrent real estate construction loans were up by $10.5 billion (20.3 percent), and noncurrent loans secured by nonfarm nonresidential real estate properties rose by $6.9 billion (40 percent). All major loan categories experienced rising levels of noncurrent loans, and 58 percent of insured institutions reported increases in their noncurrent loans during the quarter.

Reserve Building Continues

Loss provisions surpassed net charge-offs by $23.1 billion in the first quarter, and the industry's loan loss reserves increased by $20.0 billion (11.5 percent). The ratio of reserves to total loans rose during the quarter from 2.21 percent to 2.50 percent, an all-time high. The previous record level of 2.38 percent was reached at the end of the first quarter of 1992. Despite the rise in the level of reserves relative to total loans, the industry's ratio of reserves to noncurrent loans fell for a 12th consecutive quarter, from 74.8 percent to 66.5 percent, the lowest level in 17 years.

Industry Capital Registers Largest Quarterly Increase Since 2004

Total equity capital of insured institutions increased by $82.1 billion in the first quarter, the largest quarterly increase since the third quarter of 2004 (when more than half of the increase in equity consisted of goodwill). The industry's tier one leverage capital increased by a record $69.8 billion (7.0 percent) during the quarter, and the average leverage capital ratio increased from 7.48 percent to 8.04 percent. Most of the aggregate increase in capital was concentrated among a relatively small number of institutions, including some institutions participating in the U.S. Treasury Department's Troubled Asset Relief Program (TARP). A majority of institutions (55.3 percent) reported declines in their leverage capital ratios during the quarter. A number of institutions reduced their dividend payments in the first quarter, as the total amount of dividends paid by insured institutions fell by almost half ($6.8 billion) compared to the first quarter of 2008. Of the 3,603 institutions that paid dividends in the first quarter of 2008, two-thirds (2,337 institutions) reduced their dividends in the current quarter, including 995 institutions that eliminated first quarter dividends.

Downsizing at a Few Large Banks Causes $302-Billion Decline in Industry Assets

Total assets declined by $301.7 billion (2.2 percent) during the quarter, as a few large banks reduced their loan portfolios and trading accounts. This is the largest percentage decline in industry assets in a single quarter in the 25 years for which quarterly data are available. Eight large institutions accounted for the entire decline in industry assets; most insured institutions (67.3 percent) reported increased assets during the quarter, although only 47 percent had increases in their loan balances. The decline in industry assets consisted primarily of a $159.6-billion (2.1-percent) reduction in loans and leases, a $144.5-billion (14.9-percent) decline in assets in trading accounts, and a $91.7-billion

Chart 5

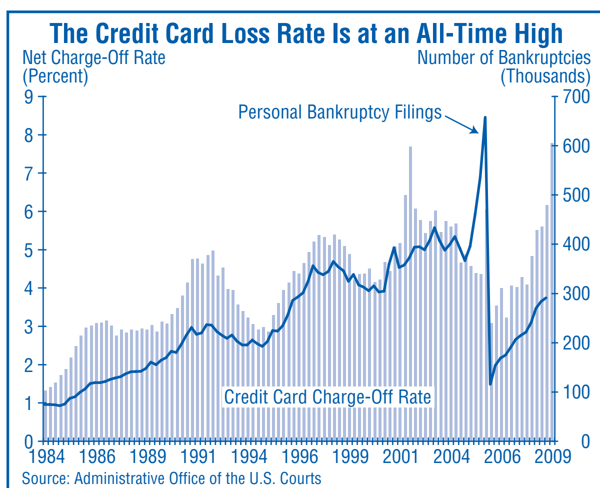
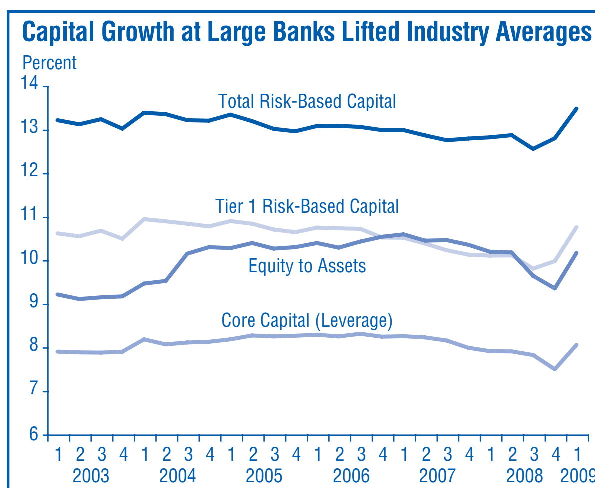


Chart 6



(12.7-percent) drop in Fed funds sold and securities purchased under resale agreements. Balances with Federal Reserve banks, which had increased by $488.2 billion in the previous two quarters, declined by $32.5 billion (6.3 percent) during the first quarter. Unused loan commitments fell for a fifth consecutive quarter, declining by $532.0 billion (7.4 percent). Most of the reduction occurred in credit card lines, which fell by $406.6 billion (9.9 percent), but unused commitments declined for all major loan categories during the quarter. The amount of assets securitized and sold declined by $26.6 billion (1.4 percent) during the quarter.

Deposit Share of Funding Rises Even as Total Deposits Decline

The decline in industry assets and the increase in equity capital meant a reduced need for funding during the quarter. Total deposits declined by $81.3 billion (0.9 percent), while nondeposit liabilities fell by $320.2 billion (9.1 percent). Deposits in domestic offices increased modestly ($41.9 billion, or 0.6 percent), with time deposits falling by $72.5 billion (2.6 percent). Deposits in foreign offices declined by $123.2 billion (8.0 percent). Liabilities in trading accounts fell by $116.8 billion (24.6 percent), while Federal Home Loan Bank advances declined for a second consecutive quarter, falling by $91.0 billion (11.6 percent). Deposits funded 66.1 percent of total industry assets at the end of the quarter, up from 65.3 percent at the end of 2008. This is the highest deposit funding share since March 2002.

Twenty-One Failures Is Highest Quarterly Total Since 1992

The number of FDIC-insured commercial banks and savings institutions reporting financial results declined from 8,305 to 8,246 in the first quarter. Mergers absorbed 50 institutions, while 21 insured institutions failed. This is the largest number of failed institutions in a quarter since the fourth quarter of 1992. Thirteen new charters were added in the first quarter, the fewest since the first quarter of 1994. During the quarter, the number of insured banks and thrifts on the FDIC's "Problem List" increased from 252 to 305, and total assets of "problem" institutions rose from $159 billion to $220 billion.

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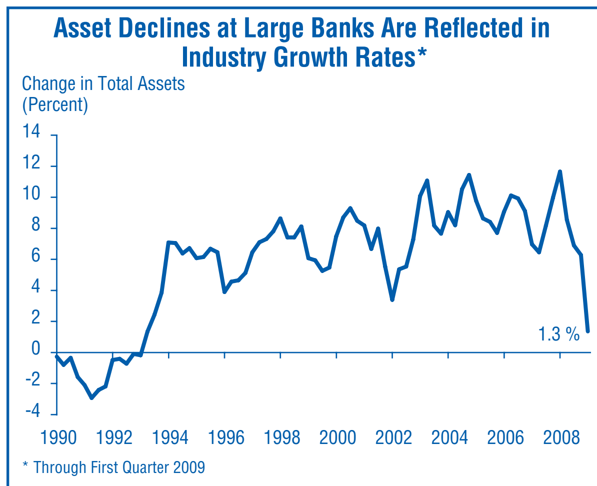
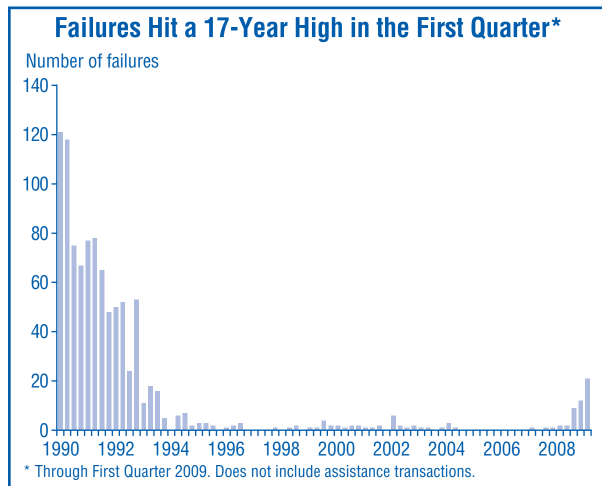
Chart 7



* Through First Quarter 2009

Chart 8



* Through First Quarter 2009. Does not include assistance transactions.

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

	2009**	2008**	2008	2007	2006	2005	2004
Return on assets (%)	0.22	0.58	0.04	0.81	1.28	1.28	1.28
Return on equity (%)	2.26	5.69	0.41	7.75	12.30	12.43	13.20
Core capital (leverage) ratio (%)	8.04	7.89	7.48	7.97	8.22	8.25	8.11
Noncurrent assets plus other real estate owned to assets (%)	2.39	1.14	1.89	0.94	0.54	0.50	0.53
Net charge-offs to loans (%)	1.94	0.99	1.29	0.59	0.39	0.49	0.56
Asset growth rate (%)	1.29	11.58	6.21	9.89	9.04	7.63	11.37
Net interest margin (%)	3.39	3.33	3.18	3.29	3.31	3.47	3.52
Net operating income growth (%)	-69.94	-46.54	-90.13	-27.58	8.52	11.43	3.99
Number of institutions reporting	8,246	8,494	8,305	8,534	8,680	8,833	8,976
Commercial banks	7,037	7,240	7,085	7,283	7,401	7,526	7,631
Savings institutions	1,209	1,254	1,220	1,251	1,279	1,307	1,345
Percentage of unprofitable institutions (%)	21.65	14.23	24.41	12.07	7.94	6.22	5.97
Number of problem institutions	305	90	252	76	50	52	80
Assets of problem institutions (in billions)	$220	$26	$159	$22	$8	$7	$28
Number of failed institutions	21	2	25	3	0	0	4
Number of assisted institutions	0	0	5	0	0	0	0

* Excludes insured branches of foreign banks (IBAs)
** Through March 31, ratios annualized where appropriate. Asset growth rates are for 12 months ending March 31.

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

(dollar figures in millions)	1st Quarter 2009	4th Quarter 2008	1st Quarter 2008	%Change 08Q1-09Q1
Number of institutions reporting	8,246	8,305	8,494	-2.9
Total employees (full-time equivalent)	2,114,527	2,151,758	2,212,503	-4.4
CONDITION DATA				
Total assets	$13,541,630	$13,843,297	$13,369,430	1.3
Loans secured by real estate	4,700,451	4,705,001	4,804,908	-2.2
1-4 Family residential mortgages	2,045,216	2,045,269	2,215,134	-7.7
Nonfarm nonresidential	1,076,859	1,066,096	990,362	8.7
Construction and development	566,851	590,943	631,794	-10.3
Home equity lines	674,334	668,253	624,920	7.9
Commercial & industrial loans	1,434,602	1,494,419	1,480,874	-3.1
Loans to individuals	1,046,284	1,088,881	1,048,165	-0.2
Credit cards	403,072	444,692	386,849	4.2
Farm loans	56,150	59,912	53,954	4.1
Other loans & leases	500,664	528,406	582,458	-14.0
Less: Unearned income	3,996	2,876	2,455	62.8
Total loans & leases	7,734,154	7,873,742	7,967,904	-2.9
Less: Reserve for losses	193,626	173,657	121,112	59.9
Net loans and leases	7,540,528	7,700,085	7,846,792	-3.9
Securities	2,207,071	2,035,389	1,953,045	13.0
Other real estate owned	29,670	26,691	15,648	89.6
Goodwill and other intangibles	415,316	421,667	469,180	-11.5
All other assets	3,349,045	3,659,466	3,084,766	8.6
Total liabilities and capital	13,541,630	13,843,297	13,369,430	1.3
Deposits	8,954,432	9,035,732	8,565,753	4.5
Domestic office deposits	7,538,366	7,496,432	7,068,971	6.6
Foreign office deposits	1,416,066	1,539,300	1,496,782	-5.4
Other borrowed funds	2,416,730	2,575,474	2,586,733	-6.6
Subordinated debt	170,929	185,464	185,580	-7.9
All other liabilities	607,862	754,808	670,412	-9.3
Equity capital	1,391,678	1,291,818	1,360,952	2.3
Loans and leases 30-89 days past due	158,205	157,797	111,000	42.5
Noncurrent loans and leases	291,233	232,013	136,900	112.7
Restructured loans and leases	32,911	23,922	14,245	131.0
Direct and indirect investments in real estate	863	906	954	-9.5
Mortgage-backed securities	1,313,042	1,299,728	1,281,381	2.5
Earning assets	11,600,674	11,772,696	11,474,467	1.1
FHLB advances	696,672	787,690	841,580	-17.2
Unused loan commitments	6,619,585	7,151,592	8,292,731	-20.2
Trust assets	16,271,389	17,230,245	20,851,058	-22.0
Assets securitized and sold***	1,884,319	1,910,882	1,721,042	9.5
Notional amount of derivatives***	203,382,420	212,103,859	181,629,418	12.0

INCOME DATA	Full Year 2008	Full Year 2007	%Change	1st Quarter 2009	1st Quarter 2008	%Change 08Q1-09Q1
Total interest income	$603,321	$724,858	-16.8	$142,077	$178,586	-20.4
Total interest expense	245,590	372,144	-34.0	42,968	83,881	-48.8
Net interest income	357,731	352,714	1.4	99,109	94,704	4.7
Provision for loan and lease losses	175,873	69,193	154.2	60,913	37,234	63.6
Total noninterest income	207,428	233,098	-11.0	68,319	60,553	12.8
Total noninterest expense	367,872	367,043	0.2	97,245	90,882	7.0
Securities gains (losses)	-15,309	-1,369	N/M	3,113	1,232	152.6
Applicable income taxes	6,210	46,481	-86.6	4,533	8,973	-49.5
Extraordinary gains, net	5,358	-1,735	N/M	-29	-132	N/M
Net income	5,254	99,990	-94.8	7,560	19,270	-60.8
Net charge-offs	100,232	44,118	127.2	37,847	19,645	92.7
Cash dividends	51,077	110,348	-53.7	7,237	13,992	-48.3
Retained earnings	-45,823	-10,358	N/M	323	5,277	-93.9
Net operating income	10,111	102,406	-90.1	5,663	18,841	-69.9

*** Call Report filers only.

N/M - Not Meaningful.

TABLE III-A. First Quarter 2009, All FDIC-Insured Institutions

FIRST QUARTER (The way it is...)	All Insured Institutions	Asset Concentration Groups*								
		Credit Card Banks	International Banks	Agricultural Banks	Commercial Lenders	Mortgage Lenders	Consumer Lenders	Other Specialized <$1 Billion	All Other <$1 Billion	All Other >$1 Billion
Number of institutions reporting	8,246	25	5	1,524	4,681	836	80	305	745	45
Commercial banks	7,037	21	5	1,519	4,188	233	62	278	695	36
Savings institutions	1,209	4	0	5	493	603	18	27	50	9
Total assets (in billions)	$13,541.6	$476.0	$3,203.0	$165.5	$6,003.6	$1,100.1	$73.2	$36.2	$104.2	$2,379.9
Commercial banks	12,006.9	451.2	3,203.0	165.0	5,493.1	257.5	32.5	32.5	92.3	2,279.9
Savings institutions	1,534.8	24.9	0.0	0.5	510.5	842.6	40.7	3.7	11.9	100.0
Total deposits (in billions)	8,954.4	192.3	1,957.5	134.0	4,350.5	611.9	62.1	27.9	86.0	1,532.1
Commercial banks	7,983.4	176.9	1,957.5	133.6	4,004.7	106.1	26.8	25.4	76.5	1,475.8
Savings institutions	971.0	15.4	0.0	0.4	345.8	505.8	35.2	2.5	9.6	56.3
Net income (in millions)	7,560	-1,669	5,069	312	-753	1,395	13	24	242	2,927
Commercial banks	7,663	-1,891	5,069	310	371	390	-26	-23	232	3,229
Savings institutions	-102	222	0	1	-1,124	1,006	39	47	9	-302
Performance Ratios (%)										
Yield on earning assets	4.87	11.87	4.09	5.75	5.14	5.38	6.19	4.09	5.59	3.43
Cost of funding earning assets	1.47	1.42	1.08	1.94	1.61	2.23	1.68	1.23	1.81	1.22
Net interest margin	3.39	10.44	3.00	3.81	3.53	3.16	4.51	2.87	3.78	2.21
Noninterest income to assets	2.00	5.99	2.34	0.62	1.65	0.87	1.85	8.33	0.85	2.14
Noninterest expense to assets	2.84	5.97	2.51	2.62	3.22	1.84	2.99	10.13	2.94	2.05
Loan and lease loss provision to assets	1.78	10.78	1.49	0.60	1.46	1.62	3.02	0.16	0.25	1.34
Net operating income to assets	0.17	-1.47	0.62	0.73	-0.04	0.09	0.07	0.15	0.92	0.35
Pretax return on assets	0.35	-2.18	0.79	0.92	0.03	0.92	0.12	0.76	1.16	0.76
Return on assets	0.22	-1.36	0.61	0.75	-0.05	0.52	0.07	0.27	0.94	0.49
Return on equity	2.26	-6.18	7.96	6.84	-0.49	6.02	0.77	1.63	8.17	5.17
Net charge-offs to loans and leases	1.94	8.57	2.42	0.52	1.44	1.12	2.56	0.43	0.30	1.87
Loan and lease loss provision to net charge-offs	160.94	170.38	162.62	176.06	146.99	215.41	142.70	149.35	147.22	164.68
Efficiency ratio	53.79	38.35	51.63	63.14	59.93	48.76	48.42	81.74	67.63	50.43
% of unprofitable institutions	21.65	56.00	0.00	7.61	28.97	16.87	16.25	19.34	10.07	24.44
% of institutions with earnings gains	39.64	20.00	60.00	45.41	32.73	62.20	47.50	42.95	44.97	28.89
Condition Ratios (%)										
Earning assets to total assets	85.67	79.87	82.56	91.78	87.39	91.24	94.42	89.92	91.73	83.06
Loss allowance to:										
Loans and leases	2.50	8.89	3.30	1.42	2.06	1.53	2.96	1.52	1.27	2.04
Noncurrent loans and leases	66.49	251.73	67.95	77.23	58.29	36.71	253.80	87.90	84.26	55.65
Noncurrent assets plus other real estate owned to assets	2.39	2.56	2.02	1.48	2.82	3.06	0.99	0.61	1.10	1.66
Equity capital ratio	10.15	23.54	8.44	11.06	10.29	8.92	9.25	16.24	11.43	9.76
Core capital (leverage) ratio	8.04	16.28	7.14	9.94	8.07	8.29	9.14	14.64	11.05	7.07
Tier 1 risk-based capital ratio	10.74	12.64	11.37	13.53	9.76	14.94	10.95	34.41	17.95	9.97
Total risk-based capital ratio	13.46	14.35	14.95	14.62	12.37	15.95	12.86	35.20	19.08	13.18
Net loans and leases to deposits	84.21	164.22	60.53	79.87	93.61	118.20	94.01	31.17	67.25	66.05
Net loans to total assets	55.68	66.35	36.99	64.70	67.84	65.74	79.74	24.05	55.53	42.52
Domestic deposits to total assets	55.67	36.57	30.54	81.01	69.42	55.62	82.90	74.97	82.53	54.56
Structural Changes										
New Charters	13	0	0	0	3	1	0	8	1	0
Institutions absorbed by mergers	50	0	0	4	42	1	0	1	2	0
Failed Institutions	21	0	0	2	18	1	0	0	0	0
PRIOR FIRST QUARTERS (The way it was...)										
Number of institutions 2008	8,494	26	6	1,550	4,752	809	102	362	835	52
2006	8,790	30	4	1,647	4,629	864	120	436	1,001	59
2004	9,116	34	6	1,730	4,278	1,026	140	519	1,296	87
Total assets (in billions) 2008	$13,369.4	$448.5	$3,085.6	$158.0	$5,271.6	$1,364.4	$66.3	$38.2	$112.5	$2,824.5
2006	11,209.8	370.2	1,972.3	140.3	3,844.9	1,745.6	98.6	50.0	128.6	2,859.2
2004	9,377.2	332.3	1,492.8	127.7	2,898.5	1,396.0	506.3	58.8	168.0	2,396.7
Return on assets (%) 2008	0.58	4.59	0.35	1.19	0.78	-0.21	1.30	2.20	1.01	0.13
2006	1.34	4.57	1.16	1.26	1.35	1.05	2.19	-1.31	1.06	1.23
2004	1.38	3.93	1.12	1.27	1.33	1.17	1.52	1.38	1.10	1.36
Net charge-offs to loans & leases (%) 2008	0.99	4.97	1.13	0.17	0.71	1.14	1.78	0.21	0.17	0.64
2006	0.32	2.95	0.53	0.09	0.17	0.11	0.95	0.16	0.12	0.18
2004	0.64	5.17	1.30	0.12	0.31	0.12	0.71	0.70	0.24	0.34
Noncurrent assets plus OREO to assets (%) 2008	1.14	1.62	0.70	0.99	1.41	1.97	0.73	0.28	0.74	0.70
2006	0.48	1.17	0.42	0.67	0.49	0.55	0.51	0.23	0.53	0.37
2004	0.67	1.45	0.85	0.85	0.65	0.57	0.91	0.36	0.68	0.46
Equity capital ratio (%) 2008	10.18	22.85	7.57	11.22	11.36	8.09	9.01	20.28	11.32	9.61
2006	10.38	27.22	7.95	10.81	10.29	10.81	9.63	19.39	11.04	9.55
2004	9.45	17.58	7.41	10.81	9.51	9.07	8.90	16.60	10.77	9.50

* See Table IV-A (page 8) for explanations.

TABLE III-A. First Quarter 2009, All FDIC-Insured Institutions

		Asset Size Distribution				Geographic Regions*					
FIRST QUARTER (The way it is...)	All Insured Institutions	Less than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater than $10 Billion	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Number of institutions reporting	8,246	3,050	4,505	576	115	1,005	1,172	1,692	1,923	1,690	764
Commercial banks	7,037	2,716	3,796	438	87	530	1,033	1,393	1,819	1,566	696
Savings institutions	1,209	334	709	138	28	475	139	299	104	124	68
Total assets (in billions)	$13,541.6	$167.1	$1,359.9	$1,513.4	$10,501.3	$2,517.9	$3,521.7	$3,176.8	$1,064.5	$910.2	$2,350.5
Commercial banks	12,006.9	149.4	1,111.3	1,162.1	9,584.0	1,806.0	3,369.3	3,026.5	1,015.8	664.1	2,125.2
Savings institutions	1,534.8	17.7	248.6	351.3	917.3	711.9	152.4	150.3	48.7	246.1	225.3
Total deposits (in billions)	8,954.4	137.5	1,092.9	1,113.8	6,610.2	1,544.0	2,464.7	2,071.2	753.0	624.5	1,497.1
Commercial banks	7,983.4	123.9	904.8	856.5	6,098.2	1,055.7	2,353.0	1,962.6	717.4	506.7	1,387.9
Savings institutions	971.0	13.6	188.1	257.4	511.9	488.2	111.7	108.5	35.6	117.7	109.2
Net income (in millions)	7,560	125	1,116	-657	6,976	371	1,524	1,076	1,521	826	2,242
Commercial banks	7,663	94	1,060	-448	6,956	904	2,244	1,159	1,461	200	1,696
Savings institutions	-102	31	55	-208	20	-532	-720	-83	60	626	546
Performance Ratios (annualized, %)											
Yield on earning assets	4.87	5.71	5.65	5.34	4.67	5.33	4.32	4.39	5.61	5.33	5.31
Cost of funding earning assets	1.47	1.94	2.11	1.98	1.30	1.66	1.42	1.31	1.22	1.76	1.57
Net interest margin	3.39	3.77	3.54	3.36	3.37	3.67	2.90	3.09	4.40	3.57	3.74
Noninterest income to assets	2.00	1.21	0.94	1.12	2.27	1.95	1.88	2.13	3.08	1.36	1.81
Noninterest expense to assets	2.84	3.83	3.11	2.88	2.79	2.75	2.63	3.06	3.82	3.17	2.40
Loan and lease loss provision to assets	1.78	0.45	0.69	1.45	1.98	2.13	1.51	1.52	2.18	1.32	2.15
Net operating income to assets	0.17	0.28	0.30	-0.22	0.20	0.10	0.05	0.08	0.62	0.01	0.38
Pretax return on assets	0.35	0.39	0.43	-0.13	0.41	0.10	0.34	0.26	0.84	0.66	0.44
Return on assets	0.22	0.30	0.33	-0.18	0.26	0.06	0.17	0.13	0.57	0.37	0.38
Return on equity	2.26	2.36	3.31	-1.65	2.73	0.50	1.73	1.62	5.92	3.68	3.94
Net charge-offs to loans and leases	1.94	0.54	0.71	1.41	2.27	2.21	1.79	1.62	2.14	0.90	2.66
Loan and lease loss provision to net charge-offs	160.94	132.01	138.76	149.73	163.48	180.24	144.38	180.59	153.02	222.37	141.37
Efficiency ratio	53.79	80.33	72.90	65.73	50.06	51.65	56.22	56.01	53.99	62.14	47.05
% of unprofitable institutions	21.65	23.28	19.13	29.34	38.26	22.39	38.82	17.26	13.73	13.08	42.93
% of institutions with earnings gains	39.64	43.93	39.07	23.96	26.96	45.07	28.67	44.80	40.61	43.37	27.23
Condition Ratios (%)											
Earning assets to total assets	85.67	91.26	91.77	90.53	84.09	84.72	84.38	86.05	87.67	89.56	85.68
Loss Allowance to:											
Loans and leases	2.50	1.43	1.46	1.85	2.82	2.82	2.16	2.59	2.65	1.88	2.80
Noncurrent loans and leases	66.49	63.96	52.52	50.47	70.87	105.08	56.15	62.28	73.78	54.87	62.77
Noncurrent assets plus other real estate owned to assets	2.39	1.86	2.52	2.98	2.30	1.52	2.53	2.45	2.72	2.60	2.81
Equity capital ratio	10.15	12.67	9.99	10.60	10.06	12.14	10.19	8.38	9.90	9.99	10.50
Core capital (leverage) ratio	8.04	12.32	9.57	9.15	7.61	9.31	6.95	7.02	8.45	8.85	9.19
Tier 1 risk-based capital ratio	10.74	18.14	12.95	11.94	10.17	12.51	9.05	9.43	9.65	11.58	13.80
Total risk-based capital ratio	13.46	19.21	14.11	13.31	13.32	14.52	12.27	12.64	12.39	13.32	16.19
Net loans and leases to deposits	84.21	75.05	85.55	91.45	82.96	84.77	82.42	77.91	91.29	93.70	87.77
Net loans to total assets	55.68	61.79	68.75	67.30	52.22	51.98	57.68	50.80	64.58	64.28	55.91
Domestic deposits to total assets	55.67	82.33	80.27	72.89	49.58	53.96	62.45	51.99	65.50	67.82	43.14
Structural Changes											
New Charters	13	12	0	0	1	1	4	3	0	2	3
Institutions absorbed by mergers	50	22	24	3	1	9	5	13	11	10	2
Failed Institutions	21	1	18	2	0	1	6	3	2	1	8
PRIOR FIRST QUARTERS (The way it was...)											
Number of institutions 2008	8,494	3,347	4,481	549	117	1,036	1,223	1,752	1,968	1,730	785
2006	8,790	3,826	4,334	511	119	1,106	1,225	1,863	2,055	1,783	758
2004	9,116	4,300	4,238	465	113	1,162	1,231	1,996	2,122	1,853	752
Total assets (in billions) 2008	$13,369.4	$178.0	$1,334.3	$1,438.1	$10,419.1	$2,478.9	$3,423.5	$2,963.1	$1,000.0	$748.7	$2,755.2
2006	11,209.8	199.0	1,259.4	1,395.6	8,355.8	2,866.2	2,759.4	2,604.0	819.6	620.6	1,539.9
2004	9,377.2	221.9	1,169.4	1,282.1	6,703.9	3,186.8	1,995.6	1,700.3	738.8	571.0	1,184.9
Return on assets (%) 2008	0.58	0.73	0.79	0.76	0.53	1.04	0.32	0.75	1.39	0.94	-0.05
2006	1.34	0.95	1.11	1.30	1.39	1.30	1.33	1.10	1.59	1.31	1.71
2004	1.38	1.00	1.17	1.48	1.41	1.32	1.32	1.38	1.52	1.35	1.57
Net charge-offs to loans & leases (%) 2008	0.99	0.20	0.30	0.70	1.16	1.15	0.76	0.84	1.13	0.45	1.38
2006	0.32	0.12	0.12	0.18	0.39	0.47	0.16	0.23	0.35	0.16	0.52
2004	0.64	0.19	0.22	0.44	0.78	0.96	0.36	0.43	0.90	0.34	0.66
Noncurrent assets plus OREO to assets (%) 2008	1.14	1.09	1.33	1.44	1.08	0.81	1.08	1.09	1.52	1.22	1.42
2006	0.48	0.69	0.52	0.44	0.48	0.39	0.31	0.53	0.84	0.68	0.60
2004	0.67	0.84	0.66	0.59	0.68	0.69	0.46	0.79	0.88	0.75	0.59
Equity capital ratio (%) 2008	10.18	13.78	10.52	11.13	9.94	12.10	10.20	9.06	9.73	9.88	9.88
2006	10.38	12.29	10.28	10.78	10.28	11.15	9.77	9.02	10.48	10.19	12.36
2004	9.45	11.73	10.18	10.71	9.00	9.13	8.58	8.74	10.44	9.64	12.07

* See Table IV-A (page 9) for explanations.

TABLE IV-A. Full Year 2008, All FDIC-Insured Institutions

FULL YEAR (The way it is...)	All Insured Institutions	Credit Card Banks	International Banks	Agricultural Banks	Commercial Lenders	Mortgage Lenders	Consumer Lenders	Other Specialized <$1 Billion	All Other <$1 Billion	All Other >$1 Billion
		Asset Concentration Groups*								
Number of institutions reporting	8,305	26	5	1,559	4,753	838	91	281	708	44
Commercial banks	7,085	22	5	1,554	4,249	230	71	259	661	34
Savings institutions	1,220	4	0	5	504	608	20	22	47	10
Total assets (in billions)	$13,843.3	$513.0	$3,410.1	$168.8	$5,461.8	$997.0	$122.2	$34.7	$94.6	$3,041.1
Commercial banks	12,310.9	487.1	3,410.1	168.3	4,941.4	183.1	66.0	30.5	84.0	2,940.4
Savings institutions	1,532.4	26.0	0.0	0.5	520.4	813.9	56.1	4.2	10.6	100.7
Total deposits (in billions)	9,035.7	200.0	2,139.2	135.6	3,872.4	548.6	87.2	25.8	77.3	1,949.6
Commercial banks	8,082.2	183.0	2,139.2	135.2	3,529.0	68.8	43.1	22.9	68.8	1,892.1
Savings institutions	953.6	17.0	0.0	0.4	343.4	479.8	44.1	2.9	8.6	57.5
Net income (in millions)	5,254	7,926	8,061	1,635	-6,307	-4,615	-13	487	766	-2,685
Commercial banks	16,004	7,592	8,061	1,631	-3,734	2,157	2	283	810	-799
Savings institutions	-10,751	333	0	4	-2,573	-6,771	-15	203	-44	-1,887
Performance Ratios (annualized, %)										
Yield on earning assets	5.36	12.21	5.13	6.37	5.88	4.91	6.63	4.52	6.09	3.61
Cost of funding earning assets	2.18	2.80	2.26	2.48	2.28	2.47	2.90	1.67	2.28	1.66
Net interest margin	3.18	9.41	2.86	3.90	3.60	2.43	3.73	2.85	3.81	1.94
Noninterest income to assets	1.58	8.00	1.75	0.65	1.45	0.44	1.79	11.46	0.86	0.92
Noninterest expense to assets	2.79	6.65	2.87	2.65	3.23	1.57	2.96	11.21	2.99	1.62
Loan and lease loss provision to assets	1.34	6.69	1.19	0.35	1.32	1.44	2.44	0.13	0.27	0.70
Net operating income to assets	0.08	1.41	0.11	1.03	-0.06	-0.42	-0.06	1.62	0.91	0.14
Pretax return on assets	0.09	2.61	0.15	1.18	-0.03	-0.38	-0.05	2.38	0.99	-0.14
Return on assets	0.04	1.70	0.25	1.00	-0.12	-0.47	-0.01	1.43	0.83	-0.09
Return on equity	0.41	7.88	3.44	9.07	-1.13	-6.22	-0.12	7.33	7.29	-0.96
Net charge-offs to loans and leases	1.29	5.94	1.43	0.41	1.14	0.86	1.74	0.34	0.35	0.74
Loan and lease loss provision to net charge-offs	175.47	151.89	204.34	130.58	163.23	247.45	172.69	149.82	136.31	183.94
Efficiency ratio	59.32	39.55	65.41	62.33	61.64	57.14	55.88	76.34	68.20	59.61
% of unprofitable institutions	24.41	15.38	20.00	6.74	32.74	24.58	18.68	16.73	10.17	43.18
% of institutions with earnings gains	36.42	26.92	40.00	51.64	27.22	48.21	43.96	40.93	48.73	29.55
Condition Ratios (%)										
Earning assets to total assets	85.04	81.38	81.54	91.24	87.54	90.96	93.78	88.05	91.68	82.23
Loss Allowance to:										
Loans and leases	2.21	7.09	2.79	1.32	1.87	1.37	2.45	1.38	1.25	1.75
Noncurrent loans and leases	74.85	255.14	72.75	92.52	65.05	40.49	165.23	133.90	87.89	70.65
Noncurrent assets plus other real estate owned to assets	1.89	2.08	1.62	1.17	2.33	2.55	1.31	0.35	1.05	1.27
Equity capital ratio	9.33	20.47	7.01	11.00	10.05	7.45	9.85	18.57	11.28	9.11
Core capital (leverage) ratio	7.48	14.59	5.95	9.99	8.14	7.17	9.86	16.31	10.90	6.60
Tier 1 risk-based capital ratio	9.96	13.76	9.60	13.33	9.65	12.70	12.22	38.16	17.69	8.73
Total risk-based capital ratio	12.78	16.15	13.73	14.39	11.98	13.66	13.92	38.99	18.79	12.05
Net loans and leases to deposits	85.22	179.11	58.53	81.62	96.90	119.61	108.66	30.08	68.41	72.58
Net loans to total assets	55.62	69.82	36.72	65.57	68.70	65.81	77.53	22.37	55.94	46.53
Domestic deposits to total assets	54.15	34.36	31.51	80.34	67.80	54.95	70.21	72.13	81.67	54.94
Structural Changes										
New Charters	98	0	0	2	28	2	0	66	0	0
Institutions absorbed by mergers	292	0	2	32	217	18	1	1	12	9
Failed Institutions	25	0	0	1	21	3	0	0	0	0
PRIOR FULL YEARS (The way it was...)										
Number of institutions ... 2007	8,534	27	5	1,592	4,773	784	109	373	815	56
... 2005	8,833	33	4	1,685	4,617	887	125	425	995	62
... 2003	9,181	36	6	1,767	4,254	1,033	157	529	1,308	91
Total assets (in billions) ... 2007	$13,034.1	$479.2	$2,784.3	$157.5	$4,619.2	$1,328.1	$94.9	$37.8	$110.4	$3,422.7
... 2005	10,878.3	359.1	1,851.2	142.3	4,257.3	1,655.1	117.3	47.7	128.7	2,319.6
... 2003	9,075.7	348.4	1,448.0	129.5	2,923.8	1,657.9	146.6	61.1	171.1	2,189.3
Return on assets (%) ... 2007	0.81	3.35	0.58	1.20	0.83	0.03	1.26	2.56	1.03	0.88
... 2005	1.28	2.90	0.86	1.27	1.36	1.07	1.55	2.18	1.09	1.35
... 2003	1.38	4.08	1.10	1.20	1.28	1.38	1.31	1.85	1.06	1.34
Net charge-offs to loans & leases (%) ... 2007	0.59	3.95	0.76	0.22	0.35	0.40	0.87	0.29	0.22	0.39
... 2005	0.49	4.64	0.87	0.18	0.23	0.12	1.44	0.26	0.23	0.24
... 2003	0.78	5.22	1.40	0.28	0.46	0.18	2.09	1.22	0.38	0.62
Noncurrent plus OREO to assets (%) ... 2007	0.94	1.54	0.68	0.83	1.07	1.52	1.64	0.23	0.65	0.68
... 2005	0.50	1.32	0.46	0.61	0.48	0.56	0.51	0.24	0.54	0.39
... 2003	0.75	1.63	0.93	0.81	0.68	0.73	0.99	0.33	0.71	0.59
Equity capital ratio (%) ... 2007	10.34	21.26	8.01	11.17	11.00	8.38	12.62	19.98	11.46	10.32
... 2005	10.28	21.51	8.30	10.55	10.83	9.39	10.11	19.47	10.83	9.53
... 2003	9.15	16.04	7.39	10.64	9.24	9.10	7.30	16.74	10.45	8.87

***Asset Concentration Group Definitions (Groups are hierarchical and mutually exclusive):**

Credit-card Lenders - Institutions whose credit-card loans plus securitized receivables exceed 50 percent of total assets plus securitized receivables.

International Banks - Banks with assets greater than $10 billion and more than 25 percent of total assets in foreign offices.

Agricultural Banks - Banks whose agricultural production loans plus real estate loans secured by farmland exceed 25 percent of the total loans and leases.

Commercial Lenders - Institutions whose commercial and industrial loans, plus real estate construction and development loans, plus loans secured by commercial real estate properties exceed 25 percent of total assets.

Mortgage Lenders - Institutions whose residential mortgage loans, plus mortgage-backed securities, exceed 50 percent of total assets.

Consumer Lenders - Institutions whose residential mortgage loans, plus credit-card loans, plus other loans to individuals, exceed 50 percent of total assets.

Other Specialized < $1 Billion - Institutions with assets less than $1 billion, whose loans and leases are less than 40 percent of total assets.

All Other < $1 Billion - Institutions with assets less than $1 billion that do not meet any of the definitions above, they have significant lending activity with no identified asset concentrations.

All Other > $1 Billion - Institutions with assets greater than $1 billion that do not meet any of the definitions above, they have significant lending activity with no identified asset concentrations.

TABLE IV-A. Full Year 2008, All FDIC-Insured Institutions

		Asset Size Distribution				Geographic Regions*					
FULL YEAR (The way it is...)	All Insured Institutions	Less than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater than $10 Billion	New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Number of institutions reporting	8,305	3,131	4,499	561	114	1,014	1,180	1,705	1,935	1,700	771
Commercial banks	7,085	2,784	3,790	425	86	530	1,041	1,407	1,829	1,575	703
Savings institutions	1,220	347	709	136	28	484	139	298	106	125	68
Total assets (in billions)	$13,843.3	$170.8	$1,355.0	$1,490.4	$10,827.2	$2,431.4	$3,747.5	$3,264.4	$1,057.2	$780.9	$2,561.9
Commercial banks	12,310.9	152.5	1,105.0	1,141.6	9,911.9	1,725.3	3,481.7	3,117.2	1,008.0	653.4	2,325.4
Savings institutions	1,532.4	18.3	250.0	348.8	915.3	706.1	265.8	147.2	49.2	127.6	236.5
Total deposits (in billions)	9,035.7	139.1	1,071.9	1,080.0	6,744.6	1,534.5	2,513.5	2,155.6	718.8	571.1	1,542.2
Commercial banks	8,082.2	125.1	887.4	830.6	6,239.0	1,058.5	2,363.4	2,050.6	683.3	492.0	1,434.4
Savings institutions	953.6	14.0	184.5	249.5	505.6	476.0	150.1	104.9	35.5	79.1	107.9
Net income (in millions)	5,254	445	3,421	-3,929	5,316	6,933	-5,111	8,693	5,685	3,883	-14,829
Commercial banks	16,004	481	3,331	-2,112	14,305	10,831	-3,447	9,827	5,748	3,658	-10,612
Savings institutions	-10,751	-35	90	-1,817	-8,989	-3,898	-1,663	-1,134	-63	225	-4,217
Performance Ratios (%)											
Yield on earning assets	5.36	6.25	6.32	5.98	5.11	6.12	4.39	4.87	6.42	5.88	6.08
Cost of funding earning assets	2.18	2.39	2.61	2.47	2.07	2.42	1.94	2.14	2.07	2.18	2.40
Net interest margin	3.18	3.86	3.70	3.51	3.04	3.70	2.44	2.72	4.35	3.70	3.68
Noninterest income to assets	1.58	1.11	1.05	1.12	1.72	2.17	1.15	1.84	2.64	1.40	0.94
Noninterest expense to assets	2.79	3.79	3.24	3.09	2.68	3.13	2.24	2.59	3.85	3.22	3.00
Loan and lease loss provision to assets	1.34	0.46	0.72	1.19	1.45	1.46	1.03	1.24	1.84	0.80	1.77
Net operating income to assets	0.08	0.29	0.36	-0.13	0.07	0.44	-0.12	0.21	0.51	0.52	-0.46
Pretax return on assets	0.09	0.37	0.36	-0.19	0.09	0.55	-0.09	0.42	0.80	0.70	-0.99
Return on assets	0.04	0.27	0.26	-0.27	0.05	0.30	-0.14	0.29	0.57	0.52	-0.62
Return on equity	0.41	2.02	2.53	-2.45	0.54	2.46	-1.36	3.43	5.84	5.23	-7.01
Net charge-offs to loans and leases	1.29	0.45	0.66	1.09	1.45	1.44	1.00	1.24	1.60	0.68	1.73
Loan and lease loss provision to net charge-offs	175.47	161.56	155.49	158.37	179.27	178.81	170.31	188.17	169.62	176.00	169.99
Efficiency ratio	59.32	80.69	70.36	63.32	56.91	54.44	59.37	58.42	58.47	64.61	65.28
% of unprofitable institutions	24.41	24.85	22.89	30.84	40.35	30.77	43.05	20.70	14.06	14.94	42.54
% of institutions with earnings gains	36.42	40.66	35.32	24.42	22.81	37.38	19.24	39.53	43.88	42.24	23.09
Condition Ratios (%)											
Earning assets to total assets	85.04	91.45	91.66	90.22	83.40	85.64	84.08	85.13	86.58	90.26	83.55
Loss Allowance to:											
Loans and leases	2.21	1.39	1.41	1.77	2.43	2.39	1.91	2.22	2.40	1.55	2.62
Noncurrent loans and leases	74.85	71.02	59.59	59.71	79.49	114.22	64.97	67.58	80.29	68.58	72.06
Noncurrent assets plus other real estate owned to assets	1.89	1.66	2.16	2.43	1.79	1.27	1.95	1.96	2.28	1.80	2.18
Equity capital ratio	9.33	12.89	10.01	10.68	9.01	11.34	9.56	8.07	9.49	9.95	8.45
Core capital (leverage) ratio	7.48	12.57	9.55	9.21	6.89	8.57	6.62	6.83	8.20	8.99	7.80
Tier 1 risk-based capital ratio	9.96	18.25	12.75	11.77	9.21	12.27	8.67	9.10	9.74	11.53	10.60
Total risk-based capital ratio	12.78	19.31	13.90	13.18	12.48	14.15	11.71	12.28	12.53	13.31	13.83
Net loans and leases to deposits	85.22	77.63	88.38	94.41	83.40	87.85	85.47	77.17	96.06	89.20	86.91
Net loans to total assets	55.62	63.25	69.92	68.42	51.95	55.44	57.33	50.95	65.32	65.24	52.32
Domestic deposits to total assets	54.15	81.48	79.02	71.64	48.20	54.64	58.97	52.16	64.36	72.29	39.43
Structural Changes											
New Charters	98	92	4	1	1	20	34	3	5	14	22
Institutions absorbed by mergers	292	111	146	28	7	41	72	60	56	54	9
Failed Institutions	25	6	10	6	3	0	8	2	4	3	8
PRIOR FULL YEARS (The way it was...)											
Number of institutions 2007	8,534	3,440	4,424	551	119	1,043	1,221	1,763	1,986	1,742	779
2005	8,833	3,864	4,339	512	118	1,110	1,227	1,874	2,070	1,791	761
2003	9,181	4,390	4,210	471	110	1,173	1,227	2,011	2,133	1,866	771
Total assets (in billions) 2007	$13,034.1	$181.9	$1,308.8	$1,422.1	$10,121.3	$2,441.1	$3,329.6	$2,842.5	$976.3	$738.3	$2,706.3
2005	10,878.3	200.8	1,247.6	1,393.2	8,036.7	2,768.2	2,683.9	2,505.8	803.7	607.7	1,508.9
2003	9,075.7	225.7	1,160.5	1,313.0	6,376.5	3,085.2	1,882.6	1,693.8	456.3	563.3	1,394.3
Return on assets (%) 2007	0.81	0.74	0.97	0.96	0.77	0.77	0.81	0.86	1.46	1.00	0.52
2005	1.28	0.99	1.24	1.28	1.29	1.21	1.36	0.99	1.62	1.19	1.60
2003	1.38	0.95	1.18	1.41	1.43	1.28	1.38	1.31	1.63	1.37	1.62
Net charge-offs to loans & leases (%) 2007	0.59	0.24	0.25	0.42	0.68	0.90	0.33	0.47	0.78	0.30	0.76
2005	0.49	0.20	0.19	0.24	0.60	0.80	0.23	0.33	0.56	0.24	0.70
2003	0.78	0.31	0.36	0.54	0.94	1.16	0.54	0.72	1.09	0.40	0.58
Noncurrent plus OREO to assets (%) 2007	0.94	0.96	1.07	1.09	0.91	0.76	0.81	0.94	1.37	1.00	1.12
2005	0.50	0.69	0.52	0.44	0.50	0.44	0.30	0.54	0.86	0.73	0.59
2003	0.75	0.83	0.69	0.62	0.78	0.78	0.56	0.86	0.84	0.76	0.76
Equity capital ratio (%) 2007	10.34	13.73	10.49	11.34	10.12	12.06	10.30	9.23	9.74	10.22	10.24
2005	10.28	12.16	10.20	10.68	10.18	10.54	9.80	9.23	10.45	10.17	12.40
2003	9.15	11.49	10.05	10.34	8.66	9.05	8.78	8.49	10.59	9.60	10.05

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

TABLE V-A. Loan Performance, All FDIC-Insured Institutions

March 31, 2009	All Insured Institutions	Asset Concentration Groups*								
		Credit Card Banks	International Banks	Agricultural Banks	Commercial Lenders	Mortgage Lenders	Consumer Lenders	Other Specialized <$1 Billion	All Other <$1 Billion	All Other >$1 Billion
Percent of Loans 30-89 Days Past Due										
All loans secured by real estate	2.44	2.27	3.43	1.89	2.16	2.49	1.14	2.00	2.02	2.83
Construction and development	3.56	0.00	2.74	5.66	3.61	5.40	1.35	4.80	2.57	2.51
Nonfarm nonresidential	1.37	0.00	1.07	1.71	1.38	1.22	1.54	1.49	1.71	1.27
Multifamily residential real estate	1.37	0.00	1.23	1.14	1.45	1.40	0.82	1.65	1.85	0.93
Home equity loans	1.54	1.56	1.94	0.64	1.17	1.79	1.02	0.71	0.91	1.96
Other 1-4 family residential	3.16	2.97	4.89	2.08	2.70	2.57	1.24	2.09	2.23	3.97
Commercial and industrial loans	0.99	4.99	0.51	1.97	1.04	1.03	1.98	1.52	1.83	0.75
Loans to individuals	2.45	3.24	2.33	2.08	2.28	1.61	1.71	1.55	2.22	1.86
Credit card loans	2.99	3.09	3.29	2.49	2.64	2.96	1.48	1.30	2.06	2.72
Other loans to individuals	2.12	4.25	1.94	2.05	2.21	1.25	1.78	1.56	2.22	1.62
All other loans and leases (including farm)	0.66	0.02	0.41	1.54	0.81	0.76	0.52	0.78	0.93	0.61
Total loans and leases	2.04	3.18	2.22	1.83	1.86	2.40	1.53	1.78	1.94	1.99
Percent of Loans Noncurrent**										
All real estate loans	4.89	1.46	6.77	2.19	4.58	4.39	1.09	2.09	1.65	5.71
Construction and development	10.92	0.00	6.98	9.38	11.04	16.30	3.23	5.27	3.82	9.76
Nonfarm nonresidential	2.25	0.00	2.18	2.42	2.21	2.41	2.11	1.58	2.13	2.63
Multifamily residential real estate	2.45	0.00	1.83	1.68	2.65	2.11	1.22	2.73	1.81	2.62
Home equity loans	1.99	0.85	1.99	0.76	1.29	2.22	0.65	0.35	0.63	3.75
Other 1-4 family residential	5.95	1.92	10.27	1.34	5.17	4.45	1.43	2.10	1.32	7.17
Commercial and industrial loans	2.23	4.77	3.72	2.19	1.81	1.19	0.65	1.60	1.66	1.83
Loans to individuals	2.11	3.69	2.53	0.93	1.30	1.20	1.25	0.64	0.72	0.91
Credit card loans	3.48	3.58	3.92	3.24	3.36	3.36	1.81	0.44	1.52	2.69
Other loans to individuals	1.26	4.41	1.97	0.79	0.94	0.63	1.08	0.65	0.70	0.40
All other loans and leases (including farm)	1.30	0.06	2.29	0.98	0.96	0.57	0.21	1.03	1.21	0.97
Total loans and leases	3.76	3.53	4.85	1.84	3.54	4.16	1.16	1.73	1.50	3.66
Percent of Loans Charged-off (net, YTD)										
All real estate loans	1.44	2.04	2.37	0.39	1.20	1.04	1.18	0.29	0.17	2.31
Construction and development	3.20	0.00	0.96	2.61	3.22	3.79	0.03	0.14	0.60	3.72
Nonfarm nonresidential	0.39	0.00	0.22	0.24	0.42	0.20	0.12	0.02	0.13	0.24
Multifamily residential real estate	0.56	0.00	0.37	0.10	0.60	0.99	0.00	0.00	0.11	0.48
Home equity loans	2.36	0.00	2.68	0.36	1.65	2.54	1.83	0.28	0.24	3.82
Other 1-4 family residential	1.36	2.94	3.04	0.23	0.82	0.86	0.55	0.54	0.13	2.12
Commercial and industrial loans	1.82	12.31	2.23	0.84	1.56	0.57	7.83	0.51	0.51	0.97
Loans to individuals	4.88	8.75	4.17	0.86	3.30	3.52	2.80	0.44	0.87	2.52
Credit card loans	7.79	8.23	6.32	6.83	8.37	9.13	4.88	0.64	3.41	6.32
Other loans to individuals	2.97	12.38	3.22	0.50	2.40	1.99	2.13	0.43	0.80	1.58
All other loans and leases (including farm)	0.87	0.01	0.85	0.00	1.02	1.03	3.19	1.50	0.34	0.80
Total loans and leases	1.94	8.57	2.41	0.52	1.44	1.12	2.54	0.43	0.30	1.87
Loans Outstanding (in billions)										
All real estate loans	$4,700.5	$0.2	$606.9	$63.3	$2,739.3	$682.8	$19.0	$5.6	$41.2	$542.1
Construction and development	566.9	0.0	12.9	5.1	480.1	15.5	0.4	0.5	2.8	49.5
Nonfarm nonresidential	1,076.9	0.0	33.9	17.6	897.9	32.3	0.8	1.8	10.2	82.4
Multifamily residential real estate	210.6	0.0	40.4	1.3	141.5	12.8	0.1	0.2	0.8	13.6
Home equity loans	674.3	0.0	145.6	1.3	328.7	56.2	9.8	0.2	1.5	130.9
Other 1-4 family residential	2,045.2	0.1	328.2	16.5	841.9	565.3	7.8	2.7	22.8	259.8
Commercial and industrial loans	1,434.6	33.8	270.4	14.7	833.2	19.1	2.9	1.3	5.9	253.3
Loans to individuals	1,046.3	288.0	188.8	6.2	345.1	25.9	37.9	1.3	7.1	146.0
Credit card loans	403.1	250.5	53.9	0.4	51.2	5.5	8.8	0.1	0.2	32.6
Other loans to individuals	643.2	37.5	134.9	5.8	293.9	20.4	29.1	1.3	6.9	113.3
All other loans and leases (including farm)	556.8	24.7	161.7	24.4	241.8	6.7	0.8	0.6	4.5	91.7
Total loans and leases	7,738.2	346.7	1,227.8	108.6	4,159.5	734.5	60.6	8.8	58.6	1,033.0
Memo: Other Real Estate Owned (in millions)										
All other real estate owned	29,669.6	-37.6	2,649.5	441.2	21,685.7	3,015.2	20.6	56.7	258.9	1,579.5
Construction and development	11,036.0	0.0	25.0	171.4	9,783.8	713.7	3.7	16.8	60.1	261.3
Nonfarm nonresidential	3,641.5	0.2	97.0	120.2	3,087.2	96.9	4.0	10.7	71.6	153.7
Multifamily residential real estate	1,467.0	0.0	31.0	28.0	1,252.4	33.8	0.0	0.9	20.4	100.4
1-4 family residential	11,357.5	0.1	1,858.5	92.6	6,235.5	1,968.0	12.6	26.5	100.3	1,063.4
Farmland	122.4	0.0	0.0	28.4	82.8	2.8	0.2	1.7	6.5	0.0
GNMA properties	1,948.3	0.0	499.0	0.6	1,235.8	212.7	0.0	0.0	0.0	0.3

* See Table IV-A (page 8) for explanations.

** 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.

TABLE V-A. Loan Performance, All FDIC-Insured Institutions

March 31, 2009	All Insured Institutions	Asset Size Distribution: Less than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater than $10 Billion	Geographic Regions*: New York	Atlanta	Chicago	Kansas City	Dallas	San Francisco
Percent of Loans 30–89 Days Past Due											
All loans secured by real estate	2.44	1.96	1.90	1.81	2.73	1.59	2.80	2.77	1.56	2.29	2.83
Construction and development	3.56	2.65	3.24	3.34	3.83	3.00	3.15	4.56	3.06	2.63	5.09
Nonfarm nonresidential	1.37	1.69	1.51	1.25	1.34	1.42	1.38	1.71	1.05	1.09	1.25
Multifamily residential real estate	1.37	1.37	1.67	1.37	1.29	0.97	1.60	1.76	0.94	1.63	1.12
Home equity loans	1.54	0.85	0.91	0.83	1.65	0.65	1.98	1.48	1.21	1.60	1.55
Other 1-4 family residential	3.16	2.31	1.90	1.84	3.59	1.66	3.92	3.70	1.78	3.21	3.62
Commercial and industrial loans	0.99	2.05	1.60	1.10	0.90	1.46	0.90	0.99	1.33	0.94	0.65
Loans to individuals	2.45	2.41	1.94	1.86	2.53	3.13	2.38	1.97	2.79	1.49	2.13
Credit card loans	2.99	2.15	2.72	2.01	3.05	3.33	2.66	2.66	3.05	1.28	2.81
Other loans to individuals	2.12	2.42	1.88	1.80	2.16	2.78	2.30	1.77	2.58	1.54	1.71
All other loans and leases (including farm)	0.66	1.29	1.06	1.00	0.58	0.47	0.57	0.78	0.82	1.12	0.54
Total loans and leases	2.04	1.94	1.83	1.68	2.15	1.83	2.22	2.16	1.60	1.95	2.13
Percent of Loans Noncurrent**											
All real estate loans	4.89	2.53	3.13	4.40	5.48	2.74	5.45	5.82	5.11	4.31	5.21
Construction and development	10.92	7.60	9.12	12.53	10.97	9.47	10.29	13.49	9.48	7.04	15.55
Nonfarm nonresidential	2.25	2.42	2.08	2.07	2.41	2.46	2.29	2.83	2.02	1.45	1.88
Multifamily residential real estate	2.45	2.34	2.35	3.50	2.11	1.49	3.35	3.12	1.81	2.71	1.93
Home equity loans	1.99	1.06	0.93	1.01	2.15	0.72	3.01	1.67	1.75	1.57	1.40
Other 1-4 family residential	5.95	1.78	1.92	3.08	7.15	2.32	6.66	8.00	9.13	5.85	5.74
Commercial and industrial loans	2.23	2.35	1.96	1.99	2.30	2.38	1.48	2.00	1.75	1.38	4.17
Loans to individuals	2.11	1.02	0.87	1.01	2.28	3.13	1.28	1.34	2.20	0.71	2.59
Credit card loans	3.48	2.24	2.34	2.06	3.57	3.83	2.59	2.90	3.26	1.57	3.92
Other loans to individuals	1.26	1.01	0.75	0.62	1.37	1.93	0.87	0.89	1.38	0.50	1.77
All other loans and leases (including farm)	1.30	0.87	0.83	0.92	1.38	1.15	0.59	1.10	0.71	1.04	3.44
Total loans and leases	3.76	2.23	2.78	3.66	3.98	2.68	3.85	4.17	3.59	3.43	4.46
Percent of Loans Charged-off (net, YTD)											
All real estate loans	1.44	0.45	0.60	1.20	1.72	0.60	1.88	1.56	1.32	0.80	1.85
Construction and development	3.20	1.99	2.08	3.72	3.46	1.91	2.96	3.70	2.38	2.36	5.76
Nonfarm nonresidential	0.39	0.28	0.24	0.44	0.45	0.51	0.42	0.51	0.28	0.25	0.21
Multifamily residential real estate	0.56	0.23	0.38	0.70	0.56	0.55	0.73	0.72	0.20	0.67	0.24
Home equity loans	2.36	0.58	0.55	0.82	2.63	0.80	3.26	1.79	3.09	1.18	2.53
Other 1-4 family residential	1.36	0.27	0.32	0.68	1.65	0.43	1.83	1.61	0.97	0.38	2.00
Commercial and industrial loans	1.82	1.06	1.07	1.45	1.96	2.60	1.08	1.16	2.14	0.93	3.41
Loans to individuals	4.88	0.77	1.63	3.56	5.18	7.04	3.42	3.18	6.50	1.84	4.83
Credit card loans	7.79	4.59	9.93	6.46	7.84	8.10	7.70	6.74	9.94	4.50	6.90
Other loans to individuals	2.97	0.71	0.96	2.45	3.21	5.12	2.17	2.06	3.60	1.19	3.48
All other loans and leases (including farm)	0.87	0.00	0.44	0.98	0.91	0.38	0.53	1.11	0.50	0.87	1.73
Total loans and leases	1.94	0.54	0.71	1.41	2.27	2.21	1.79	1.62	2.14	0.90	2.65
Loans Outstanding (in billions)											
All real estate loans	$4,700.5	$72.3	$742.4	$769.2	$3,116.6	$813.4	$1,284.5	$1,004.1	$397.3	$428.0	$773.1
Construction and development	566.9	8.1	125.8	147.5	285.4	64.4	196.9	104.1	48.5	81.0	71.9
Nonfarm nonresidential	1,076.9	21.8	265.0	269.6	520.5	201.3	287.6	206.5	107.0	119.6	154.9
Multifamily residential real estate	210.6	2.0	30.9	45.7	132.1	53.4	37.7	61.3	11.4	9.6	37.1
Home equity loans	674.3	2.5	39.4	51.0	581.4	69.6	218.7	202.1	81.1	36.0	66.9
Other 1-4 family residential	2,045.2	29.4	249.9	240.6	1,525.3	419.8	524.0	413.1	128.1	170.4	389.9
Commercial and industrial loans	1,434.6	14.5	123.4	156.2	1,140.5	185.2	402.7	333.7	140.6	106.9	265.4
Loans to individuals	1,046.3	7.4	45.6	76.3	916.9	273.6	234.7	180.2	95.2	40.1	222.5
Credit card loans	403.1	0.1	3.4	20.7	378.8	173.1	55.8	40.2	41.5	7.7	84.8
Other loans to individuals	643.2	7.3	42.2	55.6	538.1	100.5	178.9	140.0	53.7	32.4	137.7
All other loans and leases (including farm)	556.8	10.5	37.8	36.9	471.5	74.9	154.6	138.7	73.1	21.4	94.0
Total loans and leases	7,738.2	104.8	949.2	1,038.6	5,645.6	1,347.1	2,076.5	1,656.8	706.2	596.5	1,355.0
Memo: Other Real Estate Owned (in millions)											
All other real estate owned	29,669.6	768.7	7,861.4	6,748.5	14,291.0	2,010.3	9,030.8	7,698.3	3,508.5	3,231.5	4,190.2
Construction and development	11,036.0	250.5	4,058.2	3,382.8	3,344.6	658.4	3,774.8	1,870.0	1,284.2	1,328.1	2,120.6
Nonfarm nonresidential	3,641.5	202.8	1,471.0	951.0	1,016.7	366.1	1,006.7	789.6	531.1	569.7	378.2
Multifamily residential real estate	1,467.0	16.4	274.6	725.6	450.5	68.2	362.8	736.8	84.2	91.8	123.1
1-4 family residential	11,357.5	278.2	1,978.9	1,555.2	7,545.1	878.5	3,720.4	3,370.9	815.9	1,172.4	1,399.4
Farmland	122.4	20.4	73.0	18.4	10.7	9.9	15.8	20.5	22.7	50.4	3.1
GNMA properties	1,948.3	0.4	7.2	116.3	1,824.4	19.6	163.0	906.9	770.9	19.5	68.5

* See Table IV-A (page 9) for explanations.
** 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.

TABLE VI-A. Derivatives, All FDIC-Insured Commercial Banks and State-Chartered Savings Banks

(dollar figures in millions; notional amounts unless otherwise indicated)	1st Quarter 2009	4th Quarter 2008	3rd Quarter 2008	2nd Quarter 2008	1st Quarter 2008	%Change 08Q1-09Q1	Asset Size Distribution: Less Than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater Than $10 Billion
ALL DERIVATIVE HOLDERS										
Number of institutions reporting derivatives	1,158	1,100	1,070	1,068	1,102	5.1	90	694	292	82
Total assets of institutions reporting derivatives	$10,668,402	$10,974,274	$10,723,571	$10,105,028	$10,197,073	4.6	$6,257	$296,360	$885,022	$9,480,764
Total deposits of institutions reporting derivatives	6,979,825	7,090,613	6,801,837	6,451,180	6,473,273	7.8	5,114	235,554	653,174	6,085,984
Total derivatives	203,382,420	212,103,859	177,103,461	183,304,344	181,629,418	12.0	318	24,546	80,336	203,277,219
Derivative Contracts by Underlying Risk Exposure										
Interest rate	169,389,934	175,886,850	137,205,585	144,933,737	141,907,944	19.4	304	24,246	76,147	169,289,236
Foreign exchange*	16,272,941	16,922,815	19,729,753	19,419,103	19,738,313	-17.6	0	23	2,572	16,270,346
Equity	2,174,368	2,206,793	2,786,005	2,345,171	2,411,871	-9.8	15	121	987	2,173,246
Commodity & other (excluding credit derivatives)	938,063	1,049,941	1,233,751	1,137,524	1,129,869	-17.0	0	125	258	937,680
Credit	14,607,114	16,037,461	16,148,367	15,468,809	16,441,421	-11.2	0	31	371	14,606,711
Total	203,382,420	212,103,859	177,103,461	183,304,344	181,629,418	12.0	318	24,546	80,336	203,277,219
Derivative Contracts by Transaction Type										
Swaps	133,873,373	143,111,973	108,289,334	114,178,361	112,593,450	18.9	17	10,196	49,642	133,813,518
Futures & forwards	23,581,538	22,513,758	24,483,732	23,582,916	22,361,972	5.5	142	6,012	13,838	23,561,545
Purchased options	14,936,251	14,821,778	13,485,926	14,501,600	14,286,015	4.6	16	1,584	4,514	14,930,137
Written options	14,983,291	14,919,984	13,450,147	14,415,326	14,705,774	1.9	143	6,715	11,772	14,964,660
Total	187,374,452	195,367,494	159,709,139	166,678,203	163,947,211	14.3	318	24,507	79,766	187,269,860
Fair Value of Derivative Contracts										
Interest rate contracts	137,575	131,152	27,300	75,946	62,578	119.8	1	-7	182	137,399
Foreign exchange contracts	-10,460	-16,942	15,054	32,017	9,670	N/M	0	0	8	-10,469
Equity contracts	3,114	2,871	3,742	-3,742	-2,306	N/M	1	1	12	3,099
Commodity & other (excluding credit derivatives)	4,158	3,850	3,175	5,063	3,346	24.3	0	2	3	4,153
Credit derivatives as guarantor	-959,081	-960,572	-566,035	-398,893	-474,045	N/M	0	0	3	-959,083
Credit derivatives as beneficiary	1,031,185	1,031,630	603,936	428,844	501,034	105.8	0	0	-3	1,031,188
Derivative Contracts by Maturity**										
Interest rate contracts < 1 year	68,435,870	58,610,008	40,400,256	44,995,183	42,621,769	60.6	119	5,106	16,107	68,414,537
1-5 years	37,293,367	47,456,476	37,760,963	39,521,416	39,752,501	-6.2	13	7,479	25,726	37,260,150
> 5 years	29,985,002	36,868,293	28,785,014	29,704,389	30,134,307	-0.5	9	4,307	19,402	29,961,284
Foreign exchange contracts < 1 year	9,234,329	10,561,395	12,664,219	12,345,486	12,524,601	-26.3	0	12	1,850	9,232,467
1-5 years	2,163,751	2,168,136	1,787,926	1,929,554	1,924,840	12.4	0	4	22	2,163,726
> 5 years	1,056,793	1,079,943	676,596	734,445	714,769	47.9	0	0	10	1,056,783
Equity contracts < 1 year	348,776	409,029	508,748	504,258	509,709	-31.6	2	20	113	348,641
1-5 years	286,171	256,252	332,908	207,513	287,805	-0.6	4	42	430	285,695
> 5 years	82,843	72,337	81,967	76,283	39,960	107.3	0	3	8	82,832
Commodity & other contracts < 1 year	279,748	264,916	294,036	315,202	369,747	-24.3	0	0	206	279,542
1-5 years	206,173	261,768	288,860	267,344	277,956	-25.8	0	62	1	206,110
> 5 years	41,546	45,021	88,822	28,367	33,492	24.0	0	10	0	41,536
Risk-Based Capital: Credit Equivalent Amount										
Total current exposure to tier 1 capital (%)	86.1	107.4	60.3	57.8	67.1		0.3	0.7	2.3	98.1
Total potential future exposure to tier 1 capital (%)	89.6	103.1	122.3	118.5	122.7		0.1	0.4	0.6	102.3
Total exposure (credit equivalent amount) to tier 1 capital (%)	175.7	210.5	182.6	176.3	189.9		0.4	1.1	3.0	200.4
Credit losses on derivatives***	218.1	1,072.4	226.7	134.8	14.8	N/M	0.0	1.8	0.3	216.0
HELD FOR TRADING										
Number of institutions reporting derivatives	197	181	186	182	171	15.2	7	67	68	55
Total assets of institutions reporting derivatives	9,015,841	9,414,088	9,234,891	8,596,866	8,622,620	4.6	454	30,233	291,700	8,693,454
Total deposits of institutions reporting derivatives	5,885,814	6,085,224	5,855,784	5,502,108	5,465,692	7.7	355	24,197	213,231	5,648,032
Derivative Contracts by Underlying Risk Exposure										
Interest rate	167,216,926	173,365,616	134,667,872	142,264,748	139,197,869	20.1	12	1,174	28,053	167,187,687
Foreign exchange	14,766,077	16,147,796	18,396,233	18,166,939	18,413,311	-19.8	0	0	2,144	14,763,932
Equity	2,162,149	2,195,068	2,773,712	2,333,980	2,403,326	-10.0	3	0	258	2,161,887
Commodity & other	935,634	1,047,507	1,230,649	1,134,781	1,128,387	-17.1	0	0	141	935,493
Total	185,080,786	192,755,987	157,068,466	163,900,447	161,142,893	14.9	15	1,174	30,597	185,048,999
Trading Revenues: Cash & Derivative Instruments										
Interest rate	9,078	-3,430	950	1,503	1,724	426.6	0	0	5	9,073
Foreign exchange	2,436	4,093	3,090	2,096	2,084	16.9	0	0	5	2,431
Equity	1,043	-1,230	-923	185	-18	N/M	0	0	-1	1,043
Commodity & other (including credit derivatives)	-2,810	-8,618	3,305	-1,944	-2,791	N/M	0	0	0	-2,810
Total trading revenues	9,747	-9,186	6,422	1,839	998	876.7	0	0	10	9,737
Share of Revenue										
Trading revenues to gross revenues (%)	7.3	-8.1	4.6	1.3	0.7		0.0	0.1	0.3	7.6
Trading revenues to net operating revenues (%)	132.4	44.2	66.9	24.8	9.7		0.0	1.1	-2.1	124.6
HELD FOR PURPOSES OTHER THAN TRADING										
Number of institutions reporting derivatives	1,037	996	970	975	1,013	2.4	83	626	252	76
Total assets of institutions reporting derivatives	10,301,778	10,463,328	10,396,562	9,806,938	9,914,653	3.9	5,803	267,086	746,480	9,282,409
Total deposits of institutions reporting derivatives	6,727,535	6,819,580	6,589,374	6,256,368	6,288,937	7.0	4,759	211,922	550,619	5,960,235
Derivative Contracts by Underlying Risk Exposure										
Interest rate	2,173,008	2,521,235	2,537,713	2,668,989	2,710,074	-19.8	292	23,073	48,094	2,101,549
Foreign exchange	106,011	76,113	87,565	94,832	84,217	25.9	0	15	230	105,766
Equity	12,219	11,725	12,293	11,191	8,545	43.0	11	120	728	11,359
Commodity & other	2,429	2,434	3,101	2,743	1,482	63.9	0	125	117	2,187
Total notional amount	2,293,666	2,611,507	2,640,673	2,777,756	2,804,318	-18.2	303	23,333	49,169	2,220,861

All line items are reported on a quarterly basis. N/M - Not Meaningful

*Include spot foreign exchange contracts. All other references to foreign exchange contracts in which notional values or fair values are reported exclude spot foreign exchange contracts.

** Derivative contracts subject to the risk-based capital requirements for derivatives.

*** The reporting of credit losses on derivatives is applicable to all banks filing the FFIEC 031 report form and to those banks filing the FFIEC 041 report form that have $300 million or more in total assets.

TABLE VII-A. Servicing, Securitization, and Asset Sales Activities (All FDIC-Insured Commercial Banks and State-Chartered Savings Banks)

(dollar figures in millions)	1st Quarter 2009	4th Quarter 2008	3rd Quarter 2008	2nd Quarter 2008	1st Quarter 2008	%Change 08Q1-09Q1	Asset Size Distribution: Less Than $100 Million	$100 Million to $1 Billion	$1 Billion to $10 Billion	Greater Than $10 Billion
Assets Securitized and Sold with Servicing Retained or with Recourse or Other Seller-Provided Credit Enhancements										
Number of institutions reporting securitization activities	137	132	128	130	132	3.8	16	60	20	41
Outstanding Principal Balance by Asset Type										
1-4 family residential loans	$1,234,653	$1,256,021	$1,217,682	$1,087,215	$1,068,631	15.5	$113	$867	$1,928	$1,231,745
Home equity loans	6,595	6,692	6,880	7,822	8,341	-20.9	0	0	48	6,548
Credit card receivables	399,113	398,261	417,832	409,883	402,171	-0.8	0	3,215	11,847	384,051
Auto loans	11,230	12,040	13,842	6,224	7,495	49.8	0	0	106	11,124
Other consumer loans	26,692	27,427	28,090	28,870	27,787	-3.9	0	0	0	26,692
Commercial and industrial loans	8,317	9,705	11,080	12,491	12,555	-33.8	0	2	4,179	4,137
All other loans, leases, and other assets*	197,717	200,736	200,879	194,756	194,061	1.9	48	74	149	197,447
Total securitized and sold	1,884,319	1,910,882	1,896,284	1,747,262	1,721,042	9.5	161	4,158	18,257	1,861,744
Maximum Credit Exposure by Asset Type										
1-4 family residential loans	6,279	6,898	7,514	7,121	7,019	-10.5	2	16	0	6,261
Home equity loans	1,120	1,247	1,347	1,527	1,752	-36.1	0	0	0	1,120
Credit card receivables	39,100	23,228	24,039	23,129	21,412	82.6	0	410	1,492	37,197
Auto loans	912	707	447	352	405	125.2	0	0	8	903
Other consumer loans	1,429	1,532	1,428	1,417	1,406	1.6	0	0	0	1,429
Commercial and industrial loans	367	137	170	311	276	33.0	0	0	44	324
All other loans, leases, and other assets	301	725	714	1,128	2,297	-86.9	1	8	8	284
Total credit exposure	49,509	34,474	35,660	34,984	34,568	43.2	3	434	1,552	47,519
Total unused liquidity commitments provided to institution's own securitizations	397	830	1,273	1,902	2,944	-86.5	0	0	0	397
Securitized Loans, Leases, and Other Assets 30-89 Days Past Due (%)										
1-4 family residential loans	4.1	4.4	3.8	2.8	2.5		1.5	1.0	2.1	4.1
Home equity loans	1.1	1.4	1.3	0.6	0.7		0.0	0.0	7.5	1.0
Credit card receivables	3.0	2.9	2.5	2.1	2.2		0.0	1.7	1.9	3.1
Auto loans	2.0	2.5	2.1	2.2	1.9		0.0	0.0	0.6	2.0
Other consumer loans	3.1	3.9	3.2	2.7	2.5		0.0	0.0	0.0	3.1
Commercial and industrial loans	3.1	2.6	1.6	1.3	1.2		0.0	0.0	5.9	0.3
All other loans, leases, and other assets	0.6	0.6	0.2	0.3	0.1		0.9	0.0	0.0	0.6
Total loans, leases, and other assets	3.5	3.7	3.1	2.3	2.2		1.4	1.5	2.8	3.5
Securitized Loans, Leases, and Other Assets 90 Days or More Past Due (%)										
1-4 family residential loans	5.8	4.5	3.2	1.9	1.9		1.2	0.3	1.0	5.8
Home equity loans	1.4	1.2	0.7	0.7	0.7		0.0	0.0	4.8	1.4
Credit card receivables	3.0	2.5	2.1	2.1	2.1		0.0	1.5	1.9	3.1
Auto loans	0.2	0.3	0.2	0.3	0.3		0.0	0.0	0.1	0.2
Other consumer loans	3.5	3.7	2.9	2.4	2.3		0.0	0.0	0.0	3.5
Commercial and industrial loans	3.1	2.1	1.5	1.3	1.1		0.0	0.0	5.9	0.3
All other loans, leases, and other assets	1.1	0.4	0.2	0.2	0.2		0.0	0.0	0.0	1.1
Total loans, leases, and other assets	4.6	3.6	2.6	1.8	1.8		0.8	1.2	2.7	4.7
Securitized Loans, Leases, and Other Assets Charged-Off (net, YTD, annualized, %)										
1-4 family residential loans	0.2	0.3	0.4	0.1	0.0		0.0	0.0	0.1	0.2
Home equity loans	0.6	0.1	0.4	0.2	0.1		0.0	0.0	1.8	0.6
Credit card receivables	2.1	6.4	4.4	2.8	1.4		0.0	1.6	1.4	2.2
Auto loans	0.8	0.8	1.3	1.0	0.4		0.0	0.0	0.1	0.8
Other consumer loans	0.2	0.8	0.6	0.4	0.2		0.0	0.0	0.0	0.2
Commercial and industrial loans	2.6	5.9	3.6	1.9	0.9		0.0	0.0	4.9	0.4
All other loans, leases, and other assets	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0
Total loans, leases, and other assets	0.6	1.6	1.2	0.7	0.4		0.0	1.2	2.0	0.6
Seller's Interests in Institution's Own Securitizations - Carried as Loans										
Home equity loans	165	124	166	435	282	-41.5	0	0	0	165
Credit card receivables	77,212	113,017	98,826	82,604	73,418	5.2	0	309	3,741	73,163
Commercial and industrial loans	450	436	636	3,506	3,263	-86.2	0	0	419	31
Seller's Interests in Institution's Own Securitizations - Carried as Securities										
Home equity loans	5	5	6	7	9	-44.4	0	0	0	5
Credit card receivables	556	584	623	403	377	47.5	0	3	553	0
Commercial and industrial loans	0	16	15	1	1	-100.0	0	0	0	0
Assets Sold with Recourse and Not Securitized										
Number of institutions reporting asset sales	809	793	786	776	760	6.4	155	494	114	46
Outstanding Principal Balance by Asset Type										
1-4 family residential loans	69,806	66,452	68,709	65,959	60,386	15.6	1,076	9,049	3,961	55,720
Home equity, credit card receivables, auto, and other consumer loans	1,348	1,477	1,611	1,786	1,886	-28.5	0	30	73	1,245
Commercial and industrial loans	6,028	6,698	7,314	4,794	4,579	31.6	1	65	1	5,961
All other loans, leases, and other assets	46,418	42,613	41,501	33,191	29,134	59.3	0	65	402	45,951
Total sold and not securitized	123,600	117,239	119,135	105,730	95,985	28.8	1,078	9,209	4,436	108,878
Maximum Credit Exposure by Asset Type										
1-4 family residential loans	15,263	15,458	15,735	14,678	14,070	8.5	80	1,647	2,295	11,241
Home equity, credit card receivables, auto, and other consumer loans	183	189	203	240	165	10.9	0	11	64	107
Commercial and industrial loans	4,995	5,617	6,180	3,614	3,335	49.8	1	53	1	4,940
All other loans, leases, and other assets	9,770	9,290	11,517	8,541	8,112	20.4	0	13	69	9,688
Total credit exposure	30,210	30,554	33,634	27,072	25,682	17.6	81	1,724	2,429	25,976
Support for Securitization Facilities Sponsored by Other Institutions										
Number of institutions reporting securitization facilities sponsored by others	54	51	49	47	48	12.5	21	25	3	5
Total credit exposure	2,125	3,319	9,143	12,668	6,825	-68.9	9	52	7	2,057
Total unused liquidity commitments	936	1,416	3,531	5,492	6,778	-86.2	0	0	0	936
Other										
Assets serviced for others**	5,679,243	5,615,119	5,528,963	3,921,914	3,813,285	48.9	4,005	71,108	85,834	5,518,295
Asset-backed commercial paper conduits										
Credit exposure to conduits sponsored by institutions and others	22,981	23,064	20,830	21,083	22,332	2.9	3	0	484	22,494
Unused liquidity commitments to conduits sponsored by institutions and others	273,542	297,908	311,683	339,007	354,525	-22.8	0	26	0	273,516
Net servicing income (for the quarter)	5,954	-335	4,110	7,280	3,532	68.6	7	153	164	5,630
Net securitization income (for the quarter)	2,124	2,393	3,120	4,206	5,541	-61.7	0	47	191	1,886
Total credit exposure to Tier 1 capital (%)***	7.6	6.8	8.0	7.4	6.6		0.5	1.7	3.0	9.6

*Line item titled "All other loans and all leases" for quarters prior to March 31, 2006.
**The amount of financial assets serviced for others, other than closed-end 1-4 family residential mortgages, is reported when these assets are greater than $10 million.
***Total credit exposure includes the sum of the three line items titled "Total credit exposure" reported above.

INSURANCE FUND INDICATORS

- ***DIF Reserve Ratio Declines 9 Basis Points to 0.27 Percent***
- ***Twenty-One Institutions Fail During First Quarter***
- ***Insured Deposits Grow by 1.7 Percent***
- ***Final Rule Adopted Setting Assessment Rates and Modifying Risk-Based Assessment System***
- ***Temporary Coverage Limit to $250,000 Extended through the End of 2013***
- ***Final Rule Adopted for Special Assessment***

During the first quarter of 2009, total assets of the nation's 8,246 FDIC-insured commercial banks and savings institutions decreased by $301.7 billion (2.2 percent). Total deposits decreased by 0.9 percent; domestic office deposits increased by 0.6 percent ($41.9 billion) and foreign office deposits shrank by 8.0 percent ($123.2 billion). Domestic time deposits decreased by 2.6 percent ($72.5 billion), while domestic savings and interest bearing checking accounts increased by 2.9 percent ($93.6 billion) and domestic non-interest bearing deposits increased by 1.5 percent ($20.9 billion). From March 31, 2008, to March 31, 2009, total domestic deposits increased by 6.6 percent. Noninterest bearing deposits rose by 19.8 percent ($239.2 billion) and interest bearing deposits rose by 3.9 percent ($230.2 billion).

Over the past year, the share of assets funded by domestic deposits increased from 52.9 percent to 55.7 percent. By contrast, over the same 12 months, Federal Home Loan Bank (FHLB) advances as a percent of total assets declined from 6.3 percent to 5.1 percent and the share of asset funding attributable to foreign office deposits decreased from 11.2 percent to 10.5 percent.

Estimated insured deposits at all FDIC-insured institutions (based on the $100,000 coverage limit) increased by 1.7 percent ($82.4 billion) during the first quarter of 2009, down from a 4.5 percent increase during the previous quarter. From March 31, 2008, to March 31, 2009, insured deposits increased by 8.9 percent ($393.3 billion). For institutions existing on both December 31, 2008, and March 31, 2009, insured deposits increased during the first quarter at 6,073 institutions (74 percent), decreased at 2,125 institutions (26 percent), and remained unchanged at 35 institutions.

The Deposit Insurance Fund (DIF) decreased by 24.7 percent ($4.3 billion) during the first quarter to $13,007 million (unaudited). Accrued assessment income added $2.6 billion to the DIF during the quarter. Interest earned combined with realized gains and unrealized losses on securities added $17 million to the DIF. Operating and other expenses net of other revenue reduced the fund by $264 million. The reduction in the DIF was primarily due to a $6.6 billion increase in loss provisions for actual and anticipated insured institution failures.

The DIF's reserve ratio equaled 0.27 percent on March 31, 2009, down from 0.36 percent at December 31, 2008, and 1.19 percent a year ago. The March 31, 2009, reserve ratio is the lowest reserve ratio for a combined bank and thrift insurance fund since March 31, 1993, when the reserve ratio was 0.06 percent.

Twenty-one FDIC-insured institutions with combined assets of $9.5 billion failed during the first quarter of 2009, at an estimated cost to the DIF of $2.2 billion. Between March 31, 2008, and March 31, 2009, 44 insured institutions with combined assets of $381.4 billion failed, at an estimated cost to the DIF of $20.1 billion.

Final Rule Adopted Setting Assessment Rates and Modifying the Risk-Based Assessment System

On February 27, 2009, the FDIC Board of Directors (the "Board") adopted a final rule effective April 1, 2009, setting assessment rates and modifying the risk-based assessment system. The rule sets initial base assessment rates at 12 to 45 basis points. An institution's total assessment rate may be less than or greater than its initial base assessment rate as a result of additional risk adjustments discussed below.

Small Risk Category I Institutions and Large Risk Category I Institutions with No Long-Term Debt Issuer Rating

The FDIC introduced a new financial ratio into the financial ratios method (the adjusted brokered deposit ratio). The adjusted brokered deposit ratio affects institutions in Risk Category I (those that have CAMELS composite ratings of 1 or 2 and are well capitalized) whose brokered deposits are more than 10 percent of domestic deposits and whose total assets are more than 40 percent greater than they were four years previously. The adjusted brokered deposit ratio excludes certain reciprocal brokered deposits. Brokered deposits that consist of balances swept into an insured institution are included in the adjusted brokered deposit ratio.

Large Risk Category I Institutions with Long-Term Debt Issuer Ratings

The FDIC revised the method for calculating the assessment rate for a large Risk Category I institution with a long-term debt issuer rating so that it equally weights the institution's weighted average CAMELS component ratings, its long-term debt issuer ratings and the financial ratios method assessment rate. The final rule updates the uniform amount and the pricing multipliers for the weighted average CAMELS component ratings and financial ratios method. It also increases the maximum possible large bank adjustment from 0.5 basis points to 1.0 basis point.

Adjustments to Assessment Rates

The FDIC introduced three possible adjustments to an institution's initial base assessment rate: (1) a decrease of up to 5 basis points for long-term unsecured debt, including senior unsecured debt (other than debt guaranteed under the Temporary Liquidity Guarantee Program) and subordinated debt and, for small institutions, a portion of Tier 1 capital; (2) an increase not to exceed 50 percent of an institution's assessment rate before the increase for secured liabilities in excess of 25 percent of domestic deposits; and (3) for non–Risk Category I institutions, an increase not to exceed 10 basis points for brokered deposits in excess of 10 percent of domestic deposits. The brokered deposit adjustment includes reciprocal brokered deposits, unlike the brokered deposit ratio used in the financial ratios method applicable to institutions in Risk Category I.

Assessment Rates: The FDIC adopted new initial base assessment rates as of April 1, 2009, as follows:

Initial Base Assessment Rates

	Risk Category				
	I*		II	III	IV
Annual Rates (in basis points)	Minimum	Maximum			
	12	16	22	32	45

*Initial base rates that are not the minimum or maximum rate will vary between these rates.

After applying all possible adjustments, minimum and maximum total base assessment rates for each risk category are as follows:

Total Base Assessment Rates*

	Risk Category I	Risk Category II	Risk Category III	Risk Category IV
Initial base assessment rate	12 – 16	22	32	45
Unsecured debt adjustment	-5 – 0	-5 – 0	-5 – 0	-5 – 0
Secured liability adjustment	0 – 8	0 – 11	0 – 16	0 – 22.5
Brokered deposit adjustment	–	0 – 10	0 – 10	0 – 10
Total base assessment rate	7 – 24.0	17 – 43.0	27 – 58.0	40 – 77.5

*All amounts for all risk categories are in basis points annually. Total base rates that are not the minimum or maximum rate will vary between these rates.

Temporary Deposit Insurance Coverage to $250,000 Extended

On May 20, 2009, the President signed the Helping Families Save Their Homes Act of 2009, which extends the temporary deposit insurance coverage limit increase to $250,000 (from the permanent limit of $100,000 for deposits other than retirement accounts) through the end of 2013. The legislation also eliminates the prohibition against the FDIC's taking the temporary coverage increase into account when setting assessments. In addition, this new legislation increased the FDIC's authority to borrow from the Treasury from $30 billion to $100 billion and authorized a temporary increase until December 31, 2010, in the FDIC's borrowing authority above $100 billion (but not to exceed $500 billion) based on a process that would require the concurrence of the FDIC's Board, the Federal Reserve Board, and the Secretary of the Treasury in consultation with the President.

Final Rule Adopted for Special Assessment

On May 22, 2009, the Board approved a final rule that imposes a 5 basis point special assessment as of June 30, 2009. The special assessment will be levied on each insured depository institution's assets minus its Tier 1 capital as reported in its report of condition as of June 30, 2009. The special assessment will be collected September 30, 2009, at the same time that the risk-based assessments for the second quarter of 2009 are collected. The special assessment for any institution will be capped at 10 basis points of the institution's assessment base for the second quarter of 2009 risk-based assessment. The final rule also allows the Board to impose an additional special assessment of up to 5 basis points on all insured depository institutions based on each institution's assets minus Tier 1 capital whenever the FDIC estimates that the DIF reserve ratio will fall to a level that the Board believes would adversely affect public confidence or to a level that will be close to or below zero. Any additional special assessment would also be capped at 10 basis points of an institution's assessment base for the corresponding quarter's risk-based assessment. The authority to impose any additional special assessments under the final rule terminates January 1, 2010.

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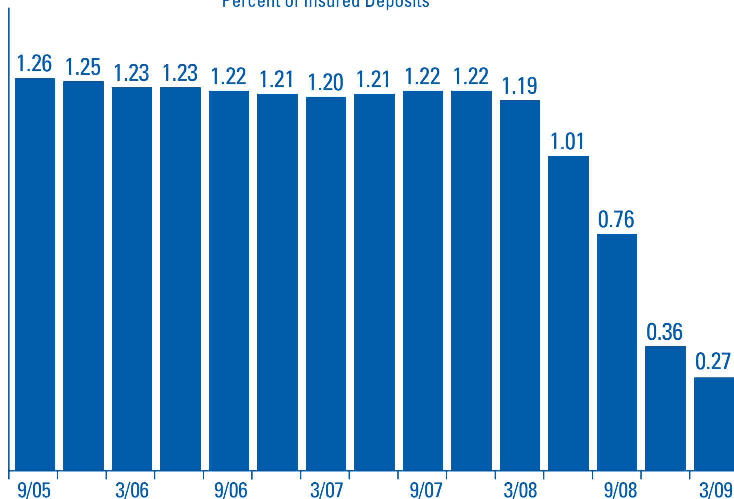
Table I-B. Insurance Fund Balances and Selected Indicators

	Deposit Insurance Fund											
(dollar figures in millions)	1st Quarter 2009*	4th Quarter 2008	3rd Quarter 2008	2nd Quarter 2008	1st Quarter 2008	4th Quarter 2007	3rd Quarter 2007	2nd Quarter 2007	1st Quarter 2007	4th Quarter 2006	3rd Quarter 2006	2nd Quarter 2006
Beginning Fund Balance	$17,276	$34,588	$45,217	$52,843	$52,413	$51,754	$51,227	$50,745	$50,165	$49,992	$49,564	$49,193
Changes in Fund Balance:												
Assessments earned	2,615	996	881	640	448	239	170	140	94	10	10	7
Interest earned on investment securities	212	277	526	651	618	585	640	748	567	476	622	665
Realized gain on sale of investments	136	302	473	0	0	0	0	0	0	0	0	0
Operating expenses	266	290	249	256	238	262	243	248	239	248	237	242
Provision for insurance losses	6,637	19,163	11,930	10,221	525	39	132	-3	-73	49	-50	-6
All other income, net of expenses	2	15	16	1	0	-2	24	1	4	5	1	12
Unrealized gain/(loss) on available-for-sale securities	-331	551	-346	1,559	127	138	68	-162	81	-21	-18	-77
Total fund balance change	-4,269	-17,312	-10,629	-7,626	430	659	527	482	580	173	428	371
Ending Fund Balance	13,007	17,276	34,588	45,217	52,843	52,413	51,754	51,227	50,745	50,165	49,992	49,564
Percent change from four quarters earlier	-75.39	-67.04	-33.17	-11.73	4.13	4.48	3.52	3.36	3.15	3.23	3.35	3.21
Reserve Ratio (%)	0.27	0.36	0.76	1.01	1.19	1.22	1.22	1.21	1.20	1.21	1.22	1.23
Estimated Insured Deposits**	4,831,473	4,749,036	4,545,288	4,467,771	4,438,141	4,292,221	4,242,607	4,235,044	4,245,266	4,153,786	4,100,013	4,040,353
Percent change from four quarters earlier	8.86	10.64	7.13	5.50	4.54	3.33	3.48	4.82	6.08	6.76	7.02	7.52
Domestic Deposits	7,546,377	7,505,434	7,230,331	7,036,247	7,076,719	6,921,687	6,747,998	6,698,886	6,702,598	6,640,105	6,484,372	6,446,868
Percent change from four quarters earlier	6.64	8.43	7.15	5.04	5.58	4.24	4.07	3.91	5.71	6.59	6.76	8.68
Number of institutions reporting	8,256	8,315	8,394	8,462	8,505	8,545	8,570	8,625	8,661	8,692	8,755	8,790



Deposit Insurance Fund Balance and Insured Deposits***
($ Millions)

	DIF Balance	DIF-Insured Deposits
6/05	48,023	3,757,728
9/05	48,373	3,830,950
12/05	48,597	3,890,941
3/06	49,193	4,001,906
6/06	49,564	4,040,353
9/06	49,992	4,100,013
12/06	50,165	4,153,786
3/07	50,745	4,245,266
6/07	51,227	4,235,044
9/07	51,754	4,242,607
12/07	52,413	4,292,221
3/08	52,843	4,438,141
6/08	45,217	4,467,771
9/08	34,588	4,545,288
12/08	17,276	4,749,036
3/09	13,007	4,831,473

Table II-B. Problem Institutions and Failed/Assisted Institutions

(dollar figures in millions)	2009****	2008****	2008	2007	2006	2005	2004
Problem Institutions							
Number of institutions	305	90	252	76	50	52	80
Total assets	$220,047	$26,311	$159,405	$22,189	$8,265	$6,607	$28,250
Failed Institutions							
Number of institutions	21	2	25	3	0	0	4
Total assets	$9,498	$72	$371,945	$2,615	$0	$0	$170
Assisted Institutions*****							
Number of institutions	0	0	5	0	0	0	0
Total assets	$0	$0	$1,306,042	0	0	0	0

*For 2009, preliminary unaudited fund data, which are subject to change.

**The Emergency Economic Stabilization Act of 2008 directed the FDIC not to consider the temporary coverage increase to $250,000 in setting assessments. On May 20, 2009, the President signed the Helping Families Save Their Homes Act of 2009, which extends the temporary deposit insurance coverage limit increase to $250,000 through the end of 2013 and eliminates the prohibition against the FDIC's taking the temporary coverage increase into account when setting assessments. However, estimated insured deposits and the reserve ratios in these tables reflect the general $100,000 coverage limit (for deposits other than retirement accounts) and the law in effect as of March 31, 2009.

***Prior to 2006, amounts represent sum of separate BIF and SAIF amounts.

****Through March 31.

*****Five institutions under the same holding company received assistance under a systemic risk determination.

Table III-B. Estimated FDIC-Insured Deposits by Type of Institution

(dollar figures in millions) March 31, 2009	Number of Institutions	Total Assets	Domestic Deposits*	Est. Insured Deposits
Commercial Banks and Savings Institutions				
FDIC-Insured Commercial Banks	7,037	$12,006,853	$6,567,472	$4,048,434
FDIC-Supervised	4,660	1,996,091	1,490,576	1,069,223
OCC-Supervised	1,519	8,249,211	4,104,053	2,392,146
Federal Reserve-Supervised	858	1,761,551	972,842	587,064
FDIC-Insured Savings Institutions	1,209	1,534,777	970,894	778,346
OTS-Supervised Savings Institutions	799	1,225,806	753,075	607,502
FDIC-Supervised State Savings Banks	410	308,971	217,819	170,845
Total Commercial Banks and Savings Institutions	8,246	13,541,630	7,538,366	4,826,780
Other FDIC-Insured Institutions				
U.S. Branches of Foreign Banks	10	53,807	8,011	4,693
Total FDIC-Insured Institutions	8,256	13,595,438	7,546,377	4,831,473

* Excludes $1.42 trillion in foreign office deposits, which are uninsured.

Table IV-B. Distribution of Institutions and Domestic Deposits Among Risk Categories

Quarter Ending December 31, 2008

(dollar figures in billions) **Risk Category**	Annual Rate in Basis Points	Number of Institutions	Percent of Total Institutions	Domestic Deposits	Percent of Total Domestic Deposits
I - Minimum	5	1,515	18.2	2,826	37.7
I - Middle	5.01- 6.00	2,069	24.9	1,562	20.8
I - Middle	6.01- 6.99	1,521	18.3	783	10.4
I - Maximum	7	2,131	25.6	860	11.5
II	10	807	9.7	1,338	17.8
III	28	223	2.7	101	1.3
IV	43	48	0.6	35	0.5

Note: Institutions are categorized based on supervisory ratings, debt ratings, and financial data as of December 31, 2008.
Rates do not reflect the application of assessment credits. See notes to users for further information on risk categories and rates.

TEMPORARY LIQUIDITY GUARANTEE PROGRAM

- ***Non-Interest-Bearing Transaction Accounts Can Be Fully Guaranteed***
- ***Debt Guarantee Program Extended to October 31, 2009***
- ***More Than 500,000 Additional Transaction Accounts Receive Full Coverage***
- ***$336 Billion in Debt Outstanding in Program***

FDIC Responds to Market Disruptions with TLGP

The FDIC Board approved the Temporary Liquidity Guarantee Program (TLGP) on October 13, 2008, as major disruptions in credit markets blocked access to liquidity for financial institutions.[1] The TLGP improved access to liquidity through two programs: by fully guaranteeing non-interest-bearing transaction deposit accounts above $250,000, regardless of dollar amount, until December 31, 2009; and by guaranteeing eligible senior unsecured debt issued by eligible institutions between October 14, 2008, and June 30, 2009. Under the final rule adopted on November 21, 2008, the FDIC guarantee would be in effect until the earlier of the maturity of the debt or June 30, 2012.

On March 17, 2009, the Board of Directors of the FDIC voted to extend the deadline for issuance to October 31, 2009, and set the expiration date of the guarantee to the earlier of maturity of the debt or December 31, 2012. The FDIC will impose a surcharge on debt issued with a maturity of one year or more beginning in the second quarter of 2009.[2]

All insured depository institutions are eligible to participate in the Transaction Account Guarantee Program. Institutions eligible for participation in the Debt Guarantee Program include insured depository institutions, U.S. bank holding companies, certain U.S. savings and loan holding companies, and other affiliates of insured depository institutions that the FDIC designates as eligible entities.

Program Funded by Industry Fees and Assessments

The TLGP does not rely on taxpayer funding or the Deposit Insurance Fund. Both components of the program are paid for by direct user fees. Institutions participating in the Transaction Account Guarantee Program provide customers full coverage on non-interest-bearing transaction accounts for an annual fee of 10 basis points. Fees for participation in the Debt Guarantee Program depend on the maturity of debt issued and range from 50 to 100 basis points (annualized). A surcharge will be imposed on debt issued with a maturity of one year or greater after April 1, 2009. For debt that is not issued under the extension, that is, debt that is issued on or before June 30, 2009, and matures on or before June 30, 2012, surcharges will be 10 basis points (annualized) on debt issued by insured depository institutions and 20 basis points (annualized) on debt issued by other participating entities. For debt issued under the extension, that is, debt issued after June 30, 2009, or debt that matures after June 30, 2012, surcharges will be 25 basis points (annualized) on debt issued by insured depository institutions and 50 basis points (annualized) on debt issued by other participating entities. As of March 31, 2008, a total of $6.9 billion in fees had been assessed under the Debt Guarantee Program.

A Majority of Eligible Entities Have Chosen to Participate in the TLGP

According to submissions received by the FDIC, more than 86 percent of FDIC-insured institutions have opted in to the Transaction Account Guarantee Program, and more than half of all eligible entities have elected to opt in to the Debt Guarantee Program. Lists of institutions that opted out of the guarantee programs are posted at http://www.fdic.gov/regulations/resources/TLGP/optout.html.

Insured Institutions Report Half a Million Transaction Accounts over $250,000

According to first quarter 2009 Call Reports, insured institutions reported 580,920 non-interest-bearing transaction accounts over $250,000, an increase of 12 percent in number compared to fourth quarter 2008. These deposit accounts totaled $845 billion, of which $700 billion was guaranteed under the Transaction

[1] The FDIC invoked the systemic risk exception pursuant to section 141 of the Federal Deposit Improvement Act of 1991, 12 U.S.C 1823(c)(4) on October 13, 2008. For further information on the TLGP, see http://www.fdic.gov/regulations/resources/TLGP/index.html.
[2] See http://www.fdic.gov/news/board/Mar1709rule.pdf.

Account Guarantee Program. Over 6,500 FDIC-insured institutions reported non-interest-bearing transaction accounts over $250,000 in value.

Limits on Debt Issuance Based on Third Quarter 2008 Balances

The amount of FDIC-guaranteed debt that can be issued by each eligible entity, or its “cap,” is based on the amount of its senior unsecured debt outstanding as of September 30, 2008, that matures on or before June 30, 2009. Eligible entities may issue debt up to 125 percent of that outstanding amount. The cap for FDIC-insured institutions that had no outstanding short-term senior unsecured debt other than Fed funds is set at 2 percent of liabilities as of September 30, 2008. Total debt outstanding at quarter end represented 44 percent of issuing entities’ total cap.

$336 Billion in FDIC-Guaranteed Debt Was Outstanding at March 31, 2009

Ninety-seven financial entities—66 insured depository institutions and 31 bank and thrift holding companies and nonbank affiliates—had $336 billion in guaranteed debt outstanding at the end of the first quarter. Some banking groups issued FDIC-guaranteed debt at both the subsidiary and holding company level, but most guaranteed debt was issued by holding companies or nonbank affiliates of depository institutions. Bank and thrift holding companies and nonbank affiliates issued 82 percent of FDIC-guaranteed debt outstanding at year-end.

Debt outstanding at March 31 had longer terms at issuance, compared to debt outstanding at year-end. Only 28 percent of debt outstanding matures in 180 days or less, compared to 49 percent at year-end, and 53 percent matures in two or more years after issuance, compared to 39 percent at December 31, 2008. Among types of debt instruments, almost two-thirds, 64 percent, was in medium-term notes, compared to 44 percent at year-end. The share of outstanding debt in commercial paper fell to 22 percent from 43 percent at year-end.

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Table I-C. Participation in Temporary Liquidity Guarantee Program

March 31, 2009	Total Eligible Entities	Number Opting In	Percent Opting In
Transaction Account Guarantee Program			
Depository Institutions with Assets <= $10 Billion	8,139	7,032	86.4%
Depository Institutions with Assets > $10 Billion	116	109	94.0%
Total Depository Institutions*	8,255	7,141	86.6%
Debt Guarantee Program			
Depository Institutions with Assets <= $10 Billion	8,139	4,399	54.0%
Depository Institutions with Assets > $10 Billion	116	107	92.2%
Total Depository Institutions*	8,255	4,506	54.6%
Bank and Thrift Holding Companies and Non-Insured Affiliates	6,360	3,596	56.5%
All Entities	14,615	8,102	55.4%

* Depository institutions include insured branches of foreign banks (IBAs)

Table II-C. Cap on FDIC-Guaranteed Debt for Opt-In Entities

March 31, 2009 (dollar figures in millions)	Opt-In Entities with Senior Unsecured Debt Outstanding at 9/30/2008			Opt-In Depository Institutions with no Senior Unsecured Debt at 9/30/2008			
	Number	Debt Amount as of 9/30/2008	Initial Cap	Number	2% Liabilities as of 9/30/2008	Total Entities	Total Initial Cap
Depository Institutions with Assets <= $10 Billion*	120	$3,538	$4,422	4,279	$33,096	4,399	$37,518
Depository Institutions with Assets > $10 Billion*	44	295,879	369,849	63	29,939	107	399,787
Bank and Thrift Holding Companies, Non-Insured Affiliates	88	398,008	497,511	3,508	N/A	3,596	497,511
Total	252	697,425	871,781	7,852	63,035	8,102	934,816

* Depository institutions include insured branches of foreign banks (IBAs)

N/A - Not applicable

Table III-C. Transaction Account Guarantee Program

(dollar figures in millions)	December 31, 2008	March 31, 2009	% Change 08Q4-09Q1
Number of Non-Interest-Bearing Transaction Accounts over $250,000	518,828	580,920	12.0%
Amount in Non-Interest-Bearing Transaction Accounts over $250,000	$807,679	$845,227	4.6%
Amount Guaranteed	$677,972	$699,997	3.2%

Table IV-C. Debt Issuance under Guarantee Program

March 31, 2009 (dollar figures in millions)	Number	Debt Outstanding	Cap	Debt Outstanding Share of Cap
Insured Depository Institutions				
Assets <= $10 Billion	46	$1,425	$3,079	46.3%
Assets > $10 Billion	20	58,768	297,058	19.8%
Bank and Thrift Holding Companies, Non-Insured Affiliates	31	276,109	468,355	59.0%
All Issuers	97	336,302	768,492	43.8%

Table V-C. Fees Assessed under TLGP Debt Program

(dollar figures in millions)	Total Fees Assessed
Fourth Quarter 2008	$3,437
First Quarter 2009	3,433
Total	$6,870

Table VI-C. Term at Issuance of Debt Instruments Outstanding

March 31, 2009 (dollar figures in millions)	Commercial Paper	Interbank Eurodollar Deposits	Medium Term Notes	Other Interbank Deposits	Other Senior Unsecured Debt	Other Term Note	All Debt	*Share by Term*
Term at Issuance								
90 days or less	$32,432	$125	$0	$161	$0	$2,740	$35,458	*10.5%*
91 - 180 days	40,016	36	0	764	5,630	10,834	57,280	*17.0%*
181 - 364 days	2,663	28	3,400	723	0	4,103	10,917	*3.2%*
1 - 2 years	0	3	50,341	28	0	4,792	55,164	*16.4%*
Over 2 - 3 years	0	0	67,547	0	3,345	5,991	76,882	*22.9%*
Over 3 years	1	0	95,196	4	3,713	1,687	100,601	*29.9%*
Total	75,112	191	216,484	1,681	12,688	30,147	336,302	
Share of Total	*22.3%*	*0.1%*	*64.4%*	*0.5%*	*3.8%*	*9.0%*		

Notes to Users

This publication contains financial data and other information for depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). These notes are an integral part of this publication and provide information regarding the comparability of source data and reporting differences over time.

Tables I-A through VIII-A.

The information presented in Tables I-A through V-A of the *FDIC Quarterly Banking Profile* is aggregated for all FDIC-insured institutions, both commercial banks and savings institutions. Tables VI-A (Derivatives) and VII-A (Servicing, Securitization, and Asset Sales Activities) aggregate information only for insured commercial banks and state-chartered savings banks that file quarterly Call Reports. Table VIII-A (Trust Services) aggregates Trust asset and income information collected annually from all FDIC-insured institutions. Some tables are arrayed by groups of FDIC-insured institutions based on predominant types of asset concentration, while other tables aggregate institutions by asset size and geographic region. Quarterly and full-year data are provided for selected indicators, including aggregate condition and income data, performance ratios, condition ratios, and structural changes, as well as past due, noncurrent, and charge-off information for loans outstanding and other assets.

Tables I-B through IV-B.

A separate set of tables (Tables I-B through IV-B) provides comparative quarterly data related to the Deposit Insurance Fund (DIF), problem institutions, failed/assisted institutions, estimated FDIC-insured deposits, as well as assessment rate information. Depository institutions that are not insured by the FDIC through the DIF are not included in the *FDIC Quarterly Banking Profile*. U.S. branches of institutions headquartered in foreign countries and non-deposit trust companies are not included unless otherwise indicated. Efforts are made to obtain financial reports for all active institutions. However, in some cases, final financial reports are not available for institutions that have closed or converted their charters.

DATA SOURCES

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

COMPUTATION METHODOLOGY

Parent institutions are required to file consolidated reports, while their subsidiary financial institutions are still required to file separate reports. Data from subsidiary institution reports are included in the *Quarterly Banking Profile* tables, which can lead to double-counting. No adjustments are made for any double-counting of subsidiary data. Additionally, certain adjustments are made to the OTS *Thrift Financial Reports* to provide closer conformance with the reporting and accounting requirements of the FFIEC *Call Reports*.

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

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

ACCOUNTING CHANGES

Other-Than-Temporary Impairment

When the fair value of an investment in a debt or equity security is less than its cost basis, the impairment is either temporary or other-than-temporary. To determine whether the impairment is other-than-temporary, an institution must apply other pertinent guidance such as paragraph 16 of FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*; FASB Staff Position (FSP) FAS 115-1 and FAS 124-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*; FSP FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments*; paragraph 6 of Accounting Principles Board Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock*; Emerging Issues Task Force (EITF) Issue No. 99-20, *Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets*; and FSP EITF 99-20-1, *Amendments to the Impairment Guidance of EITF Issue No. 99-20*.

Under FSP FAS 115-2 and FAS 124-2 issued on April 9, 2009, if the present value of cash flows expected to be collected on a debt security is less than its amortized cost basis, a credit loss exists. In this situation, if an institution does not intend to sell the security and it is not more likely than not that the institution will be required to sell the debt security before recovery of its amortized cost basis less any current-period credit loss, an other-than-temporary impairment has occurred. The amount of the total other-than-temporary impairment related to the credit loss must be recognized in earnings, but the amount of the total impairment related to other factors must be recognized in other comprehensive income, net of applicable taxes. Although the debt security would be written down to its fair value, its new amortized cost basis is the previous amortized cost basis less the other-than-temporary impairment recognized in earnings. In addition, if an institution intends to sell a debt security whose fair value is less than its amortized costs basis or it is more likely than not that the institution will be required to sell the debt security before recovery of its amortized cost basis, an other-than-

temporary impairment has occurred and the entire difference between the security's amortized cost basis and its fair value must be recognized in earnings.

For any debt security held at the beginning of the interim period in which FSP FAS 115-2 and FAS 124-2 is adopted for which an other-than-temporary impairment loss has been previously recognized, if an institution does not intend to sell such a debt security and it is not more likely than not that the institution will be required to sell the debt security before recovery of its amortized cost basis, the institution should recognize the cumulative effect of initially applying the FSP as an adjustment to the interim period's opening balance of retained earnings, net of applicable taxes, with a corresponding adjustment to accumulated other comprehensive income. The cumulative effect on retained earnings must be calculated by comparing the present value of the cash flows expected to be collected on the debt security with the security's amortized cost basis as of the beginning of the interim period of adoption.

FSP FAS 115-2 and FAS 124-2 is effective for interim and annual reporting periods ending after June 15, 2009. Early adoption of this FSP is permitted for periods ending after March 15, 2009, if certain conditions are met. Institutions are expected to adopt FSP FAS 115-2 and 124-2 for regulatory reporting purposes in accordance with the FSP's effective date.

Extended Net Operating Loss Carryback Period for Small Businesses

The American Recovery and Reinvestment Act of 2009, which was enacted on February 17, 2009, permits qualifying small businesses, including FDIC-insured institutions, to elect a net operating loss carryback period of three, four, or five years instead of the usual carryback period of two years for any tax year ending in 2008 or, at the small business's election, any tax year beginning in 2008. Under generally accepted accounting principles, institutions may not record the effect of this tax change in their balance sheets and income statements for financial and regulatory reporting purposes until the period in which the law was enacted, i.e., the first quarter of 2009.

Business Combinations and Noncontrolling (Minority) Interests

In December 2007, the FASB issued Statement No. 141 (Revised), *Business Combinations* (FAS 141(R)), and Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements* (FAS 160). Under FAS 141(R), all business combinations, including combinations of mutual entities, are to be accounted for by applying the acquisition method. FAS 160 defines a noncontrolling interest, also called a minority interest, as the portion of equity in an institution's subsidiary not attributable, directly or indirectly, to the parent institution. FAS 160 requires an institution to clearly present in its consolidated financial statements the equity ownership in and results of its subsidiaries that are attributable to the noncontrolling ownership interests in these subsidiaries. FAS 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Similarly, FAS 160 is effective for fiscal years beginning on or after December 15, 2008. Thus, for institutions with calendar year fiscal years, these two accounting standards take effect in 2009. Beginning in March 2009, Institution equity capital and Noncontrolling interests are separately reported in arriving at Total equity capital.

FASB Statement No. 157 *Fair Value Measurements* issued in September 2006 and FASB Statement No. 159 *The Fair Value Option for Financial Assets and Financial Liabilities* issued in February 2007—both are effective in 2008 with early adoption permitted in 2007. FAS 157 defines fair value and establishes a framework for developing fair value estimates for the fair value measurements that are already required or permitted under other standards. FASB FSP 157-4, issued in April 2009, provides additional guidance for estimating fair value in accordance with FAS 157 when the volume and level of activity for the asset or liability have significantly decreased. The FSP also includes guidance on identifying circumstances that indicate a transaction is not orderly. The FSP is effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009.

Fair value continues to be used for derivatives, trading securities, and available-for-sale securities. Changes in fair value go through earnings for trading securities and most derivatives. Changes in the fair value of available-for-sale securities are reported in other comprehensive income. Available-for-sale securities and held-to-maturity debt securities are written down to fair value if impairment is other than temporary and loans held for sale are reported at the lower of cost or fair value.

FAS 159 allows institutions to report certain financial assets and liabilities at fair value with subsequent changes in fair value included in earnings. In general, an institution may elect the fair value option for an eligible financial asset or liability when it first recognizes the instrument on its balance sheet or enters into an eligible firm commitment.

FASB Statement No. 158 *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*—issued in September 2006, requires a bank to recognize in 2007, and subsequently, the funded status of its postretirement plans on its balance sheet. An overfunded plan is recognized as an asset and an underfunded plan is recognized as a liability. An adjustment is made to equity as accumulated other comprehensive income (AOCI) upon application of FAS 158, and AOCI is adjusted in subsequent periods as net periodic benefit costs are recognized in earnings.

FASB Statement No. 156 *Accounting for Servicing of Financial Assets*—issued in March 2006 and effective in 2007, requires all separately recognized servicing assets and liabilities to be initially measured at fair value and allows a bank the option to subsequently adjust that value by periodic revaluation and recognition of earnings or by periodic amortization to earnings.

FASB Statement No. 155 *Accounting for Certain Hybrid Financial Instruments*—issued in February 2006, requires bifurcation of certain derivatives embedded in interests in securitized financial assets and permits fair value measurement (i.e., a fair value option) for any hybrid financial instrument that contains an embedded derivative that would otherwise require bifurcation under FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities* (FAS 133). In addition, FAS 155 clarifies which interest-only and principal-only strips are not subject to FAS 133.

Purchased Impaired Loans and Debt Securities—Statement of Position 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*. The SOP applies to loans and debt securities acquired in fiscal years beginning after December 15, 2004. In general, this Statement of Position applies to "purchased impaired loans and debt securities" (i.e., loans and debt securities that a bank has purchased, including those acquired in a purchase business combination, when it is probable, at the purchase date, that the bank will be unable to collect all contractually required payments receivable). Banks must follow Statement of Position 03-3 for Call Report purposes. The SOP does not apply to the loans that a bank has originated, prohibits "carrying over" or creation of valuation allowances in the initial accounting, and any subsequent valuation allowances reflect only those losses incurred by the investor after acquisition.

GNMA Buy-back Option—If an issuer of GNMA securities has the option to buy back the loans that collateralize the GNMA securities, when certain delinquency criteria are met, FASB Statement No. 140 requires that loans with this buy-back option must be brought back on the issuer's books as assets. The rebooking of GNMA loans is required regardless of whether the issuer intends to exercise the buy-back option. The banking agencies clarified in May 2005 that all GNMA loans that are rebooked because of delinquency should be reported as past due according to their contractual terms.

FASB Interpretation No. 46—The FASB issued Interpretation No. 46, *Consolidation of Variable Interest Entities*, in January 2003 and revised it in December 2003. Generally, banks with variable interests in variable interest entities created after December 31, 2003, must consolidate them. The timing of consolidation varies with certain situations with application as late as 2005. The assets and liabilities of a consolidated variable interest entity are reported on a line-by-line basis according to the asset and liability categories shown on the bank's balance sheet, as well as related income items. Most small banks are unlikely to have any "variable interests" in variable interest entities.

FASB Interpretation No. 48 on Uncertain Tax Positions—FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48), was issued in June 2006 as an interpretation of FASB Statement No. 109, *Accounting for Income Taxes*. Under FIN 48, the term "tax position" refers to "a position in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax assets and liabilities." FIN 48 further states that a "tax position can result in a permanent reduction of income taxes payable, a deferral of income taxes otherwise currently payable to future years, or a change in the expected realizability of deferred tax assets." FIN 48 was originally issued effective for fiscal years beginning after December 15, 2006. Banks must adopt FIN 48 for Call Report purposes in accordance with the interpretation's effective date except as follows. On December 31, 2008, the FASB decided to defer the effective date of FIN 48 for eligible nonpublic enterprises and to require those enterprises to adopt FIN 48 for annual periods beginning after December 15, 2008. A nonpublic enterprise under certain conditions is eligible for deferral, even if it opted to issue interim or quarterly financial information in 2007 under earlier guidance that reflected the adoption of FIN 48.

FASB Statement No. 123 (Revised 2004) and Share-Based Payments—refer to previously published Quarterly Banking Profile notes: http://www2.fdic.gov/qbp/2008dec/qbpnot.html

FASB Statement No. 133 *Accounting for Derivative Instruments and Hedging Activities*—refer to previously published Quarterly Banking Profile notes: http://www2.fdic.gov/qbp/2008dec/qbpnot.html

DEFINITIONS (in alphabetical order)

All other assets—total cash, balances due from depository institutions, premises, fixed assets, direct investments in real estate, investment in unconsolidated subsidiaries, customers' liability on acceptances outstanding, assets held in trading accounts, federal funds sold, securities purchased with agreements to resell, fair market value of derivatives, and other assets.

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

Assessment base—assessable deposits consist of DIF deposits (deposits insured by the FDIC Deposit Insurance Fund) in banks' domestic offices with certain adjustments).

Assets securitized and sold—total outstanding principal balance of assets securitized and sold with servicing retained or other seller-provided credit enhancements.

Capital Purchase Program (CPP)—As announced in October 2008 under the TARP, the Treasury Department purchase of noncumulative perpetual preferred stock and related warrants that is treated as Tier 1 capital for regulatory capital purposes is included in "Total equity capital." Such warrants to purchase common stock or noncumulative preferred stock issued by publicly traded banks are reflected as well in "Surplus." Warrants to purchase common stock or noncumulative preferred stock of not-publicly-traded bank stock classified in a bank's balance sheet as "Other liabilities."

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

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

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

Credit enhancements—techniques whereby a company attempts to reduce the credit risk of its obligations. Credit enhancement may be provided by a third party (external credit enhancement) or by the originator (internal credit enhancement), and more than one type of enhancement may be associated with a given issuance.

Deposit Insurance Fund (DIF)—The Bank (BIF) and Savings Association (SAIF) Insurance Funds were merged in 2006 by the Federal Deposit Insurance Reform Act to form the DIF.

Derivatives notional amount—The notional, or contractual, amounts of derivatives represent the level of involvement in

the types of derivatives transactions and are not a quantification of market risk or credit risk. Notional amounts represent the amounts used to calculate contractual cash flows to be exchanged.

Derivatives credit equivalent amount—the fair value of the derivative plus an additional amount for potential future credit exposure based on the notional amount, the remaining maturity and type of the contract.

Derivatives transaction types:

Futures and forward contracts—contracts in which the buyer agrees to purchase and the seller agrees to sell, at a specified future date, a specific quantity of an underlying variable or index at a specified price or yield. These contracts exist for a variety of variables or indices (traditional agricultural or physical commodities, as well as currencies and interest rates). Futures contracts are standardized and are traded on organized exchanges which set limits on counterparty credit exposure. Forward contracts do not have standardized terms and are traded over the counter.

Option contracts—contracts in which the buyer acquires the right to buy from or sell to another party some specified amount of an underlying variable or index at a stated price (strike price) during a period or on a specified future date, in return for compensation (such as a fee or premium). The seller is obligated to purchase or sell the variable or index at the discretion of the buyer of the contract.

Swaps—obligations between two parties to exchange a series of cash flows at periodic intervals (settlement dates), for a specified period. The cash flows of a swap are either fixed, or determined for each settlement date by multiplying the quantity (notional principal) of the underlying variable or index by specified reference rates or prices. Except for currency swaps, the notional principal is used to calculate each payment but is not exchanged.

Derivatives underlying risk exposure—the potential exposure characterized by the level of banks' concentration in particular underlying instruments, in general. Exposure can result from market risk, credit risk, and operational risk, as well as, interest rate risk.

Domestic deposits to total assets—total domestic office deposits as a percent of total assets on a consolidated basis.

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

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

Estimated insured deposits—in general, insured deposits are total domestic deposits minus estimated uninsured deposits. Beginning March 31, 2008, for institutions that file Call reports, insured deposits are total assessable deposits minus estimated uninsured deposits.

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

FHLB advances—all borrowings by FDIC insured institutions from the Federal Home Loan Bank System (FHLB), as reported by Call Report filers and by TFR filers.

Goodwill and other intangibles—intangible assets include servicing rights, purchased credit card relationships, and other identifiable intangible assets. Goodwill is the excess of the purchase price over the fair market value of the net assets acquired, less subsequent impairment adjustments. Other intangible assets are recorded at fair value, less subsequent quarterly amortization and impairment adjustments.

Loans secured by real estate—includes home equity loans, junior liens secured by 1–4 family residential properties, and all other loans secured by real estate.

Loans to individuals—includes outstanding credit card balances and other secured and unsecured consumer loans.

Long-term assets (5+ years)—loans and debt securities with remaining maturities or repricing intervals of over five years.

Maximum credit exposure—the maximum contractual credit exposure remaining under recourse arrangements and other seller-provided credit enhancements provided by the reporting bank to securitizations.

Mortgage-backed securities—certificates of participation in pools of residential mortgages and collateralized mortgage obligations issued or guaranteed by government-sponsored or private enterprises. Also, see "Securities," below.

Net charge-offs—total loans and leases charged off (removed from balance sheet because of uncollectibility), less amounts recovered on loans and leases previously charged off.

Net interest margin—the difference between interest and dividends earned on interest-bearing assets and interest paid to depositors and other creditors, expressed as a percentage of average earning assets. No adjustments are made for interest income that is tax exempt.

Net loans to total assets—loans and lease financing receivables, net of unearned income, allowance and reserves, as a percent of total assets on a consolidated basis.

Net operating income—income excluding discretionary transactions such as gains (or losses) on the sale of investment securities and extraordinary items. Income taxes subtracted from operating income have been adjusted to exclude the portion applicable to securities gains (or losses).

Noncurrent assets—the sum of loans, leases, debt securities, and other assets that are 90 days or more past due, or in nonaccrual status.

Noncurrent loans & leases—the sum of loans and leases 90 days or more past due, and loans and leases in nonaccrual status.

Number of institutions reporting—the number of institutions that actually filed a financial report.

Other borrowed funds—federal funds purchased, securities sold with agreements to repurchase, demand notes issued to the U.S. Treasury, FHLB advances, other borrowed money, mortgage indebtedness, obligations under capitalized leases and trading liabilities, less revaluation losses on assets held in trading accounts.

Other real estate owned—primarily foreclosed property. Direct and indirect investments in real estate ventures are excluded. The amount is reflected net of valuation allowances. For institutions that file a Thrift Financial Report (TFR), the

valuation allowance subtracted also includes allowances for other repossessed assets. Also, for TFR filers the components of other real estate owned are reported gross of valuation allowances.

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

"Problem" institutions—federal regulators assign a composite rating to each financial institution, based upon an evaluation of financial and operational criteria. The rating is based on a scale of 1 to 5 in ascending order of supervisory concern. "Problem" institutions are those institutions with financial, operational, or managerial weaknesses that threaten their continued financial viability. Depending upon the degree of risk and supervisory concern, they are rated either a "4" or "5." The number and assets of "problem" institutions are based on FDIC composite ratings. Prior to March 31, 2008, for institutions whose primary federal regulator was the OTS, the OTS composite rating was used.

Recourse—an arrangement in which a bank retains, in form or in substance, any credit risk directly or indirectly associated with an asset it has sold (in accordance with generally accepted accounting principles) that exceeds a pro rata share of the bank's claim on the asset. If a bank has no claim on an asset it has sold, then the retention of any credit risk is recourse.

Reserves for losses—the allowance for loan and lease losses on a consolidated basis.

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

Retained earnings—net income less cash dividends on common and preferred stock for the reporting period.

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

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

Risk-based capital groups—definition:

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

*As a percentage of risk-weighted assets.

Risk Categories and Assessment Rate Schedule—The current risk categories became effective January 1, 2007. Capital ratios and supervisory ratings distinguish one risk category from another. The following table shows the relationship of risk categories (I, II, III, IV) to capital and supervisory groups as well as the assessment rates (in basis points) for each risk category for the first quarter of 2007. Supervisory Group A generally includes institutions with CAMELS composite ratings of 1 or 2; Supervisory Group B generally includes institutions with a CAMELS composite rating of 3; and Supervisory Group C generally includes institutions with CAMELS composite ratings of 4 or 5. For purposes of risk-based assessment capital groups, undercapitalized includes institutions that are significantly or critically undercapitalized.

<table>
<tr><th rowspan="2">Capital Group</th><th colspan="3">Supervisory Group</th></tr>
<tr><th>A</th><th>B</th><th>C</th></tr>
<tr><td>1. Well Capitalized</td><td>I
12–14 bps</td><td rowspan="2">II
17 bps</td><td rowspan="2">III
35 bps</td></tr>
<tr><td>2. Adequately Capitalized</td><td></td></tr>
<tr><td>3. Undercapitalized</td><td colspan="2">III
35 bps</td><td>IV
50 bps</td></tr>
</table>

These rates represent a uniform increase of 7 basis points (annual rate) over the rates in effect for the fourth quarter of 2008. The FDIC has modified the risk-based assessment system effective April 1, 2009 and set new rates for the second quarter or 2009.

For the first quarter of 2009, before these modifications take effect, the assessment rate for most institutions in Risk Category I will be based on a combination of financial ratios and CAMELS component ratings.

For large institutions in Risk Category I (generally those with at least $10 billion in assets) that have long-term debt issuer ratings, assessment rates will be determined by weighting CAMELS component ratings 50 percent and long-term debt issuer ratings 50 percent. For all large Risk Category I institutions, additional risk factors will be considered to determine whether assessment rates should be adjusted. This additional information includes market data, financial performance measures, considerations of the ability of an institution to withstand financial stress, and loss severity indicators. Any adjustment will be limited to no more than ½ basis point.

Beginning in 2007, each institution has been assigned a risk-based rate for a quarterly assessment period near the end of the quarter following the assessment period. Payment is generally due on the 30th day of the last month of the quarter following the assessment period. Supervisory rating changes are effective for assessment purposes as of the examination transmittal date. For institutions with long-term debt issuer ratings, changes in ratings are effective for assessment purposes as of the date the change was announced.

Risk-weighted assets—assets adjusted for risk-based capital definitions which include on-balance-sheet as well as off-balance-sheet items multiplied by risk-weights that range from zero to 200 percent. A conversion factor is used to assign a balance sheet equivalent amount for selected off-balance-sheet accounts.

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

Securities gains (losses)—realized gains (losses) on held-to-maturity and available-for-sale securities, before adjustments

for income taxes. Thrift Financial Report (TFR) filers also include gains (losses) on the sales of assets held for sale.

Seller's interest in institution's own securitizations—the reporting bank's ownership interest in loans and other assets that have been securitized, except an interest that is a form of recourse or other seller-provided credit enhancement. Seller's interests differ from the securities issued to investors by the securitization structure. The principal amount of a seller's interest is generally equal to the total principal amount of the pool of assets included in the securitization structure less the principal amount of those assets attributable to investors, i.e., in the form of securities issued to investors.

Subchapter S Corporation—a Subchapter S corporation is treated as a pass-through entity, similar to a partnership, for federal income tax purposes. It is generally not subject to any federal income taxes at the corporate level. This can have the effect of reducing institutions' reported taxes and increasing their after-tax earnings.

Temporary Liquidity Guarantee Program (TLGP) was approved by the FDIC Board on October 13, 2008. The TLGP was designed to help relieve the crisis in the credit markets by giving banks access to liquidity during a time of global financial distress. Participation in the TLGP is voluntary. The TLGP has two components:

Transaction Account Guarantee Program provides a full guarantee of non-interest-bearing deposit transaction accounts above $250,000, at depository institutions that elected to participate in the program. The guarantee is in effect until December 31, 2009.

Debt Guarantee Program provides a full guarantee of senior unsecured debt[1] issued by eligible institutions between October 14, 2008, and June 30, 2009, and maturing on or before June 30, 2012. Institutions eligible for participation in the debt guarantee program include insured depository institutions, U.S. bank holding companies, certain U.S. savings and loan holding companies, and other affiliates of an insured depository institution that the FDIC designates as eligible entities.

Trust assets—market value, or other reasonably available value of fiduciary and related assets, to include marketable securities, and other financial and physical assets. Common physical assets held in fiduciary accounts include real estate, equipment, collectibles, and household goods. Such fiduciary assets are not included in the assets of the financial institution.

Unearned income & contra accounts—unearned income for Call Report filers only.

Unused loan commitments—includes credit card lines, home equity lines, commitments to make loans for construction, loans secured by commercial real estate, and unused commitments to originate or purchase loans. (Excluded are commitments after June 2003 for originated mortgage loans held for sale, which are accounted for as derivatives on the balance sheet.)

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

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

[1] Senior unsecured debt generally includes term Federal funds purchased, promissory notes, commercial paper, unsubordinated unsecured notes, certificates of deposit (CDs) standing to the credit of a bank, and U.S. dollar denominated bank deposits owed to an insured depository institution.

Feature Article:

The FDIC's Small-Dollar Loan Pilot Program: A Case Study after One Year

The FDIC's Small-Dollar Loan Pilot Program began in February 2008. The pilot is a two-year case study designed to illustrate how banks can profitably offer affordable small-dollar loans as an alternative to high-cost credit products, such as payday loans and fee-based overdraft protection.[1] This article summarizes results from the first four quarters of the pilot, highlights factors that have contributed to the success of participating banks' programs, and presents the most common small-dollar loan business models through case study examples.

During the first four quarters of the pilot, participating banks originated a total of 16,000 loans with an aggregate principal balance of $18.5 million. Bankers cited a number of common factors that contributed to the success of their loan programs, including strong senior management and board support; an engaged and empowered "champion" in charge of the program; proximity to large populations of consumers with demand for small-dollar loans; and, in some rural markets, limited competition.

Only a few participating banks have indicated that short-term profitability is the primary goal for their small-dollar loan programs. Rather, most pilot banks are using the small-dollar loan product as a cornerstone for long-term relationship-building that also creates goodwill in the community. Moreover, a few banks' business models focus exclusively on building goodwill and generating an opportunity for positive Community Reinvestment Act (CRA) consideration.[2] Regardless of business model, all of the banks have indicated that small-dollar lending is something they believe they should be doing to serve their communities.

[1] See "An Introduction to the FDIC's Small-Dollar Loan Pilot Program," *FDIC Quarterly,* vol. 2, no. 3 (2008), http://www.fdic.gov/bank/analytical/quarterly/2008_vol2_3/2008_Quarterly_Vol2No3.html, which summarizes the key parameters of the pilot, the proposals that participating banks described in their applications, and the first quarter 2008 results.

[2] The extent to which an institution's small-dollar loan program may be subject to positive CRA consideration is described in the FDIC's Affordable Small-Dollar Loan Guidelines issued on June 19, 2007, which can be found at http://www.fdic.gov/news/news/press/2007/pr07052a.html.

Background

Thirty-one banks are currently participating in the pilot program.[3] The banks, which are headquartered in 15 states, range in asset size from $26.0 million to $10.0 billion and have a total of 446 banking offices in 26 states (see Table 1). To be considered for the pilot, banks were required to meet certain supervisory criteria and to submit applications describing their small-dollar loan programs.[4]

A primary goal of the pilot is to observe and report on ways banks can successfully offer affordable small-dollar loans. Therefore, the FDIC encourages innovation in program design and execution, and provided only general guidelines for banks that volunteered for the pilot. The FDIC anticipated that most programs would be consistent with the Affordable Small-Dollar Loan Guidelines (SDL Guidelines), but banks are allowed some flexibility. The primary loan product features described in the SDL Guidelines include the following:

- Loan amounts up to $1,000
- Payment periods beyond a single paycheck cycle
- Annual percentage rates (APRs) below 36 percent
- Low or no origination fees
- Streamlined underwriting
- Prompt loan application processing
- Automatic savings component
- Access to financial education

[3] As expected at the outset of the pilot, the composition of pilot banks has changed somewhat, but the overall number of participants has remained at 30 or above.

[4] The pilot is open to additional volunteer banks. For more information about the small-dollar loan pilot program application process, see the FDIC's Small-Dollar Loan Pilot Program Web site at http://www.fdic.gov/smalldollarloans/.

Table 1

Small-Dollar Loan Pilot Program Participants			
Bank	Location	Total Assets ($000s)	Number of Branches
Amarillo National Bank	Amarillo, TX	2,782,020	15
Armed Forces Bank	Fort Leavenworth, KS	833,062	51
Bank of Commerce	Stilwell, OK	92,014	3
BankFive	Fall River, MA	707,596	13
BBVA Bancomer USA	Diamond Bar, CA	148,467	27
Benton State Bank	Benton, WI	43,997	3
Citizens Trust Bank	Atlanta, GA	403,740	10
Citizens Union Bank	Shelbyville, KY	634,107	20
Community Bank & Trust	Cornelia, GA	1,272,478	44
Community Bank of Marshall	Marshall, MO	90,612	6
Community Bank - Wheaton/Glen Ellyn	Glen Ellyn, IL	308,019	4
The First National Bank of Fairfax	Fairfax, MN	26,049	1
First United Bank	Crete, IL	470,955	5
Kentucky Bank	Paris, KY	679,193	16
Lake Forest Bank & Trust	Lake Forest, IL	1,519,128	8
Liberty Bank	New Orleans, LA	404,104	17
Liberty National Bank	Paris, TX	248,375	3
Main Street Bank	Kingwood, TX	325,283	3
Mitchell Bank	Milwaukee, WI	76,209	11
National Bank of Kansas City	Kansas City, MO	748,438	6
Oklahoma State Bank	Guthrie, OK	42,549	4
Pinnacle Bank	Lincoln, NE	2,390,981	55
Red River Bank	Alexandria, LA	733,932	14
State Bank of Alcester	Alcester, SD	86,646	1
State Bank of Countryside	Countryside, IL	976,088	6
The Heritage Bank	Hinesville, GA	839,552	29
The Savings Bank	Wakefield, MA	398,397	9
Washington Savings Bank	Lowell, MA	160,150	3
Webster Five Cents Savings Bank	Webster, MA	550,939	8
White Rock Bank	Cannon Falls, MN	151,049	7
Wilmington Trust	Wilmington, DE	9,956,298	44

Source: FDIC.

Note: Participants and data are as of first quarter 2009.

Some exceptions to the SDL Guidelines exist among the loan programs of participating banks. For example, depending on their business plan and consumer demand, a number of banks in the pilot originate loans larger than $1,000. In addition, while several participating banks require automatic savings linked to small-dollar loans, others encourage but do not require savings.

Pilot banks are asked to provide quarterly information to help identify best practices related to successful small-dollar loan programs. The pilot is a case study and not a statistical sample, but some information, such as the total number and dollar amount of loans made, is relatively straightforward for participating banks to report and for the FDIC to aggregate. Other useful information cannot be collected in a standardized fashion because it is more subjective, difficult for banks to calculate, or anecdotal. To obtain information that is difficult to quantify, the FDIC has engaged in extensive one-on-one discussions with bank management to help identify important elements related to program feasibility.

Year One Financial Results

Pilot banks provide separate data on two categories of loans: small-dollar loans (SDLs) up to $1,000 and nearly small-dollar loans (NSDLs) over $1,000 and up to $2,500. The SDL threshold of $1,000 was chosen for consistency with the FDIC's SDL Guidelines and to determine whether $1,000 can be viewed as a "bright line" for a replicable small-dollar loan program template. As a result, more detailed data for SDLs have been collected thus far.

Table 2

Small-Dollar Loan Pilot Cumulative Originations			
Statistics 1Q08 – 4Q08			
		SDLs	NSDLs
1Q08	Number	1,523	1,617
	Volume	$1,013,118	$2,696,996
2Q08	Number	2,388	1,918
	Volume	$1,495,661	$3,202,358
3Q08	Number	2,225	2,113
	Volume	$1,502,456	$3,651,934
4Q08	Number	2,210	2,033
	Volume	$1,492,273	$3,434,906
Total	Number	8,346	7,681
	Volume	$5,503,508	$12,986,184

Source: FDIC.

Note: SDLs are small-dollar loans of up to $1,000. NSDLs are nearly small-dollar loans over $1,000 and up to $2,500.

During the first four quarters of the pilot, participating banks originated 8,346 SDLs with a balance of $5.5 million and 7,681 NSDLs with a balance of $13 million (see Table 2). At the end of the fourth quarter, 5,550 SDLs totaling $2.5 million and 5,679 NSDLs totaling $7.9 million were outstanding. The total dollar amount of SDLs delinquent 30 days or more at the end of the fourth quarter was $184,636, or 7.3 percent of loans outstanding. The total dollar amount of SDLs charged off to date was $187,378, or 3.4 percent of loans originated under the pilot.[5] A few banks indicated that job losses and other economic problems in their market areas have recently led to increases in delinquencies and losses across loan categories and to a general reduction in the pool of acceptable borrowers.

Table 3 shows loan volume data for fourth quarter 2008 by originator size. Because several banks with long-standing programs have disproportionately large origination volumes, results for banks originating 50 or more loans per quarter are isolated from the rest of the group to prevent skewing the loan volume. Smaller originators made, on average, 9 SDLs and 13 NSDLs in the fourth quarter. This compares with an average of eight SDLs and eight NSDLs in the first quarter.

All banks in the small-dollar loan pilot offer only closed-end installment loans. In addition, all of the pilot banks' SDLs and NSDLs are within the recommended 36 percent maximum APR, including origination or similar upfront fees. Basic loan characteristics, such as interest rates, fees, and repayment terms, do not vary between banks that make a few loans and those that are large originators. Therefore, there is no distinction between large and small originators in the fourth quarter loan term data shown in Table 4.

Loan terms have remained fairly consistent quarter to quarter. For example, the average size of SDLs has hovered around $675, the interest rate has remained at about 15 percent, and loan terms have ranged from 10 to 12 months in each of the first four quarters. Similarly, for NSDLs, the average size has been close to $1,700, the interest rate has remained between 14 and 15 percent, and the term has ranged from 14 to 16 months.

While underwriting processes vary somewhat among pilot banks, most use streamlined underwriting criteria. All pilot banks require proof of identity, address, and income, and a credit report to determine loan amounts and repayment ability. Of the few banks that use credit scoring in the underwriting process, most call for a minimum Fair Isaac Corporation (FICO) threshold of 500 to 550. All pilot banks can underwrite SDLs and NSDLs within 48 hours, and many indicate that loans can be processed in less than an hour if the borrower has the appropriate documentation. The bank's size and business model determine whether the bank uses a centralized approval process or vests lending authority with branch managers or similar personnel.

Ten banks require SDL customers to open a savings account linked to SDLs, while nine encourage, but do not require, customers to open a savings account. For fourth quarter 2008, 339 new linked savings accounts were opened with a balance of $78,000 at the end of the quarter. Many banks have reported that their programs provide good opportunities to cross-sell other products and services. Although it can be difficult to track and quantify, a majority of participating banks reported selling other products to SDL customers. The most commonly cross-sold products were checking accounts.

Elements Related to Program Feasibility

According to bank interviews, a number of overarching elements directly affect the feasibility of SDL and NSDL programs. For example, almost all banks in the pilot indicated that strong senior management and board of directors support is a key factor in ensuring the

[5] Charge-off and delinquency data for NSDLs have not been tracked for purposes of the pilot. Industry-wide results showed that 2.6 percent of loans to individuals were 30 to 89 days past due in fourth quarter 2008, and 3.4 percent were charged off. See "Quarterly Banking Profile Fourth Quarter 2008," *FDIC Quarterly,* vol. 3, no.1 (2009), http://www2.fdic.gov/qbp/2008dec/qbp.pdf.

Table 3

Small-Dollar Loan Pilot Program 4Q08: Summary of Loan Number and Volume Data		Number of Banks Reporting	Total	Average	Minimum	Maximum
Loans Up to $1,000						
All Banks						
	# of Notes	24	2,210	92	1	1,548
	Note Volume	24	$1,492,273	$62,178	$900	$1,019,450
Banks Originating Fewer Than 50 Loans						
	# of Notes	19	179	9	1	39
	Note Volume	19	$137,234	$7,223	$900	$34,900
Banks Originating More Than 50 Loans						
	# of Notes	5	2,031	406	60	1,548
	Note Volume	5	$1,355,039	$271,008	$27,950	$1,019,450
Loans Over $1,000						
All Banks						
	# of Notes	15	2,033	136	1	849
	Note Volume	15	$3,434,906	$228,994	$2,550	$1,379,266
Banks Originating Fewer Than 50 Loans						
	# of Notes	10	129	13	1	39
	Note Volume	10	$216,261	$21,626	$2,550	$62,135
Banks Originating More Than 50 Loans						
	# of Notes	5	1,904	380	86	849
	Note Volume	5	$3,218,645	$643,729	$177,064	$1,379,266

Source: FDIC.

Table 4

Small-Dollar Loan Pilot Program 4Q08: Summary of Loan Characteristics	Number of Banks Reporting	Average	Minimum	Maximum
Loans Up to $1,000				
Loan Amount	24	$675	$399	$1,000
Term (months)	24	12	3	24
Interest Rate (percent)	24	15.34	3.25	32.00
Non-zero Fees (dollars)	12	$28	$1	$70
Loans Over $1,000				
Loan Amount	15	$1,690	$1,350	$2,550
Term (months)	15	16	7	36
Interest Rate (percent)	15	14.04	8.00	30.00

Source: FDIC.

programs' success. In addition, all participants expressed a strong commitment to their communities and felt that offering SDLs and NSDLs is part of that commitment. Pilot banks also cited the importance of having an engaged "champion" in charge, preferably with lending authority, significant influence over bank policy decisions, or both.

Bank location was also linked to program feasibility. Nine pilot banks consider their market areas to be rural, with limited competition for SDL and NSDL products. Eleven banks target SDL and NSDL customers by offering small-dollar products in offices with large populations of low- and moderate-income (LMI), immigrant, and military households that may have a greater demand for these products. In addition, many of the banks, regardless of location, cite the importance of strong partnerships with nonprofit community groups to refer, and sometimes qualify, potential borrowers.

Moreover, banks indicated that these partnerships foster word-of-mouth advertising for their SDL and NSDL products. As the pilot has progressed, word of mouth has emerged as the predominant marketing method. However, some banks also use radio, print, and billboard advertising; statement stuffers; branch brochures and placards; and outbound calling based on purchased customer lists to promote SDL and NSDL products.

Business Models: Case Study Examples

Generally, the SDL and NSDL programs offered by pilot banks can be categorized into three business models, depending on the bank's program goals. While some banks have overlapping goals, most have designed their programs to be long-term, relationship-building tools that also create goodwill in the community. Some banks are engaging in SDL and NSDL lending exclusively for the goodwill aspect and the opportunity to receive positive CRA consideration. Finally, a few banks report that SDL and NSDL programs have been designed to generate short-term profits. The following section summarizes the three business models and features case studies of banks operating under each model.

Long-Term, Relationship-Building Business Model

Nine banks in the pilot were already operating SDL/NSDL programs—some for 20 years or more—prior to the start of the pilot. Banks with existing programs were the most likely to report that overall relationships with SDL and NSDL customers are profitable. These banks indicate that costs related to originating and servicing an SDL or NSDL are similar to other loans. However, given the small size of SDLs and to a lesser extent, NSDLs, the interest income and fees generated are often not sufficient to achieve short-term profitability. Nevertheless, banks with existing programs have been able to generate long-term profitability through volume and by using the SDL and NSDL products to cross-sell additional products.

For example, as described in the text box on page 35, Amarillo National Bank in Amarillo, Texas, has been offering SDLs and NSDLs for more than 100 years.[6] The bank has not officially tracked the profitability of its SDLs and NSDLs or the number of additional products sold to SDL and NSDL customers. However, bank management firmly believes that offering these products has resulted in strong and profitable business and community relationships through cross-selling over the long term.

Twenty-two of the pilot banks operate new SDL/NSDL programs. While they are beginning to attract new customers and cross-sell other products, on a stand-alone basis, most new programs are not yet profitable. Most of the banks with new programs are interested in the long-term, relationship-building model. One such bank is Citizens Trust Bank in Atlanta, Georgia, (see text box on page 36). The bank recently revamped its SDL/NSDL program by broadening its target market from military personnel to the general population, including the military, after encountering strong competition and modest consumer interest in its initial program. Bank management also modified underwriting, advertising, and the approval process, among other areas. Although the long-term profitability and feasibility of this new program are still being assessed, Citizens Trust Bank has experienced a robust consumer response to the revamped SDL/NSDL product.

Short-Term Profitability Business Model

While most of the banks with new SDL or NSDL programs are interested in pursuing the long-term relationship-building business model, a few have achieved, or intend to achieve, short-term profitability from these programs. All of these banks are located primarily in census tracts with high concentrations of LMI households, immigrant households, or both, and have identified a need for small-dollar loan products among these consumers. In general, these banks are better positioned to generate higher transaction volumes and tend to impose interest rates and fees at the higher end of the range, although they remain within the recommended 36 percent APR limit.

For example, as described in the text box on page 37, Bank of Commerce in Stilwell, Oklahoma, identified a demand for SDL products among its large base of LMI customers by, among other things, observing that a number of its customers were writing checks to payday and similar lenders. Bank management leveraged this demand into a profitable program in the short term by designing a streamlined, reasonably priced SDL product, with linked savings and multiple opportunities for cross-selling products.

[6] Banks listed in this article are for illustration only. The FDIC does not endorse any bank or product.

Community Goodwill and CRA Business Model

A few banks in the pilot, both those with existing and new programs, offer SDL or NSDL products solely for the goodwill they generate in the community and the potential for positive CRA consideration. Most such banks are located in suburban areas with few LMI or immigrant-dense census tracts. These banks are likely to work primarily or exclusively with consumer and community groups that refer clients.

For example, as described in the text box on page 38, Wilmington Trust Bank, Wilmington, Delaware, offers its SDL program exclusively through a partnership with West End Neighborhood House, a social services organization that has worked with the bank on various projects for a number of years. The bank's goal is to enhance the availability of affordable credit to LMI consumers in its community, rather than to increase profitability or build customer relationships.

Conclusion

After one year, the FDIC's Small-Dollar Loan Pilot Program has provided evidence that banks can offer reasonably priced alternatives to high-cost, short-term credit. Most participating banks have determined that using SDL and NSDL products as a cornerstone for building long-term profitable relationships is the most feasible business model. Some banks believe that their location, underwriting processes, and pricing structures will allow for short-term profitability. Others focus solely on providing a service to the community by ensuring that reasonably priced credit is available to a broad range of consumers. The FDIC will continue to explore the feasibility of participant banks' programs as the pilot continues over the next year. Banks and others interested in the pilot can contact the FDIC at smalldollarpilot@fdic.gov.

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Long-Term Feasibility through Volume and Relationships

Amarillo National Bank
Amarillo, Texas

Amarillo National Bank is a $2.7 billion, family-owned bank located in Amarillo, Texas. In addition to its main office, the bank has 14 branches, all of which are in, or close to, Amarillo. Located in the center of the Texas panhandle, Amarillo is the nation's 120th largest city. Amarillo has a diverse economy composed of farm and ranch operations, cattle feeding and processing operations, extensive cancer research and medical facilities, and petroleum-related industries. It is also the home of Bell Helicopter's Osprey production facility, as well as Pantex, a nuclear assembly and disassembly facility. The city's populace is diverse; about 26.3 percent of households are Latino or Hispanic, compared to the nationwide average of 14.7 percent.[a]

The bank's SDL/NSDL program has existed for more than 100 years, and bank management believes that making these loans is in line with the bank's local focus and desire to serve its community. There are no established parameters for loan amounts, but the standard minimum is $500. The bank may make loans exceeding $2,500 on a case-by-case basis, but it is only reporting loans up to this limit in accordance with the NSDL threshold. All loans are closed-end, and terms generally range from 9 to 12 months. The average interest rate is about 14 percent, with a maximum rate of 18 percent, and the bank does not charge an origination fee.

In addition, the bank offers a discount for consumers who choose to have their payment automatically debited from their checking account. Proof of income, identity, and address is required. A credit report is also obtained as part of the underwriting process, but the bank does not require a particular credit score. Underwriting is delegated to branch managers, and if the customer's documents are in order, a loan can be underwritten in just a few minutes.

[a] U.S. Census Bureau, "2005–2007 American Community Survey."

In the first four quarters of the pilot, Amarillo National Bank originated 1,074 SDLs and 1,911 NSDLs. As of the end of the fourth quarter, 640 SDLs with a cumulative balance of $487,000 and 1,594 NSDLs with a cumulative balance of $2.8 million were outstanding. Twenty-one SDLs originated in the first four quarters have been charged off, and 155 were 30 days or more delinquent as of the end of the fourth quarter.

The bank does not require linked deposit products and does not formally track the profitability of SDL or NSDL products or overall relationships with these customers. Indeed, the bank only recently began to tally cross-selling of products for the purposes of this pilot; for the last half of 2008, the bank opened 64 savings and checking accounts for SDL customers. However, bank management strongly believes that providing SDLs and NSDLs is a service to the community that pays off over the long term through goodwill and stronger customer relationships. According to the program administrator, Vice President and CRA Officer Lilia Escajeda, "Amarillo National Bank has been making these loans for as long as I have been here [30 years], and I still see people with houses, successful businesses, kids in college, who tell me that the small-dollar loan I made to them was their first step in establishing a relationship with a bank."

Amarillo National Bank does not formally advertise its SDL and NSDL products. Rather, after many years of offering these loans, the bank relies on word of mouth in the community. Bank management also attributes the success of the program to the bank's strong commitment to and partnerships with civic and business organizations, schools, community groups, and other organizations. Many bank employees volunteer to work with these groups to provide financial education and promote the bank's relationship-based approach to banking, which includes SDLs and NSDLs.

Re-evaluating Program Features Based on the Marketplace

Citizens Trust Bank
Atlanta, Georgia

Citizens Trust Bank is a $348 million, African-American-owned bank in Atlanta, Georgia. In addition to its main office, Citizens Trust has seven metropolitan Atlanta branches; one branch in Columbus, Georgia; one branch in Birmingham, Alabama; and one in Eutaw, Alabama. Four of the Atlanta branches, both Alabama branches, and the Columbus branch are located in LMI census tracts. Columbus, Georgia, is a metropolitan area bordering Alabama and is close to a large military population at the Fort Benning Military Reserve.

Beginning in early 2008, through its Columbus office only, Citizens Trust Bank targeted military personnel at Fort Benning exclusively for its SDL product. After several months of advertising in the *Bayonet*—the Fort Benning newspaper—and airing radio advertisements, the bank originated only a few of the military-targeted SDLs. Originations were hampered by competition from programs offered on the military base that had already gained a large share of the market among Fort Benning consumers.

As a result of low loan volumes, management decided to significantly change its program by expanding the target market beyond military personnel to include the general public. In December 2008, the bank began offering a new small-dollar product called the "Community Relief Loan" at all of its branches. Citizens Trust Bank primarily used radio advertising and signs in bank branches to promote the product. According to Citizens Trust Bank's Assistant Vice President and Director of Consumer Lending Sharnell W. Reynolds, in the first two months of the program, the Community Relief Loan campaign had generated 574 applications and 81 originations totaling more than $116,000.

Unlike the military-focused loan program that required linked savings accounts, linked savings are optional under the Community Relief Loan program. Nevertheless, in the first two months of the program, Community Relief Loan customers had opened a total of 52 new savings and checking accounts. Borrowers are strongly encouraged to authorize automatic debits of loan payments from a savings or checking account. Although none of the loans were delinquent or in default as of the fourth quarter, the program is still very new.

The Community Relief Loan ranges from $500 to $1,500. Each loan carries a $48 origination fee, and the interest rate is 15 percent. The maximum term on a $500 Community Relief Loan is six months; one year is the maximum term on larger loans. To qualify, borrowers must have a FICO credit score of at least 500, proof of regular income for six months, no outstanding liens or judgments, and have been at their current address for at least one year. The bank also has alternative underwriting processes to accommodate prospective borrowers with thin or no credit histories. The maximum loan amount for these applicants is $500, and they must provide proof of employment for the previous six months and show an alternate form of good credit history. For instance, borrowers might provide proof that they have paid their rent or utility bills on time for the previous six months.

The loan approval process is decentralized and managed at each of the bank's ten branches by Financial Relationship Managers. Each Financial Relationship Manager has Community Relief Loan approval authority and uses a standard underwriting checklist to guide routine application determinations. Those who recommend exceptions to the checklist guidelines route their requests to the corporate offices in Atlanta. With or without an exception, it generally takes less than 24 hours from the time an application is submitted to deliver a check to an approved borrower. If all of the required borrower documentation is on hand at the time an application is submitted, same-day delivery is possible.

Because the revamped program is still new, bank management continues to evaluate the program's success and ongoing feasibility. Going forward, they will assess its profitability, consider its usefulness as a tool for building new business relationships and cross-selling, and gauge how well it meets the needs of the communities served by Citizens Trust Bank.

Leveraging Location for Profits, Relationships, and Community Service

Bank of Commerce
Stilwell, Oklahoma

Bank of Commerce is a $92 million bank in Stilwell, Oklahoma. In addition to its main office, the bank has a branch in Stilwell and a branch in Park Hill, Oklahoma. Most of the bank's SDLs are originated out of the main office in Stilwell. Located in northeastern Oklahoma in southern Adair County (of which it is the county seat), Stilwell is east of Muskogee, Oklahoma, about seven miles from the Arkansas border. According to bank management, Stilwell is rural, with a large concentration of LMI households.

The bank's SDL program was new at the time it applied to the pilot program, and its application indicated that these loans would be an extension of the bank's desire to meet the needs of its customers. Loans range from $200 to $1,000, and all are closed-end with a 12-month term. The interest rate varies, in accordance with the bank's general interest rate policy, and currently does not exceed 13.75 percent for these loans. The origination fee is $25 to $50, depending on the size of the loan, which, combined with the interest rate, has resulted in an average APR of 25 percent. Proof of income, identity, and address is required. A credit report is obtained as part of the underwriting process, but the bank does not require a particular credit score. If the customer's documents are in order, a loan can be underwritten in less than one hour. A centralized loan officer approves all of the SDLs.

In the first four quarters of the pilot, Bank of Commerce originated 84 loans. As of the end of the fourth quarter, 41 loans, with a cumulative balance of $8,200, were outstanding. Two loans have been charged off to date, and two were 30 days or more delinquent as of the end of the fourth quarter.

Bank of Commerce encourages, but does not require, SDL customers to open savings accounts linked to their SDL. For linked savings accounts, the bank adds 25 percent to each monthly payment and deposits it into a savings account. For example, if a monthly payment is $50, the loan payment book or automated clearing-house ticket reflects $62.50, with $50 debited for loan repayment and $12.50 applied to savings. As of the end of the fourth quarter, SDL customers had accumulated a total of $1,000 in linked savings.

In addition to linked savings accounts, the bank strongly encourages SDL customers to open checking accounts. Consumers may choose to have their loan payment debited from their checking account. The bank also attempts to graduate SDL customers to other credit products after satisfactory performance with SDLs. In the second, third, and fourth quarters of the pilot, Bank of Commerce reported that a total of 74 credit products were sold to SDL customers.[b]

Bank management has indicated that SDLs are profitable on a stand-alone basis and have provided a gateway to establishing customer relationships. Management attributes profitability to the bank's pricing structure, streamlined product design, attentive underwriting, and solid demand from a large base of LMI consumers. According to Vice President Jason Garhart, "We offer check-cashing services and see lots of folks that we'd like to have as customers, and we see our own customers writing checks to payday lenders and such. We thought that an affordable small-dollar loan product might be a good way to build relationships with new customers, strengthen our relationships with existing customers, and do some good for the community."

Bank of Commerce initially advertised its SDL program through a mass mailing to existing customers. Branch personnel have also been trained to discuss the SDL product with consumers and refer potential borrowers to the lending staff. Early in the program, bank personnel advertised SDLs in local newspapers, although they do not believe these advertisements yielded many potential applicants. A more effective method has been placing promotions for SDLs in a rotation of bank product advertisements on an electronic billboard located on a highway close to the bank's main office.

[b] Information regarding cross-selling of other credit products in the first quarter is not available.

Partnering with Nonprofits to Help the Community

Wilmington Trust
Wilmington, Delaware

Wilmington Trust Company is a $10 billion institution headquartered in Wilmington, Delaware, with 44 branches throughout the state. Wilmington Trust is a leading retail and commercial bank in Delaware and is one of the largest personal trust providers in the country. The bank is a wholly owned subsidiary of Wilmington Trust Corporation and has three major business lines: regional banking, corporate client services, and wealth advisory services.

To enhance the accessibility of credit for LMI borrowers in the Delaware market, Wilmington Trust has collaborated with West End Neighborhood House (WENH), a large community organization in the city of Wilmington, for about 15 years on a number of community initiatives. WENH is a nonprofit organization that delivers coordinated social services to help low-income and underserved individuals attain self-sufficiency. In late 2007, just prior to the start of the FDIC's Small-Dollar Loan Pilot Program, WENH created the Worker's Loan Program to compete with payday lenders and provide a more affordable option for individuals needing to borrow cash quickly.

The Worker's Loan Program provides loans between $250 and $500 at interest rates ranging from 12 to 15 percent with no fees. Loans are repaid in a maximum of four installments based on the borrower's pay schedule. To qualify, applicants must present the same types of information that payday lenders often require: a recent bank statement showing no overdrafts, recent pay stubs, a driver's license or state photo identification card, and a current utility bill. A unique feature of this program is that WENH screens the applicants, performs the underwriting, and then faxes the loan application to the bank for processing, all of which can be completed in less than two hours. Although customers apply for the loans at WENH, once approved, they are directed to one of Wilmington Trust's branches to collect loan proceeds. Qualified borrowers submit postdated checks for each planned installment to WENH at the time the loan is approved, and WENH deposits the checks to Wilmington Trust on the payment due dates.

One of the most important elements of the partnership between WENH and Wilmington Trust is that borrowers can receive a full range of social services from WENH that can enhance their ability to remain current on their loan payments. All borrowers receive credit and budget education, but clients can also receive case management, crisis intervention, and other services.

Throughout 2008, Wilmington Trust originated 238 Worker's Loans totaling nearly $100,000. At the end of fourth quarter 2008, 13 loans were delinquent and 14 had been charged off. Wilmington Trust Vice President and CRA Manager Beryl Barmore reported that the Worker's Loans have been performing somewhat better than might be expected given the borrowers' risk profiles, although not as well as the bank's other consumer loans. She noted, however, that the capacity of applicants to take on even small loans declined during the difficult economic environment in early 2009. All loans made through the Worker's Loan Program are fully guaranteed by WENH and are collateralized by a loan loss reserve funded by grants and donations from other program partners, including financial institutions and social service organizations.

The Worker's Loan Program is prominently featured on WENH's Web site (www.westendnh.org). The United Way of Delaware is working with WENH to implement a comprehensive marketing and public relations plan, in addition to helping WENH expand the program throughout the entire state. Wilmington Trust and WENH have observed, however, that careful attention must be paid to reaching the right target audience. For example, early efforts to publicize the program by broadly encouraging social services agencies to disseminate information were not successful because many clients at those agencies would not qualify for the loan program. Ongoing and future marketing strategies will make clear that, like payday loans, the Worker's Loan Program is targeted toward individuals who are employed and have a bank account in good standing.

Wilmington Trust does not assess the profitability of the program and has not sought to cross-sell or develop banking relationships with Worker's Loan Program borrowers, most of whom are not deposit customers of the bank. The Worker's Loan Program was developed to provide a reasonably priced alternative to payday loans in an efficient manner, and bank management believes it has succeeded. According to WENH, anecdotal evidence suggests that borrowers are using fewer high-cost debt products than they did before acquiring a Worker's Loan. In addition, several individuals in WENH's housing counseling program have been able to use this loan program to pay off small debts, improve their credit rating, and thereby qualify for a mortgage.

Feature Article:

Findings from the *FDIC Survey of Bank Efforts to Serve the Unbanked and Underbanked*

Banks offer individuals the opportunity to save, borrow, invest, and build a credit record. Access to a basic bank account and financial services is fundamental to economic self-sufficiency. Millions of Americans, however, are unbanked or underbanked, meaning that they do not have access to banks or are not fully participating in the mainstream financial system.[1]

This article summarizes the key findings of and recommendations drawn from the *FDIC Survey of Bank Efforts to Serve the Unbanked and Underbanked.*[2] It is intended to inform bankers, policymakers, and researchers of the results of the survey and to outline steps to improve access to the financial mainstream.

The survey finds that while most banks are aware that their market areas include significant unbanked and underbanked populations, relatively few have made it a strategic priority to target these market segments. In addition, while a number of banks are trying to reach the unbanked and underbanked, relatively few participate in the types of outreach that are thought to be particularly effective. The survey findings also indicate that although banks recognize the challenges associated with doing business with unbanked and underbanked individuals, they are making some progress in improving the accessibility of banking services.

Background

Few statistics are available on the actual number of unbanked and underbanked individuals and households in the United States. However, the percentage of American families that are unbanked is estimated at about 10 percent, and a substantial share of the population may be underbanked.[3]

The Federal Deposit Insurance Corporation (FDIC) is committed to ensuring that consumers have access to basic banking and other financial services. The FDIC is also dedicated to developing more robust data about unbanked and underbanked households and the factors that hinder them from fully using the mainstream financial system. As part of the commitment to these issues, during 2008 the FDIC conducted a nationwide survey of FDIC-insured depository institutions to assess efforts to serve unbanked and underbanked individuals and families.

The survey, the first of its kind at the national level, is mandated by Section 7 of the Federal Deposit Insurance Reform Conforming Amendments Act of 2005 (Reform Act). The Reform Act requires that the FDIC conduct biennial surveys "on efforts by insured depository institutions to bring those individuals and families who have rarely, if ever, held a checking account, a savings account or other type of transaction or check-cashing account at an insured depository institution into the conventional finance system."

In designing the survey, the FDIC focused on questions raised in the Reform Act and sought to provide information to the banking industry that would enhance the efforts of insured institutions to serve the unbanked and

[1] Unbanked individuals and families are those who have rarely, if ever, held a checking account, savings account, or other type of transaction or check-cashing account at an insured depository institution. Underbanked individuals and families are those who have an account with an insured depository institution but also rely on nonbank alternative financial service providers for transaction services or high-cost credit products.

[2] The FDIC retained Dove Consulting to help administer the survey of banks. Dove Consulting collected the survey results and reported aggregated results to the FDIC. The survey results were released on February 5, 2009. For complete results, see http://www.fdic.gov/unbankedsurveys/.

[3] The Board of Governors of the Federal Reserve System, in its *Survey of Consumer Finances*, reports that 8 to 13 percent of U.S. households lack transaction accounts. See *Survey of Consumer Finances* for 1995, 1998, 2001, 2004, and 2007. The Center for Financial Services Innovation recently estimated that 40 million U.S. households are underbanked. See *The CSFI Underbanked Consumer Study*, June 8, 2008, at http://www.cfsinnovation.com/research-paper-detail.php?article_id=330366.

underbanked.[4] The objectives of the survey were as follows:

1. Identify and quantify the extent to which insured institutions reach out to, serve, and meet the banking needs of unbanked and underbanked individuals and households;

2. Identify challenges affecting the ability of insured institutions to serve unbanked and underbanked individuals and households; and

3. Identify innovative efforts that insured institutions use to serve unbanked and underbanked individuals and households.

Bank Survey Details

The survey was voluntary and consisted of mail-in questionnaires administered to a stratified random sample of about 1,300 banks.[5] The nationally representative sample was selected from the population of federally insured banks and thrifts with retail branch operations. Each of the 25 largest insured banks was included in the sample; 48 percent of all other banks with assets over $1 billion were also sampled, as were 14 percent of banks with assets under $1 billion. In all, 685 complete surveys were returned, resulting in a response rate of 54 percent. The response rate was 96 percent for the 25 largest banks, 61 percent for banks with assets over $1 billion, and 51 percent for banks with assets under $1 billion.[6]

The survey consisted of three sections. The first section focused on bank financial education and outreach efforts. The second section examined the obstacles that limit banks' ability to serve the unbanked and underbanked. This section asked about the perceived challenges to serving these customers, efforts to improve access through retail branch operation modifications, services provided to noncustomers who may be unbanked or underbanked, and bank account opening practices and policies. The final section assessed the types of deposit, payment, and credit products offered to entry-level consumers, focusing on innovative products that serve the needs of unbanked and underbanked individuals.

A limited number of bank case studies were included along with the survey results. The case studies were developed from in-depth interviews with 16 surveyed banks that appeared to be successfully developing innovative business opportunities with unbanked and underbanked individuals. Case study banks were carefully selected based on a variety of information, including survey questionnaire responses and industry research.[7]

Summary of Survey Results

Financial Education and Outreach Efforts

A main objective of the survey was to quantify the extent to which banks serve and reach out to unbanked

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[4] One of several factors and questions the Reform Act asks the FDIC to consider in conducting the survey is, "What is a fair estimate of the size and worth of the 'unbanked' market in the United States?" The FDIC is addressing this question through a separate household survey effort conducted jointly with the U.S. Bureau of the Census as a supplement to the Census Bureau's Current Population Survey in January 2009. The goals of that survey are to gather accurate estimates of the number of unbanked and underbanked households in the United States, their demographic characteristics, and reasons why they are unbanked or underbanked. It is anticipated that the results of this survey will fill many data gaps regarding unbanked and underbanked households in the United States. The FDIC plans to release the results later this year.

[5] The universe for the survey was the 7,487 federally insured banks and thrifts operating in the United States during the first quarter of 2007. Because a statistical sample was selected for the survey (i.e., a stratified random sample), valid statistical estimates of universe statistics were derived from the sample. These estimates were "unbiased," aside from the impact of survey nonresponse. To correct for the nonresponse bias, a standard weight adjustment procedure was used. See Chapter 2 of the survey report for a complete discussion of the survey methodology.

[6] Twenty-four of the 25 largest banks responded to the survey. The universe of the survey also included 564 banks with assets over $1 billion; 268 of these banks were included in the sample and 159 responded. There were 6,898 banks with assets under $1 billion in the survey universe; 994 of these banks were included in the sample and 502 responded.

[7] The FDIC identified some case study banks based on industry research completed prior to the implementation of the survey. Other case study banks were chosen if their responses to the survey revealed particularly innovative or successful strategies for reaching the unbanked and underbanked. The case study population was designed to include banks of varying sizes and covering different geographies. All case study banks had to meet "good standing" criteria, which considered ratings for Community Reinvestment Act, safety and soundness, and compliance. The 16 case study banks are Amalgamated Bank, New York, NY; Artisans' Bank, Wilmington, DE; BancorpSouth, Tupelo, MS; Bangor Savings Bank, Bangor, ME; Carver State Bank, Savannah, GA; Central Bank of Kansas City, Kansas City, MO; Citibank, N.A., Las Vegas, NV; Citizens Union Bank of Shelbyville, Shelbyville, KY; The Commerce Bank of Washington, Seattle, WA; Fort Morgan State Bank, Fort Morgan, CO; International Bank of Commerce, Laredo, TX; KeyBank, Cleveland, OH; Mitchell Bank, Milwaukee, WI; Monroe Bank & Trust, Monroe, MI; Ridgewood Savings Bank, Ridgewood, NY; and Second Federal Savings of Chicago, Chicago, IL.

Chart 1

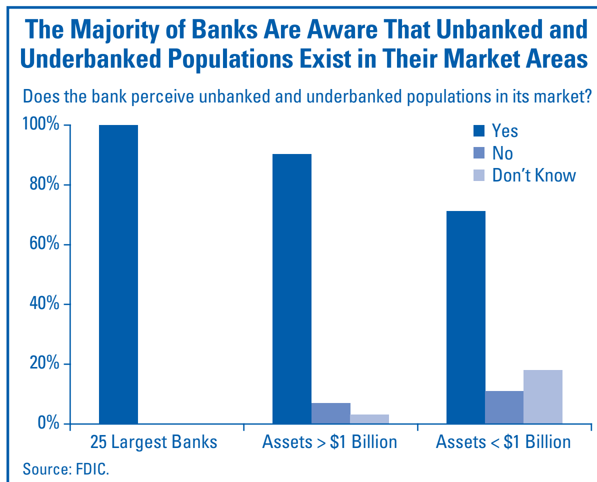
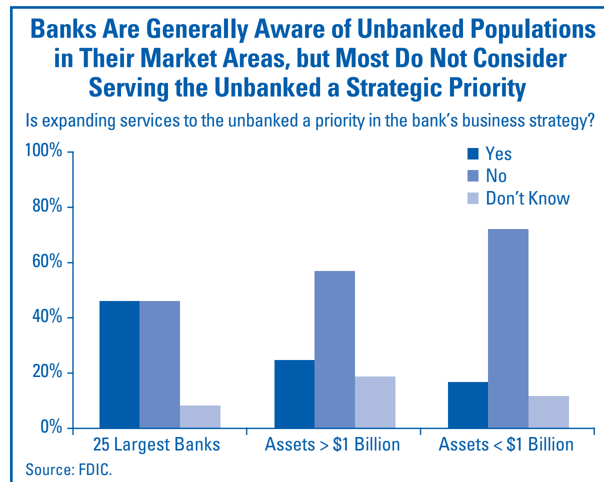


Chart 2



and underbanked individuals. However, to effectively educate and establish banking relationships with individuals outside of the mainstream, banks must first identify where these populations reside and commit to serving them. The survey found that 73 percent of banks are aware that unbanked and underbanked populations exist in their market areas (see Chart 1).[8] However, fewer than 18 percent of banks identify expanding services to these individuals as a priority in their business strategy (see Chart 2). More than three-quarters of banks (77 percent) have not conducted research on this potential opportunity in their Community Reinvestment Act (CRA) assessment areas.[9] According to the survey, the 25 largest banks are more likely than smaller banks to identify expanding services to these groups as a priority, although fewer than half (46 percent) have done so.

When asked to rank the three most effective strategies for educating and reaching out to unbanked and underbanked customers, banks identified "teaching financial education sessions" as the most effective, followed by "financial outreach with other organizations" and "off-premise outreach visits" (see Table 1). Almost all banks (98 percent) rank financial outreach with other organizations and outreach visits among the top three most effective strategies.

Table 1

Banks Identified "Teaching Financial Education" As the Most Effective Outreach Strategy

Effectiveness Ranking	Programs
1	Teaching financial education sessions
2	Financial outreach with other organizations
3	Off-premise outreach visits
4	Providing financial education materials
5	Targeted marketing
6	Other

Source: FDIC.

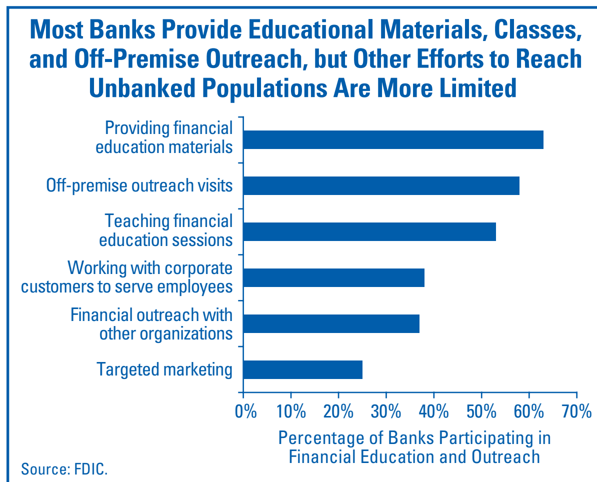
Bank perceptions of the most effective education and outreach strategies do not necessarily correlate with their participation in these activities. For example, banks ranked "providing financial education materials" as only the fourth most effective outreach strategy, even though this method is the most commonly used. Sixty-three percent of banks provide financial education materials to the unbanked and underbanked, often in the form of brochures and pamphlets (see Chart 3 on page 42 for a summary of bank participation in various outreach strategies). Responses to open-ended survey questions suggest that most banks do not distinguish

[8] Throughout this article, statistically valid estimates from the sample are presented as percentages of the survey universe without referring to them specifically as "estimates." For example, in this reference, "73 percent of banks" is "an estimated 73 percent of banks."

[9] In 1977, Congress enacted the CRA to encourage federally insured banks and thrifts to help meet the credit needs of their entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations. The CRA implementing regulations require a bank to delineate one or more assessment areas, which are geographic areas (e.g., entire Metropolitan Statistical Areas or individual census tracts) that the bank reasonably expects to serve. Assessment area delineations may not arbitrarily exclude low- or moderate-income geographies or reflect illegal discrimination. The bank's primary federal bank regulatory agency evaluates the bank's record of helping to meet the credit needs of the assessment area(s) that the bank defined, consistent with safe and sound lending.

Chart 3

Most Banks Provide Educational Materials, Classes, and Off-Premise Outreach, but Other Efforts to Reach Unbanked Populations Are More Limited



Source: FDIC.

between unbanked and underbanked customers in their educational materials.

Many bank strategies for reaching unbanked and underbanked populations rely on partnering with or traveling to outside organizations. In all, 37 percent of banks participate in financial education or outreach efforts with other organizations in order to expand services to unbanked and underbanked individuals. Examples of these efforts include working with businesses to offer employee payroll cards, partnering with government entities to provide electronic benefit transfer or prepaid cards, and collaborating with faith-based groups to provide cash assistance. The largest 25 banks are more likely to participate in such efforts. Fifty-eight percent of banks reported that they conduct off-premise financial education and outreach visits, most commonly at high schools and community-based organizations. In addition, 38 percent of banks work with corporate or business customers to provide services for unbanked and underbanked employees. Larger banks are more likely to work with businesses to promote services for the unbanked.

About half (53 percent) of banks teach financial education sessions targeted to the unbanked and underbanked, which banks ranked as the most effective outreach method. Educational sessions are typically conducted offsite, and larger banks are more likely to offer them. Among banks that provide these sessions, the most frequently covered topics are basic banking and savings programs.

One-quarter of banks use targeted marketing to reach unbanked and underbanked individuals, and larger banks are more likely to engage in this strategy. Among banks that target a specific demographic, Hispanic Americans are targeted more frequently than other groups.

Table 2

Banks Report That Profitability Issues and Regulatory Concerns Pose Challenges to Serving the Unbanked

Ranking	Challenges
1	Profitability issues
2	Regulatory barriers
3	Fraud concerns
4	High cost of customer acquisition
5	Competition from alternative service providers
6	Unfamiliarity with this population
7	Internal challenges
8	Other challenges

Source: FDIC.

Perceived Challenges to Serving Unbanked and Underbanked Customers

Banks appear to assume that doing business with unbanked and underbanked individuals is not profitable, which is an obstacle to serving these populations. When asked to rank order the challenges banks face in serving or targeting the unbanked and underbanked, banks list "profitability issues" first, followed by "regulatory barriers" and "fraud concerns" (see Table 2). Of the 40 percent of banks that perceive regulatory impediments, many cite concerns related to maintaining compliance with the Patriot Act and the Bank Secrecy Act.[10]

Bank Efforts to Improve Access to Retail Branches

In the past five years, banks have taken several steps to make retail branches more accessible to unbanked and underbanked customers. For example, almost two-thirds (64 percent) of banks reported that they modified their retail operations to make them more appealing or convenient. Almost three-quarters (73 percent) of these banks reported offering Internet or mobile banking. In addition, 47 percent of banks installed external automated teller machines (ATMs), and 43 percent added off-premise ATMs. Thirteen percent of banks added branches in nontraditional locations (e.g., community centers and supermarkets), and 20 percent added

[10] Title III of the Patriot Act, which was signed into law on October 25, 2001, requires banks to establish a Customer Identification Program. The Bank Secrecy Act (BSA) of 1970 requires U.S. financial institutions to assist U.S. government agencies to detect and prevent money laundering. The BSA is sometimes referred to as the "anti-money laundering" law (AML) or as "BSA/AML."

Chart 4

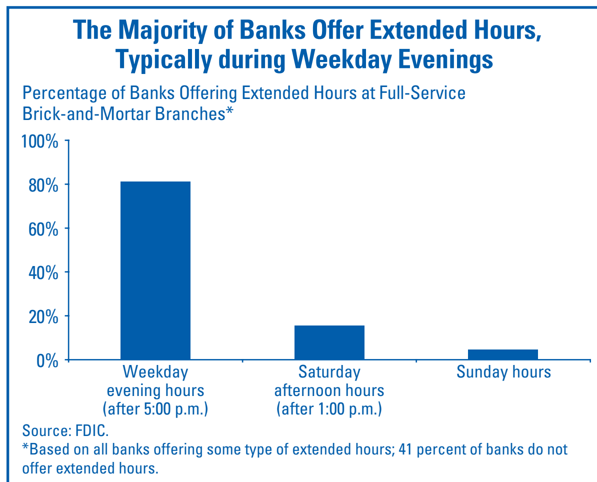
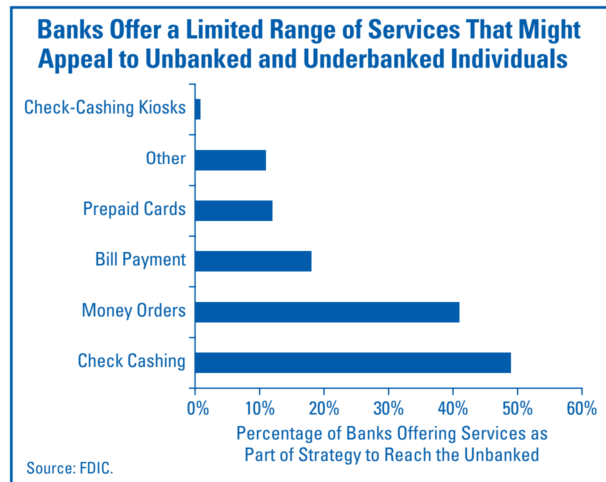


Chart 5



branches in low- to moderate-income (LMI) areas.[11] In addition, many banks now offer extended hours (59 percent) and employ bilingual staff (52 percent) at their retail branches (see Chart 4).

Another way banks can be more accessible to unbanked and underbanked customers is to offer a range of products and services that may especially appeal to them; however, most banks do not incorporate this approach into their branch strategies. Indeed, fewer than half of banks offer check cashing (49 percent) and money orders (41 percent) as part of their strategy to serve the unbanked and underbanked. Far fewer offer other services, such as bill-paying services and prepaid card issuance and reloading (see Chart 5).

Services Banks Provide to Noncustomers Who May Be Unbanked or Underbanked

Although a bank cannot reasonably determine whether a noncustomer is unbanked or underbanked, offering a variety of services to noncustomers is one way of reaching those populations. One service that the unbanked and underbanked commonly use is check cashing. However, banks provide limited check-cashing opportunities for noncustomers. Most banks (96 percent) will cash checks for noncustomers drawn on the bank itself, but fewer than one-third will cash payroll and other business checks not written on the bank for noncustomers.

The type of identification required to cash a check can also pose challenges for noncustomers who may be unbanked or underbanked. Most banks will accept a driver's license (92 percent) or state-issued photo identification (86 percent) from noncustomers who wish to cash checks. However, only a limited number of banks accept the Matrícula Consular identification (20 percent) and the Individual Taxpayer Identification Number (ITIN) (1 percent) as primary forms of identification for check cashing by noncustomers (see Chart 6 on page 44).[12]

Besides check cashing, other transaction services to noncustomers are relatively limited. For example, 37 percent of banks offer bank checks and money orders to noncustomers, 6 percent offer international remittances, and 2 percent offer check-cashing cards.

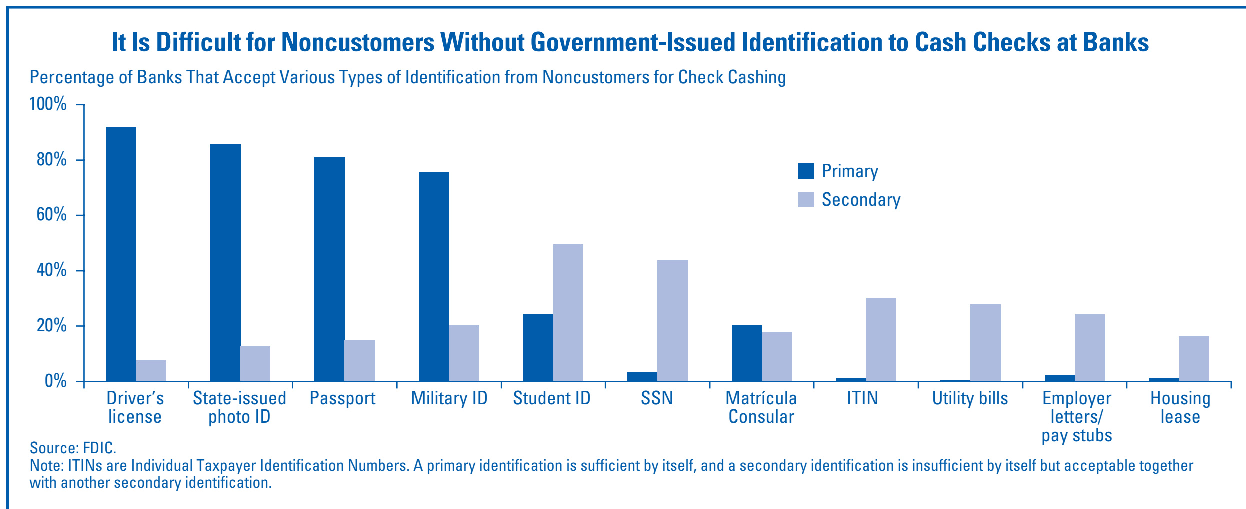
Bank Account-Opening Practices and Policies

Unbanked and underbanked individuals also face a number of challenges in establishing banking relationships. These individuals often must present government-issued identification to open a bank account. While most banks will accept either a driver's license (99 percent) or passport (92 percent), only 27 percent of banks accept Matrícula Consular cards and only 38 percent accept ITINs as forms of identification for opening a new account.

[11] In low-income areas, income is equal to or less than 50 percent of the median income of the local Metropolitan Statistical Area (MSA) or appropriately defined rural area. In moderate-income areas, income is between 50 percent and 80 percent of the median income of the local MSA or appropriately defined rural area.

[12] Matrícula Consular cards are identification cards issued to Mexican national citizens by the government of Mexico through its consulate offices. Similar consulate identification cards are issued to citizens of other countries.

Chart 6



A blemished credit history presents further challenges to opening a new account. Most banks (87 percent) require a third-party credit check screen, such as ChexSystems, when a customer opens a new checking account.[13] One-quarter of banks automatically reject a new account application that receives a negative result on the credit check screen, and only half (49 percent) can override a negative result at a branch location. However, one-quarter of banks offer "second chance" accounts designed for individuals not qualified for conventional bank accounts.[14]

Survey results reveal that a blemished credit history and insufficient identification impede unbanked and underbanked individuals from opening bank accounts more than any other factor. When asked to rank order the three most common reasons that a new account applicant is declined, banks identified "negative account screening" first, followed by "insufficient identification information" and a "low credit score."

[13] ChexSystems, Inc., is a network of financial institutions that provides deposit account verification services to members and information to help them identify account applicants who may have a history of account mishandling (for example, people whose accounts were overdrawn and then closed by their bank).

[14] "Second chance" accounts are frequently checkless accounts or accounts with limited check-writing privileges that may be connected to a debit card. They usually provide most or all of the benefits of a regular checking account, including a bank routing number and account number.

Deposit, Payment, and Credit Products and Services Offered to Entry-Level Consumers

Accounts and products that are designed to address the needs of unbanked and underbanked individuals often succeed in bringing them into the mainstream banking system. The survey shows that most banks offer basic savings, deposit, and transaction accounts to qualified customers. For example, almost two-thirds (62 percent) of banks offer an entry-level checking account with no minimum balance. Another 8 percent of banks normally charge a minimum fee on their most basic checking account but will waive the fee if the customer uses direct deposit. When required, the median minimum balance with or without direct deposit was $100.

Nearly all banks (99 percent) charge a per-item overdraft fee on their most basic (lowest cost) transaction account. These fees range from $8 to $38, with a median of $25. While more than half (60 percent) of banks offer some type of program that will cover or waive the overdraft fee, such programs frequently involve a line of credit or transfer and may not be available to underbanked customers. More than half of banks (57 percent) that charge overdraft fees automatically close an account after a customer has a certain number of overdrafts (ranging from 1 to 500) or if an account has a negative balance for a given period of time (ranging from 10 to 180 days).

In addition, nearly all banks (97 percent) offer low-balance (under $500) basic savings accounts, but fewer offer savings programs designed to help unbanked and underbanked customers. Seven percent of banks offer savings accounts through workplace-based programs,

Chart 7

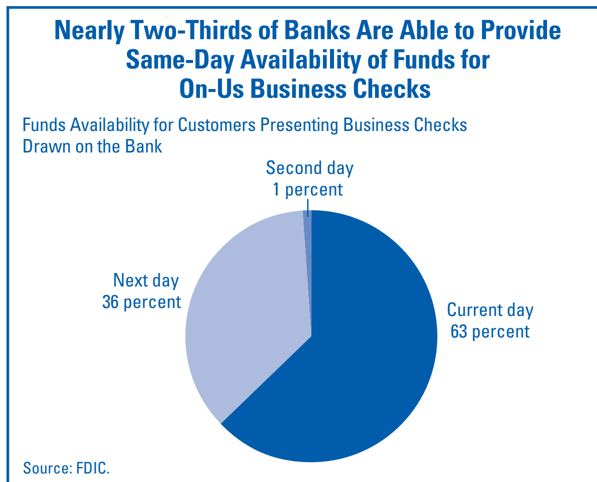
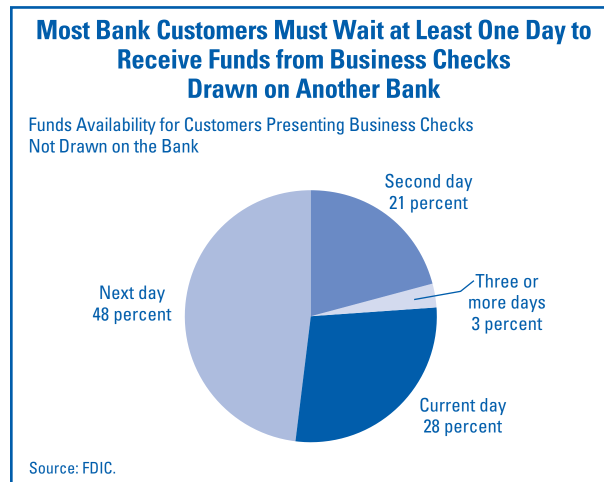


Chart 8



8 percent participate in or offer Individual Development Account (IDA) programs, and 3 percent participate in Internal Revenue Service Voluntary Income Tax Assistance (VITA) programs.[15] Fewer than one-quarter (22 percent) of banks partner with organizations to promote savings products, and about half (49 percent) offer special savings clubs. The largest 25 banks were more likely to offer some of these programs.

At many banks, funds availability from deposited checks, while in compliance with federal regulations, is slow relative to nonbank check-cashing services.[16] Funds are often made available most quickly for business and personal checks drawn on the bank (known as "on-us" checks), but at least one-third of banks require a minimum one-day waiting period before funds are available from these checks (see Chart 7). Longer waits are frequently required for government or payroll checks and checks drawn on another bank (see Chart 8). In addition, fewer than 6 percent of banks advance funds due to arrive by direct deposit or check, which can make banks less competitive than nonbank check-cashing services.

Banks offer few credit products tailored to LMI, unbanked, and underbanked individuals that could serve as alternatives to payday loans.[17] About two-thirds (69 percent) offer closed-end unsecured personal loans for amounts under $5,000. Among banks that do offer such loans, nearly all (97 percent) reported that they can originate an unsecured personal loan in less than 48 hours; 80 percent reported that they can originate such a loan in less than 24 hours.[18] However, eligibility requirements may hinder access for unbanked and underbanked customers.[19] About one-third (36 percent) of banks offer consumer credit cards, but most require a Social Security number, credit history, and minimum credit score to qualify, which likely limits availability to LMI individuals.

Case Study Highlights

The 16 case studies included with the survey results demonstrate that banks can serve the unbanked and underbanked markets both profitably and effectively.[20] The case study banks, which represent various asset size classes and geographic locations, are successfully serving these populations through a variety of innovative strate-

[15] Workplace-based programs, IDAs, and VITA programs can help bring unbanked and underbanked individuals into the mainstream financial system through savings products. IDAs are matched savings accounts that allow LMI individuals to save, build assets, and enter the financial mainstream. VITA programs offer free tax help to LMI individuals who cannot prepare their own tax forms.

[16] The Expedited Funds Availability Act of 1987 (Federal Reserve Regulation CC) sets maximum timeframes that a bank can withhold funds and is enforced by the bank's primary federal supervisor.

[17] See Christine Bradley, Susan Burhouse, Heather Gratton, and Rae-Ann Miller, "Alternative Financial Services: A Primer," *FDIC Quarterly*, vol. 3, no. 1 (2009) for more information about the prevalence of payday lending and other alternative financial services.

[18] Survey responses to a question asking whether banks offer affordable small-dollar loans revealed confusion about the product, since a number of banks counted overdraft lines of credit in their affirmative responses. The questionnaire defined "affordable small-dollar loans" as loans for "less than $1,000/at least a 90-day repayment term/less than 36 percent APR/low or no fees."

[19] Eligibility requirements frequently include review of credit history (required by 94 percent of banks), proof of income (required by 76 percent of banks), minimum credit score (required by 50 percent), and deposit relationship (required by 41 percent).

[20] The FDIC does not endorse any bank or product.

FDIC Activities to Encourage Economic Inclusion

The FDIC's Advisory Committee on Economic Inclusion (ComE-IN) was established by Chairman Sheila C. Bair and the FDIC Board of Directors in November 2006 according to requirements of the Federal Advisory Committee Act. ComE-IN provides the FDIC with advice and recommendations on important initiatives focused on expanding access to banking services by underserved populations. Expanding access may include reviewing basic retail financial services, such as check cashing, money orders, remittances, stored value cards, short-term loans, savings accounts, and other services that promote asset accumulation and financial stability.

The FDIC's Alliance for Economic Inclusion (AEI) is a national initiative to establish broad-based coalitions of financial institutions, community-based organizations, and other partners in ten markets across the country to bring all unbanked and underserved populations into the financial mainstream. AEI focuses on expanding basic retail financial services for underserved populations, including savings accounts, affordable remittance products, small-dollar loan programs, targeted financial education programs, alternative delivery channels, and other asset-building programs. To date, 952 banks and organizations have joined AEI nationwide; more than 65,000 new bank accounts have been opened; 45 banks are offering or developing small-dollar loans; 33 banks are offering remittance products; and more than 61,000 consumers have received financial education.

The FDIC's Affordable and Responsible Consumer Credit (ARC) Small-Dollar Loan Pilot Program is a two-year pilot project to review affordable and responsible small-dollar loan programs in financial institutions. The purpose of the study is to identify effective and replicable business practices to help banks incorporate affordable small-dollar loans into their other mainstream banking services. Best practices resulting from the pilot will be identified and become a resource for other institutions.[a]

The FDIC's *Money Smart* financial education curriculum is designed to help adults outside the financial mainstream enhance their money skills and create positive banking relationships. The FDIC also oversees the *Money Smart* Alliance, which consists of about 1,250 financial institutions, nonprofit organizations, schools, government authorities, and others that partner with the FDIC to provide financial education targeted to LMI households and others.

[a] See Susan Burhouse, Rae-Ann Miller, and Aileen G. Sampson, "An Introduction to the FDIC's Small-Dollar Loan Pilot Program," *FDIC Quarterly,* vol. 2, no. 3 (2008), 23–30, http://www.fdic.gov/bank/analytical/quarterly/2008_vol2_3/FDIC135_Quarterly_Vol2No3_Small_Dollar_Article.pdf.

gies. For example, several case studies suggest that banks are most successful in educating and reaching out to the unbanked and underbanked when they have established solid relationships with community organizations and have the support of these and other important stakeholders inside and outside the bank. Other case studies highlight banks that have overcome obstacles to working with the unbanked and underbanked by adapting to changing customer demographics, offering bank services in more casual or convenient settings, providing greater and more varied means of accessing bank services, and giving bank employees a key role in welcoming unbanked individuals. Finally, a number of case studies portray banks that are offering entry-level accounts and services that incorporate innovative features, such as debit cards and prepaid cards. Complete case studies appear in Chapter 12 of the survey report.

Next Steps

The FDIC hopes that the results of the survey will assist policymakers, researchers, and practitioners as they continue their work to expand access to the mainstream financial system. The FDIC intends to conduct and publish further research on these issues using these survey results as well as results from the *FDIC's National Survey of Unbanked and Underbanked Households*, which was conducted jointly with the Census Bureau in January 2009.

In addition, the FDIC will continue to pursue initiatives already under way that are designed to encourage insured institutions to serve the unbanked and underbanked, including the Advisory Committee on Economic Inclusion (ComE-IN), the Alliance for Economic Inclusion (AEI), the Affordable and Responsible Consumer Credit (ARC) Small-Dollar Loan Pilot Program, and the *Money Smart* financial education program (see text box above). The FDIC will also share information on best practices through the general examination process, meetings, and conferences.

Going forward, the government and financial industry might wish to define a shared goal to lower the number of unbanked and underbanked individuals and households. This effort would require reliable and regularly reported statistics on the number of unbanked and

underbanked households in the United States and could be based on the results of the *FDIC's National Survey of Unbanked and Underbanked Households*. A national task force, composed of senior representatives of federal bank and credit union regulators and the U.S. Department of the Treasury, could be created to provide oversight and guidance.

Conclusions

The *FDIC Survey of Bank Efforts to Serve the Unbanked and Underbanked* has helped clarify efforts by financial institutions to increase economic inclusion. Banks recognize that unbanked and underbanked populations exist in their market areas, and many are trying to reach out to these individuals. Still, many opportunities remain in what is a largely untapped marketplace. The FDIC encourages all banks to expand their efforts to address the unique needs of the financially underserved. Using the survey results, practitioners, policymakers, and others who are committed to increasing access to the financial mainstream can work together to ensure that all consumers have access to basic banking and financial services.

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