List of Tables and Figures

		Page
Table 1.1	Bank Failures by State, 1980–1994	14
Table 1.2	Assets of Failed Banks at the Quarter before Failure, by State, 1980–1994	17
Table 1.3	Bank Failures and Growth Rates of Real Personal Income, by State, 1980–1994	20
Table 1.4	Bank Failures and Growth Rates of Real Personal Income, by State Recession Quartile	21
Table 1.5	Selected Financial Ratios	30
Table 1.6	Failure Rates, Newly Chartered and Existing Banks	32
Table 1.7	Failure Rates of Converted Mutual Savings Banks and Other Banks, Northeastern States	33
Table 1.8	Results of Bank Forbearance Programs	48
Table 1.9	Number of Bank Examiners, Federal and State Banking Agencies, 1979–1994	57
Table 1.10	Mean Examination Interval, by Initial Composite CAMEL Rating	58
Table 1.11	Failing Banks with CAMEL Ratings of 1 or 2, Two Years before Failure, 1980–1994	60
Table 1.12	Asset Growth Rates, Dividend Payments, and Capital Injections, All Banks with CAMEL Ratings of 4 and 5, 1980–1994	63
Table 1.13	Probability of Failure, Banks in the Highest Loans-to-Assets Quintile	73
Table 1.14	Probability of Failure for "Low-Risk" Banks (Banks Not in the Highest Loans-to-Assets Quintile)	73
Table 3.1	Production of New Office Space, 31 Major Markets, 1975–1994	145
Table 3.2	Major Loan Categories of U.S. Commercial Banks as a Percentage of Total Assets, 1980 and 1990	152
Table 3.3	Real Estate Loan Portfolio Quality, U.S., 1984–1994	153
Table 3–A.1	Major Tax Law Provisions Affecting Returns on Commercial Real Estate Investment	163
Table 3–A.2	Hypothetical Investment Illustrating the Economic Effects of Major Tax Legislation on Commercial Real Estate Investment	164
Table 4.1	Selected Statistics, FSLIC-Insured Savings and Loans, 1980–1989	168
Table 4.2	S&L Failures, 1980–1988	169
Table 4.3	Number of Newly Chartered FSLIC-Insured S&Ls, 1980–1986	178
Table 5.1a	Average Financial Ratios for Eight Money-Center Banks, 1974–1989	196

Table 5.1b	Aggregate Financial Data for Eight Money-Center Banks, 1974–1989	197
Table 5.2	Long-Term Debt Ratings of U.S. Money-Center Banks, 1977–1989	202
Table 6.1	Number, Total Assets, and Average Assets of Selected Types of Financial Institutions, Selected Years, 1900–1975	214
Table 6.2	Composition of Assets of Mutual Savings Banks, Selected Years, 1900–1980	215
Table 6.3	Percentage Distribution of Assets and Liabilities of Mutual Savings Banks, by State, Year-end 1975	216
Table 6.4	Failed and Assisted Savings Banks, 1981–1985	226
Table 6.5	FDIC Net Worth Certificate Program	229
Table 6–A.1	BIF-Insured Savings Banks That Failed, 1986-1994	234
Table 7.1	Growth in Assets and Domestic C&I Lending at the Ten Largest U.S. Banks, 1976–1981	237
Table 7.2	Average Returns and Equity Ratios at the Ten Largest U.S. Banks, 1977–1981	239
Table 7–A.1	Continental Illinois National Bank and Trust: Consolidated Statement of Condition, 1977–1983	255
Table 7–A.2	Continental Illinois National Bank and Trust: Consolidated Statement of Income, 1977–1983	256
Table 7–A.3	Continental Illinois National Bank and Trust: Financial Ratios, 1977–1983	257
Table 8.1	Gross Income per Acre and Return on Farmland Investment, U.S. and Iowa, 1970–1990	268
Table 8.2	Farm Loans and Bank Assets, Agricultural Banks versus All Banks, 1979–1990	279
Table 8.3	Total Deposit Insurance Fund Losses and Average Loss per Bank, 1980–1990	280
Table 8.4a	CAMEL Ratings for All Agricultural Banks, 1981–1990	283
Table 8.4b	CAMEL 4- and 5-Rated Institutions, Agricultural Banks versus Small Non-Agricultural Banks, 1981–1990	284
Table 8.5	Median ROA, ROE, and Equity Ratios, Agricultural Banks versus Small Non-Agricultural Banks, 1979–1990	286
Table 8.6a	Equity and Reserves to Assets of Agricultural Banks, 1979–1990	288
Table 8.6b	Equity and Reserves to Assets of Small Non-Agricultural Banks, 1979–1990	289
Table 9.1	Construction Permits in the Southwest, 1980–1994	302
Table 9.2	Large Southwestern Bank Failures, 1980–1994	323

Table 9.3a	CAMEL Ratings for All Southwestern Banks, 1981–1990	327
Table 9.3b	CAMEL 4- and 5-Rated Institutions, Southwestern Banks versus Banks in Rest of U.S., 1981–1990	328
Table 9.4	CAMEL Ratings for All U.S. Banks, 1981–1990	329
Table 9.5	Median ROA, ROE, and Equity Ratios, Southwestern Banks versus Banks in Rest of U.S., 1979–1990	330
Table 9.6a	Equity and Reserves to Assets of Southwestern Banks, 1978–1990	331
Table 9.6b	Equity and Reserves to Assets of Nonsouthwestern Banks, 1978–1990	332
Table 10.1	Nonresidential and Residential Construction, Northeast Region, 1980–1994	340
Table 10.2	CAMEL Ratings for All Northeastern Banks, 1981–1994	363
Table 10.3	CAMEL 4- and 5-Rated Institutions, Northeastern Banks versus Banks in Rest of U.S., 1981–1994	364
Table 10.4	Median ROA, ROE, and Equity Ratios, Northeastern Banks versus Banks in Rest of U.S., 1980–1994	365
Table 10.5	Equity and Reserves to Assets, Northeastern Banks, 1980-1990	366
Table 10.6	Equity and Reserves to Assets, Nonnortheastern Banks, 1980–1990	367
Table 10.7	Bank Failures, 1980–1994	369
Table 10.8	FDIC Bank-Failure Resolution Costs, 1990–1994	369
Table 10.9	Large Northeastern Bank Failures in the 1990s	373
Table 11.1	Three Economic Growth Measures, California and U.S., 1980–1994	381
Table 11.2	Office Real Estate Market Trends, Los Angeles County and San Francisco, 1980–1994	389
Table 11.3	Recession-Related Employment Losses in California and Los Angeles County	394
Table 11.4	Median Return on Assets for U.S. and California Banking Industries, 1980–1994	398
Table 11.5	Ten Largest Depository Institutions in California, December 31, 1979	400
Table 11.6	Market Share of Total Domestic Deposits, by Type of Depository Institution in California, 1984–1992	400
Table 11.7a	CAMEL Ratings for All California Banks, 1981–1994	403
Table 11.7b	CAMEL 4- and 5-Rated Institutions, California Banks versus Banks in Rest of U.S., 1981–1994	404
Table 11.8a	Equity and Reserves to Assets, California Banks, 1980–1994	405
Table 11.8b	Equity and Reserves to Assets, U.S. Banks, 1980–1994	406

Table 11.9	Median Return on Assets for California Banking Groups and U.S., 1990–1994	408
Table 11.10	Bank Failures in California by Region, 1990–1994	411
Table 12.1	Mean Examination Interval for Commercial Banks, by CAMEL Rating, 1979–1994	429
Table 12.2	Mean Examination Interval for Commercial Banks, by Regulatory Agency, 1980–1994	430
Table 12.3	Failing Banks with CAMEL Ratings of 1 or 2 Two Years before Failure, 1980–1994	434
Table 12.4	Asset Growth Rates, Dividend Payments, and Capital Injections, All Banks with CAMEL Ratings of 4 or 5, 1980–1994	440
Table 12.5	FDIC Formal Enforcement Actions by Examination Rating, 1980–1995	443
Table 12.6	FDIC Formal Enforcement Actions by Type, 1980–1995	444
Table 12.7	FDIC-Supervised Problem Banks, 1980-1994	445
Table 12.8	FDIC Problem Banks That Received Formal Enforcement Actions, 1980–1994	446
Table 12.9	Percentage of FDIC Problem Banks That Received Formal Enforcement Actions, by CAMEL Rating, 1980–1994	446
Table 12.10	Federal Reserve Formal Enforcement Actions by Examination Rating, 1980–1995	447
Table 12.11	Federal Reserve Formal Enforcement Actions by Type, 1980–1995	447
Table 12.12	Federal Reserve-Supervised Problem Banks, 1980-1994	448
Table 12.13	Federal Reserve-Supervised Problem Banks That Received Formal Enforcement Actions, 1980–1994	449
Table 12.14	Percentage of Federal Reserve-Supervised Problem Banks That Received Formal Enforcement Actions, by CAMEL Rating, 1980–1994	449
Table 12.15	Estimated Number of Failed Banks That Would Have Been Closed Earlier under FDICIA Rules, 1980–1992	455
Table 12.16	Estimated Number of Failed Banks That Would Have Been Closed Earlier under FDICIA Rules, by Bank	4.5.0
Table 12.17	Charter Class, 1980–1992 Estimated Number of Failed Banks That Would Have Been	456
	Closed Earlier under FDICIA Rules in the Six States with the Greatest Number of Closings, 1980–1992	457

Table 12.18	Changes in Total Equity Capital for Failed Banks That Would Have Been Closed Earlier under FDICIA Rules, 1980–1992	458
Table 12.19	Estimated Number of Problem Banks That Survived but Might Have Been Closed under FDICIA Rules, 1980–1992	460
Table 12.20	Timing of FDIC Enforcement Actions against FDIC Problem Banks That Failed and Would Have Been Closed Earlier under FDICIA Rules, 1980–1992	462
Table 12.21	Timing of FDIC Enforcement Actions against FDIC Problem Banks That Survived but Might Have Been Closed under FDICIA Rules, 1980–1992	462
Table 13.1	Ratio Measures of Bank Performance	490
Table 13.2	Probability of Failure When a Bank Appears in the Highest-Risk Category	493
Table 13.3	Probability of Failure When a Bank Appears in the Highest- and Second-Highest Risk Categories	494
Table 13.4	Probability of Failure in "Low-Risk" Banks	495
Table 13.5	Hypothetical GMS Score Computation Example	497
Table 13.6	Bank Failures by GMS Score Ranking and Failure Year	499
Table 13.7	Comparisons of Exam Ratings as Assigned in 1985 and 1987	500
Table 13.8	Relationship between GMS Weightings and Logit Estimations of CAMEL Downgrades	503
Table 13.9	Hypothetical Loan Portfolios for Bank A: Loan Shares Not Weighted	505
Table 13.10	Hypothetical Loan Portfolios for Bank A: Loan Shares Weighted	505
Table 13.11	Loan Portfolios Concentration Index	506
Table 13.12	12/1988 CAMEL Logit	507
Table 13.13	Comparisons of Exam Ratings as Assigned in 1985 and 1987 Portfolio Concentration Model	508
Table 13–A.1	Comparison of Different Factors in Predicting Bank Failures Four and Five Years Forward, 1980	515
Table 13–A.2	Comparison of Different Factors in Predicting Bank Failures Four and Five Years Forward, 1982	516
Table 13–A.3	Comparison of Different Factors in Predicting Bank Failures Four and Five Years Forward, 1984	517
Table 13–A.4	Comparison of Different Factors in Predicting Bank Failures Four and Five Years Forward, 1986	518

Table 13–A.5	Comparison of Different Factors in Predicting Bank Failures Four and Five Years Forward, 1988	519
Table 13–A.6	Table of Peer–Group Characteristics	520
Figure 1.1	Number of Bank Failures, 1934–1995	3
Figure 1.2	Bank Performance Ratios, 1973–1994	6
Figure 1.3	Bank Price-Earnings Ratios as a Percentage of S&P 500 Price-Earnings Ratios, 1964–1995	7
Figure 1.4	Price-to-Book Value per Share, 1982–1995	9
Figure 1.5	Farm Prices, Exports, Income, Debt, and Real Estate Value, 1975–1994	22
Figure 1.6	Changes in Gross State Product and Gross Domestic Product, 1980–1994	23
Figure 1.7	Ratio of Gross Loans to Total Assets, Failed and Nonfailed Banks, 1980–1994	28
Figure 1.8	Ratio of Commercial Real Estate Loans to Total Assets, Failed and Nonfailed Banks, 1980–1994	29
Figure 1.9	Composite CAMEL Ratings Two Years before Failure for Banks Failing between 1980 and 1994	59
Figure 1.10	Median Asset Growth Rates of CAMEL 4-Rated Banks before and after Regulatory Intervention	65
Figure 1.11	Dividend Rates and Capital Infusions of CAMEL 4-Rated Banks before and after Regulatory Intervention	67
Figure 1.12	Bank Condition Ratios for Failed and Nonfailed Banks, 1982–1986	70
Figure 1.13	Bank Risk Ratios for Failed and Nonfailed Banks, 1982-1986	71
Figure 2.1	Newly Chartered Banks: United States, Texas, California, and Florida, 1980–1994	108
Figure 3.1	Total Nonresidential Construction Put in Place, 1970–1994	142
Figure 3.2	Office Vacancy Rates in Major Texas Cities, 1980–1994	143
Figure 3.3	Commercial Real Estate Cycles in Selected States, 1980–1994	144
Figure 3.4	Nonresidential Construction Put in Place, 1975–1994	145
Figure 3.5	Office and Total Employment Growth, 1976–1994	146
Figure 3.6	Office Market Conditions, 1980–1994	147
Figure 3.7	Retail Market Conditions, 1980–1994	147
Figure 3.8	Industrial Market Conditions, 1977–1994	149

Figure 3.9	Real Estate Portfolio of U.S. Banks as a Percentage of Total Assets, 1980 and 1990	152
Figure 3.10	Commercial Real Estate Loans as a Percentage of Total Assets, Failed and Nonfailed Banks, 1980–1990	159
Figure 3.11	Commercial Real Estate Loans as a Percentage of Total Real Estate Loans, Failed and Nonfailed Banks, 1980–1994	160
Figure 3.12	Nonperforming Real Estate Assets as a Percentage of Total Nonperforming Assets, Failed and Nonfailed Banks, 1980–1994	161
Figure 3.13	Real Estate Charge-Offs as a Percentage of Total Charge-Offs, Failed and Nonfailed Banks, 1984–1994	162
Figure 4.1	Percentage of S&L Assets in Mortgage Loans, 1978–1986	179
Figure 5.1	U.S. Crude-Oil Refiner Acquisition Cost, 1970–1988	193
Figure 5.2	Monthly Commodity and Consumer Prices, 1970–1994	194
Figure 5.3	Total Latin American Debt Outstanding, 1970–1989	194
Figure 5.4	Total Outstanding LDC Loans by the Largest U.S. Banks, 1977-1989	195
Figure 5.5	U.S. Commercial Paper Outstanding, 1973–1989	198
Figure 5.6	German Mark and Japanese Yen U.S. Dollar Exchange Rates, 1971-1994	200
Figure 5.7	Share Price of Money-Center Banks and Regional Banks versus S&P 500, 1970–1995	201
Figure 5.8	Monthly Treasury Bill Rate (3-Month), 1970–1994	205
Figure 5.9	Return on Assets, U.S. Banking Industry, 1970–1994	209
Figure 6.1	Monthly Treasury Bill Rate (3-Month), 1977–1983	221
Figure 7.1	Continental Illinois Corporation: Average Weekly Share Price, 1981–1984	238
Figure 8.1	Index of Prices Received by Farmers for All Crops, 1970–1989	261
Figure 8.2	Farmland Value per Acre, U.S. and Iowa, 1970–1990	266
Figure 8.3	Farm Debt, 1970–1990	267
Figure 8.4	Lender Shares of Farm Real Estate Debt, 1975–1988	275
Figure 8.5	Lender Shares of Farm Non-Real Estate Debt, 1975–1988	276
Figure 8.6	Agricultural Bank Failures versus All Bank Failures, 1980–1990	277
Figure 8.7	Number of Agricultural Bank Failures and Percentage of Failed Agricultural Bank Assets in U.S., 1977–1993	278
Figure 8.8	Comparison of Selected Factors in Predicting Agricultural Bank Failures Four and Five Years Forward, 1980	281
Figure 8.9	Comparison of Selected Factors in Predicting Agricultural Bank Failures Four and Five Years Forward, 1982	282

Figure 8.10	Agricultural Banks versus Small Non-Agricultural Banks: Nonperforming Loans As a Percentage of All Loans, 1982–1990	285
Figure 8.11	Agricultural Banks versus Small Non-Agricultural Banks: Percentage of Institutions with Negative Net Income, 1980–1990	287
E: 0.1		201
Figure 9.1	Domestic Crude-Oil Refiner Acquisition Cost versus Average Number of Rotary Rigs, 1972–1988	293
Figure 9.2	Changes in Southwest Gross Product versus Changes in U.S. Gross Domestic Product, 1980–1994	294
Figure 9.3	Domestic Crude-Oil Refiner Acquisition Cost versus Gross Domestic Product, 1970–1988	301
Figure 9.4	Office Vacancy Rates, Southwestern Cities versus U.S., 1980–1994	303
Figure 9.5	Median Home Resale Prices, Houston versus U.S., 1980–1990	307
Figure 9.6	Newly Issued Building Permits (Residential), Houston versus U.S., 1980–1990	308
Figure 9.7	Housing Starts, Houston versus U.S., 1976–1995	309
Figure 9.8	Newly Chartered Banks, Southwest versus U.S., 1974–1994	313
Figure 9.9	Asset Growth Rates, Southwest versus U.S., 1975–1994	316
Figure 9.10	Median Commercial and Industrial Loans, Southwest versus U.S., 1974–1994	316
Figure 9.11	Median Total Real Estate Loans, Southwest versus U.S., 1974–1994	317
Figure 9.12	Median Commercial Real Estate Loans, Southwest versus U.S., 1980–1994	318
Figure 9.13	Median Gross Loans and Leases, Southwest versus U.S., 1976–1994	318
Figure 9.14	Median Total Nonperforming Assets, Southwest versus U.S., 1982–1994	319
Figure 9.15	Median Net Charge-Offs on Loans and Leases, Southwest versus U.S., 1976–1994	319
Figure 9.16	Bank Failures, Southwest versus U.S., 1980–1994	320
Figure 9.17	Commercial Real Estate Lending in Houston, Dallas, and Oklahoma City, Failed versus Nonfailed Banks, 1974–1994	322
Figure 9.18	Nonperforming Loans as a Percentage of All Loans, Southwest versus Rest of U.S., 1982–1990	333
Figure 9.19	Percentage of Banks with Negative Net Incomes, Southwest versus Rest of U.S., 1978–1990	333
Figure 9.20	Comparison of Selected Factors in Predicting Southwest Bank Failures Four and Five Years Forward, 1982, 1984 and 1986	334
Figure 10.1	Changes in Northeast Gross Product versus Changes in U.S. Gross Domestic Product, 1980–1994	339

Figure 10.2	Office Vacancy Rates in Boston, 1980–1994	341
Figure 10.3	Rent Indices, Boston and Hartford versus U.S., 1980–1995	342
Figure 10.4	Median Home Resale Prices, Boston versus U.S., 1982–1995	344
Figure 10.5	Office Vacancy Rates in New York City, 1980-1994	346
Figure 10.6	Rent Indices, New York City and Long Island versus U.S., 1980–1995	347
Figure 10.7	Asset Growth Rates, Northeast versus U.S., 1975-1994	349
Figure 10.8	Median Gross Loans and Leases, Northeast versus U.S., 1976-1994	350
Figure 10.9	Median Total Real Estate Loans, Northeast versus U.S., 1974–1994	350
Figure 10.10	Median Commercial and Industrial Loans, Northeast versus U.S., 1974–1994	351
Figure 10.11	Median Residential Real Estate Loans, Northeast versus U.S., 1974–1994	352
Figure 10.12	Median Commercial Real Estate Loans, Northeast versus U.S., 1980–1994	353
Figure 10.13	Median Total Nonperforming Assets, Northeast versus U.S., 1982–1994	353
Figure 10.14	Median Net Charge-Offs on Loans and Leases, Northeast versus U.S., 1976–1994	354
Figure 10.15	Northeast Bank Failures, 1980–1994	362
Figure 10.16	Nonperforming Loans as a Percentage of All Loans, Northeast versus Rest of U.S., 1982–1990	368
Figure 10.17	Percentage of Banks with Negative Net Income, Northeast versus Rest of U.S., 1980–1994	368
Figure 10.18	Comparison of Selected Factors in Predicting Northeastern Bank Failures Four and Five Years Forward, 1986	371
Figure 10.19	Comparison of Selected Factors in Predicting Northeastern Bank Failures Four and Five Years Forward, 1988	372
Figure 11.1	Changes in California Gross State Product versus Changes in U.S. Gross Domestic Product, 1980–1994	380
Figure 11.2	Defense-Related Manufacturing Sector, FY 1980–1994	383
Figure 11.3	The California Construction Sector, 1980–1994	384
Figure 11.4	New Housing Permits, Multifamily versus Single Family, California, 1978–1994	386
Figure 11.5	Median Home Prices, California (Selected Markets) and U.S., 1980–1994	386
Figure 11.6	Commercial Office Vacancy Rates, California (Selected Markets) and U.S., 1980–1994	388

Figure 11.7	Japanese Investment in U.S. Real Estate, 1985–1994	390
Figure 11.8	Newly Chartered Banks in California, 1980-1994	402
Figure 11.9	California Bank Failures, 1980–1995	410
Figure 11.10	Median Total Loans and Leases, Southern California versus the Rest of California and U.S., 1980–1994	414
Figure 11.11	Median Total Real Estate Loans, Southern California versus the Rest of California and U.S., 1980–1994	414
Figure 11.12	Median Total Commercial Real Estate Loans, Southern California versus the Rest of California and U.S., 1980–1994	415
Figure 11.13	Median Total Commercial and Industrial Loans, Southern California versus the Rest of California and U.S., 1980–1994	415
Figure 11.14	Median Nonperforming Assets, Southern California versus the Rest of California and U.S., 1982–1994	416
Figure 11.15	Median Net Charge-Offs on Loans and Leases, Southern California versus the Rest of California and U.S., 1980–1994	416
Figure 11.16	Median Commercial Real Estate Loans, California Banking Groups versus the U.S., 1980–1994	417
Figure 12.1	Field Examination Staffs of the Federal and State Banking Agencies, and Total Number of Problem Banks, 1979–1994	427
Figure 12.2	Total Number of Examinations per Year and Total Number of Problem Banks, 1980–1994	428
Figure 12.3	Average Number of Examinations per Year for Texas Commercial Banks, 1980–1994	431
Figure 12.4	Median Examination Period (Days) for Failed Banks, 1980-1994	431
Figure 12.5	Composite CAMEL Ratings Two Years before Failure for Banks Failing between 1980 and 1994	433
Figure 12.6	CAMEL Ratings of Failed Banks Two Years before Failure, 1980–1994	437
Figure 12.7	Median Asset Growth Rates of CAMEL 4-Rated Banks before and after Regulatory Intervention	451
Figure 12.8	Dividend Rates and Capital Infusions of CAMEL 4-Rated Banks before and after Regulatory Intervention	453
Figure 13.1	Bank Condition Ratios for Failed and Nonfailed Banks, 1982-1986	482
Figure 13.2	Bank Risk Ratios for Failed and Nonfailed Banks, 1982-1986	484
Figure 13.3	Procedure Used in Contingency Table Analysis	492