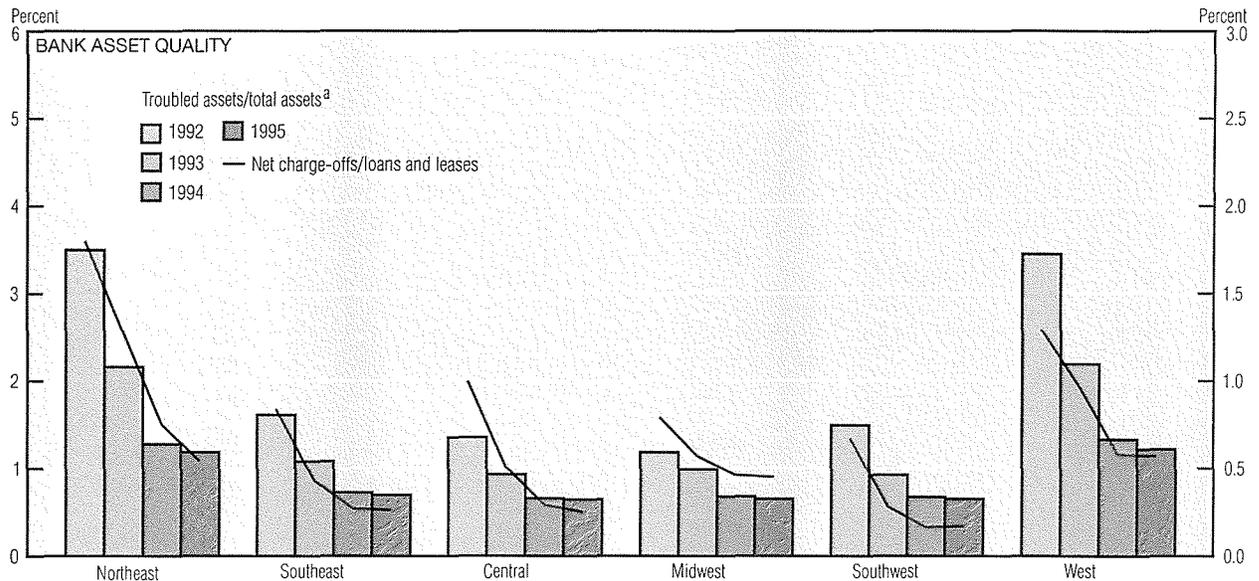
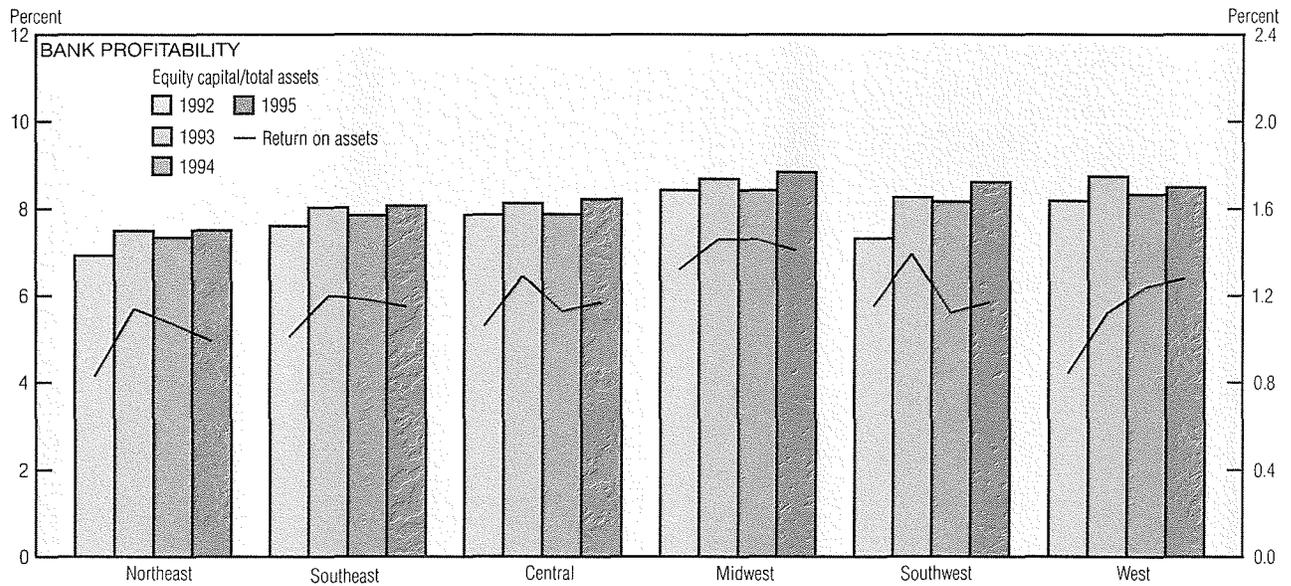


Regional Banking Conditions



a. Troubled assets include noncurrent loans and leases plus other real estate owned.

NOTE: All data are for FDIC-insured commercial banks. 1995 data are for the first half of the year and are annualized where appropriate.

SOURCE: Federal Deposit Insurance Corporation.

Data for the first half of 1995 illustrate the continued health of the commercial banking industry across all regions of the country. The average return on assets declined slightly to 1.13% nationally, but increased in the Southwest, West, and Central regions. This measure of profitability ranged from 0.99% in the Northeast to an impressive 1.41% in the Midwest.

Equity capital as a percentage of total assets firmed to 8.03% from

7.78%, as the increase in equity capital outpaced the gain in total assets. This improvement encompassed all regions of the country, ranging from 7.5% in the Northeast to 8.83% in the Midwest.

The percentage of assets classified as troubled declined during the first half of 1995, as total assets increased 7.2% and troubled assets fell 20.3%. Although the percentage of troubled assets is still highest in the Northeast and West, these two regions have seen this indicator fall by nearly

two-thirds since 1992.

During the first half of 1995, net charge-offs (the net amount of loans and leases removed from balance sheets because they were not collectible) declined more than 12% from 1994 levels. The ratio of net charge-offs to loans and leases was little changed from last year's in every region except the Northeast, where a substantial 30% drop in net charge-offs lowered the ratio from 0.75% to 0.54%.