VOLUME 80 □ NUMBER 2 □ FEBRUARY 1994

FEDERAL RESERVE BULLETIN

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, WASHINGTON, D.C.

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Residential Lending to Low-Income and Minority Families: Evidence from the 1992 HMDA Data

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Since 1976, the Home Mortgage Disclosure Act (HMDA) has required most depository institutions with offices in metropolitan areas to provide data on the geographic location of the home purchase and home improvement loans they originate or buy. In recent years, as more information about mortgage lending has become available under HMDA, the access of lower-income and minority households to mortgage credit has drawn considerable attention and has stimulated initiatives in the private and public sectors to increase availability.

The expanded data have come about as the result of legislative amendments in 1989 and 1991 that increased the scope of the information that lenders must collect and the coverage of lenders required to report.[1] Under HMDA, lenders now disclose information on the disposition of home loan applications and on the race or national origin, gender, and annual income of loan applicants and borrowers. They also disclose the type of secondary market purchaser for loans that are originated or bought by the lender in the same year as the sale. Independent mortgage companies (firms not affiliated with a depository institution) now are among the lenders covered by the act; many of them are active lenders, often extending credit in dozens of metropolitan areas.

This article uses the HMDA data to study developments in the mortgage market and continues the analyses published in two previous *Bulletin* articles.[2] It uses the 1992 data to analyze patterns of loan applications and their disposition by the income, race, or ethnicity of the applicant and by the location of the property involved in the loan. It examines lending in different types of neighborhoods, including those in central city and in noncentral city locations, and describes the role of mortgage originators and of institutions that purchase mortgages. Finally, it reviews the use of HMDA data to monitor the way institutions comply with laws pertaining to fair lending, community reinvestment, and affordable housing.

SUMMARY OF THE FINDINGS FOR 1992

The HMDA data show that by far the most common type of home loan requested by consumers during 1992 was for refinancing, which accounted for more than half of all home loan applications. Among loans used to purchase homes, the share of loans insured by the Federal Housing Administration (FHA) dropped sharply from the previous year. The drop probably resulted from the recent increases in the costs to homebuyers of using FHA-insured loans and from the greater availability of conventional loan products designed to reach low- and moderate-income homebuyers.

1. The Financial Institutions Reform, Recovery and Enforcement Act of 1989 contains the 1989 amendments to HMDA; the Federal Deposit Insurance Corporation Improvement Act of 1991 contains the 1991 amendments.

2. See Glenn B. Canner and Dolores S. Smith, "Home Mortgage Disclosure Act: Expanded Data on Residential Lending," *Federal Reserve Bulletin*, vol. 77 (November 1991), pp. 859–81; and Glenn B. Canner and Dolores S. Smith, "Expanded HMDA Data on Residential Lending: One Year Later," *Federal Reserve Bulletin*, vol. 78 (November 1992), pp. 801–24.

Most applications in 1992 for home loans were approved, particularly those to buy homes or to refinance existing loans. The rates of denial varied among applicants grouped by their income and racial or ethnic characteristics (see the box "Denial Rates for Home Loans, by Racial or Ethnic Characteristics of Applicants"). Differences in the distribution of applicants by income accounted for some of the differences in loan disposition rates among racial or ethnic groups, but other factors also seemed to be important because white applicants in all income groups had lower rates of denial than black or Hispanic applicants. These disparities raise the possibility of unlawful discrimination against some minority applicants.

The HMDA data provide little information about other factors that might explain differences in denial rates among racial or ethnic groups. For example, the data do not include detailed information about the financial circumstances of loan applicants or the characteristics of the properties that applicants sought to purchase, refinance, or improve. When used in conjunction with other information, however, the HMDA data facilitate assessment by government agencies of lenders' compliance with the fair lending laws.

The HMDA data show that the 1992 rates of loan approval rose and rates of denial fell from those of the previous year for black and for white applicants for government-backed and for conventional home purchase loans. They show a large increase in the number of conventional home purchase loans extended to low-income and to black families. The types and quantities of home loans extended in 1992 varied considerably across neighborhoods grouped by median family income, racial or ethnic composition, and location (that is, whether central city or noncentral city); differences in the socioeconomic and housing characteristics of neighborhoods offer possible explanations for these lending patterns.

The HMDA data also shed light on the secondary market for mortgages. Institutions in the secondary mortgage market play a prominent role in the U.S. housing market. Secondary market participants generally do not originate loans, but they do specify the underwriting guidelines that loans must meet to be eligible for purchase or securitization. Two government-sponsored enterprises dominate secondary market purchases in conventional mortgage loans—the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). Recent legislation directs both agencies to meet loan-purchase targets for low-income and for central city borrowers. The HMDA data have limitations for measuring Fannie Mae's and Freddie Mac's performance in helping to meet these affordable housing goals. However, the data suggest that the mortgages purchased by other secondary market institutions in 1992 generally included higher proportions of conventional home loans extended to lower-income families and to families living in central cities relative to the purchases by Fannie Mae and Freddie Mac.

Denial Rates for Home Loans, by Racial or Ethnic Characteristics of Applicants

The 1992 HMDA data show that rates of loan application denial vary by racial and ethnic characteristics. For example, for conventional home purchase loans, about 36 percent of black applicants, 27 percent of Hispanic applicants, 16 percent of white applicants, and 15 percent of Asian applicants were denied credit. As discussed in detail in the text, many factors may account for these differences.

Proportion of home loan applications denied, by purpose of loan and characteristics of applicant, 1992
Percent

Racial or ethnic characteristic of applicant	Home purchase		Refinancing	Home improvement
	Government-backed[1]	Conventional		
Asian/Pacific Islander	13.5	15.3	15.8	28.3
Black	23.8	35.9	23.6	39.7
Hispanic	18.5	27.3	24.5	41.1
White	12.8	15.9	10.4	18.8

1. Loans backed by the Federal Housing Administration, the Department of Veterans Affairs, or the Farmers Home Administration.

SOURCE. Federal Financial Institutions Examination Council, Home Mortgage Disclosure Act.

A BRIEF DESCRIPTION OF THE 1992 HMDA DATA

In 1992, 9,073 home lenders submitted HMDA data, including 5,468 commercial banks, 1,395 savings associations, 1,706 credit unions, and 504

1. Residential lending activity reported by financial institutions covered by HMDA, 1981–92

Year	Number of loans[1] (millions)	Number of reporting institutions	Number of disclosure reports
1981	1.28	8,094	10,945
1982	1.13	8,258	11,357
1983	1.71	8,050	10,970
1984	1.86	8,491	11,799
1985	1.98	9,072	12,567
1986	2.83	8,898	12,329
1987	3.42	9,431	13,033
1988	3.39	9,319	13,919
1989	3.13	9,203	14,154
1990[2]	6.59	9,332	24,041
1991	7.89	9,358	25,934
1992	12.01	9,073	28,782

1. Before 1990, includes only loans originated by covered institutions; beginning in 1990 (first year under revised reporting system), includes loans originated and purchased, applications approved but not accepted by the applicant, applications denied or withdrawn, and applications closed because information was incomplete.

2. Revised from preliminary figures published in Glenn B. Canner and Dolores S. Smith, "Home Mortgage Disclosure Act: Expanded Data on Residential Lending," *Federal Reserve Bulletin*, vol. 77 (November 1991), p. 861, to reflect corrections and the reporting of additional data.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

mortgage companies, of which 224 were independent entities (table 1).[3] The number of creditors disclosing lending data fell about 3 percent from 1991, a decrease reflecting the effects of acquisitions, mergers, and failures.[4] Nonetheless, total reported loan applications and purchased loans increased more than 50 percent, from 7.9 million to 12.0 million. (For information on how members of the public can receive HMDA data, see the box "Public Access to HMDA Data.")

In 1992, lenders covered by HMDA acted on roughly 10.0 million home loan applications and reported information on nearly 2.0 million loans they purchased from other institutions. Of the 3.5 million applications for home purchase loans, 2.8 million (more than three-fourths) were for conventional mortgage loans (table 2). The remainder were for government-backed credit—loans insured or guaranteed by the Federal Housing Administration (FHA), the Department of Veterans Affairs (VA), or the Farmers Home Administration (FmHA). (See the box "How HMDA Data Are Collected and Distributed.")

Lending institutions specialize in different types of loans (table 3). In 1992, depository institutions originated about 60 percent of home loans of all types; independent mortgage companies or the mortgage company affiliates of depository institutions originated the rest. Home purchase loan orig-

Public Access to HMDA Data

To make public access to HMDA data easier, the Federal Financial Institutions Examination Council (FFIEC) makes the data available for purchase in several media. Facsimiles of disclosure reports for the individual institutions and the aggregate reports for each metropolitan statistical area (MSA) are available in hard copy and on microfiche. The HMDA Loan/Application Register (HMDA-LAR) records and selected census data for each census tract in each MSA are available on PC diskette, and those for the entire nation are available on computer tape. In the near future, disclosure statements and HMDA-LAR records will be available on CD-ROM. The sociodemographic data used to prepare the HMDA disclosure reports include data from the 1980 and the 1990 decennial Census of Population and Housing and annual estimates of the median four-person family income for each MSA from the Department of Housing and Urban Development; these data can also be obtained from the FFIEC.

The FFIEC also makes available a series of reports drawn from the HMDA data analysis system that has been developed by the regulatory agencies to enhance their fair lending enforcement and Community Reinvestment Act assessment efforts. These reports provide information about the lending activity of individual institutions in forms different from the standard tables used for the disclosure statements. For instance, one report provides information about the number and dollar amount of loan applications and their disposition by census tract; it also displays a variety of socioeconomic data for each census tract.

For information about the availability of data or to request data from the FFIEC, contact the HMDA Operations Unit, Mail Stop 502, Board of Governors of the Federal Reserve System, Washington DC 20551. A copy of the HMDA data order form may be obtained by calling the HMDA Assistance Line (202) 452-2016.

3. The commercial bank total includes some savings banks whose primary federal regulator is the Federal Deposit Insurance Corporation, and the savings association total comprises only institutions regulated by the Office of Thrift Supervision.

4. For 1992 and previous years, only mortgage companies with $10 million or more in assets were required to report under the HMDA. Since 1993, mortgage companies that make 100 or more home purchase loans or refinancings of home purchase loans are required to report, regardless of asset size.

2. Number of applications for home loans, by purpose and type of loan, 1992[1]

Number in thousands

Type	Loans on one- to four-family dwellings: Home purchase	Loans on one- to four-family dwellings: Refinancing	Loans on one- to four-family dwellings: Home improvement	Loans on multifamily dwellings (five or more families)
FHA-insured	557.1	196.6	94.4	*
VA-guaranteed	223.3	104.7	1.9	*
FmHA-insured	2.7	*	*	*
Conventional	2,754.4	4,917.4	1,145.3	30.4
Total	3,537.5	5,218.8	1,241.7	30.6
MEMO: *Conventional*				
Conforming[2]	2,556.2	4,505.7	1,134.9	...
Nonconforming	198.1	411.5	10.3	...

1. In this and subsequent tables, components may not sum to totals because of rounding.
2. Loans less than $202,300 in size.

* Fewer than 500.
SOURCE. FFIEC, Home Mortgage Disclosure Act.

inations of all types were about evenly divided between depositories and mortgage companies, whereas almost three-fourths of the government-backed home purchase loans were originated by mortgage companies (including those affiliated with depositories). Depository institutions, excluding their mortgage company affiliates, were the dominant source of home improvement and multifamily loans, with commercial banks providing most of the home improvement loans and savings associations providing the majority of multifamily loans.

APPLICATIONS FOR HOME LOANS

In 1992, by far the most common type of home loan requested by consumers was for refinancing a mortgage. Applications for refinancing grew almost 150 percent from the previous year, causing the total number of home loan applications to increase markedly. The substantial increase in refinancing applications reflected lower mortgage rates, the greater availability of no-fee loans, and the more efficient processing of applications.[5]

In 1992, a decline in FHA activity from 1991 resulted in an increase in the conventional mortgage share of home purchase loan applications. Applications for FHA-insured loans accounted for 15.7 percent of all applications for home purchase

5. With a no-fee loan, the borrower incurs no out-of-pocket expenses for either closing costs or discount points on the loan. Such loans are often written with a higher interest rate to compensate the lender, and closing costs are frequently added to the outstanding mortgage balance.

3. Home lending, by type and purpose of loan and by type of lender, 1992

Number of loans and percent distribution

Purpose of loan	Commercial bank: Number	Commercial bank: Percent	Savings association: Number	Savings association: Percent	Credit union: Number	Credit union: Percent	Mortgage company[1]: Number	Mortgage company[1]: Percent	Total: Number	Total: Percent
Home purchase	621,514	25.2	544,438	22.1	34,570	1.4	1,263,301	51.3	2,463,823	100
FHA-insured	45,075	11.2	59,419	14.8	782	0.2	296,730	73.8	402,006	100
VA-guaranteed	19,958	12.2	23,637	14.5	2,079	1.3	117,646	72.0	163,320	100
FmHA-insured	662	39.6	477	28.5	2	0.1	531	31.8	1,672	100
Conventional	555,819	29.3	460,905	24.3	31,707	1.7	848,394	44.7	1,896,825	100
Home refinancing	1,224,540	31.0	1,041,712	26.4	136,320	3.5	1,542,863	39.1	3,945,435	100
Home improvement	563,764	71.2	81,532	10.3	84,969	10.7	61,773	7.8	792,038	100
Multifamily[2]	7,603	38.4	9,943	50.3	509	2.6	1,730	8.7	19,785	100
All	2,417,421	33.5	1,677,625	23.2	256,368	3.6	2,869,667	39.7	7,221,081	100

1. Includes independent mortgage companies and mortgage companies affiliated with a commercial bank or savings association.
2. Includes dwellings for five or more families.
SOURCE. FFIEC, Home Mortgage Disclosure Act.

loans compared with 20.4 percent in 1991. Concurrently, the share of all home purchase loan originations insured by the FHA fell from 20.5 percent to 16.3 percent. Increases in the cost to homebuyers of using FHA-insured loans, along with the greater availability of conventional loan products for low- and moderate-income homebuyers, may have encouraged the shift. Still, tens of thousands of households—particularly first-time homebuyers—used the program to buy homes.[6]

Homeowners infrequently use the FHA program, compared with conventional loans, to refinance an existing mortgage. In 1992, applications for FHA loans accounted for only 3.8 percent of the applications for refinancing loans. The small share of refinancings insured by the FHA is not surprising because households that refinance often have sufficient equity in their homes and have accumulated enough other assets to cover the larger downpayment typically required for a conventional mortgage.

In general, households with lower incomes are more likely than households with higher incomes to use government-sponsored home loan programs, particularly those of the FHA and the FmHA. In 1992, one-third of applicants for home purchase loans with incomes below the median family income for their metropolitan statistical area (MSA) applied for government-backed loans; in contrast, only 13 percent of applicants with incomes greater than 120 percent of the median family income for their MSA applied for such loans (table 4).

The greater reliance of lower-income households on government-backed loans reflects several factors. The limits on the amount of FHA loan insurance make these loans unavailable to households seeking to buy more expensive properties, and the low downpayment requirements make them particularly attractive to lower-income households and to first-time homebuyers, who are likely to have fewer financial resources for downpayments and closing costs.

6. In 1992, approximately 49 percent of those who used section 203(b) FHA loans (the principal type of FHA single-family loan program) were first-time homebuyers. The proportion was even higher in 1991, when 57 percent of the borrowers were first-time homebuyers. See U.S. Department of Housing and Urban Development, *Characteristics of FHA Single-Family Mortgages: Selected Sections of the National Housing Act*, 1991 and 1992.

How HMDA Data Are Collected and Distributed

Under the provisions of the Federal Reserve Board's Regulation C (Home Mortgage Disclosure), each institution covered by HMDA completes and submits a HMDA Loan/Application Register (HMDA-LAR). The HMDA-LAR is a report form used to record data for each loan application acted on and for each loan purchased. It includes information on the race or national origin, gender, and annual income of the applicants or borrowers; the size of the loan; the geographic location of the property; and the identity of the secondary market purchaser if the loan was sold. Lenders send this report form to their respective federal supervisory agency, which then forwards the data to the Board for processing. (Institutions supervised by the National Credit Union Administration, the Comptroller of the Currency, or the Federal Deposit Insurance Corporation submit data—beginning with HMDA data for 1993—directly to the Federal Reserve Board.) The Board, acting on behalf of the Federal Financial Institutions Examination Council (FFIEC) and the Department of Housing and Urban Development (HUD) produces, for each covered lender, a HMDA disclosure statement that includes a report about the lender's activities for each metropolitan statistical area (MSA) in which the lender has an office. For 1992, disclosure statements consisted of nearly 28,782 reports, an increase from the 25,934 prepared for 1991 (table 1). The Board also produces aggregate reports describing overall lending activity by covered institutions in each MSA.

The public can obtain a copy of an individual lender's disclosure statement from a central data depository (typically a library or an office of a local government agency) located in the MSA where the lender has offices or from the lender itself. The central data depositories also make the aggregate MSA reports available to the public.

Among racial groups, applicants who are black are more likely than other applicant groups to seek government-backed home purchase loans. In 1992, about 41 percent of the black applicants who applied for a home purchase loan sought a government-backed mortgage; the comparable figures for Hispanics, whites, and Asians were 31 percent, 21 percent, and 11 percent respectively.

As in previous years, the differences in the use of government-backed home purchase loan programs

4. Home loan applications, by purpose of loan, characteristics of applicant, and characteristics of census tract in which property is located, 1992

Number and percent

Applicant or census tract characteristic	Home purchase: Government-backed[1]: Number	Home purchase: Government-backed[1]: Percentage distribution	Home purchase: Government-backed[1]: Percentage of group's home purchase loans	Home purchase: Conventional: Number	Home purchase: Conventional: Percentage distribution	Home purchase: Conventional: Percentage of group's home purchase loans	Home refinancing: Number	Home refinancing: Percentage distribution	Home improvement: Number	Home improvement: Percentage distribution
Race or ethnic group of applicant										
American Indian/ Alaskan native	3,809	.5	23.2	12,617	.5	76.8	19,569	.4	6,296	.6
Asian/Pacific Islander	11,641	1.5	10.6	98,073	3.8	89.4	224,845	4.6	21,116	2.0
Black	80,553	10.6	41.2	114,793	4.4	58.8	134,544	2.8	93,823	8.9
Hispanic	52,277	6.9	31.0	116,327	4.5	69.0	187,910	3.9	87,912	8.3
White	583,931	77.0	20.9	2,208,691	84.6	79.1	4,154,069	85.8	825,622	77.9
Other	2,353	.3	17.9	10,774	.4	82.1	23,023	.5	7,922	.7
Joint (white/minority)	23,432	3.1	31.6	50,662	1.9	68.4	98,877	2.0	17,245	1.6
Total	757,996	100	22.5	2,611,937	100	77.5	4,842,836	100	1,059,936	100
Income of applicant (percentage of MSA median)[2]										
Less than 80	214,841	35.9	33.4	427,595	21.6	66.6	580,647	14.0	315,518	33.3
80–99	127,128	21.2	33.4	253,718	12.8	66.6	476,455	11.5	135,243	14.3
100–120	97,795	16.3	27.8	254,015	12.8	72.2	530,573	12.8	119,810	12.6
More than 120	158,962	26.6	13.2	1,046,010	52.8	86.8	2,556,198	61.7	376,994	39.8
Total	598,726	100	23.2	1,981,338	100	76.8	4,143,873	100	947,565	100
Racial composition of census tract (minorities as percentage of population)										
Less than 10	252,107	41.2	18.8	1,091,972	54.0	81.2	2,207,292	50.7	490,940	51.1
10–19	146,451	23.9	25.7	424,122	21.0	74.3	947,501	21.8	165,177	17.2
20–49	144,915	23.7	30.5	330,803	16.4	69.5	798,356	18.3	157,352	16.4
50–79	42,160	6.9	27.8	109,396	5.4	72.2	254,155	5.8	67,741	7.1
80–100	26,335	4.3	29.0	64,598	3.2	71.0	146,689	3.4	78,941	8.2
Total	611,968	100	23.2	2,020,891	100	76.8	4,353,993	100	960,151	100
Income of census tract[3]										
Low or moderate	105,008	17.2	30.6	238,566	11.8	69.4	405,550	9.3	189,203	19.7
Middle	355,012	58.0	26.5	987,071	48.8	73.5	2,087,332	47.9	498,640	51.9
Upper	151,948	24.8	16.0	795,254	39.4	84.0	1,861,111	42.7	272,308	28.4
Total	611,968	100	23.2	2,020,891	100	76.8	4,353,993	100	960,151	100
Location of census tract[4]										
Central city	295,878	48.0	27.6	775,516	38.1	72.4	1,570,342	35.8	429,625	44.2
Noncentral city	320,021	52.0	20.2	1,261,067	61.9	79.8	2,810,150	64.2	542,027	55.8
Total	615,889	100	23.2	2,036,583	100	76.8	4,380,492	100	971,652	100

1. Loans backed by the Federal Housing Administration, the Department of Veterans Affairs, and the Farmers Home Administration.

2. MSA median is median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

3. Census tracts are categorized by the median family income for the tract relative to the median family income for the metropolitan statistical area MSA in which the tract is located. Categories are defined as follows: *Low or moderate*, median family income for census tract less than 80 percent of median family income for MSA; *Middle income*, median family income 80 percent to 120 percent of MSA median; *Upper income*, median family income more than 120 percent of MSA median.

4. Includes only census tracts located in MSAs.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

by various racial groups reflected more than differences in income. For instance, among low-income loan applicants, 53 percent of black applicants sought FHA or VA loans compared with 40 percent of Hispanic applicants, 31 percent of white applicants, and 22 percent of Asian applicants. One possible explanation for this relatively greater reliance of black applicants on government-backed programs is that black households, on average, have smaller holdings of liquid assets compared with those of other low-income households.[7]

The patterns of applications for refinancings by the income and race or ethnic characteristics of the applicants differed from those for home purchase loans. Higher-income households accounted for

7. Board of Governors of the Federal Reserve System, Survey of Consumer Finances (Board of Governors, various years).

62 percent of all refinancing applications and for 47 percent (calculated from table 4) of all applications for home purchase loans. Also, white applicants accounted for a higher proportion of refinancing applications than of home purchase loan applications, reflecting the fact that, among homeowners with mortgages, most are white.

As noted earlier, lower-income and minority applicants were more likely to request government-backed mortgages. Consistent with this pattern, applicants who were seeking homes in low- or moderate-income neighborhoods requested government-backed mortgage programs more often than those seeking homes in upper-income neighborhoods. Requests for government-backed loans also accounted for a higher share of all home purchase loan applications in neighborhoods with higher proportions of minority residents.

THE DISPOSITION OF HOME LOAN APPLICATIONS

The HMDA data show that lenders approve most home loan applications (table 5).[8] In 1992, lenders approved nearly three-quarters of the applications for home purchase loans and about 78 percent of the applications for refinancings. A lower proportion, about two-thirds, of the applications for home improvement and multifamily loans were approved. Applications that were not approved may have been denied by the lender or withdrawn or left incomplete by the applicant. (Applicants who were denied at one institution but later accepted by another institution in the same year appear as both a denial and an approval in the HMDA data.) In general, relatively small proportions of the applications for home purchase and refinancing loans are denied.

The high rates of approval for home purchase loans are to be expected. Before filing an application, potential homebuyers often obtain information about the size of loan for which they are likely to qualify. This information comes from several sources, including real estate agents, who are involved in most home purchase transactions, and loan officers, who are often asked to prequalify prospective homebuyers. Many applicants also know from experience their likelihood of obtaining a home loan and tailor their search for a home with that information in mind. Finally, prospective borrowers have an incentive to learn about prevailing standards for credit and to postpone an application until they are likely to qualify because they usually incur some upfront costs in filing an application—to cover, at a minimum, a property appraisal and a credit bureau report. These forms of prescreening are not as prevalent for home improvement applications, and the result is a higher rate of loan denials.

Disposition Rates for Applicants Grouped by Income, Race, or Ethnicity

Although most applications for home loans are approved, the rates of approval and denial vary among applicants grouped by their income and racial or ethnic characteristics (table 6).

In 1992, about 81 percent of the applicants for conventional home purchase loans whose incomes placed them in the highest income group were approved for loans, compared with 69 percent for the lowest income group. A similar relation between approval rates and applicant income has been found for other types of home loans, including government-backed home purchase loans, refinancings, and home improvement loans.

Income can be expected to affect an applicant's ability to qualify for a home purchase loan, but it is just one element that lenders consider when evaluating creditworthiness. Other factors include the amount of the loan requested, nonhousing debt, assets available for downpayment and closing costs, employment experience, and credit history. On average, low-income households have fewer assets and lower net worth and experience more frequent employment disruptions than high-income households; these factors combined with a low income often result in higher loan denial rates.

Compared with Asian and white applicants, greater proportions of black and Hispanic loan

8. The approval rate is the sum of the proportion of loans originated from the pool of applications and the proportion of loans approved but not accepted by the applicant. Applicants who do not accept an approved loan may have decided not to complete the transaction or may have applied for and accepted a loan from another lender.

5. Disposition of applications for home loans, by purpose and type of loan, 1992
Percentage distribution

Type	Home purchase						Refinancing					
	Approved and extended	Approved but not accepted	Denied	Withdrawn	File closed	Total	Approved and extended	Approved but not accepted	Denied	Withdrawn	File closed	Total
FHA-insured	72.2	2.1	14.9	9.3	1.5	100.0	74.4	1.7	7.4	12.8	3.7	100.0
VA-guaranteed	73.1	.6	14.0	10.6	1.7	100.0	77.4	1.4	6.3	12.2	2.7	100.0
FmHA-insured	61.1	.3	26.3	10.2	2.1	100.0	61.2	1.1	20.1	16.5	1.1	100.0
Conventional	68.9	4.0	17.8	8.1	1.2	100.0	75.6	2.2	12.7	8.3	1.2	100.0
Total	69.6	3.5	17.2	8.4	1.3	100.0	75.6	2.1	12.4	8.5	1.4	100.0

*Less than 0.05 percent.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

applicants were turned down for mortgage credit in 1992. For conventional home purchase loans, about 36 percent of black applicants, 27 percent of Hispanic applicants, 15 percent of Asian applicants, and 16 percent of white applicants were denied credit. Consistent with these findings, the HMDA data indicate that the rate of denial for conventional home purchase loans generally increases as the proportion of minority residents in a neighborhood increases (table 7).

Differences in denial rates for applicants grouped by race or ethnicity reflect a variety of factors, including differences in the proportion of each group with relatively low income. In 1992, 21 percent of the white applicants who applied for conventional home purchase loans had incomes that were less than 80 percent of the median family income for their MSA (data not shown in tables). The comparable percentages were roughly 37 percent for blacks, 28 percent for Hispanics, and 16 percent for Asians. Differences in the distribution of applicants by income account for some, but clearly not all, of the differences in denial rates among these groups. Within each income group, white applicants for conventional home purchase loans had lower rates of denial than black or Hispanic applicants (table 8).

The differences in denial rates between white and black or Hispanic applicants have led some to conclude that widespread racial discrimination characterizes home lending. Although these disparities raise questions, the reasons for the differences in denial rates are difficult to determine from the HMDA data. The HMDA data provide little information about the characteristics of the properties that applicants seek to purchase, refinance,

6. Disposition of home loan applications, by purpose of loan and characteristics of applicant, 1992
Percentage distribution

Applicant characteristic	Home purchase									
	Government-backed[1]					Conventional				
	Approved	Denied	With-drawn	File closed	Total	Approved	Denied	With-drawn	File closed	Total
Race or ethnic group										
American Indian/ Alaskan native	68.6	17.5	11.7	2.2	100	63.5	26.6	8.7	1.2	100
Asian/Pacific Islander	74.0	13.5	11.1	1.4	100	72.5	15.3	10.7	1.6	100
Black	63.4	23.8	10.8	2.0	100	55.1	35.9	7.7	1.3	100
Hispanic	68.0	18.5	11.3	2.2	100	61.5	27.3	9.5	1.7	100
White	77.3	12.8	8.7	1.3	100	75.6	15.9	7.6	1.0	100
Other	69.8	16.0	11.7	2.5	100	67.1	21.0	10.2	1.7	100
Joint (white/minority)	74.5	14.8	9.6	1.1	100	72.6	17.6	8.6	1.2	100
Income (percentage of MSA median)[2]										
Less than 80	74.8	15.4	8.4	1.4	100	68.9	23.3	6.9	.9	100
80–99	79.7	11.4	7.7	1.2	100	77.5	14.4	7.2	.9	100
100–120	80.1	10.9	7.9	1.1	100	79.5	12.2	7.4	.9	100
More than 120	79.5	10.7	8.6	1.1	100	80.5	10.2	8.2	1.1	100

1. Loans backed by the Federal Housing Administration, the Department of Veterans Affairs, and the Farmers Home Administration.

2. MSA median is median family income of the metropolitan statistical area in which the property related to the loan is located.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

5.—Continued

Type	Home improvement						Multifamily dwellings					
	Approved and extended	Approved but not accepted	Denied	Withdrawn	File closed	Total	Approved and extended	Approved but not accepted	Denied	Withdrawn	File closed	Total
FHA-insured	40.3	7.8	38.6	11.6	1.6	100.0	75.3	1.2	18.7	3.6	1.2	100.0
VA-guaranteed	80.9	1.2	5.5	9.1	3.2	100.0	66.7	*	25.0	*	8.3	100.0
FmHA-insured	50.6	*	37.3	12.0	*	100.0	19.0	*	76.2	*	4.8	100.0
Conventional	65.7	3.1	25.4	4.9	.8	100.0	64.7	3.0	19.0	12.2	1.1	100.0
Total	63.8	3.5	26.4	5.4	.9	100.0	64.7	3.0	19.1	12.1	1.1	100.0

or improve or of loan applicants' financial circumstances—their levels of debt, debt repayment records, employment experience, and other factors pertinent to an assessment of credit risk—and no information about the specific underwriting standards used to evaluate each application.[9] Thus, the data are not a solid basis on which to assess the fairness of the loan process. When used in conjunction with other information by government agencies, however, the HMDA data are valuable in helping the agencies assess lenders' compliance with the fair lending laws.

Differences in Disposition Rates for Home Purchase Loans between 1991 and 1992

Denial rates for home purchase loan applications, both conventional and government-backed, were lower in 1992 than in 1991 (table 9).[10] In 1992, mortgage rates fell and home values were stable; these and other developments contributed to the decline.

Some lenders began making greater use of affordable home loan programs sponsored by secondary market institutions. Lenders also initiated special conventional mortgage lending programs to help low- and moderate-income households, and those seeking to buy homes in low- and moderate-income neighborhoods, qualify for credit. These programs have often targeted prospective homebuyers with sufficient income to purchase a home but with inadequate savings to make substantial downpayments and pay closing costs.[11] In some

9. Under HMDA, lenders may report the reasons for credit denials: Lenders most frequently cited applicants' credit history problems and excessive debt levels relative to income.

10. Denial rates for refinancings dropped significantly, from 15.9 percent to 12.4 percent (data not shown in tables).

11. Some programs established by lenders also target households with few financial assets but keep the monthly payment obligations within the borrower's reach by waiving the requirement that private mortgage insurance be obtained for these low downpayment loans.

6.—Continued

Applicant characteristic	Home refinancing					Home improvement				
	Approved	Denied	Withdrawn	File closed	Total	Approved	Denied	Withdrawn	File closed	Total
Race or ethnic group										
American Indian/ Alaskan native	70.1	17.6	10.4	2.0	100	67.2	27.6	4.6	.6	100
Asian/Pacific Islander	71.7	15.8	10.5	2.0	100	62.3	28.3	7.8	1.7	100
Black	64.1	23.6	10.4	1.9	100	54.4	39.7	5.3	.6	100
Hispanic	62.4	24.5	11.0	2.1	100	54.0	41.1	4.2	.7	100
White	80.8	10.4	7.7	1.1	100	75.9	18.8	4.7	.6	100
Other	66.8	20.5	10.6	2.1	100	56.8	33.7	8.0	1.6	100
Joint (white/minority)	76.6	13.6	8.5	1.3	100	71.1	23.2	4.9	.8	100
Income (percentage of MSA median)[2]										
Less than 80	73.5	17.0	8.5	1.1	100	59.4	35.0	5.0	.6	100
80–99	79.0	12.5	7.5	1.0	100	67.4	27.0	5.0	.6	100
100–120	80.3	11.4	7.4	1.0	100	70.5	23.7	5.2	.7	100
More than 120	80.2	10.8	7.9	1.1	100	73.5	20.1	5.5	1.0	100

7. Disposition of home loan applications, by purpose of loan and characteristics of census tract in which property is located, 1992

Percentage distribution

Census tract characteristic	Home purchase									
	Government-backed[1]					Conventional				
	Approved	Denied	Withdrawn	File closed	Total	Approved	Denied	Withdrawn	File closed	Total
Racial composition (minorities as percentage of population)										
Less than 10	80.2	11.0	7.6	1.2	100	80.7	11.4	7.0	.9	100
10–19	78.3	11.7	8.5	1.4	100	76.1	13.7	8.8	1.4	100
20–49	74.3	13.9	10.1	1.8	100	71.2	17.7	9.6	1.5	100
50–79	68.0	19.1	10.8	2.1	100	65.7	22.8	9.9	1.6	100
80–100	64.2	21.1	12.3	2.4	100	60.5	27.5	10.2	1.8	100
Income[2]										
Low or moderate	71.1	17.0	10.0	1.8	100	67.1	23.0	8.6	1.3	100
Middle	77.6	12.6	8.4	1.4	100	76.3	15.0	7.7	1.1	100
Upper	78.9	10.7	9.0	1.4	100	80.1	10.1	8.4	1.3	100
Location of census tract[3]										
Central city	75.4	14.0	9.0	1.6	100	75.4	15.1	8.3	1.3	100
Noncentral city	78.1	11.8	8.7	1.4	100	77.5	13.4	7.9	1.1	100

1. Loans backed by the Federal Housing Administration, the Department of Veterans Affairs, and the Farmers Home Administration.

2. Census tracts are categorized by the median family income for the tract relative to the median family income for the metropolitan statistical area (MSA) in which the tract is located. Categories are defined as follows: *Low or moderate*, median family income for census tract less than 80 percent of median family income for MSA; *Middle income*, median family income 80 percent to 120 percent of MSA median; *Upper income*, median family income more than 120 percent of MSA median.

3. Includes only census tracts located in MSAs.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

programs, the traditional loan underwriting guidelines have been made more flexible. For example, under the affordable housing programs sponsored by Fannie Mae and Freddie Mac, the proportion of the downpayment and closing costs that must come from the applicant's own savings has been reduced, and lenders may consider rent and utility payment records in lieu of other credit history information.[12]

Evaluating the effect of these targeted loan programs on homeownership by low- and moderate-income households is difficult because many of the programs have been operating only a short time. Still, the HMDA data may indicate that these programs are having a positive effect. In particular, the number of conventional home purchase loans extended to applicants with incomes below the median family income for their respective MSA increased 27 percent from 1991 to 1992 (table 9, memo item), compared with an increase of 10 percent for borrowers with incomes greater than 120 percent of the median family income.

From 1991 to 1992, the number of conventional home loans extended to black borrowers increased 26 percent, whereas those to white borrowers increased 21 percent and those to Hispanic and Asian borrowers rose 8 percent and 6 percent respectively. Within each racial or ethnic group, the changes were largest among lower-income borrowers. For black borrowers whose incomes were below the median, the increase was 34 percent; for whites, 28 percent; for Hispanics, 25 percent; and for Asians, 42 percent (data not shown in tables).

During the same period, rates of loan approval rose and rates of loan denial fell for black and for white applicants for both government-backed and conventional home purchase loans. For example, the denial rates nationwide for conventional home purchase loans were 37.4 percent for blacks and 17.3 percent for whites in 1991, compared with 35.9 percent and 15.9 percent respectively in 1992. In contrast, changes in the approval and denial rates for Hispanic and Asian applicants were mixed.

For low-income applicants, the approval rates rose sharply and the denial rates fell for applications for both government-backed and conventional home purchase loans. For other income

12. Other changes in the underwriting guidelines pertain to the treatment of nontaxable income and income from seasonal part-time or second jobs, income continuity and job stability, debt-to-income ratios, the appraiser's neighborhood and home improvement analyses, and the condition of the property.

7.--Continued

Census tract characteristic	Home refinancing					Home improvement				
	Approved	Denied	With-drawn	File closed	Total	Approved	Denied	With-drawn	File closed	Total
Racial composition (minorities as percentage of population)										
Less than 10	83.3	8.8	7.0	.9	100	74.4	20.5	4.6	.4	100
10–19	76.8	12.7	8.9	1.6	100	67.8	25.3	5.8	1.1	100
20–49	73.0	15.6	9.8	1.7	100	61.4	31.1	6.2	1.3	100
50–79	68.1	19.6	10.4	1.8	100	54.2	38.5	6.0	1.3	100
80–100	60.7	26.2	11.1	2.1	100	46.9	45.7	6.2	1.2	100
Income[2]										
Low or moderate	69.1	19.4	9.9	1.6	100	55.6	37.9	5.6	.9	100
Middle	78.7	12.1	8.0	1.2	100	69.5	24.6	5.1	.7	100
Upper	79.9	10.6	8.2	1.4	100	72.0	21.6	5.4	1.0	100
Location of census tract[3]										
Central city	76.5	13.2	8.8	1.5	100	63.9	29.7	5.5	.9	100
Noncentral city	79.4	11.5	7.9	1.2	100	70.4	23.8	5.1	.8	100

groups, changes in the disposition rates of loan applications were more modest.

Lending Activity in Neighborhoods with Different Characteristics

Using the HMDA data, one can compare lending activity across neighborhoods (that is, census tracts) in MSAs grouped by their residents' median family income and by racial or ethnic composition. Comparisons of lending among neighborhoods in the central city and noncentral city portions of MSAs are also possible.[13] Considerable caution should be exercised in making comparisons. Although the Bureau of the Census draws the boundaries of census tracts to include relatively homogenous populations, the residents of a given census tract can and sometimes do differ considerably. Diversity across and within neighborhoods influences the volume and types of lending that flow to different communities. Once these variations are taken into account, analyses suggest that neighborhood income and racial or ethnic characteristics are often not important factors in determining the risk or profitability of loans.[14]

Lending in Neighborhoods with Different Median Incomes

The 1992 HMDA data reveal that the types and quantities of home loans extended by lenders vary considerably across neighborhoods grouped by their median family income, racial or ethnic composition, and central city or noncentral city location. The 1990 census information described in the appendix provides possible explanations for these variations.

Overall, roughly 10 percent of the home loans extended by lenders covered by HMDA in 1992 went to borrowers in low- or moderate-income neighborhoods; nearly half the loans went to borrowers in middle-income neighborhoods; and the rest went to borrowers in upper-income neighborhoods (table 10). These differences closely match the distribution of the home loan applications received by lenders (data not shown in table). The distribution of the dollar value of home loans and of applications is more heavily skewed than the

13. For both census and HMDA data, if any portion of a census tract falls within a central city boundary, the entire census tract is considered to be located in a central city.

14. Board of Governors of the Federal Reserve System, "Report to the Congress on Community Development Lending by Depository Institutions" (Board of Governors, 1993).

8. Disposition of home loan applications, by purpose of loan and income and race of applicant, 1992
Percentage distribution

Applicant income and race or ethnic group[1]	Home purchase									
	Government-backed[2]					Conventional				
	Approved	Denied	Withdrawn	File closed	Total	Approved	Denied	Withdrawn	File closed	Total
Less than 80										
American Indian/ Alaskan native	69.9	16.9	11.2	2.0	100	63.5	28.0	7.6	.9	100
Asian/Pacific Islander	74.7	14.0	10.0	1.3	100	72.6	17.5	8.7	1.2	100
Black	63.9	24.1	10.0	2.1	100	54.6	36.0	8.0	1.4	100
Hispanic	69.1	18.6	10.3	1.9	100	58.8	31.8	7.9	1.5	100
White	78.2	13.1	7.6	1.1	100	71.7	21.1	6.5	.7	100
Other	70.7	17.0	9.8	2.5	100	59.8	30.3	8.8	1.1	100
Joint (white/minority)	73.2	16.6	9.2	1.1	100	65.0	27.3	6.8	1.0	100
80–99										
American Indian/ Alaskan native	77.0	13.4	7.7	1.9	100	70.9	18.8	9.1	1.2	100
Asian/Pacific Islander	77.4	12.2	8.9	1.6	100	75.6	14.3	9.1	1.1	100
Black	68.9	20.4	9.0	1.6	100	63.5	26.9	8.3	1.3	100
Hispanic	73.2	15.2	9.5	2.1	100	65.2	24.6	9.0	1.3	100
White	82.2	9.6	7.2	1.0	100	79.9	12.6	6.7	.8	100
Other	76.6	12.1	9.9	1.5	100	71.0	19.5	8.4	1.1	100
Joint (white/minority)	79.0	12.5	7.3	1.2	100	72.5	19.0	7.5	.9	100
100–120										
American Indian/ Alaskan native	75.5	13.8	8.9	1.8	100	73.2	17.0	8.9	.8	100
Asian/Pacific Islander	79.5	9.8	9.9	.9	100	75.6	13.9	9.2	1.2	100
Black	69.2	20.3	9.0	1.4	100	65.0	24.3	9.3	1.4	100
Hispanic	72.7	15.2	10.3	1.8	100	67.0	22.3	9.2	1.5	100
White	82.5	9.2	7.3	.9	100	81.7	10.6	7.0	.7	100
Other	79.7	9.8	7.3	3.2	100	73.7	15.2	10.2	.9	100
Joint (white/minority)	78.5	12.5	8.3	.7	100	76.4	15.2	7.6	.8	100
More than 120										
American Indian/ Alaskan native	74.4	13.8	10.5	1.3	100	75.9	12.9	9.8	1.4	100
Asian/Pacific Islander	74.4	14.1	10.3	1.1	100	73.5	14.2	10.8	1.5	100
Black	69.9	19.0	9.6	1.5	100	68.1	21.1	9.3	1.6	100
Hispanic	69.8	17.8	10.4	1.9	100	68.2	19.9	10.3	1.6	100
White	82.1	8.9	8.0	1.0	100	82.5	8.8	7.8	1.0	100
Other	75.3	11.7	11.0	2.0	100	72.8	15.1	10.4	1.7	100
Joint (white/minority)	79.4	11.1	8.7	.8	100	78.3	11.8	8.7	1.1	100

1. Applicant income shown as percentage of the median family income of the metropolitan statistical area in which the property related to the loan is located.

2. Loans backed by the Federal Housing Administration, the Department of Veterans Affairs, and the Farmers Home Administration.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

number of home loans and applications toward upper-income neighborhoods, reflecting factors that include the higher average home values in these neighborhoods.

The HMDA data also indicate that borrowers who buy, refinance, or improve their homes tend to have incomes that are higher than the incomes of other residents of their neighborhoods (compare table 10 with table A.1).[15] For example, in 1992 borrowers in low- and moderate-income neighborhoods had incomes equal to 101 percent of the median family income of their MSA, whereas the average income for all residents of these neighborhoods was 58 percent.

When all neighborhoods are grouped by income, there are fewer low- and moderate-income neighborhoods than middle- or upper-income neighborhoods, and those low-income neighborhoods contain only about 26 percent of the housing units and a similar percentage of the population residing in metropolitan areas. Lower levels of lending in low- and moderate-income neighborhoods result partly from the existence of fewer homes and people. Also, the relatively small proportion of home loans in these neighborhoods likely reflects the lower incomes of residents and the smaller proportion of owner-occupied housing units relative to other neighborhoods.

15. For more detail on the distributions discussed in this section, see the "Report to the Congress on Community Development Lending."

8.—Continued

Applicant income and race or ethnic group[1]	Home refinancing					Home improvement				
	Approved	Denied	With-drawn	File closed	Total	Approved	Denied	With-drawn	File closed	Total
Less than 80										
American Indian/ Alaskan native	66.3	22.3	10.1	1.4	100	62.3	33.5	3.8	.5	100
Asian/Pacific Islander	71.7	17.7	8.9	1.7	100	50.6	41.4	6.2	1.9	100
Black	58.9	28.8	10.7	1.6	100	49.7	44.4	5.4	.5	100
Hispanic	60.7	27.1	10.5	1.7	100	49.8	45.8	3.7	.7	100
White	77.1	14.5	7.5	.9	100	69.9	25.4	4.3	.4	100
Other	60.5	28.5	9.7	1.4	100	48.7	43.5	6.3	1.4	100
Joint (white/minority)	70.9	20.1	7.9	1.1	100	63.3	32.0	4.2	.5	100
80–99										
American Indian/ Alaskan native	70.6	18.1	9.5	1.7	100	70.8	24.9	3.7	.6	100
Asian/Pacific Islander	73.8	15.7	9.1	1.5	100	58.5	33.4	6.9	1.2	100
Black	64.0	23.9	10.4	1.7	100	55.1	39.0	5.2	.7	100
Hispanic	63.5	24.4	10.3	1.7	100	52.7	42.5	4.1	.7	100
White	82.1	10.4	6.7	.8	100	76.5	18.8	4.2	.4	100
Other	66.1	22.3	10.1	1.4	100	55.6	35.9	6.8	1.7	100
Joint (white/minority)	76.8	14.6	7.6	.9	100	68.6	26.7	4.0	.7	100
100–120										
American Indian/ Alaskan native	70.8	17.3	10.6	1.3	100	69.6	25.6	3.9	.9	100
Asian/Pacific Islander	74.2	14.9	9.3	1.6	100	63.1	28.2	7.1	1.6	100
Black	64.7	23.2	10.5	1.5	100	57.9	36.3	5.1	.7	100
Hispanic	64.6	23.6	10.1	1.7	100	54.8	39.9	4.5	.8	100
White	83.0	9.5	6.7	.8	100	78.5	16.6	4.3	.5	100
Other	69.9	19.4	9.1	1.7	100	59.5	28.6	10.7	1.2	100
Joint (white/minority)	77.7	13.5	7.6	1.1	100	71.9	22.1	5.2	.7	100
More than 120										
American Indian/ Alaskan native	71.9	16.2	10.1	1.8	100	73.5	19.3	6.4	.8	100
Asian/Pacific Islander	72.2	15.4	10.3	2.1	100	65.8	24.4	7.9	1.8	100
Black	66.5	22.0	9.9	1.6	100	62.5	31.1	5.6	.9	100
Hispanic	64.6	23.0	10.5	1.9	100	58.3	36.0	5.0	.7	100
White	82.5	9.2	7.3	.9	100	80.7	13.8	4.8	.7	100
Other	70.9	17.8	9.6	1.7	100	63.1	26.9	8.1	1.8	100
Joint (white/minority)	78.0	12.7	8.2	1.1	100	74.4	19.6	5.0	1.0	100

Differences in the types of loans extended are also apparent across neighborhoods. Home improvement loans are relatively more common in low- and moderate-income neighborhoods, where the housing units are, on average, older and probably in greater need of repair or modernization. FHA-insured home purchase loans are also more common, reflecting the low downpayment requirements, the relatively higher debt-to-income ratios permitted by FHA underwriting standards, and the limits placed on the size of loan that may be insured. Home purchase loans extended to non-occupant owners (frequently landlords) are also more common, a finding consistent with the high proportion of rental properties in low- and moderate-income neighborhoods.

Median loan amounts across neighborhoods reflect large differences in home values and the different proportions of home improvement loans. For example, in 1992 the median home loan in low- and moderate-income neighborhoods equaled $63,600, compared with $124,000 in upper-income neighborhoods.[16] The median 1990 home values in these neighborhoods were $69,000 and $179,000 respectively (table 10). The high loan amounts relative to housing values in low- and moderate-income neighborhoods, particularly given the prev-

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16. To calculate the median value of home loans for a category of neighborhoods, a median value was determined for each census tract, and then the median values for census tracts in a group were averaged. For home purchase loans in low- and moderate-income neighborhoods, the median value was $60,100, and for high-income neighborhoods it was $115,200. Because these numbers are similar to the median values for all loans, dropping home improvement loans and refinancings does not significantly affect the median loan amount in a census tract.

9. Changes in loan application disposition rates for home purchase loans between 1991 and 1992, by characteristics of applicants

Percent

Applicant characteristics	Type of home purchase loan								
	Government-backed[1]				Conventional				MEMO: Percentage change in number of conventional home purchase loans from 1991 to 1992
	Approved		Denied		Approved		Denied		
	1991	1992	1991	1992	1991	1992	1991	1992	
Total	71.7	74.1	17.6	14.7	71.2	72.9	18.9	17.8	17.1
Race or ethnic group									
American Indian/ Alaskan native	64.2	68.6	22.1	17.5	62.9	63.5	27.0	26.6	13.8
Asian/Pacific Islander	79.8	74.0	12.5	13.5	72.8	72.5	14.9	15.3	5.6
Black	61.4	63.4	26.4	23.8	53.7	55.1	37.4	35.9	25.9
Hispanic	68.4	68.0	18.9	18.5	61.7	61.5	26.5	27.3	7.6
White	74.3	77.3	16.3	12.8	73.7	75.6	17.3	15.9	20.5
Other	68.7	69.8	16.3	16.0	67.7	67.1	19.6	21.0	−35.0
Joint (white/minority)	74.0	74.5	15.9	14.8	71.9	72.6	17.5	17.6	23.2
Income (percentage of MSA median)[2]									
Less than 80	66.2	74.8	25.2	15.4	59.8	68.9	32.8	23.3	27.0
80–99	77.6	79.7	13.6	11.4	75.0	77.5	16.8	14.4	27.2
100–120	79.1	80.1	12.1	10.9	77.8	79.5	13.7	12.2	22.0
More than 120	79.8	79.5	11.0	10.7	79.1	80.5	11.1	10.2	10.3

1. Loans backed by the Federal Housing Administration, the Department of Veterans Affairs, and the Farmers Home Administration.

2. MSA median is median family income of the metropolitan statistical area in which the property related to the loan is located.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

alence of home improvement loans, may reflect a lack of wealth among borrowers purchasing homes in these neighborhoods and thus relatively smaller downpayments on home purchase loans.

The distribution of borrowers by racial or ethnic group also differs by neighborhood income groups. Asian borrowers, like Asian residents, are more uniformly spread across neighborhoods; both black and Hispanic borrowers, like black and Hispanic residents, are more concentrated in low- and moderate-income neighborhoods. Regardless of neighborhood income, however, lenders have higher proportions of Asian borrowers relative to the Asian population in the neighborhood groups and lower proportions of black and Hispanic borrowers compared with the proportions of black and Hispanic residents. These differences probably reflect the relatively higher incomes of Asian residents.

Lending in Neighborhoods with Different Racial or Ethnic Compositions

Overall, the 1992 HMDA data indicate that 8 percent of the home loans extended by lenders covered by HMDA were granted to borrowers in predominantly minority neighborhoods (table 11). Residents of predominantly white neighborhoods received 54 percent of the home loans granted, and residents of neighborhoods whose minority population was between 10 and 50 percent of the total population received the rest. The distribution of the dollar value of home loans across neighborhoods grouped by racial or ethnic composition is similar to the distribution of the number of loans.

Predominantly minority neighborhoods contain 18 percent of the housing units and 20 percent of the population in metropolitan areas; these relatively small proportions partly account for the low percentage of all home loans extended in these neighborhoods (compare tables 11 and A.2). The relatively low proportion of home loans also reflects the lower income of residents and the composition of the housing stock, which contains a markedly higher proportion of rental units.

In neighborhoods grouped by racial or ethnic composition, as in neighborhoods grouped by income, borrowers who buy, refinance, or improve their homes tend to have higher incomes than the incomes of the other residents of their neighborhoods. For example, borrowers in predominantly white neighborhoods had incomes equal to 136 percent of the median family income of their MSA, compared with 115 percent for all residents of

10. Distribution of loans, by neighborhood income, 1992[1]

Item	Low or moderate income	Middle income	Upper income	Total
Number (in thousands)	578	2,834	2,425	5,838
Distribution of loans (percentage of total)[2]				
Number	9.9	48.6	41.5	100.0
Dollar amount	6.8	39.9	53.3	100.0
Type of loan				
Home purchase	38.1	34.1	31.3	33.3
Home improvement	16.3	11.1	7.8	10.7
Refinancings	45.6	54.8	61.0	56.4
Total	100.0	100.0	100.0	100.0
Distribution of home purchase loans by type (percentage of total)				
Conventional	67.2	72.6	83.7	76.3
FHA-insured	25.7	19.7	10.9	17.0
VA-guaranteed	7.0	7.6	5.3	6.6
Total	100.0	100.0	100.0	100.0
MEMO:				
Extended to nonoccupant owners	9.4	5.1	3.3	4.9
Borrowers and loan characteristics				
Median borrower income relative to MSA median family income for all loans	100.7	122.2	177.2	133.7
Median loan amount relative to MSA median family income for all loans[3]	146.4	191.0	291.5	218.6
Median borrower income for all loans (thousands of dollars)[3]	42.4	51.4	74.5	57.9
Median loan amount for all loans (thousands of dollars)[3]	63.6	81.9	124.0	93.5
Race or ethnic group of borrower (percentage of the number of all loans)				
Black	11.8	3.3	1.9	3.5
Hispanic	10.9	3.7	2.5	3.9
Asian	4.6	3.5	4.2	3.9

1. Census tracts are categorized by the median family income for the tract relative to the median family income for the metropolitan statistical area (MSA) in which the tract is located. Categories are defined as follows: *Low or moderate*, median family income less than 80 percent of the median family income for MSA; *Middle income*, median family income 80 percent to 120 percent of MSA median; *Upper income*, median family income more than 120 percent of MSA median.
2. Excludes multifamily loans.
3. Averaged across census tracts in category.
SOURCE. FFIEC, Home Mortgage Disclosure Act data.

these neighborhoods. Borrowers in predominantly minority neighborhoods typically had incomes equal to 112 percent of the median family MSA income, compared with 66 percent for all residents of these neighborhoods.

Matching the patterns found in low- and moderate-income neighborhoods, the proportion of home improvement loans granted is slightly higher, and the proportion of home purchase loans slightly lower, in predominantly minority neighborhoods. Also, borrowers tend to rely more on FHA-insured loans, and loans to nonoccupant-owners are more common in predominantly minority neighborhoods.

Lending in Central City and Noncentral City Locations

Of loans made to borrowers residing in MSAs, roughly 38 percent were extended to borrowers in central city locations and the rest to borrowers in noncentral city locations (table 12). This lending pattern closely matches the pattern of applications received by lenders (data not shown in table). Roughly half of the housing units in MSAs are located in central cities, but the proportion of loans extended in central cities is smaller. This difference probably reflects the relatively higher proportions of low-income families, unemployed individuals, and renters in central cities.

The mix of loans used by borrowers in central city locations is similar to that used by borrowers in noncentral city locations with a couple of exceptions. Twenty percent of home purchase loans granted in central cities were FHA-insured compared with 15 percent in noncentral cities. Also the proportion of multifamily loans is higher in central cities (data not shown in table), and partly reflects these areas' higher proportion of multifamily and rental houses.

11. Distribution of loans, by minority population in census tracts, 1992[1]

Item	Predominantly white	Moderately minority	Predominantly minority
Number (in thousands)	3,155	2,216	467
Distribution of loans (percentage of total)[2]			
Number	54.0	38.0	8.0
Dollar amount	50.0	42.3	7.6
Type of loan			
Home purchase	36.3	34.0	33.3
Home improvement	2.8	2.9	3.7
Refinancings	60.8	63.1	62.9
Total	100.0	100.0	100.0
Distribution of home purchase loans by type (percentage of total)			
Conventional	81.2	70.9	70.1
FHA-insured	14.2	19.7	23.0
VA-guaranteed	4.6	9.4	6.9
Total	100.0	100.0	100.0
MEMO: Extended to nonoccupant owners	4.4	4.9	7.7
Borrowers and loan characteristics			
Median borrower income relative to MSA median family income for all loans (percent)	135.8	134.2	112.2
Median loan amount relative to MSA median family income for all loans[3] (percent)	196.2	223.0	190.0
Median borrower income for all loans (thousands of dollars)[3]	57.1	60.8	49.7
Median loan amount for all loans (thousands of dollars)[3]	83.9	107.6	91.8
Race or ethnic group of borrower (percentage of the number of all loans)			
Black	.9	3.7	20.9
Hispanic	.8	4.8	20.6
Asian	1.3	5.4	14.3

1. Census tracts are categorized by minority population as follows: *Predominantly white,* less than 10 percent minority population; *Moderately minority,* 10 percent to 50 percent minority population; *Predominantly minority,* more than 50 percent minority population.
2. Excludes multifamily loans.
3. Averaged across census tracts in category.
SOURCE. FFIEC, Home Mortgage Disclosure Act data.

12. Distribution of loans, by MSA location, 1992[1]

Item	Central city	Noncentral city
Number (in thousands)	2,193	3,644
Distribution of loans (percentage of total)[2]		
Number	37.6	62.4
Dollar amount	36.1	63.9
Type of loan		
Home purchase	36.6	34.3
Home improvement	3.0	2.9
Refinancings	60.3	62.8
Total	100.0	100.0
Distribution of home purchase loans by type (percentage of total)		
Conventional	71.9	79.3
FHA-insured	20.4	14.7
VA-guaranteed	7.6	6.0
Total	100.0	100.0
MEMO: Extended to nonoccupant owners	5.8	4.3
Borrowers and loan characteristics		
Median borrower income relative to MSA median family income for all loans (percent)	137.9	137.6
Median loan amount relative to MSA median family income for all loans[3] (percent)	212.0	222.5
Median borrower income for all loans (thousands of dollars)[3]	55.4	59.4
Median loan amount for all loans (thousands of dollars)[3]	86.7	97.6
Race or ethnic group of borrower (percentage of the number of all loans)		
Black	5.4	2.4
Hispanic	5.1	3.2
Asian	4.1	3.8

1. Includes only census tracts in MSAs. If any portion of a census tract is located within a central city boundary, the census tract is classified in the central city category.
2. Excludes multifamily loans.
3. Averaged across census tracts in category.
SOURCE. FFIEC, Home Mortgage Disclosure Act data.

Borrowers in central cities have relative incomes that are similar to those of borrowers in noncentral city areas. In contrast, residents in central cities have relative incomes that are lower than those of residents in noncentral city areas.

ORIGINATORS OF HOME LOANS FOR LOW-INCOME AND MINORITY BORROWERS

Depository institutions and their mortgage company affiliates extend proportionally more conventional home purchase loans to low-income borrowers than do independent mortgage companies (table 13). Twenty percent of the families receiving conventional home purchase loans through depositories have low incomes, compared with 15 percent of families receiving them from independent mortgage companies. The higher proportion may reflect the use by depositories of more flexible underwriting standards. Generally, independent mortgage companies follow the underwriting guidelines set by secondary market institutions because they sell most of their loans. Mortgage company affiliates of depositories focus on selling loans in the secondary market, but they sell to their affiliated depository institutions as well. Depository institutions also sell loans, but they often choose to hold them in portfolio, which gives depositories and their mortgage company affiliates greater flexibility in underwriting standards.

On the other hand, depositories provide a smaller proportion of home purchase and refinancing loans to minorities than do independent mortgage companies. The higher origination by independent mortgage companies reflects in part a greater proportion of loans to "joint" borrowers—that is, households with one minority applicant and one white applicant—and to Asian borrowers—possibly a reflection of the fact that the independent mortgage companies reporting 1992 HMDA data were more likely than depositories to have originated loans in California, a state with a large Asian population.

Somewhat surprisingly, government-backed loans extended by depositories and those extended by independent mortgage companies have distributions across income groups that are similar to the distributions for conventional loans. About 38 percent of the government-backed loans originated by depositories and their affiliates are to low-income borrowers, compared with 32 percent of the loans originated by independent mortgage companies. One would have expected the distribution of FHA and VA loans across income groups to be similar for all lenders because the underwriting standards are determined by the FHA or VA, not by the originator. The greater proportion of low-income borrowers among the government-backed home purchase loans extended by depositories may reflect other factors, such as the location of bank branches in low-income communities or the effect of depositories' being subject to the Community Reinvestment Act (CRA).

HMDA DATA AND THE SUPERVISION OF DEPOSITORY INSTITUTIONS

Although the HMDA data alone are not sufficient for assessing the fairness of the mortgage lending process or determining whether institutions have violated the fair lending laws, they are a valuable tool used extensively by the Federal Reserve and other federal agencies in the enforcement of fair lending laws. Because these agencies have access to lenders' files on loan applications and to information about applicable credit standards, they can overcome many of the limitations of the HMDA data regarding the assessment of applicant creditworthiness and of property characteristics.

The Federal Reserve's program for enforcing fair lending, like that of the other agencies, focuses

13. Distribution of home loans, by type of loan, characteristic of borrower, and type of lender, 1992

Percent

Borrower characteristic	Depositories: Excluding affiliated mortgage companies	Depositories: Including affiliated mortgage companies	Independent mortgage companies
	Government-backed home purchase loans [1]		
Race or ethnic group			
American Indian/ Alaskan native	.4	.4	.5
Asian/Pacific Islander	1.3	1.2	2.0
Black	8.2	9.2	8.7
Hispanic	6.0	5.2	8.1
White	80.9	80.8	76.8
Other	.2	.3	.3
Joint	3.1	2.8	3.5
Total	100	100	100
Income [2] *(percentage of MSA median)*			
Less than 80	35.3	35.7	32.2
80–99	21.5	21.8	21.7
100–120	16.2	16.5	17.3
More than 120	27.1	26.0	28.8
Total	100	100	100
	Conventional home purchase loans		
Race or ethnic group			
American Indian/ Alaskan native	.4	.4	.5
Asian/Pacific Islander	3.6	3.4	5.0
Black	2.8	3.1	3.1
Hispanic	4.0	3.6	3.9
White	87.0	87.4	84.6
Other	.3	.3	.4
Joint	1.8	1.8	2.3
Total	100	100	100
Income [2] *(percentage of MSA median)*			
Less than 80	20.1	20.0	15.2
80–99	12.9	13.1	11.9
100–120	12.9	13.1	13.4
More than 120	54.0	53.8	59.5
Total	100	100	100
	Refinancings		
Race or ethnic group			
American Indian/ Alaskan native	.3	.3	.6
Asian/Pacific Islander	3.6	3.6	6.8
Black	2.1	2.2	2.4
Hispanic	3.1	2.8	4.3
White	90.6	90.8	85.4
Other	.3	.4	.5
Joint	1.9	1.8	2.5
Total	100	100	100
Income [2] *(percentage of MSA median)*			
Less than 80	14.7	13.9	10.1
80–99	12.0	11.9	10.1
100–120	13.2	13.2	12.3
More than 120	60.0	61.0	67.5
Total	100	100	100

1. Loans backed by the Federal Housing Administration, the Department of Veterans Affairs, and Farmers Home Administration.

2. MSA median is median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

SOURCE. FFIEC; Home Mortgage Disclosure Act.

Educational Material on Fair Lending

As part of its consumer education program, the Board distributes a brochure published by the FFIEC entitled "Home Mortgage Lending and Equal Treatment." This brochure identifies lending standards and practices that may produce unintended discriminatory effects, and it cautions lenders about their use. It focuses on race and includes examples of subtle forms of discrimination, such as unduly conservative appraisal practices in changing neighborhoods; property standards like size and age that may exclude homes in older neighborhoods; and unrealistically high minimum-loan amounts. The Board has published a pamphlet entitled "Home Mortgages: Understanding the Process and Your Right to Fair Lending." This pamphlet informs consumers about the mortgage application process and their rights under fair lending and consumer protection laws.

The Federal Reserve Bank of Boston has published a booklet entitled *Closing the Gap: A Guide to Equal Opportunity Lending*. It addresses lending discrimination and challenges lenders to reconsider every aspect of their lending operations—from the hiring of loan officers to the treatment and evaluation of applicants—to ensure that loan decisions are not made on the basis of race or ethnicity.

Through its Community Affairs program, the Federal Reserve provides outreach services and educational and technical assistance to help financial institutions and the public understand and address community development and reinvestment issues. Community Affairs officials at the Reserve Banks respond to requests for information and assistance on the CRA, fair lending, and community development. Efforts extend to working with banking institutions and associations, governmental entities, businesses, and community groups to develop programs that promote community development. Overall, efforts of the Reserve Banks in Community Affairs involve about a hundred programs a year with thousands of participants as a way of encouraging economic development and ensuring fair lending.

To request copies of these publications, please contact the following: for "Home Mortgage Lending and Equal Treatment," the Division of Consumer and Community Affairs, Mail Stop 198, Board of Governors of the Federal Reserve System, Washington, DC 20551; for "Home Mortgages: Understanding the Process and Your Right to Fair Lending," Publications Services, Mail Stop 127, Board of Governors; for *Closing the Gap: A Guide to Equal Opportunity Lending*, Publications, Federal Reserve Bank of Boston, P.O. Box 2076, Boston, MA 02106-2076.

on examining for compliance with fair lending laws and more broadly on ensuring that credit is made available to low- and moderate-income areas, including areas with substantial minority populations. It involves an aggressive approach to investigating consumer complaints. It also extends to providing consumer and creditor education and gaining insight into the mortgage markets through research (see the box "Educational Material on Fair Lending").

Fair Lending Enforcement

The Federal Reserve System's program of consumer compliance examinations began in 1977. These examinations, carried out by specially trained examiners, emphasize identifying potential discrimination of the kind prohibited by the Equal Credit Opportunity and Fair Housing acts. On average, the Reserve Banks examine about two-thirds of all state member banks each year.

Procedures for fair lending enforcement focus primarily on comparing the treatment of members of a minority or protected class with other loan applicants. Starting with a review of loan policies and procedures and interviews with lending personnel, an examiner seeks to determine, among other things, the bank's credit standards. Then, using a sample of actual loan applicants, the examiner judges whether bank personnel apply those standards uniformly in evaluating loan applications from minorities, women, and others whom the fair lending laws were designed to protect.

The examiner attempts to look at the same information the bank used to make its credit decision, including credit history, income stability, and total debt burden. If it appears that credit standards were not followed or were not applied consistently, these findings are discussed with bank management and a more intensive investigation is undertaken. Violations discovered through any of these techniques will result in correction by the institution, notification of the applicant, and referral of the matter to the Department of Justice or HUD when appropriate.

Examiners also meet with members of the bank's community, including private citizens and local government officials who may have knowledge about the credit concerns of their community. Examiners thus can learn about public perceptions of credit availability for minorities and low- and moderate-income persons. These meetings may suggest additional scrutiny of particular areas and may provide insight into the way a bank is serving its local community.

The Federal Reserve's consumer complaint program is another component of the enforcement of the fair lending laws. Consumer complaints that allege loan discrimination are investigated and may prompt onsite review. Mortgage complaints may also be referred to the Department of Housing and Urban Development. As with the examinations program, considerable attention is given to ensuring personal contact with complainants and making the public aware of agency procedures.

A New Fair Lending Examination Tool

Because determining whether lenders are complying with fair lending laws is difficult for examiners, even with these procedures, the Federal Reserve has searched for better tools. In recent months, it has been testing a computerized statistical model for use in bank examinations and has shared it with the other financial regulators.

The new tool identifies potential problems through statistical techniques but relies on examiner judgment for determinations of whether discrimination has actually taken place. It automates the approach of onsite fair lending exams. First, the examiners use HMDA data to identify institutions that may require a more intensive review of their mortgage lending decisions. This initial analysis is done with a multivariate model of the institution's decisions to accept or reject loan applicants based on the limited information available from HMDA, including the applicant's income, the amount of the loan requested, the applicant's race and gender, and the disposition of the application.

When the results of this evaluation show measurable differences among racial or ethnic groups or between males and females that are not explained by differences in income or the amount of the loan requested, the system automatically selects a sample of applications to be reviewed more extensively. Examiners gather additional information from loan application files, including data on the value of the property being purchased and on the applicant's credit history, debts, and employment history. These data are analyzed in a more comprehensive multivariate statistical model to determine whether they appear to explain the differences in denial rates by race, ethnicity, or gender observed in the initial analysis. The new system then pairs a given applicant with one or several other applicants (of different races or ethnic groups, for instance) who have similar financial characteristics but who experienced different outcomes on their loan requests. After reviewing the loan files of the selected pairings to determine what, if any, important factors were omitted in the statistical analysis, examiners can discuss with bank management the applications for which the credit decisions are suspect. If the bank appears to have discriminated, various enforcement actions are possible, including asking the Department of Justice to investigate further.

Besides this "micro" use of the HMDA data, the Federal Reserve analyzes the data with a computerized system that is also accessible to the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency. The system allows the data to be segmented by applicant and borrower characteristics, such as race, gender, and income, or by geographic boundaries. Examiners can thus quickly sort through vast quantities of data, focus on data for specific lending markets, and draw comparisons, for example, of an individual HMDA reporter's performance against that of all lenders in the area. Through these analyses, examiners can more readily determine whether a bank is serving all segments of its community.

The Federal Reserve has also developed the ability to map by computer the geographic location of a bank's loans and to integrate demographic information for the bank's local community. This type of analysis and presentation increases an examiner's ability to assess a bank's performance in helping to meet the credit needs of its community.

14. Mortgage loans sold, by type of purchaser, characteristics of borrower, and characteristics of census tract in which property is located, 1992

Number and percentage distribution

Borrower or census tract characteristic	Federal National Mortgage Assn.		Government National Mortgage Assn.		Federal Home Loan Mortgage Assn.		Farmers Home Admin.		Commercial bank	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total loans sold	**1,790,511**	...	**836,396**	...	**1,305,900**	...	**3,325**	...	**72,454**	...
Race or ethnic group of borrower										
American Indian/ Alaskan native	4,420	.3	2,114	.5	3,508	.3	6	.2	518	.8
Asian/Pacific Islander	60,797	4.4	6,948	1.6	58,776	5.4	51	1.8	1,283	2.0
Black	28,582	2.0	33,253	7.7	17,479	1.6	99	3.5	2,551	3.9
Hispanic	43,237	3.1	25,782	5.9	33,587	3.1	58	2.0	2,239	3.4
White	1,222,548	87.7	351,179	81.0	943,425	87.2	2,582	90.8	57,029	87.6
Other	6,611	.5	1,469	.3	3,308	.3	7	.2	150	.2
Joint (white/minority)	28,413	2.0	12,797	3.0	21,235	2.0	41	1.4	1,297	2.0
Total	1,394,608	100	433,542	100	1,081,318	100	2,844	100	65,067	100
Income of borrower (percentage of MSA median) [1]										
Less than 80	150,860	12.2	98,778	30.7	123,059	13.3	588	26.6	11,717	20.8
80–99	154,425	12.5	65,806	20.5	112,393	12.2	306	13.8	7,152	12.7
100–120	177,436	14.4	54,112	16.8	129,676	14.0	290	13.1	7,376	13.1
More than 120	751,077	60.8	102,681	40.0	559,735	60.5	1,028	46.5	29,959	53.3
Total	1,233,798	100	321,377	100	924,893	100	2,212	100	56,204	100
Racial composition of census tract (minorities as percentage of population)										
Less than 10	812,812	54.6	283,005	42.7	579,355	54.2	1,669	63.3	35,298	57.9
10–19	320,308	21.5	162,303	24.5	224,545	21.0	483	18.3	13,134	21.5
20–49	248,664	16.7	153,246	23.1	186,830	17.5	362	13.7	8,997	14.8
50–79	73,047	4.9	40,525	6.1	55,433	5.2	85	3.2	2,174	3.6
80–100	33,161	2.2	24,070	3.6	23,638	2.2	36	1.4	1,393	2.3
Total	1,487,992	100	663,149	100	1,069,801	100	2,635	100	60,996	100
Income of census tract [2]										
Low or moderate	105,761	7.1	96,697	14.6	80,359	7.5	255	9.7	5,681	9.3
Middle	710,455	47.7	391,156	59.0	521,862	48.8	1,376	52.2	30,085	49.3
Upper	671,773	45.1	175,296	26.4	467,580	43.7	1,004	38.1	25,230	41.4
Total	1,487,989	100	663,149	100	1,069,801	100	2,635	100	60,996	100
MSA location [3]										
Central city	518,572	34.8	298,074	44.9	376,686	35.2	715	26.9	22,404	36.7
Noncentral city	969,494	65.2	365,108	55.1	693,165	64.8	1,944	73.1	38,599	63.3
Total	1,488,066	100	663,182	100	1,069,851	100	2,659	100	61,003	100

1. MSA median is the median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

2. Census tracts are categorized by the median family income for the tract relative to the median family income for the MSA in which the tract is located. Categories are defined as follows: *Low or moderate*, median family income for census tract less than 80 percent of median family income for MSA; *Middle income*, median family income 80 percent to 120 percent of MSA median; *Upper income*, median family income more than 120 percent of MSA median.

3. Included only census tracts located in MSAs.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

PURCHASES OF HOME LOANS: THE ROLE OF THE SECONDARY MORTGAGE MARKETS

Institutions in the secondary mortgage market buy and sell billions of dollars of mortgage loans or securities backed by mortgage loans each year. Some participants also guarantee payments on pass-through securities issued against pools of residential mortgage loans. The secondary mortgage market enables mortgage originators to raise new funds. The originators sell assets that are otherwise relatively illiquid and can then extend new loans or use the funds for other purposes.

Secondary market participants generally do not originate loans, but they do specify the underwriting guidelines that loans must meet to be eligible for purchase or securitization. These guidelines and related limitations on loan-size purchases vary among secondary market participants; thus, for the loans that these institutions purchase or securitize, the characteristics of the borrowers and neighborhoods in which their properties are located can be expected to differ.

The 1989 amendments to HMDA require lenders in the primary market to report home loans that they sell to secondary market purchasers if they

14.—Continued

Borrower or census tract characteristic	Savings bank or savings and loan association		Life insurance company		Affiliate of institution		Other purchaser	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total loans sold	**53,292**	...	**25,218**	...	**393,763**	...	**879,293**	...
Race or ethnic group of borrower								
American Indian/ Alaskan native	163	.4	50	.3	886	.3	4,211	.6
Asian/Pacific Islander	1,097	2.6	1,071	5.5	7,796	2.3	28,809	4.3
Black	1,294	3.0	478	2.4	9,441	2.8	33,106	4.9
Hispanic	895	2.1	640	3.3	5,887	1.7	29,598	4.4
White	38,786	90.5	16,748	85.4	306,377	90.9	558,451	83.1
Other	85	.2	151	.8	941	.3	2,160	.3
Joint (white/minority)	652	1.5	462	2.4	5,728	1.7	15,636	2.3
Total	42,972	100	19,600	100	337,056	100	671,971	100
Income of borrower (percentage of MSA median) [1]								
Less than 80	5,962	16.3	2,199	12.9	37,303	13.9	107,679	19.0
80–99	4,963	13.6	1,618	9.5	30,044	11.2	71,325	12.6
100–120	4,945	13.5	1,793	10.5	32,196	12.0	67,792	12.0
More than 120	20,754	56.7	11,501	67.2	168,862	62.9	319,359	56.4
Total	36,624	100	17,111	100	268,405	100	566,155	100
Racial composition of census tract (minorities as percentage of population)								
Less than 10	26,565	63.3	9,286	46.5	208,694	65.1	300,856	42.8
10–19	8,127	19.4	5,573	27.9	62,160	19.4	186,936	26.6
20–49	5,371	12.8	3,687	18.5	37,089	11.6	150,559	21.4
50–79	1,230	2.9	995	5.0	8,469	2.6	42,180	6.0
80–100	696	1.7	439	2.2	4,142	1.3	22,909	3.3
Total	41,989	100	19,980	100	320,554	100	703,440	100
Income of census tract [2]								
Low or moderate	3,727	8.9	1,502	7.5	22,017	6.9	73,022	10.4
Middle	20,515	48.9	7,510	37.6	134,222	41.9	312,990	44.5
Upper	17,747	42.3	10,968	54.9	164,315	51.2	317,428	45.1
Total	41,989	100	19,980	100	320,554	100	703,440	100
MSA location [3]								
Central city	16,247	38.7	8,801	44.0	111,444	34.8	277,623	39.5
Noncentral city	25,742	61.3	11,179	56.0	209,114	65.2	425,861	60.5
Total	41,989	100	19,980	100	320,558	100	703,484	100

originated or purchased the loans during the same year. The HMDA data are the only publicly available source of information on the characteristics of borrowers whose loans are purchased by secondary market institutions and of the neighborhoods in which these borrowers reside.

Government-sponsored Enterprises

Three government-sponsored enterprises (GSEs) dominate the secondary mortgage market—Fannie Mae, Freddie Mac, and the Government National Mortgage Association (Ginnie Mae). Fannie Mae and Freddie Mac are publicly chartered private entities; Ginnie Mae is a government agency. In 1992, the GSEs accounted for 74 percent of the roughly 5.4 million loans sold in the secondary market by lenders covered under HMDA (calculated from table 14). Other types of institutions—such as pension funds, insurance companies, mortgage companies, and depository institutions—are active secondary market participants. They buy the same types of loans purchased by the GSEs and provide an outlet for so-called jumbo loans—conventional loans that exceed in size the maximum single-family mortgage that may be purchased by Fannie Mae or Freddie Mac (in 1992, $202,300).[17] These non-GSE institutions some-

17. The loan limit varies by the number of units in the property and by geographic location. In 1992 the maximum loan limits for single-family mortgages on properties with one to four units ranged from $202,300 to $388,800 except in Alaska, Guam, and Hawaii, where these limits were 50 percent higher.

times purchase other loans such as mobile home loans, adjustable-rate mortgages, and loans that do not conform to GSE standards or that the GSEs are prohibited from purchasing.

Fannie Mae and Freddie Mac buy mainly conventional mortgage loans, convert them into securities, and sell the securities to investors such as pension and mutual funds. But they also hold some loans in portfolio.[18] Ginnie Mae does not purchase loans but guarantees the timely payment of principal and interest for privately issued securities backed by FHA, FmHA, and VA loans.

Basic underwriting guidelines (for instance, those applying to monthly debt-to-income and maximum loan-to-value ratios) differ among the secondary market participants. Fannie Mae and Freddie Mac follow essentially the same guidelines, which they themselves set for the conventional loans they purchase. For Ginnie Mae, the underwriting standards are established by HUD for FHA-insured loans and by the VA for VA-guaranteed loans.[19]

FHA and VA borrowers differ from conventional loan borrowers because HUD and the VA generally allow borrowers to have more debt relative to income and to make smaller downpayments than do conventional lenders. Also, HUD and the VA have restrictions on the maximum size of loans they will back and, on average, insure or guarantee a higher proportion of smaller loans relative to loans made by conventional lenders. In general, borrowers whose loans are securitized by Ginnie Mae have lower incomes, are more likely to be from a minority group, and are more likely to reside in a low- or moderate-income or minority neighborhood than are borrowers whose loans are sold to, or securitized by, Fannie Mae or Freddie Mac. For example, in 1992 about half the loans backed by Ginnie Mae were made to borrowers with incomes less than the median family income for their MSA, compared with about a quarter of the loans backed by Fannie Mae and Freddie Mac (table 14).

18. Their annual reports for calendar year 1992 indicate that Fannie Mae's mortgage portfolio equaled 26 percent of its outstanding mortgage securities and mortgage holdings whereas Freddie Mac's portfolio equaled 8 percent. However, Freddie Mac is currently expanding its portfolio at a faster rate than Fannie Mae.

19. Ginnie Mae also securitizes loans backed by the FmHA. Because it is relatively small and few lenders covered by HMDA report such loans, the FmHA program is not discussed here.

The underwriting standards used by purchasers of mortgages other than the GSEs vary considerably.[20] In general, these institutions purchase a larger proportion of mortgages extended to borrowers with incomes below the median for their MSAs than do Fannie Mae and Freddie Mac. The exceptions are life insurance companies, whose purchases include only 22 percent of mortgages from families with incomes below the median family income for their MSAs, and affiliates of institutions whose purchases include about the same share of mortgages to families with below-median incomes as do Fannie Mae and Freddie Mac.

Using HMDA Data To Measure GSE Achievements in Affordable Housing

One objective in the charters of Fannie Mae and Freddie Mac is to promote the availability of mortgage credit to low- and moderate-income families. HUD also sets annual goals for Fannie Mae and Freddie Mac, as required by the Federal Housing Enterprises Financial Safety and Soundness Act of 1992.[21] The goals specify that a certain proportion of their purchases be mortgages extended to low- and moderate-income families and to families residing in central cities. Furthermore, the two GSEs must purchase a set dollar amount of mortgages extended to families who reside in low-income areas or who have very low incomes.[22]

As provided by the GSE legislation, HUD set interim goals for 1993 and 1994; final goals will go into effect after 1994. In 1993, 30 percent of the

20. The underwriting standards of these institutions are heavily influenced by the credit-rating agencies that rate their securities. The credit-rating agencies determine how much credit enhancement is required to earn an investment-grade rating; the level of the required credit enhancement directly influences the cost to the originator.

21. The goals are described in detail in Department of Housing and Urban Development, Office of the Secretary, "Interim Housing Goals for the Federal Home Loan Mortgage Corporation" and "Interim Housing Goals for the Federal National Mortgage Association" (September 16, 1993).

22. The last goal is referred to as the special affordable housing goal. The performance of the GSEs in meeting the special affordable housing goal cannot be evaluated because the HMDA data do not include many of the mortgages purchased by Fannie Mae and Freddie Mac and because the special affordable housing goals are stated in dollar amounts.

15. Distribution of conventional home purchase and refinancing loans, by type of secondary market purchaser, income of borrower, type and size of loan, and MSA location, 1992[1]

Percent

Type of secondary market purchaser and loan[2]	Loans of less than $202,300 (income of borrower as percentage of MSA median)[3]					MSA location[4]		
	Less than 80	80–99	100–120	More than 120	Total	Central city	Noncentral city	Total
Fannie Mae								
Home purchase	14.0	13.5	15.0	57.5	100	36.4	63.6	100
Refinancing	10.5	12.1	14.3	63.1	100	33.2	66.8	100
Total	11.4	12.4	14.4	61.7	100	34.2	65.8	100
Freddie Mac								
Home purchase	14.5	13.2	14.6	57.7	100	37.1	62.9	100
Refinancing	10.5	12.1	14.3	63.1	100	34.5	65.5	100
Total	11.3	12.3	14.3	62.0	100	35.2	64.8	100
Commercial bank								
Home purchase	17.4	13.0	14.0	55.6	100	42.4	57.6	100
Refinancing	11.2	11.4	14.2	63.2	100	34.5	65.5	100
Total	12.6	11.8	14.2	61.5	100	38.0	62.0	100
Savings bank or S&L								
Home purchase	15.0	15.0	16.3	53.7	100	42.8	57.2	100
Refinancing	10.9	12.8	15.1	61.2	100	33.8	66.2	100
Total	11.9	13.3	15.4	59.5	100	37.6	62.4	100
Life insurance company								
Home purchase	13.4	13.5	19.3	53.8	100	46.8	53.2	100
Refinancing	6.6	10.6	12.6	70.2	100	40.9	59.1	100
Total	8.1	11.3	14.1	66.5	100	43.5	56.5	100
Affiliate of institution								
Home purchase	23.9	13.8	13.1	49.3	100	42.6	57.4	100
Refinancing	10.9	12.1	13.9	63.1	100	32.7	67.3	100
Total	14.2	12.5	13.7	59.6	100	36.4	63.6	100
Other purchaser								
Home purchase	26.5	15.3	13.5	44.7	100	42.8	57.2	100
Refinancing	10.0	11.6	14.1	64.3	100	38.7	61.3	100
Total	15.7	12.9	13.9	57.5	100	40.9	59.1	100
MEMO: *Primary market*								
Home purchase	19.5	13.9	14.2	52.4	100	37.3	62.7	100
Refinancing	12.3	12.5	14.2	61.0	100	33.6	66.4	100
Total	14.2	12.8	14.2	58.8	100	34.7	65.3	100

1. Excludes loans of less than $5,000, those with loan-to-income ratios that exceed four, and loans to nonowner-occupants.

2. GNMA and FmHA are not included because they do not back conventional mortgage loans.

3. Census tracts are categorized by the median family income for the tract relative to the median family income for the metropolitan statistical area (MSA) in which the tract is located. Categories are defined as follows: *Low or moderate*, median family income for census tract less than 80 percent of median family income for MSA; *Middle income*, median family income 80 percent to 120 percent of MSA median; *Upper income*, median family income more than 120 percent of MSA median.

4. Includes only census tracts located in MSAs.

dwelling units financed by mortgages purchased by Fannie Mae had to be occupied by low- or moderate-income families, and 28 percent of the units financed had to be secured by properties in central cities. For Freddie Mac, the respective goals were 28 percent and 26 percent. In 1994, both of these goals are set at 30 percent for the two companies.

In assessing Fannie Mae's and Freddie Mac's performance in meeting affordable housing goals, HUD will use information collected by these companies on the mortgages they purchase. This information will provide much greater detail than the HMDA data for the loans purchased; however, the HMDA data provide information on both the primary and the secondary mortgage markets in metropolitan areas and thus will allow comparisons that can be used to evaluate the difficulties and opportunities that the GSEs encounter in attaining these goals.

The HMDA data can be used to derive only rough estimates of how close the GSEs are to meeting the low-income and central city goals because of substantial deficiencies in the data when used for this purpose. Specifically, HMDA does not require lenders to record the specific number of dwelling units financed by a loan, and for some mortgages it does not provide reliable data on the income of the occupants of the property. For example, the HMDA data on mortgages extended for rental properties do not include information about the income of tenants. HUD will use estimates of the income of tenants or the rents they pay to calculate Fannie Mae's and Freddie Mac's performance. HMDA also excludes thousands of depository institutions that make mortgages but that have no offices within an MSA; in 1992, it still excluded independent mortgage companies that had less than $10 million in assets. Finally, with regard to mortgages originated in central cities, HMDA classifies all mortgages from a particular census tract as being within the central city, even if only a portion of the census tract is part of the central city. For purposes of the GSEs' central city goal, HUD counts only loans on properties that are in the central city portions of census tracts.

According to calculations using only HMDA data on owner-occupied properties, roughly 24 percent of the conventional home purchase and refinancing loans purchased by Fannie Mae and Freddie Mac were extended to borrowers with incomes smaller than the median family income for their MSA (table 15).[23] In the primary market, 27 percent of the conventional home purchase loans and refinancings for amounts less than $202,300 were extended to borrowers with such incomes.

Refinancings significantly influence the calculation of these 1992 market shares. Compared with borrowers in the home purchase loan market, many of whom are first-time homebuyers, a larger proportion of borrowers who refinance have high incomes. First-time homebuyers generally have lower incomes than homeowners who refinance an existing mortgage. Excluding refinancings, roughly 28 percent of Fannie Mae's and Freddie Mac's purchases were mortgages extended to owner-occupant homebuyers with below-median incomes. Borrowers with below-median incomes accounted for about 33 percent of the conventional home purchase loans made in the primary market.[24]

In 1992, because of the large volume of refinancings, Fannie Mae and Freddie Mac would have had difficulty in meeting a low-income goal of 30 percent solely by purchasing single-family mortgages. But even in "normal" years for refinancings, they may have difficulty meeting the goal by purchasing mostly single-family mortgages. The GSEs can limit the influence of refinancings either by restricting their purchases of such loans or by expanding the purchase of other loans.

In the future, to increase their share of loans extended to borrowers with below-median incomes, Fannie Mae and Freddie Mac could follow several strategies. Among these are acquiring a larger share of new conventional loans extended to these borrowers, purchasing seasoned loans to low-income borrowers from portfolio lenders, and expanding new mortgage programs with liberalized underwriting guidelines to compete with government-backed and with depositories' portfolio loan programs. They could also focus more on loans that finance rental properties. Relatively more loans for rental properties are in lower-income neighborhoods, where there are more renters (see table A.1 and table 10). For 1992, roughly 4 percentage points would have been added to Fannie Mae's and Freddie Mac's low-income ratios had loans for rental properties been included in the calculation.[25] If, however, the GSEs pursue more

23. These calculations excluded loans purchased by lenders in the primary market, government-backed loans (which do not count toward the goals), loans above the conforming, single-family loan limits, loans to nonoccupant owners, home improvement loans (which may not count toward the goals), conventional loans below $5,000 (such loans are likely to be home improvement loans, second mortgages, or home equity loans), and loans for which the ratio of the loan amount to the borrower's income exceeded four. In addition, HMDA data does not distinguish between first and second homes; HUD considers only first homes in calculating the affordable housing goals. Including the second home mortgages in these calculations may slightly understate the proportions of low-income housing financed.

24. The home purchase loan market also includes mobile home loans. Lower-income families are more likely to seek such loans, suggesting one explanation for the share of low-income loans purchased by the GSEs being less than the share of such loans in the primary home purchase loan market. However, the importance of the mobile home loan market is difficult to determine. Fannie Mae and Freddie Mac can purchase only mobile home loans that are secured by real property as determined under state law.

25. We estimated the number of rental units by taking the number of loans secured by a rental property and multiplying it by the number of units financed per loan. We used both two and three units financed per loan secured by nonowner-occupied one- to four-family properties; and for multifamily properties, we calculated the number of units by assuming that each unit required

extensive involvement in rental properties to meet their goals, they may be undertaking greater risks because this area of real estate lending is prone to higher, and more difficult to predict, levels of credit losses compared with mortgages secured by single-family, owner-occupied properties.

Unlike the low-income goals, the central city goals appear to be met by Fannie Mae and Freddie Mac, according to the HMDA data. In 1992, Fannie Mae's proportion of central city purchases of conventional home purchase loans and refinancings was about 34 percent and Freddie Mac's proportion was about 35 percent—both approximating the primary market's proportion of about 35 percent (table 15).

Refinancings influence the overall proportion of central city purchases somewhat because refinancings are disproportionately from borrowers in noncentral city locations. Excluding refinancings, Fannie Mae's share would have been about 36 percent and Freddie Mac's about 37 percent, shares similar to those in the primary market.

Although Fannie Mae and Freddie Mac appear to easily meet their central city goals, other factors suggest that these estimates may be too high. As mentioned earlier, the HMDA data overstate the share of all mortgages originated in central cities. HMDA classifies all loans originated in a census tract that is partially in a central city as a central city loan. If all of these loans were instead classified as noncentral city loans, the ratios would drop 6–7 percentage points. Of course, the actual decline would not be this extreme because some of the loans from these "split" census tracts are in the central cities and some are not.

HMDA's coverage of loans made in nonmetropolitan areas is limited, even though some institutions located in metropolitan areas make and report nonmetropolitan loans, because it excludes most institutions located in rural areas. Roughly 14–20 percent of all mortgage originations are from rural areas, suggesting that including these loans in the central city calculations would lower the share of central city loans 4–6 percentage points.[26] Also, small mortgage companies that are not required to report under HMDA may be more heavily concentrated in suburban or semirural areas.[27] The effect of omitting these companies' data from HMDA is difficult to estimate, but including these purchases would probably lower the estimates of the proportion of central city loans purchased by Fannie Mae and Freddie Mac.

For the reasons cited earlier, the HMDA data are not adequate when used for measuring Fannie Mae's and Freddie Mac's performance in meeting their goals. However, the comparison of their performance relative to that of other secondary market institutions, as measured by the HMDA data, may be informative because the limitations highlighted above influence the calculations for all institutions. The HMDA data suggest that secondary market institutions other than Fannie Mae and Freddie Mac generally have a somewhat higher proportion of loans extended to lower-income families and to families living in the central cities (table 15). This relationship is most evident in the home purchase loan market. Only life insurance companies seem to finance a lower proportion of loans extended to lower-income families, although they purchase a higher proportion of loans from the central cities.

APPENDIX: CHARACTERISTICS OF DIFFERENT GROUPS OF NEIGHBORHOODS

In 1992, lenders were required for the first time, when identifying the location of the properties

$50,000 of financing and that HMDA covers only one-half of Fannie Mae's and Freddie Mac's multifamily units. We then estimated the number of low-income borrowers by assuming that the number equaled the proportion of loans secured by rental properties in low- or moderate-income census tracts plus the proportion secured in middle-income census tracts.

26. The estimated range of the proportion of rural mortgage originations is calculated from data in U.S. Department of Commerce, Economics and Statistics Administration, Bureau of the Census and U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *American Housing Survey in the United States* (Government Printing Office, biennually). The lower bound reflects the distribution of occupied housing units across metropolitan and rural areas, whereas the upper bound reflects the distribution of mortgage originations of all types in 1990 and part of 1991. An additional source of information suggests that the share of conventional home purchase loan originations in rural areas is roughly 14 percent. See Federal Housing Finance Board, "Effect of Federal Home Loan Bank System District Banks on the Housing Finance System in Rural Areas" (FHFB, April 23, 1993).

27. As mentioned earlier, institutions with less than $10 million in assets were not required to report in 1992 or in earlier years. Beginning in 1993, any nondepository institution that originated more than 100 home purchase loans was required to report, and this requirement may substantially increase the number of mortgage companies reporting HMDA data.

A.1. Characteristics of MSA census tracts, by income status[1]

Characteristic	Low or moderate income	Middle income	Upper income	All MSA census tracts
Number of census tracts	12,971	20,136	10,292	43,399
Percent	29.9	46.4	23.7	100.0
INCOME AND EMPLOYMENT[2]				
Relative neighborhood income[3]	58.2	99.1	153.3	99.7
Distribution of families by annual dollar income (percent)				
Less than 15,000	34.5	12.2	5.4	17.3
15,000–24,999	21.8	15.4	7.8	15.5
25,000–29,999	8.8	8.6	4.9	7.8
30,000–34,999	7.5	9.2	5.7	7.9
35,000–39,999	6.1	8.6	5.9	7.2
40,000–49,999	8.8	15.1	12.7	12.6
50,000–74,999	9.2	20.7	26.8	18.7
75,000 or more	3.4	10.3	30.9	13.1
Total	100.0	100.0	100.0	100.0
Percentage of residents below poverty level	28.0	8.9	4.6	13.6
Unemployment rate (percent)	12.5	5.6	3.7	7.2
HOUSING				
All units				
Number (millions)	19.8	37.8	19.2	76.8
Percent	25.8	49.2	24.9	100.0
Renter-occupied (percent)[2]	52.8	31.0	22.6	35.5
In one- to four-family structures (percent)[2]	35.5	60.9	69.1	55.3
Vacancy rate, year-round residences (percent)[2]	10.9	6.7	5.9	7.8
Median age (years)[2]	36.4	28.1	23.9	29.6
Boarded-up (percent)[2]	1.3	.2	.1	.5
Owner-occupied units[2]				
Distribution by dollar value of property (percent)				
Less than 20,000	10.6	2.0	.4	4.1
20,000–39,999	24.1	8.8	1.7	11.5
40,000–49,999	11.9	8.2	2.1	7.8
50,000–74,999	20.6	24.9	11.6	20.5
75,000–99,999	10.2	17.6	15.4	14.9
100,000–149,999	10.4	16.5	20.3	15.6
150,000–199,999	6.3	10.5	14.4	10.2
200,000 or more	6.0	11.4	34.1	15.3
Total	100.0	100.0	100.0	100.0
Median value (dollars)	68,839	102,728	178,626	110,598
Median value as a percentage of median value for MSA	68.4	103.8	170.0	108.9
Renter-occupied units[2]				
Median monthly rent (dollars)	396.7	505.0	643.2	504.9
Median monthly rent as a percentage of median value for MSA	82.0	103.5	129.0	103.1
POPULATION				
Total (millions)	49.1	92.9	48.3	190.3
Percent	25.8	48.8	25.4	100.0
Race or ethnic origin (percent)[2]				
Black	30.2	8.0	4.0	12.7
Hispanic	20.6	7.7	5.2	10.4
Asian	3.7	3.1	3.9	3.4
Median age (years)[2]	30.4	33.8	36.3	33.4
Age 65 years or older (percent)[2]	12.4	13.2	12.2	12.7
Moved into census tract during 1989 or 1990 (percent)[2]	25.2	19.5	17.9	20.9

1. Census tracts are categorized by the median family income for the tract relative to the median family income for the metropolitan statistical area (MSA) in which the tract is located. Categories are defined as follows: *Low or moderate*, median family income for census tract less than 80 percent of median family income for MSA; *Middle income*, median family income 80 percent to 120 percent of MSA median; *Upper income*, median family income more than 120 percent of MSA median.

2. Figures are simple averages of the values for the census tracts in a category; they are calculated by summing the values for all census tracts in the category and dividing by the number of tracts in the category.

3. Median family income for census tracts as a percentage of MSA median family income.

SOURCE. Derived from 1990 U.S. census data.

involved in the loan or loan application, to use the 1990 census tract boundaries in place of the 1980 tract boundaries. As a consequence, the loan and application data may be matched with relatively up-to-date census information on neighborhood characteristics.[28] The switch to the 1990 census boundaries makes it difficult, however, to compare

28. The 1990 U.S. Census of Population and Housing reflects circumstances at the time the survey was conducted in the spring of

the 1992 HMDA data with the lending information reported for preceding years.

Neighborhoods with Different Incomes

A comparison of neighborhoods grouped by their median family incomes reveals differences in population, housing, and employment characteristics. To demonstrate these relationships, census tracts in MSAs have been divided into three broad income categories—low or moderate, middle, and upper income based on the relationship between the median family income of a census tract and the median family income of the MSA in which it is located.[29]

Nationwide, the low- or moderate-income neighborhoods have median family incomes that are, on average, only 58.2 percent of the median family income for their respective MSA (table A.1). Although these neighborhoods exhibit some diversity in the incomes of their residents, on average they have a high concentration of relatively poor families and have relatively few families at the highest income levels. Overall, 56 percent of the families residing in low- or moderate-income neighborhoods had 1989 incomes below $25,000, and nearly 35 percent had 1989 incomes below $15,000. These low levels of income are reflected both in elevated poverty rates and in higher unemployment—28 percent of the residents of these neighborhoods had incomes that placed them below the poverty level, and nationwide their average unemployment rate was more than three times the rate for residents of upper-income neighborhoods.

1990, except for income information, which is based on 1989 year-end data. This section draws on material in the "Report to the Congress on Community Development Lending."

29. Census tracts were classified in the following manner: Low- or moderate-income census tracts are those in which median family income is less than 80 percent of the median family income for the MSA in which the tract is located; middle-income census tracts are those in which median family income is 80 to 120 percent of the MSA median family income; and upper-income census tracts are those in which median family income exceeds 120 percent of the MSA median. Census tracts in each small county (total population of 30,000 or less) are aggregated to create a small county total to be consistent with the way HMDA data are reported. In all, eighty-six small counties are included in the analysis shown in tables 10, 11, and 12.

The differences in the income and employment circumstances of households across groups of neighborhoods partly account for the variation in owner-occupancy rates. In low- or moderate-income neighborhoods, 53 percent of the housing units in 1990 were rentals, a share nearly two and one-half times that in upper-income neighborhoods. This difference is reflected in the composition of the housing stock: Whereas 69 percent of the housing units in upper-income neighborhoods were in structures housing one to four families, only 36 percent of the units in low- or moderate-income neighborhoods were in such structures. Low- or moderate-income neighborhoods, on average, had not only low owner-occupancy rates but also high concentrations of residential properties with relatively low market values. For example, nearly 35 percent of the owner-occupied homes in low- or moderate-income neighborhoods in 1990 were valued at less than $40,000, compared with only 2 percent of the owner-occupied homes in upper-income neighborhoods.[30]

Vacancy rates, the median age of housing units, and the proportion of boarded-up units provide insight into the condition of residential properties. Vacancy rates in low- or moderate-income neighborhoods were, on average, nearly double those in upper-income neighborhoods. The median age of housing units also was substantially higher than in upper-income neighborhoods. Finally, the proportion of housing units that were boarded up (a sign of deterioration) was greater than that in either moderate- or upper-income neighborhoods.

Besides the income, employment, housing, and property condition characteristics identified thus far, population characteristics differ across neighborhoods grouped by median family income. The residents of low- or moderate-income neighborhoods in 1990 were, on average, more than 50 percent black or Hispanic. These minority groups together accounted for only 9 percent of the population in upper-income neighborhoods. Asians, in contrast, were relatively equally distributed across neighborhoods, accounting for approximately 3–4 percent of the residents of both low- or moderate- and upper-income neighborhoods.

30. Median monthly rents also reflect differences in the value of residential properties across neighborhoods. The median rent in low- or moderate-income neighborhoods in 1990 was $397, whereas the median rent in high-income neighborhoods was $643.

A.2. Characteristics of MSA census tracts, by minority population[1]

Characteristic	Predominantly white	Moderately minority	Predominantly minority
Number of census tracts	17,939	15,964	9,496
Percent	41.3	36.8	21.9
INCOME AND EMPLOYMENT[2]			
Relative neighborhood income[3]	115.3	102.3	65.8
Distribution of families by annual dollar income (percent)			
Less than 15,000	10.2	15.5	33.4
15,000–24,999	13.7	15.4	19.1
25,000–29,999	7.7	7.8	7.9
30,000–34,999	8.2	7.9	7.1
35,000–39,999	7.9	7.3	5.9
40,000–49,999	14.3	12.7	9.3
50,000–74,999	21.9	19.1	11.7
75,000 or more	16.1	14.2	5.6
Total	100.0	100.0	100.0
Percentage of residents below poverty level	7.0	12.3	28.4
Unemployment rate (percent)	4.7	6.2	13.5
HOUSING			
All units			
Number (millions)	32.4	30.4	14.1
Percent	42.2	39.5	18.3
Renter-occupied (percent)[2]	23.6	39.8	50.7
In one- to four-family structures (percent)[2]	68.6	50.4	38.3
Vacancy rate, year-round residences (percent)[2]	6.5	7.9	10.0
Median age (years)[2]	28.0	28.0	35.2
Boarded-up (percent)[2]	.1	.3	1.5
Owner-occupied units[2]			
Distribution by dollar value of property (percent)			
Less than 20,000	2.2	3.1	9.6
20,000–39,999	8.9	9.9	19.7
40,000–49,999	7.5	7.1	9.8
50,000–74,999	22.6	19.5	17.7
75,000–99,999	17.8	14.2	10.5
100,000–149,999	17.8	15.0	12.2
150,000–199,999	10.3	10.5	9.7
200,000 or more	12.9	20.7	10.7
Total	100.0	100.0	100.0
Median value (dollars)	108,908	126,932	86,335
Median value as a percentage of median value for MSA	127.1	110.9	71.3
Renter-occupied units[2]			
Median monthly rent (dollars)	514.3	534.9	436.9
Median monthly rent as a percentage of median value for MSA	111.4	104.5	85.1
POPULATION			
Total (millions)	79.1	72.5	38.7
Percent	41.6	38.1	20.3
Race or ethnic origin (percent)[2]			
Black	1.4	9.2	42.5
Hispanic	1.6	9.3	30.4
Asian	1.1	4.3	6.5
Median age (years)[2]	35.6	32.9	29.8
Age 65 years or older (percent)[2]	14.3	12.1	10.6
Moved into census tract during 1989 or 1990[2]	16.7	25.0	21.6

1. Census tracts are categorized by minority population as follows: *Predominantly white*, less than 10 percent minority population; *Moderately minority*, 10 percent to 50 percent minority population; *Predominantly minority*, more than 50 percent minority population.

2. Figures are simple averages of the values for the census tracts in a category; they are calculated by summing the values for all census tracts in the category and dividing by the number of tracts in the category.

3. Median family income for census tracts as a percentage of MSA median family income.

SOURCE. Derived from 1990 U.S. census data.

Neighborhoods with Different Racial or Ethnic Compositions

As with neighborhood income, comparisons among neighborhoods grouped by minority population reveal differences in socioeconomic and demographic status (table A.2). The residents of predominantly minority neighborhoods (defined here as census tracts in which the minority population exceeds half of the total population) typically have lower relative incomes than the residents of other neighborhoods. On average, roughly one-third of the families in predominantly minority neighborhoods had 1989 incomes below $15,000, and 28 percent of the residents had incomes below the poverty level. In contrast, about one-tenth of the families in predominantly white neighborhoods had incomes below $15,000, and only 7 percent of the residents had incomes below the poverty level. This pattern is reversed at the opposite end of the income scale: About 17 percent of the families in predominantly minority neighborhoods had incomes above $50,000, compared with 38 percent of the families in predominantly white neighborhoods.

Neighborhoods with large proportions of minority residents are also characterized by high unemployment rates. At the time of the 1990 census, the average unemployment rate of residents of predominantly minority neighborhoods was 14 percent compared with 5 percent for residents of predominantly white neighborhoods. Predominantly minority neighborhoods typically have lower owner-occupancy rates, higher vacancy rates, more boarded-up properties, older homes, and a higher proportion of lower-valued, owner-occupied homes. These characteristics are most evident in minority neighborhoods with large proportions of black residents.

Central City Neighborhoods Compared with Other Neighborhoods

The 1990 Census provides information that can be used to describe the population, housing, and employment characteristics of residents of MSAs categorized by whether they reside in neighborhoods in the central city or in the noncentral city portions. In turn, the 1992 HMDA data provide information on the characteristics of the borrowers and types of loans extended to households in central and in noncentral city locations.

The reader is cautioned that population and economic characteristics often vary greatly within the neighborhoods of any particular central city or noncentral city location. Moreover, central cities differ in characteristics from each other, depending, for instance, on the region of the country.

Central and noncentral city areas are nearly identical in total numbers of housing units. As of 1990,

A.3. Characteristics of MSA census tracts, by central city or noncentral city tracts [1]

Characteristic	Central city	Noncentral city
Number of census tracts	22,771	20,628
Percent	52.5	47.5
INCOME AND EMPLOYMENT [2]		
Relative neighborhood income [3]	90.8	109.5
Distribution of families by annual dollar income (percent)		
Less than 15,000	22.8	11.1
15,000–24,999	17.2	13.6
25,000–29,999	8.1	7.4
30,000–34,999	7.8	7.9
35,000–39,999	6.9	7.6
40,000–49,999	11.5	13.9
50,000–74,999	15.5	22.2
75,000 or more	10.3	16.3
Total	100.0	100.0
Percentage of residents below poverty level	18.7	8.1
Unemployment rate (percent)	8.9	5.3
HOUSING		
All units		
Number (millions)	38.1	38.7
Percent	49.6	50.4
Renter-occupied (percent) [2]	43.9	26.2
In one- to four-family structures (percent) [2]	45.8	65.7
Vacancy rate, year-round residences (percent) [2]	8.7	6.8
Median age (years) [2]	33.3	25.5
Boarded-up (percent) [2]	.8	.2
Owner-occupied units [2]		
Distribution by dollar value of property (percent)		
Less than 20,000	5.9	2.2
20,000–39,999	15.6	7.2
40,000–49,999	9.5	6.0
50,000–74,999	21.7	19.1
75,000–99,999	13.5	16.5
100,000–149,999	12.7	18.8
150,000–199,999	8.1	12.5
200,000 or more	12.9	17.9
Total	100.0	100.0
Median value (dollars)	97,565	124,985
Median value as a percentage of median value for MSA	99.9	118.9
Renter-occupied units [2]		
Median monthly rent (dollars)	459.2	555.4
Median monthly rent as a percentage of median value for MSA	98.3	108.4
POPULATION		
Total (millions)	91.4	98.9
Percent	48.0	52.0
Race or ethnic origin (percent) [2]		
Black	19.3	6.6
Hispanic	13.6	7.4
Asian	3.9	3.0
Median age (years) [2]	32.6	34.2
Age 65 years or older (percent) [2]	13.0	12.3
Moved into census tract during 1989 or 1990 [2]	23.3	18.2

1. Includes only census tracts in MSAs. If any portion of a census tract is located within a central city boundary, the census tract is classified in the central city category.

2. Figures are simple averages of the values for the census tracts in a category; calculated by summing the values for all census tracts in the category and dividing by the number of tracts in the category.

3. Median family income for census tracts as a percentage of MSA median family income.

SOURCE. Derived from 1990 U.S. census data.

central cities had 38.1 million housing units, and noncentral city neighborhoods had 38.7 million units (table A.3). Nonetheless, census information reveals significant differences, on average, in the characteristics of central city and noncentral city populations. The residents of central city areas had median family incomes that averaged 91 percent of the median family incomes of the MSAs in which they are located. The residents of neighborhoods in noncentral city areas, in contrast, had significantly higher incomes on average. Both poverty and unemployment rates reflect these differences: On average, the poverty rate in central city areas was 18.7 percent in 1990, and the unemployment rate was 8.9 percent; in contrast, for noncentral city areas, these rates were 8.1 percent and 5.3 percent.

The housing characteristics of central city and noncentral city areas also reflect the income and employment circumstances of households. In central city areas, on average, 43.9 percent of the units in 1990 were rentals, a rate nearly 70 percent higher than that in noncentral city areas. Central city neighborhoods also typically had higher vacancy rates, older homes, and greater proportions of boarded-up units.

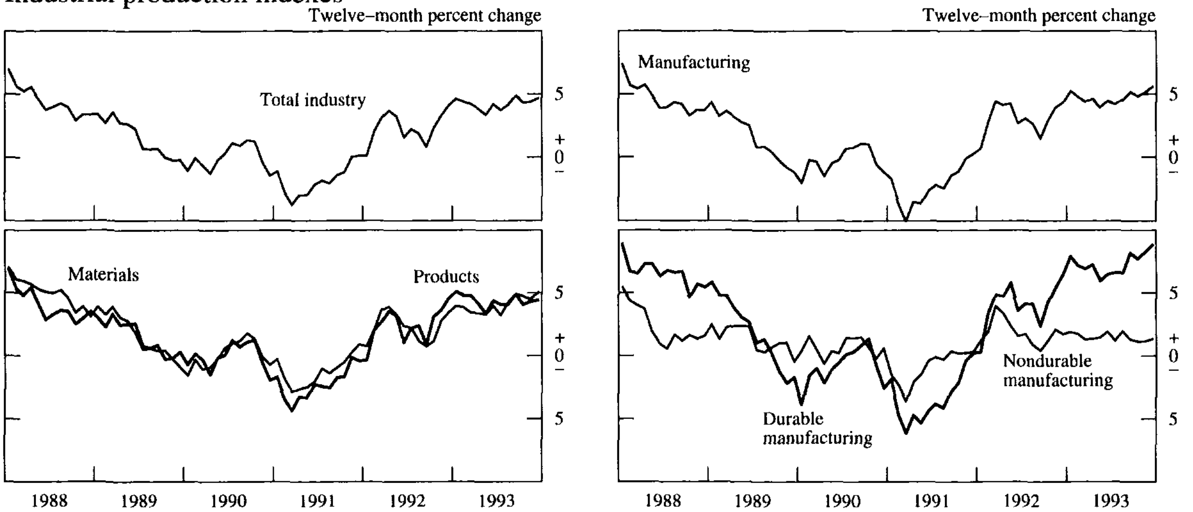
Finally, central city and noncentral city areas are substantially different in their racial or ethnic composition. In 1992, blacks and Hispanics accounted for 32.9 percent of central city residents but only 14 percent of noncentral city residents. □

Industrial Production and Capacity Utilization for November and December 1993

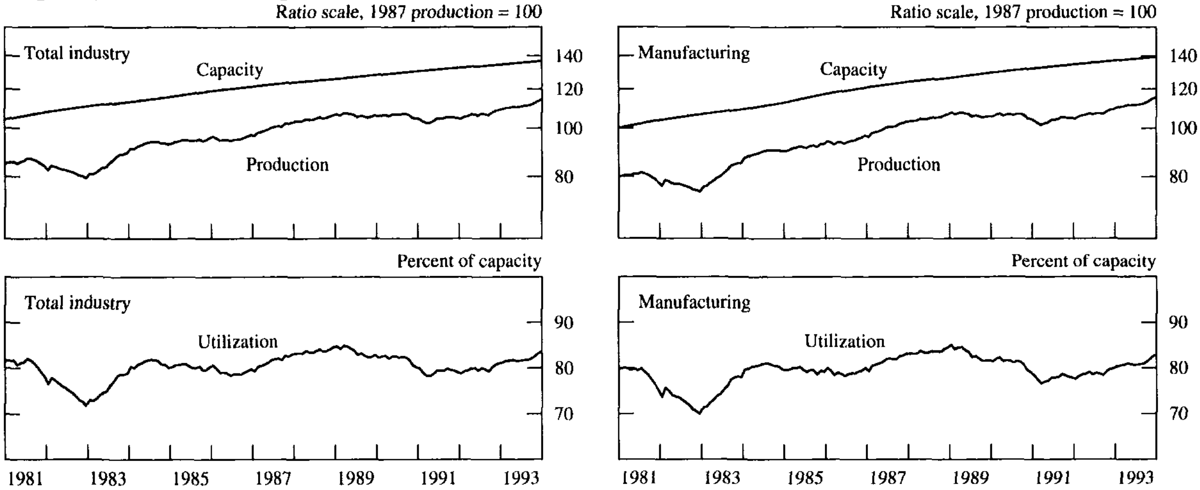
Released for publication December 15

Industrial production rose 0.9 percent in November; the revised gain for October was 0.7 percent. The growth in recent months has been led by sharp increases in the motor vehicles and parts industry, where the level of production rose 20 percent between August and November. Excluding motor vehicles and parts, industrial production grew 0.5 percent in November, with solid gains in the output of construction supplies and information processing equipment. At 113.2 percent of its 1987

Industrial production indexes



Capacity and industrial production



All series are seasonally adjusted. Latest series, December. Capacity is an index of potential industrial production.

Industrial production and capacity utilization, November 1993[1]

Category	Industrial production, index, 1987 = 100								
	1993				Percentage change				
					1993[2]				Nov. 1992 to Nov. 1993
	Aug.[r]	Sept.[r]	Oct.[r]	Nov.[p]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.[p]	
Total	**110.0**	**111.4**	**112.2**	**113.2**	**.2**	**.4**	**.7**	**.9**	**4.4**
Previous estimate	110.9	111.4	112.2	...	.1	.4	.8	...	...
Major market groups									
Products, total[3]	110.3	110.7	111.4	112.4	.2	.3	.7	.9	4.2
Consumer goods	107.8	107.9	109.1	110.0	.1	.1	1.1	.8	2.7
Business equipment	137.6	139.3	140.4	142.3	.3	1.2	.8	1.3	10.3
Construction supplies	98.7	99.3	99.6	100.8	.3	.6	.3	1.1	5.9
Materials	112.2	112.6	113.4	114.3	.1	.4	.7	.8	4.6
Major industry groups									
Manufacturing	111.9	112.4	113.2	114.4	.3	.4	.7	1.0	5.0
Durable	115.7	116.9	118.2	119.8	.3	1.0	1.1	1.3	8.0
Nondurable	107.3	106.9	107.1	107.7	.3	−.4	.2	.6	1.3
Mining	95.5	97.5	98.0	97.7	−.9	2.1	.5	−.3	−.1
Utilities	117.7	115.3	115.6	116.0	.7	−2.1	.2	.3	1.1

Category	Capacity utilization, percent								Memo Capacity, percentage change, Nov. 1992 to Nov. 1993
	Average, 1967–92	Low, 1982	High, 1988–89	1992	1993				
				Nov.	Aug.[r]	Sept.[r]	Oct.[r]	Nov.[p]	
Total	**81.9**	**71.8**	**84.8**	**80.8**	**81.7**	**81.9**	**82.4**	**83.0**	**1.6**
Manufacturing	81.2	70.0	85.1	79.7	80.8	81.1	81.5	82.2	1.8
Advanced processing	80.7	71.4	83.3	78.4	79.2	79.6	80.2	80.8	2.2
Primary processing	82.2	66.8	89.1	83.0	84.8	84.4	84.7	85.5	.9
Mining	87.4	80.6	87.0	87.4	85.8	87.7	88.1	88.0	−.8
Utilities	86.7	76.2	92.6	87.1	88.6	86.7	86.8	87.0	1.1

1. Data seasonally adjusted or calculated from seasonally adjusted monthly data.
2. Change from preceding month.
3. Contains components in addition to those shown.
r Revised.
p Preliminary.

average, industrial production was 4.4 percent above its level a year ago. The recent strength in output boosted the utilization of total industrial capacity 0.6 percentage point in November and 0.5 percentage point in October. Capacity utilization now stands at 83.0 percent, the highest rate since August 1989 and more than 1.0 percentage point above its 1967–92 average.

When analyzed by market group, the data show that gains in motor vehicles have generated sharp increases in the production of durable consumer goods in each of the past three months. Excluding autos and trucks, the level of production of consumer durables in November was about 2 percent higher than in September, a margin reflecting net gains in appliances, carpeting, and furniture. Production of consumer nondurables remained sluggish, however, advancing just 0.2 percent, and was only 0.5 percent higher than it was a year earlier. Over the past year, the production of clothing has been particularly weak.

The rapid expansion in the output of business equipment over the past three months has been led by gains in motor vehicles and computers. On balance, output of the other components in this market group has changed little since July; declines in commercial aircraft and related equipment have largely offset gains in other categories.

Among materials, the sharp rise in the output of durables in the past three months has been spurred by sizable increases in the production of semiconductors and motor vehicle parts. The production of nondurable goods materials increased 1.1 percent, largely because of a pickup in the production of paper, paperboard, textiles, and chemicals. Nevertheless, output of nondurable goods was only slightly higher than in August. The output of energy materials was about unchanged last month.

When analyzed by industry group, the data show that manufacturing output expanded 1.0 percent in November and had a revised gain of 0.7 percent in October. The output of durable goods manufacturers was up 1.3 percent, and the output of nondurable goods manufacturers rose 0.6 percent. The utilization of manufacturing capacity increased 0.7 percentage point, to 82.2 percent, a level 1 percentage point above the 1967–92 average. The utilization rate in advanced processing increased 0.6 percentage point, to 80.8 percent, a level about equal to the 1967–92 average. The recent increase for the advanced-processing group was concentrated in the motor vehicles and parts industry, where utilization increased more than 5 percentage points in each of the past two months; at 83.2 percent, the utilization rate in motor vehicles and parts now stands nearly 8 percentage points above its 1967–92 average. The utilization rate in primary processing increased 0.8 percentage point in November, to 85.5 percent, a level more than 3.0 percentage points above the 1967–92 average. Last month's increase was concentrated in lumber products, paper and products, petroleum products, and stone, clay, and glass products. At 91.7 percent and 94.1 percent respectively, the November utilization rates in lumber and petroleum were each nearly 9.0 percentage points above their 1967–92 averages.

The output at utilities rose 0.3 percent, and the output of mines declined 0.3 percent.

Released for publication January 14

Industrial production rose 0.7 percent in December. For the fourth quarter as a whole, total output advanced at an annual rate of 7.5 percent. Continuing the pattern begun in September, December's growth was boosted by developments in the motor vehicles and parts industry, where production grew 4.9 percent for the month, and has increased approximately 25 percent since August. Excluding motor vehicles and parts, industrial production grew 0.5 percent in December, about the same as November's increase; this gain reflected continued growth in the output of construction supplies, durable goods materials, and business equipment. At 114.0 percent of its 1987 average, industrial production in December was 4.6 percent above its level a year ago. Reflecting the sustained strong growth in output, the utilization of total industrial capacity rose 0.5 percentage point in December after having increased 0.7 percentage point in November. Capacity utilization at the end of 1993 stood at 83.5 percent, 2.5 percentage points above its year-ago level but still below its most recent peak, which was in 1988–89.

When analyzed by market group, the data show that the output of consumer goods was pushed up by another sizable gain in automotive products. However, the output of other consumer durable goods, such as appliances, eased in December after two months of strong growth. Despite last month's decline, the production of consumer durables excluding automotive products grew at an annual rate of more than 6 percent during the fourth quarter. The output of nondurables remained sluggish: The output of clothing and consumer paper products continued to be weak, and the production of consumer fuels, mainly gasoline, declined sharply last month.

The rapid expansion in the output of business equipment since August continued in December, led by strong gains in motor vehicles and computers. The production of most other categories of business equipment, except commercial aircraft, also increased.

Among materials, another sharp rise in the output of durables in December was driven largely by sizable increases in the production of semiconductors and parts for motor vehicles. However, the production of nondurable goods materials declined slightly, as the output of chemical materials rose but the output of paper materials declined. The output of energy materials expanded 0.8 percent, with coal, crude oil, and utilities production all up noticeably. Nevertheless, production for this market group was down about 1 percent from its December 1992 level.

When analyzed by industry group, the data show that manufacturing output expanded 0.7 percent in December after a gain of 1.1 percent in November. Production by manufacturers of durable goods grew 1.3 percent, with particularly strong increases recorded by the iron and steel, nonelectrical

Industrial production and capacity utilization, December 1993[1]

Category	Industrial production, index, 1987 = 100								
	1993				Percentage change				
					1993[2]				Dec. 1992 to Dec. 1993
	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[p]	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[p]	
Total	**111.4**	**112.1**	**113.2**	**114.0**	**.3**	**.7**	**.9**	**.7**	**4.6**
Previous estimate	111.4	112.2	113.2	...	.4	.7	.9	...	...
Major market groups									
Products, total[3]	110.5	111.4	112.4	113.0	.2	.8	.9	.5	4.4
Consumer goods	107.4	108.6	109.6	109.8	−.4	1.1	.8	.2	2.1
Business equipment	139.4	140.8	142.9	144.9	1.4	1.0	1.5	1.4	11.8
Construction supplies	99.3	99.9	100.7	101.3	.6	.6	.8	.6	7.2
Materials	112.7	113.2	114.3	115.5	.5	.5	.9	1.1	5.0
Major industry groups									
Manufacturing	112.3	113.2	114.5	115.3	.4	.8	1.1	.7	5.6
Durable	117.0	118.3	120.1	121.7	1.1	1.1	1.5	1.3	8.8
Nondurable	106.5	107.0	107.6	107.4	−.7	.4	.6	−.2	1.3
Mining	97.7	98.2	97.4	97.9	2.3	.6	−.8	.5	−.4
Utilities	115.3	114.6	115.4	116.6	−2.1	−.6	.8	1.0	−.1
	Capacity utilization, percent								MEMO Capacity, percentage change, Dec. 1992 to Dec. 1993
	Average, 1967–92	Low, 1982	High, 1988–89	1992	1993				
				Dec.	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[p]	
Total	**81.9**	**71.8**	**84.8**	**81.0**	**81.9**	**82.3**	**83.0**	**83.5**	**1.6**
Manufacturing	81.2	70.0	85.1	79.8	81.0	81.5	82.3	82.7	1.9
Advanced processing	80.7	71.4	83.3	78.6	79.6	80.1	80.9	81.4	2.3
Primary processing	82.3	66.8	89.1	82.9	84.4	84.8	85.7	86.0	.9
Mining	87.4	80.6	87.0	87.8	87.8	88.4	87.7	88.2	−.8
Utilities	86.7	76.2	92.6	88.5	86.7	86.1	86.6	87.5	1.1

1. Data seasonally adjusted or calculated from seasonally adjusted monthly data.
2. Change from preceding month.
3. Contains components in addition to those shown.
r Revised.
p Preliminary.

machinery, and motor vehicles and parts industries. By contrast, output of nondurable goods manufacturers declined 0.2 percent on a broad front; food, apparel, paper, printing and publishing, and petroleum all posted lower output for the month. The output at utilities rose 1.0 percent, and the output of mines increased 0.5 percent.

Manufacturing capacity utilization increased 0.4 percentage point in December to 82.7 percent. Rising utilization in durable goods manufacturing has accounted for all of the increase in the factory utilization rate over the past two months. Increases in utilization have been particularly sharp in primary metals and in motor vehicles and parts. By contrast, the utilization rate in nondurables manufacturing declined 0.2 percentage point.

Notice of Revised Indexes

Revised indexes of industrial production and rates of capacity utilization will be published in the G.17 (419) statistical release in February 1994. Revised production statistics will begin in 1991 and revised capacity utilization statistics will begin in 1990.

- The revisions to production primarily reflect the incorporation of more comprehensive monthly source data, review of the production factor coefficients, and updated seasonal factors.
- The revisions to capacity utilization will reflect improved estimates of capital stocks and preliminary results from the Census Survey of Plant Capacity for 1991 and 1992.

• Diskettes containing the revised data will be available on the day of release from the Board of Governors of the Federal Reserve System, Publications Services, at (202) 452-3245.

NOTE. This issue contains two releases on industrial production and capacity utilization, the one for December 15, 1993 (November data) and the one for January 14, 1994 (December data). The release for February 1994 (containing January data) will appear in the March issue.

Statement to the Congress

Statement by J. Virgil Mattingly, General Counsel, Board of Governors of the Federal Reserve System, before the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, December 9, 1993

I am pleased to appear today to testify in connection with the committee's hearing into recent requests that Sheikh Zayed al-Nahyan and two of his adult sons be granted head of state immunity in connection with pending civil litigation. The litigation relates to the acquisition of the First American banking organization by the Bank of Credit and Commerce International, S.A., and its affiliates (collectively BCCI). Sheikh Zayed is the President of the United Arab Emirates (UAE) and the ruler of Abu Dhabi, one of the emirates that make up the UAE.

Federal Reserve Enforcement Actions Related to the BCCI

At the outset, you have asked me to summarize briefly the BCCI matter and the Board's enforcement actions relating to the BCCI. The irregular and unlawful operations of the BCCI have been described in detail at previous hearings before this and other congressional committees. In brief, before the BCCI closed in July 1991, it operated banking offices in numerous countries throughout the world but was not subject to supervision as a consolidated organization in its home country. This lack of consolidated supervision facilitated the BCCI's ability to carry out fraudulent transactions by, for example, allowing the manipulation of accounts through transfers of funds among its affiliates.

Much evidence has now come to light disclosing a complex and massive fraud at the BCCI, including mismanagement, substantial loan and treasury account losses, misappropriation of funds, unrecorded deposits, the creation and manipulation of fictitious accounts to conceal bank losses, and concealment from regulatory authorities of the BCCI's true financial position. The BCCI never received regulatory approval to accept deposits from the general public in the United States, although it did operate several agencies here. However, evidence uncovered as a result of formal investigations by the Federal Reserve and other authorities shows that the BCCI did engage in the United States in a scheme to acquire controlling interests in U.S. banking organizations without the required previous regulatory approval. The BCCI carried out this scheme by causing persons financed by the BCCI to acquire voting shares of banking organizations as the nominees of the BCCI. As a result of this scheme, the BCCI acquired controlling interests in the Credit and Commerce American Holdings, N.V. (CCAH), the holding company established to acquire the First American banks, which operated in Virginia, Maryland, Washington, D.C., New York, and Tennessee, as well as the Independence Bank in California and the National Bank of Georgia.

A series of administrative enforcement actions by the Federal Reserve Board have grown out of the BCCI's unlawful acquisition of banking organizations in the United States. First, the Board instituted actions against the BCCI itself and related persons arising out of the First American and National Bank of Georgia transactions. The Board's charges were resolved as part of a comprehensive plea agreement that also resolved parallel criminal prosecutions against the BCCI brought by the Justice Department and the New York County District Attorney. The BCCI pled guilty to the criminal charges, and the BCCI's U.S. assets, estimated at several hundred million dollars, were forfeited to the United States. Under the agreement, half of the forfeited assets would then be paid to a worldwide victims' fund to compensate innocent depositors. The BCCI also consented to the Board's $200 million civil money penalty, with the Board agreeing to stay collection of the penalty in light of the asset forfeiture. The plea agreement also incorporated a requirement that the BCCI's interest in the First American banks would be fully divested, which has now been accomplished, and that the proceeds from the sale of that interest would be forfeited as an asset of the BCCI under the agreement.

Federal Reserve enforcement actions were also aimed at various persons who served as the BCCI's senior management or as nominees of the BCCI in acquiring and retaining control of U.S. banking organizations. These persons include Kamal Adham, a Saudi Arabian businessman who was charged with acquiring and holding shares of First American's holding company as a nominee for the BCCI. Adham has paid a $10 million civil money penalty as well as $3 million in reimbursement to cover investigative costs. He has also been permanently barred from banking in the United States.

The second major BCCI-related enforcement action by the Federal Reserve involves Ghaith Pharaon, another Saudi businessman. This action seeks a civil money penalty of $37 million and an order prohibiting Pharaon from the banking industry, primarily for his alleged participation in the BCCI's unlawful acquisition of the Independence Bank. The Board's proceedings against Pharaon are pending. To assure that any possible civil money penalty assessed by the Board can be collected, the Board has obtained a federal district court order freezing Pharaon's U.S. assets until administrative proceedings before the Board have been completed. Pharaon is also facing three federal indictments and an indictment in New York County.

Of the other persons charged in this proceeding and those of First American, five are now subject to Board orders assessing penalties or banning them from banking, including Agha Hasan Abedi, the founder and president of the BCCI, and Swaleh Naqvi, a principal officer of the organization. Actions seeking to impose similar sanctions against three other persons are pending.

A third major enforcement action brought by the Federal Reserve involves Clark Clifford and Robert Altman, who, among other things, served as counsel for the BCCI and the CCAH and as senior management of the First American organization. The Board's case has been stayed pending a final decision on whether federal criminal charges against these persons will be reinstated.

The fourth major BCCI-related action is against Khalid bin Mahfouz, a Saudi banker, and the bank his family owns in Saudi Arabia, who are charged with unlawfully acquiring and holding a 28 percent block of shares of First American's holding company from 1986 through at least 1990 without regulatory approval. The Board's action seeks a $170 million civil money penalty from Mahfouz. As a result of a federal court asset freeze lawsuit, letters of credit, totaling $122 million, have been provided to the Board in connection with the civil penalty proceeding. Mahfouz has also been indicted in the County of New York.

Involvement of the Ruling Family of Abu Dhabi with the BCCI

The Abu Dhabi ruling family had substantial ownership interests in both the BCCI and the First American organization. After the Board's August 1981 approval of the acquisition of the First American banks by CCAH, Sheikh Zayed and his oldest son, Khalifa, became substantial investors in the CCAH, each one holding about 10 percent of its voting shares. Since the formation of the CCAH, the Abu Dhabi Investment Authority (ADIA) has separately owned between 6 percent and 8 percent of voting shares of that company.

At this time, none of the Federal Reserve's pending enforcement actions names the Abu Dhabi ruling family or the ADIA; nor in any of the actions brought by the Federal Reserve against others has the Abu Dhabi ruling family or ADIA been alleged to have served as BCCI nominees in controlling the shares of First American's holding company.

The Federal Reserve has not, however, had access to all of the evidence relating to the ownership of CCAH shares by members of the Abu Dhabi ruling family and related interests and has requests outstanding for access to witnesses and documents in Abu Dhabi. We are continuing to pursue all relevant information relating to the ownership of shares of the CCAH.

Requests for Head of State Immunity by Sheikh Zayed and His Sons

Sheikh Zayed and his sons have moved to be dismissed as defendants in a civil lawsuit brought against them and several other BCCI-related persons by the First American organization. The lawsuit, filed in federal district court in Washington, D.C., seeks, among other things, damages for injuries to the organization resulting from its unlawful acquisition by the BCCI. As we understand, Sheikh Zayed asserts that, under the doctrine of head of state immunity, he, as the head of state of the UAE, and his immediate family are not subject to lawsuits in the United States. We understand that the State Department has been requested to express a view on whether head of state immunity applies to Sheikh Zayed and his sons.

Thus, the specific question as to whether head of state immunity requires the dismissal of Sheikh Zayed and his sons as defendants in the pending civil suit is now before the federal district court and the Department of State, which traditionally speaks for the executive branch on questions of immunity for foreign rulers. The Board is not a party to the civil litigation and has not taken a position on the head of state immunity issue. Staff members of the State Department have solicited the views of the Board's staff on the possible effects on the Board's bank regulatory powers if this immunity request was granted.

Effect of Granting Immunity to the Abu Dhabi Ruling Family

If, as a result of the Board's ongoing investigation into BCCI matters, a formal enforcement action were to be taken against the ruler of Abu Dhabi, it is very possible that the Board's ability to prosecute such an action could be impaired if immunity were granted. As we understand it, the scope of head of state immunity has not been precisely defined, but it is possible that such immunity could be interpreted as affording complete protection against any type of civil action in this country, including a regulatory enforcement proceeding. Moreover, it is not clear whether the grant of head of state immunity to the ruler would cover his adult sons. We are not aware of any situation in the past in which a bank regulatory agency sought to take formal enforcement action against a foreign head of state.

Impact of Immunity Grant on Regulation of Foreign Government-Owned Banks

With regard to the more general question, a grant of immunity to a head of state who owns or controls a banking organization operating in the United States could restrict the Board's ability to ensure compliance with the banking laws. As explained earlier, in such a case the grant of head of state immunity could be interpreted as barring the Board from taking any enforcement action against a head of state who was a principal shareholder of the organization. In addition, because of this potential limitation on the exercise of an important regulatory tool, the issue of head of state immunity would be a significant factor in any application by a head of state to acquire a U.S. bank unless there was an effective waiver of immunity by the head of state.

Based on a review of available data, we are unaware of any instance in which a person who can be identified as a head of state, or as a member of the household of a head of state, at the present time owns 5 percent or more of the shares of a bank with operations in the United States. However, in shareholder lists required to be filed with the Federal Reserve we do not request that a head of state be identified as such, so that we cannot say for certain that no head of state currently owns shares of a bank doing business here.

As this committee is aware, foreign government entities own several banking organizations operating in the United States. The scope of the immunity granted to a foreign government entity in a civil action is governed by the Foreign Sovereign Immunities Act (FSIA). That act does not extend immunity to commercial activity by a foreign state entity in the United States, which we believe should include the acquisition and control of U.S. banks or the conduct by a foreign bank of activities in this country. Accordingly, under this view of the FSIA, we believe that a defense of sovereign immunity should not interfere with the effective regulation of the operations of foreign government owned banks in the United States in the future. In this regard, the defense of sovereign immunity has not been raised in any of the enforcement actions taken to date by the Board against foreign government-owned banks.

CONCLUSION

Although questions as to the existence and scope of immunity for the heads of foreign states or foreign government entities are determined by authorities other than the Federal Reserve, a grant of head of state immunity to an person controlling a banking organization with operations in the United States could possibly block regulatory actions against the head of state to enforce the banking laws. However, we are not aware of any situation in the past when immunity has restricted the exercise of regulatory powers over foreign government-owned banking organizations, and possible problems related to immunity for foreign heads of state might be dealt with in the future by requiring a waiver of such immunity as a condition for approval. □

Announcements

APPOINTMENT OF NEW MEMBERS TO THE THRIFT INSTITUTIONS ADVISORY COUNCIL

The Federal Reserve Board announced on December 8, 1993, the names of three new members of its Thrift Institutions Advisory Council (TIAC) and designated a new president and vice president of the council for 1994.

The council is an advisory group composed of twelve representatives from thrift institutions. The Board established the panel in 1980, and it includes representatives from savings and loans, savings banks, and credit unions. The council meets at least four times each year with the Board of Governors to discuss developments relating to thrift institutions, the housing industry, mortgage finance, and certain regulatory issues.

Beatrice D'Agostino, Chairman, President, and CEO of the New Jersey Savings Bank, Somerville, New Jersey, will serve as president of the council for 1994, and Charles John Koch, President and CEO of Charter One Bank, F.S.B., Cleveland, Ohio, will serve as vice president.

The three new members, named for two-year terms beginning January 1, 1994, are the following:

Malcolm E. Collier, Chairman and CEO, First Federal Savings Bank, Lakewood, Colorado

Stephen D. Taylor, President and CEO, American Savings of Florida, F.S.B., Miami, Florida

John M. Tippets, President and CEO, American Airlines Employees Federal Credit Union, Dallas–Fort Worth Airport, Texas.

Other members of the council are the following:

William A. Cooper, Chairman and CEO, TCF Bank Savings fsb, Minneapolis, Minnesota

Paul L. Eckert, Chairman and President, Citizens Federal Savings Bank, Davenport, Iowa

George R. Gligorea, Chairman, President, and CEO, First Federal Savings Bank, Sheridan, Wyoming

Kerry Killinger, Chairman, President, and CEO, Washington Mutual Savings Bank, Seattle, Washington

Robert McCarter, Chairman and CEO, New Bedford Institution for Savings, New Bedford, Massachusetts

Nicholas W. Mitchell, Jr., President and CEO, Piedmont Federal Savings and Loan Association, Winston-Salem, North Carolina

Stephen W. Prough, President and CEO, Western Financial Savings Bank, Irvine, California.

REGULATION A: AMENDMENTS

The Federal Reserve Board issued on December 16, 1993, amendments to Regulation A (Extensions of Credit by Federal Reserve Banks) to implement section 142 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) regarding limits on Federal Reserve Bank credit. The amendments were effective January 30, 1993.

Under section 142, after December 19, 1993, the Board may be financially liable to the Federal Deposit Insurance Corporation (FDIC) for certain losses incurred by the insurance funds administered by the FDIC. Section 142 amended section 10B of the Federal Reserve Act to discourage advances under that section to undercapitalized and critically undercapitalized insured depository institutions. The Congress was concerned that such advances could lead to increased losses to the insurance funds.

Besides making several technical and stylistic changes to update and clarify the regulation, the amendments accomplish the following:

- Place limitations on Federal Reserve Bank credit to undercapitalized and critically undercapitalized insured depository institutions
- Describe the calculation of amounts that may be payable to the FDIC
- Define undercapitalized and critically undercapitalized insured depository institutions
- Clarify the term "viable," as it applies to an undercapitalized insured depository institution
- Provide for assessments of the Federal Reserve Banks for amounts that the Board may be required to pay the FDIC under section 142.

The revised regulation will guide the Federal Reserve Banks in their dealings with undercapitalized and critically undercapitalized institutions and will advise these institutions and their banking supervisors of potential limitations on the availability of Federal Reserve Bank credit.

REGULATION B: AMENDMENTS

The Federal Reserve Board issued on December 10, 1993, amendments to its Regulation B (Equal Credit Opportunity) regarding the right of credit applicants to receive copies of appraisal reports.

The amendments define the coverage of the appraisal requirements to be loans secured by a lien on a residential structure containing one to four units. The regulation provides alternative methods of compliance with the law. Creditors may choose to automatically provide a copy of appraisal reports to all applicants for covered loans. Or they may choose to provide a copy upon the applicant's request and be subject to other provisions in the regulation. For creditors that do not automatically provide copies of appraisal reports, the regulation includes a requirement that applicants be notified of the right to receive a copy and limits when an applicant must request (and the creditor must provide) it.

The Regulation B amendments implement and clarify the amendments to the Equal Credit Opportunity Act contained in the Federal Deposit Insurance Corporation Improvement Act of 1991, which took effect in December 1991. The amendments to the regulation were effective December 14, 1993, but compliance with the regulatory requirements is optional until June 14, 1994.

RISK-BASED CAPITAL GUIDELINES: AMENDMENTS

The Federal Reserve Board announced on December 20, 1993, adoption of amendments to its risk-based capital guidelines affecting the treatment of certain multifamily housing loans. This rule was effective December 31, 1993.

The revised guidelines for state member banks and bank holding companies lower the risk weight from 100 percent to 50 percent for multifamily housing loans that meet criteria specified in the proposal. This change was directed by a provision of section 618(b) of the Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act of 1991 (RTCRRIA).

In a separate action on December 16, 1993, the Board approved a recommendation from the Federal Financial Institutions Examination Council to seek public comment on a Notice of Proposed Rulemaking and an advance Notice of Proposed Rulemaking concerning the regulatory treatment of recourse arrangements and direct credit substitutes, which, to the extent that they apply to multifamily housing loans, would if adopted also satisfy the requirements of certain provisions of section 628(b) of RTCCRIA. This notice will be issued at a later date.

PROPOSED ACTIONS

The Federal Reserve Board requested on December 10, 1993, public comment on a proposal to assess charges for examinations of U.S. branches, agencies, and representative offices of foreign banks. Comments should be received by April 20, 1994.

The Federal Reserve Board also requested on December 20, 1993, public comment on a proposal to amend its risk-based capital guidelines for state member banks and bank holding companies to include in tier 1 capital net unrealized holding gains and losses on securities available for sale. This component of common stockholders' equity was created by the Financial Accounting Standards Board (FASB) Statement No. 115 "Accounting for Certain Investments in Debt Equity Securities." Comments were requested by January 21, 1994.

CHANGE IN BOARD STAFF

Effective January 1, 1994, the Division of Banking Supervision and Regulation assumed the responsibility for the National Information Center (NIC). Concurrently, the NIC Function Office was established in the division. Also effective January 1, 1994, William Schneider transferred to the division to continue as NIC Project Director. □

Minutes of the Federal Open Market Committee Meeting of November 16, 1993

A meeting of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington, D.C., on Tuesday, November 16, 1993, at 9:00 a.m.

Present:

Mr. Greenspan, Chairman
Mr. McDonough, Vice Chairman
Mr. Angell
Mr. Boehne
Mr. Keehn
Mr. Kelley
Mr. LaWare
Mr. Lindsey
Mr. McTeer
Mr. Mullins
Ms. Phillips
Mr. Stern

Messrs. Broaddus, Jordan, Forrestal, and Parry, Alternate Members of the Federal Open Market Committee

Messrs. Hoenig, Melzer, and Syron, Presidents of the Federal Reserve Banks of Kansas City, St. Louis, and Boston respectively

Mr. Kohn, Secretary and Economist
Mr. Bernard, Deputy Secretary
Mr. Coyne, Assistant Secretary
Mr. Gillum, Assistant Secretary
Mr. Mattingly, General Counsel
Mr. Patrikis, Deputy General Counsel
Mr. Prell, Economist
Mr. Truman, Economist

Messrs. R. Davis, Lang, Lindsey, Promisel, Rolnick, Rosenblum, Scheld, Siegman, Simpson, and Slifman, Associate Economists

Ms. Lovett, Manager for Domestic Operations, System Open Market Account
Mr. Fisher, Manager for Foreign Operations, System Open Market Account

Mr. Winn, Assistant to the Board, Office of Board Members, Board of Governors[1]
Mr. Ettin, Deputy Director, Division of Research and Statistics, Board of Governors
Mr. Madigan, Associate Director, Division of Monetary Affairs, Board of Governors
Mr. Stockton, Associate Director, Division of Research and Statistics, Board of Governors
Ms. Low, Open Market Secretariat Assistant, Division of Monetary Affairs, Board of Governors

Mr. Beebe, Ms. Browne, Messrs. J. Davis, T. Davis, Dewald, Goodfriend, and Ms. Tschinkel, Senior Vice Presidents, Federal Reserve Banks of San Francisco, Boston, Cleveland, Kansas City, St. Louis, Richmond, and Atlanta respectively

Mr. Guentner, Assistant Vice President, Federal Reserve Bank of New York

By unanimous vote, the minutes for the meeting of the Federal Open Market Committee held on September 21, 1993, were approved.

The Report of Examination of the System Open Market Account, conducted by the Board's Division of Reserve Bank Operations and Payment Systems as of the close of business on April 30, 1993, was accepted.

The Manager for Foreign Operations reported on developments in foreign exchange markets during the period since the September meeting. There were no open market transactions in foreign currencies for the System account during this period, and thus no vote was required of the Committee.

By unanimous vote, the Committee authorized the renewal for further periods of one year of the

1. Attended portion of meeting on the review of FOMC practices with regard to recording and transcribing FOMC meeting discussions and the release of information about such discussions.

System's reciprocal currency ("swap") arrangements with foreign central banks and the Bank for International Settlements. The amounts and maturity dates of these arrangements are indicated in the table that follows:

Foreign bank	Amounts (millions of dollars equivalent)	Term (months)	Maturity dates
Austrian National Bank	250	12	12/04/93
Bank of England	3,000	"	12/04/93
Bank of Japan	5,000	"	12/04/93
Bank of Mexico	700	"	12/04/93
Bank of Norway	250	"	12/04/93
Bank of Sweden	300	"	12/04/93
Swiss National Bank	4,000	"	12/04/93
Bank for International Settlements			
Swiss francs	600	"	12/04/93
Other authorized European currencies	1,250	"	12/04/93
National Bank of Belgium	1,000	"	12/18/93
Bank of Canada	2,000	"	12/28/93
National Bank of Denmark	250	"	12/28/93
Bank of France	2,000	"	12/28/93
German Federal Bank	6,000	"	12/28/93
Bank of Italy	3,000	"	12/28/93
Netherlands Bank	500	"	12/28/93

The Manager for Domestic Operations reported on developments in domestic financial markets and on System open market transactions in U.S. government securities and federal agency obligations during the period September 21, 1993, through November 15, 1993. By unanimous vote, the Committee ratified these transactions.

The Committee then turned to a discussion of the economic and financial outlook and the formulation of monetary policy for the intermeeting period ahead. A summary of the economic and financial information available at the time of the meeting and of the Committee's discussion is provided below, followed by the domestic policy directive that was approved by the Committee and issued to the Federal Reserve Bank of New York.

The information reviewed at this meeting suggested some strengthening in the expansion of economic activity in recent months. Consumer spending had picked up; housing activity was quickening; and business spending for durable equipment had continued to trend higher, though at a reduced pace. Industrial production, particularly manufacturing, and employment had posted solid gains. At the same time, inflation had remained muted, with consumer prices increasing moderately on balance in recent months and producer prices falling.

Total nonfarm payroll employment rose appreciably in September and October after declining slightly in August. Although job gains were widespread in October, a large part of the increase was in various business services, notably temporary employment agencies. In other categories, construction employment registered its largest monthly rise since last spring, and jobs in manufacturing increased after seven months of declines. The civilian unemployment rate edged up to 6.8 percent in October.

Industrial production rose sharply in October, with manufacturing more than accounting for the increase. Part of the gain in manufacturing reflected a further rebound in the output of motor vehicles and parts. Aside from motor vehicles, however, the production of business equipment was lifted by another surge in office and computing equipment, and the output of consumer goods was boosted by strength in furniture and appliances. Utilization of total industrial capacity rose in October, reaching a level last seen in the fourth quarter of 1992.

Nominal retail sales were up substantially in October after changing little in September. Sales in October were boosted by a turnaround in spending at automobile dealerships and by a surge at building materials and supply stores. Sales at other types of retail outlets were mixed. Purchases at general merchandise stores were brisk. However, sales at apparel outlets and at furniture and appliance stores edged down after rising strongly for several months, and the increase in spending at gasoline stations entirely reflected the effects of the new federal gasoline tax on pump prices. Housing activity strengthened further in the third quarter. Starts of single-family homes in August and September were at their highest levels in almost five years; starts of multifamily units also picked up in September, although construction activity in this sector remained at a very low level. Sales of new and existing homes moved up further in the third quarter and were especially strong in September.

Real business capital spending increased in the third quarter at a considerably slower pace than earlier in the year. The slowdown largely reflected a smaller rise in spending for producers' durable equipment, as reduced outlays for aircraft and motor vehicles more than offset continued strong gains in spending for computing equipment and other capital goods. Nonresidential construction was down slightly in the third quarter after a sizable advance over the first half of the year. Office and industrial building activity appeared to have bottomed out, but high vacancy rates and declining property values continued to limit new construction.

Business inventories climbed significantly further in September; for the third quarter as a whole, however, stocks were accumulated at a somewhat slower pace than in the first half of the year. At the retail level, inventories rebounded in September after declining on balance over July and August. The ratio of inventories to sales for retailing edged up in September but remained near the low end of its range over the past year. Inventory accumulation in the wholesale sector slowed in September after rising substantially in August; the inventory-to-sales ratio for this sector was unchanged at the midpoint of its range over the past several years. In manufacturing, stocks dropped in September after changing little over the two previous months; with factory shipments up, the stocks-to-shipments ratio for manufacturing as a whole fell in September to its lowest level in recent years.

The nominal U.S. merchandise trade deficit declined further in August, but for July and August combined the deficit was about the same as its average rate for the second quarter. The value of both exports and imports was slightly lower in July–August than in the second quarter. The decline in the value of exports primarily reflected shortfalls in shipments of aircraft and automotive products, and the drop in imports was associated with reduced imports of oil and automotive products. Available data indicated that the performance of the major foreign industrial economies continued to be mixed. Economic activity appeared to have remained weak in Japan in the third quarter and to have stagnated in western Germany after increasing moderately in the second quarter. On the other hand, the recessions in France and Italy seemed to have bottomed out, and the economies of Canada and the United Kingdom to have recovered somewhat further.

Producer prices for finished goods fell in October, retracing the small increase in September; excluding the effects of higher prices for finished foods and energy goods, producer prices were down over the September–October period. Over the twelve-month period ended in October, producer prices for nonfood, non-energy finished goods were fractionally higher on balance, the lowest yearly increase on record for this index, which was introduced in 1973. Consumer prices rose in October after being unchanged in September, with the increase partly reflecting the effect of the implementation of the new federal gasoline tax. For nonfood, non-energy consumer items, the rise in consumer prices over the twelve months ended in October was considerably smaller than the rise over the comparable period ended in October 1992. Labor compensation costs did not show a comparable downtrend. The increase in hourly compensation for private industry workers in the third quarter was about the same as in the second quarter. For the twelve months ended in September, hourly compensation advanced slightly faster than over the comparable year-earlier period.

At its meeting on September 21, 1993, the Committee adopted a directive that called for maintaining the existing degree of pressure on reserve positions and that did not include a presumption about the likely direction of any adjustment to policy during the intermeeting period. Accordingly, the directive indicated that in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater or slightly lesser reserve restraint might be acceptable during the intermeeting period. The reserve conditions associated with this directive were expected to be consistent with modest growth of M2 and M3 over the balance of the year.

Open market operations during the intermeeting period were directed toward maintaining the existing degree of pressure on reserve positions. Adjustment plus seasonal borrowing averaged somewhat above anticipated levels as a result of increased demands for adjustment credit associated with quarter-end pressures in financial markets and an unexpected swing in the Treasury balance. The federal funds rate remained close to 3 percent over the period.

Most other interest rates were up somewhat over the period since the Committee's September meeting. Treasury bill rates rose in part because of the

Treasury's need to rely more heavily on bill issuance in a quarter containing a reduced schedule for auctioning long-term debt. Intermediate- and long-term yields fell in the weeks following the September meeting and reached twenty-year lows. These declines were more than reversed subsequently, however, when investors interpreted incoming data as suggesting stronger economic growth and credit demands over the intermediate term and a somewhat greater likelihood of some tightening of monetary policy. Most indexes of stock market prices posted robust gains early in the intermeeting period, but these gains subsequently were pared back as interest rates moved higher.

In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies appreciated over the intermeeting period. The strengthening of the dollar, and the associated rise in U.S. long-term interest rates relative to foreign rates, reflected both more optimistic expectations for growth in the United States and more pessimistic assessments for the course of economic activity in continental Europe and Japan.

M2 registered a relatively strong advance in September, but growth slowed again in October. The September pickup partly reflected an unexpected surge in the volatile overnight repurchase agreement (RP) component of M2. M1 also was strong, but the total of time and savings deposits continued to decline, apparently in large part because of the persisting allure of capital market instruments. Growth of M3 strengthened somewhat more than M2 over the two months, reflecting a run-up in institution-only money market funds. For the year through October, M2 and M3 were estimated to have grown at rates a little above the lower ends of the Committee's ranges for the year. Total domestic nonfinancial debt expanded at a moderate rate in recent months, and for the year through September it was estimated to have increased at a rate in the lower half of the Committee's monitoring range.

The staff projection prepared for this meeting suggested that economic activity, after advancing relatively strongly in the fourth quarter, would expand moderately next year, about in line with the potential rate of economic growth over time, and thus would be associated with limited, if any, further reductions in margins of unemployed labor and capital. Consumer spending, which had buoyed growth recently, was expected to expand at the same pace as incomes over the year ahead. In addition, fiscal restraint and uncertainty about other government policies would continue to inhibit the expansion, and a sluggish acceleration in foreign industrial economies pointed to only modest improvement in export demand. However, improving balance sheet positions and credit supply conditions were lifting an unusual constraint on spending, and the lower interest rates would encourage further increases in business fixed investment and housing construction. The continued slack in labor and product markets, coupled with some tempering of inflation expectations, was expected to foster further reductions in wage and price inflation.

In the Committee's discussion of the economic outlook, members commented that the economic data and anecdotal reports received since the September meeting had tended to reinforce their earlier forecasts that moderate economic expansion would be sustained. After a sluggish performance in the first half of the year, overall economic activity had picked up somewhat more in the third quarter than most members had anticipated, and available indicators of spending and production pointed to relatively robust economic growth in the current quarter. Looking ahead to 1994, the members expected the expansion to slow somewhat from its apparent pace over the closing months of this year. Fluctuations in the rate of quarterly GDP growth undoubtedly would occur, but the economy over the year ahead was thought likely to continue on a trend of moderate expansion averaging close to the economy's long-run potential or somewhat higher. Most members saw the probability of a sharp deviation in either direction from their current forecasts as relatively remote, though a number also believed that any deviation was more likely to be in the direction of somewhat stronger rather than weaker growth. In general, members expected core inflation to change little or to edge lower next year, but a few saw some danger of marginally higher inflation.

In their assessment of developments underlying the economic outlook, members referred to indications in many areas of some strengthening in business conditions and in related business sentiment, though economic activity clearly remained sluggish or even depressed in some parts of the country and overall business attitudes could still be described as cautious. Current financial conditions, including the strength in equity markets, reduced intermediate- and long-term interest rates, and an apparently improving availability of business credit from financial institutions, provided a favorable backdrop for further economic expansion. Moreover, businesses and households had made substantial progress in improving their financial positions. These factors were seen as reducing downside risks to the expansion. At the same time, while there were signs of significant firming in the economic expansion, a number of members observed that at this point they did not see the usual indications of any near-term intensification of inflationary pressures such as general increases in commodity prices, lengthening delivery lead times along with efforts to increase inventories, and strong growth of credit. Indeed, the risks of an overheated and inflationary expansion in the near term seemed quite limited in light of various constraints on the economy such as those associated with a restrictive fiscal policy and the continuing weakness in key export markets.

With regard to the outlook for specific sectors of the economy, a step-up in consumer spending, notably for motor vehicles and housing-related durable goods, had contributed substantially to the strengthening of the economic expansion. Indications of improving consumer confidence, reflected in turn in the growing optimism expressed by business contacts regarding the outlook for holiday sales, should help to sustain relatively ebullient consumer spending through the year-end. Contacts in the motor vehicles industry also appeared to be relatively optimistic about the prospects for sales of the new models. The outlook for the consumer sector also was subject to some constraining influences. Growth in consumer spending had tended to exceed the expansion in consumer incomes, and a number of members questioned the extent to which the acceleration in such spending was likely to extend into the new year. The saving rate already was near the low end of its historic range, at least on the basis of current estimates, and was unlikely to decline significantly, if at all. Much would depend on consumers' outlook for employment and incomes. Growing demands should eventually be translated into faster employment gains, but at this point business firms continued to resist adding to their workforces despite increasing sales and many firms were still announcing workforce reductions. While net gains in employment, including growth associated with increases in self-employment and new business formations, were continuing, expansion in jobs and consumer incomes probably would be at a moderate pace over the year ahead. Against this background, members generally expected moderate growth in consumer spending to be maintained, but they did not see such spending as likely to give extra impetus to growth in economic activity in 1994.

The members anticipated appreciable further expansion in business investment spending, especially in the context of reduced interest rates, improved business balance sheets, and ongoing efforts to improve productivity. Growth in spending for business equipment probably would continue at a relatively vigorous pace, though perhaps somewhat below the growth rates experienced in recent quarters, and other investment activity seemed poised to pick up. In this connection, several members reported that vacancy rates in commercial office buildings were declining in some areas and while this development was not yet being translated into appreciable new construction, investment funds appeared to be flowing more freely into commercial real estate. Clear indications of strengthening were observed in housing construction in many parts of the country and the outlook for such building activity seemed promising in the context of reduced mortgage rates and improving consumer sentiment.

Fiscal policy developments, including the effects on business attitudes of the uncertainties surrounding health care reform legislation, were likely to continue to inhibit the expansion over the year ahead. Some members again emphasized the negative effects that the ongoing retrenchment in defense spending was having on local economies as well as on the economy more generally. On the taxation side, the rise in tax liabilities on higher incomes could have an especially pronounced effect during the early months of next year, given the retroactive inclusion of 1993 incomes subject to the new tax, but some members noted that the increased tax payments probably had been widely anticipated and the negative implications for the economy might well be less than many observers expected. Nonetheless, the overall posture of fiscal policy and associated business concerns about the cost implications of possible future legislation were likely to be an important factor tending to limit the strength of the expansion.

Net exports were seen as another constraining factor in the performance of the economy next year. On the import side, even moderate expansion in domestic economic activity was likely to stimulate appreciable further growth in U.S. demands for foreign goods. At the same time, the prospects for exports to a number of major industrial countries were not promising, at least for the nearer term, given lagging economies in Europe and Japan. In this connection, a number of members referred to reports of weak export demand for specific U.S. products and also noted that an extended coal mining strike had cut supplies of coal available for export and had induced some domestic firms to turn to imports to help fill their requirements. On the other hand, some markets for U.S. exports, notably those in a number of East Asian nations and some Latin American countries, were likely to continue to experience considerable growth, thereby mitigating an otherwise fairly gloomy outlook for exports.

With regard to the outlook for inflation over the year ahead, views did not vary greatly among the members. They ranged from expectations of some limited progress toward price stability to forecasts of a marginal increase in the core rate of inflation. Members who anticipated a relatively favorable inflation performance tended to underscore the likely persistence of appreciable slack in labor and other production resources on the assumption that growth in overall economic activity would remain on a moderate trend in line with their forecasts. Some also pointed to the absence of inflationary pressures in most commodity markets, the persistence of intense competition in local markets across the nation, and the outlook for relatively subdued increases in labor costs in part because of ongoing improvements in productivity. Other members gave more emphasis to the possibility that the economic expansion next year, especially if it turned out on the high side of the range encompassing the members' current projections, was more likely to be associated with some upward pressures on costs and prices. In this connection, relatively rapid growth in economic activity, should it persist into the early part of next year, probably would trigger attempts to raise prices and wages somewhat more rapidly even in the context of some continuing slack in overall capacity and labor utilization. At this point, however, there were no significant indications of accelerating inflation, and business contacts around the nation did not currently see or seem to anticipate increasing inflationary pressures.

In the Committee's discussion of policy for the intermeeting period ahead, the members generally agreed that despite various indications of a pickup in economic growth, the underlying economic situation and the outlook for inflation had not changed sufficiently to warrant an adjustment in monetary policy. Looking beyond the intermeeting period, however, several members commented that the Committee might well have to consider the need to move from the currently stimulative stance of monetary policy toward a more neutral policy posture, should concerns about rising inflationary pressures begin to be realized. The members recognized the desirability of taking early action to arrest incipient inflationary pressures before they gathered strength, especially given the Committee's commitment not just to resist greater inflation but to foster sustained progress toward price stability. In appropriate circumstances, a prompt policy move also might allay market concerns about inflation with favorable implications for longer-term interest rates and the performance of interest-sensitive sectors of the economy. The members acknowledged that current measures of inflation and anecdotal reports from around the nation did not on the whole suggest an intensification of inflation at this point. Moreover, the Committee had to be wary of misleading signals that were inherent in the saw-tooth pattern of typical economic expansions, and it needed to avoid a policy move that would incur an unnecessary risk to the expansion, given uncertainties about the degree to which recent strength in spending would persist.

Most of the members concluded that on balance current economic conditions warranted a steady policy course and, in light of prevailing uncertainties, that it would be premature to anticipate any particular policy change or its timing. As a consequence, the members also concluded that the currently unbiased instruction in the directive relating to the direction of possible intermeeting policy changes should be retained; in any case, significant changes in the outlook requiring policy action were viewed as unlikely in the relatively short period until the next scheduled meeting on December 21. One member expressed the differing view that a less accommodative policy would be more consistent over time with the Committee's desire to foster sustained economic expansion and progress toward price stability. However, this member also felt that a policy tightening move at this time might be seen as a response to a stronger economy, rather than an action that clearly was intended to underscore the Committee's commitment to price stability and therefore would elicit a favorable response in intermediate- and long-term debt markets.

With regard to financial developments bearing on the economic outlook and the potential need to adjust monetary policy, members observed that the broader money and credit aggregates had strengthened somewhat since earlier in the year, though to still relatively moderate growth rates. Moreover, much of the acceleration in M2 and M3 could be attributed to special or temporary factors, and according to a staff analysis growth in these aggregates was likely to revert to relatively slow rates in coming months, assuming unchanged reserve conditions. At the same time, growth in M1 and reserves had remained comparatively rapid and in one view such growth might well be indicative of an overly stimulative monetary policy that would promote more inflation over time or at least prove inconsistent with further disinflation.

At the conclusion of the Committee's discussion, all the members indicated their support of a directive that called for maintaining the existing degree of pressure on reserve positions and that did not include a presumption about the likely direction of any adjustment to policy during the intermeeting period. Accordingly, in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, the Committee decided that slightly greater or slightly lesser reserve restraint might be acceptable during the intermeeting period. The reserve conditions contemplated at this meeting were expected to be consistent with modest growth in M2 and M3 over coming months.

At the conclusion of the meeting, the Federal Reserve Bank of New York was authorized and directed, until instructed otherwise by the Committee, to execute transactions in the System Account in accordance with the following domestic policy directive:

The information reviewed at this meeting suggests some strengthening in the expansion of economic activity in recent months. Total nonfarm payroll employment rose appreciably in September and October, while the civilian unemployment rate edged up to 6.8 percent in October. Industrial production increased sharply in October, partly reflecting a continuing rebound in the output of motor vehicles. Retail sales were up substantially in October after changing little in September. Housing activity picked up further in the third quarter. The expansion of business capital spending has slowed from a robust pace earlier in the year. The nominal U.S. merchandise trade deficit in July–August was about unchanged from its average rate in the second quarter. Consumer prices have increased moderately on balance in recent months and producer prices have fallen.

Most interest rates have increased somewhat since the Committee meeting on September 21. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies appreciated over the intermeeting period.

Growth of M2 picked up slightly on balance in September and October, while M3 strengthened to a somewhat greater extent over the two months. For the year through October, M2 and M3 are estimated to have grown at rates a little above the lower end of the Committee's ranges for the year. Total domestic nonfinancial debt has expanded at a moderate rate in recent months, and for the year through August it is estimated to have increased at a rate in the lower half of the Committee's monitoring range.

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. In furtherance of these objectives, the Committee at its meeting in July lowered the ranges it had established in February for growth of M2 and M3 to ranges of 1 to 5 percent and 0 to 4 percent respectively, measured from the fourth quarter of 1992 to the fourth quarter of 1993. The Committee anticipated that developments contributing to unusual velocity increases would persist over the balance of the year and that money growth within these lower ranges would be consistent with its broad policy objectives. The monitoring range for growth of total domestic nonfinancial debt also was lowered to 4 to 8 percent for the year. For 1994, the Committee agreed on tentative ranges for monetary growth, measured from the fourth quarter of 1993 to the fourth quarter of 1994, of 1 to 5 percent for M2 and 0 to 4 percent for M3. The Committee provisionally set the monitoring range for growth of total domestic nonfinancial debt at 4 to 8 percent for 1994. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.

In the implementation of policy for the immediate future, the Committee seeks to maintain the existing degree of pressure on reserve positions. In the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater reserve restraint or slightly lesser reserve restraint might be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with modest growth in M2 and M3 over coming months.

Votes for this action: Messrs. Greenspan, McDonough, Angell, Boehne, Keehn, Kelley, LaWare, Lindsey, McTeer, Mullins, Ms. Phillips, and Mr. Stern. Votes against this action: None.

The Committee approved a temporary increase of $3 billion, to a level of $11 billion, in the limit on changes between Committee meetings in System Account holdings of U.S. government and federal agency securities. The increase amended paragraph 1(a) of the Authorization for Domestic Open Market Operations and was effective for the intermeeting period ending with the close of business on December 21, 1993.

Votes for this action: Messrs. Greenspan, McDonough, Angell, Boehne, Keehn, Kelley, LaWare, Lindsey, McTeer, Mullins, Ms. Phillips, and Mr. Stern. Votes against this action: None.

Release of Information about FOMC Meetings

At this meeting the Committee considered a number of alternatives for releasing detailed information on its deliberations at past and future meetings. Members emphasized that the most important consideration was the preservation of a deliberative process that would enable the Committee to arrive at the best possible monetary policy decisions. Premature release of detailed information, such as transcripts, would sharply curtail the Committee's ability to freely discuss evolving economic and financial trends and alternative policy responses. Moreover, if full transcripts were subject to release before many years had passed, much vital information obtained in confidence could not be discussed in meetings and in any event probably would not be made available by foreign central banks, business firms, and other sources.

The information for all past meetings and many of the intermeeting telephone consultations was contained in unedited transcripts that had been preserved by the FOMC Secretariat since March 1976. Virtually all the tapes from which these transcripts were typed had been reused to record subsequent meetings, and very few tapes currently existed for meetings before September 1993.

In the course of the Committee's discussion, members observed that the purpose of the transcripts had been to assist the FOMC Secretariat in the preparation of minutes that reported the economic and monetary policy discussions and were released after the next meeting. As a result, the transcripts for past meetings had never been edited nor had they been checked by meeting participants for accuracy. It was clear from even a casual perusal that at times the transcripts failed for various reasons to convey an intelligible account of members' comments, and on occasion they even misstated the views that had been expressed. Moreover, most participants at these meetings had not been aware until recently that the transcripts had been preserved and that they could at some point be made public. Their release at this time would represent a sharp break with past practice and would raise an issue of fairness to participants at earlier meetings of the Committee.

The members generally agreed that their reservations about releasing the transcripts could be mitigated through appropriate safeguards such as withholding particularly sensitive materials and providing for a considerable lapse of time after Committee meetings. They noted in this connection that, while there was no legal requirement to prepare transcripts, the substance of existing transcripts needed to be preserved in accordance with the Federal Records Act. With regard to the manner in which the information might be made public, the Committee considered several alternatives including making available the unedited transcripts themselves, or lightly edited versions of the transcripts, or Memoranda of Discussion comparable to those prepared for meetings before late March 1976. The members expressed varying preferences among these alternatives. Some proposed that marginal notations be included with raw or edited transcripts to provide staff explanations or interpretations of unclear or evidently mistranscribed comments. It was understood that preparation of edited transcripts and especially Memoranda of Discussion would require a considerable amount of time and effort before they would be ready for public release. A majority favored the release of lightly edited transcripts that would retain all substantive comments but would allow for grammatical corrections, the smoothing of some sentences to facilitate the understanding, and the correction of obvious transcription errors. The editing would be patterned after that done for congressional hearings; importantly, no changes would be made in the substance or the intent of the speakers. Before release to the public, particularly sensitive materials would be redacted in accordance with the provisions of the Freedom of Information Act. The Committee agreed that the FOMC Secretariat should be given responsibility for the editing process and that the Committee itself would not undertake to review these transcripts. It was noted in this respect that many former members of the Committee were no longer available to review their comments and that in any event the passage of time would make it impossible for members to recall precisely what they had said or to verify many of their comments. Accordingly, the edited transcripts could not be regarded as official records of the Committee.

With respect to the interval between a meeting and release of a lightly edited transcript, all of the Committee members were concerned that the absence of a substantial lag would seriously harm the Committee's ongoing deliberative process. Many also commented that the absence of a substantial lag would be unfair to meeting participants who had been unaware that their remarks would be released and were unable to review the transcripts for accuracy. Various members argued for lags that ranged from three years to ten years or more, but a majority felt that a five-year lag was necessary to prevent harm to the Committee's ongoing deliberations. The other members indicated that a five-year lag was acceptable because it represented a reasonable balance among the various considerations.

At the conclusion of this discussion, the members agreed unanimously to authorize the preparation of lightly edited transcripts of past meetings and available telephone conferences since late March 1976 and to release such transcripts to the public five years after the meetings, subject to the redaction of especially sensitive materials as authorized by the Freedom of Information Act. It was understood that the transcripts for the meetings held during 1988 would be edited on a priority basis and released as soon as possible. Providing copies of unedited transcripts for all past meetings and available conference calls to the Chairman or staff of the House Banking Committee in response to a request was not approved by the Committee.

The members reviewed various options for the release of information about the Committee's deliberations at future meetings. These options included continuing the preparation of the minutes in their current form, which members regarded as providing a complete account of the substance of the Committee's deliberations. Some urged that consideration be given to supplementing the minutes with the prompt release after each meeting of information about Committee decisions. Among other options considered were an expanded version of the current minutes and the release, after an appropriate lag, of a lightly edited transcript or a Memorandum of Discussion for each meeting. The members concluded that the complexity of the issues reflected in these alternatives warranted further review by the Committee and accordingly a decision was deferred. It was agreed that the Committee would continue its discussion of these issues at a special meeting during December. □

Legal Developments

Final Rule—Amendment to Regulation A

The Board of Governors is amending 12 C.F.R. Part 201, its Regulation A (Extensions of Credit by Federal Reserve Banks) to implement section 142 of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), which amends section 10B of the Federal Reserve Act ("FRA") in order to discourage advances, under that section, to undercapitalized and critically undercapitalized depository institutions.

Effective January 30, 1994, 12 C.F.R. Part 201 is amended as follows:

Part 201—Extensions of Credit by Federal Reserve Banks (Regulation A)

1. The authority citation for part 201 is revised to read as follows:

Authority: 12 U.S.C. 343 *et seq.* 347a, 347b, 347c, 347d, 348 *et seq.* 374, 374a and 461.

2. Sections 201.1 through 201.6 are revised and sections 201.7 through 201.9 are added to read as follows:

Section 201.1—Authority, scope and purpose.

(a) *Authority and scope.* This part is issued under the authority of sections 10A, 10B, 13, 13A, and 19 of the FRA (12 U.S.C. 347a, 347b, 343 *et seq.* 347c, 348 *et seq.* 374, 374a, and 461), other provisions of the FRA, and section 7(b) of the International Banking Act of 1978 (12 U.S.C. 347d) and relates to extensions of credit by Federal Reserve Banks to depository institutions and others.

(b) *Purpose.* This part establishes rules under which Federal Reserve Banks may extend credit to depository institutions and others. Extending credit to depository institutions to accommodate commerce, industry, and agriculture is a principal function of Federal Reserve Banks. While open market operations are the primary means of affecting the overall supply of reserves, the lending function of the Federal Reserve Banks is an effective method of supplying reserves to meet the particular credit needs of individual depository institutions. The lending functions of the Federal Reserve System are conducted with due regard to the basic objectives of monetary policy and the maintenance of a sound and orderly financial system.

Section 201.2—Definitions.

For purposes of this part, the following definitions shall apply:

(a) *Appropriate Federal banking agency* has the same meaning as in section 3 of the FDI Act (12 U.S.C. 1813(q)).

(b) *Critically undercapitalized insured depository institution* means any insured depository institution as defined in section 3 of the FDI Act (12 U.S.C. 1813(c)(2)) that is deemed to be critically undercapitalized under section 38 of the FDI Act (12 U.S.C. 1831o(b)(1)(E)) and the implementing regulations.

(c) (1) *Depository institution* means an institution that maintains reservable transaction accounts or nonpersonal time deposits and is:

(i) An *insured bank* as defined in section 3 of the FDI Act (12 U.S.C. 1813(h)) or a bank which is eligible to make application to become an insured bank under section 5 of such Act (12 U.S.C. 1815);

(ii) A *mutual savings bank* as defined in section 3 of the FDI Act (12 U.S.C. 1813(f)) or a bank which is eligible to make application to become an insured bank under section 5 of such Act (12 U.S.C. 1815);

(iii) A *savings bank* as defined in section 3 of the FDI Act (12 U.S.C. 1813(g)) or a bank which is eligible to make application to become an insured bank under section 5 of such Act (12 U.S.C. 1815);

(iv) An *insured credit union* as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752(7)) or a credit union which is eligible to make application to become an insured credit union pursuant to section 201 of such Act (12 U.S.C. 1781);

(v) A *member* as defined in section 2 of the Federal Home Loan Bank Act (12 U.S.C. 1422(4)); or

(vi) A *savings association* as defined in section 3 of the FDI Act (12 U.S.C. 1813(b)) which is an insured depository institution as defined in section 3 of the Act (12 U.S.C. 1813(c)(2)) or is eligible to apply to become an insured depository institution under section 5 of the Act (12 U.S.C. 1815(a)).

(2) The term *depository institution* does not include a financial institution that is not required to maintain reserves under Regulation D (12 CFR Part 204) because it is organized solely to do business with other financial institutions, is owned primarily by the financial institutions with which it does business, and does not do business with the general public.

(d) *Liquidation loss* means the loss that any deposit insurance fund in the FDIC would have incurred if the FDIC had liquidated the institution:

(1) In the case of an undercapitalized insured depository institution, as of the end of the later of:

(i) Sixty days:

(A) In any 120-day period;

(B) During which the institution was an undercapitalized insured depository institution; and

(C) During which advances or discounts were outstanding to the depository institution from any Federal Reserve Bank; or

(ii) The 60 calendar day period following the receipt by a Federal Reserve Bank of a written certification from the Chairman of the Board of Governors or the head of the appropriate Federal banking agency that the institution is viable.

(2) In the case of a critically undercapitalized insured depository institution, as of the end of the 5-day period beginning on the date the institution became a critically undercapitalized insured depository institution.

(e) *Increased loss* means the amount of loss to any deposit insurance fund in the FDIC that exceeds the liquidation loss due to:

(1) An advance under section 10B(1)(a) of the FRA that is outstanding to an undercapitalized or critically undercapitalized insured depository institution without payment having been demanded as of the end of the periods specified in paragraphs (d)(1) and (2) of this section; or

(2) An advance under section 10B(1)(a) of the Federal Reserve Act that is made after the end of such periods.

(f) *Excess loss* means the lesser of the increased loss or that portion of the increased loss equal to the lesser of:

(1) The loss the Board of Governors or any Federal Reserve Bank would have incurred on the amount by which advances under section 10B(1)(a) exceed the amount of advances outstanding at the end of the periods specified in paragraphs (d)(1) and (2) of this section if those increased advances had been unsecured; or

(2) The interest received on the amount by which the advances under section 10B(1)(a) exceed the amount of advances outstanding, if any, at the end of the periods specified in paragraphs (d)(1) and (2) of this section.

(g) *Transaction account and nonpersonal time deposit* have the meanings specified in Regulation D (12 C.F.R. Part 204).

(h) *Undercapitalized insured depository institution* means any insured depository institution as defined in section 3 of the FDI Act (12 U.S.C. 1813(c)(2)) that:

(1) Is not a critically undercapitalized insured depository institution; and

(2) (i) Is deemed to be undercapitalized under section 38 of the FDI Act (12 U.S.C. 1831o(b)(1)(C)) and the implementing regulations; or

(ii) Has received from its appropriate Federal banking agency a composite CAMEL rating of 5 under the Uniform Financial Institutions Rating System (or an equivalent rating by its appropriate Federal banking agency under a comparable rating system) as of the most recent examination of such institution.

(i) *Viable,* with respect to a depository institution, means that the Board of Governors or the appropriate Federal banking agency has determined, giving due regard to the economic conditions and circumstances in the market in which the institution operates, that the institution is not critically undercapitalized, is not expected to become critically undercapitalized, and is not expected to be placed in conservatorship or receivership. Although there are a number of criteria that may be used to determine viability, the Board of Governors believes that ordinarily an undercapitalized insured depository institution is viable if the appropriate Federal banking agency has accepted a capital restoration plan for the depository institution under 12 U.S.C. 1831o(e)(2) and the depository institution is complying with that plan.

Section 201.3—Availability and terms.

(a) *Adjustment credit.* Federal Reserve Banks extend adjustment credit on a short-term basis to depository institutions to assist in meeting temporary requirements for funds or to cushion more persistent shortfalls of funds pending an orderly adjustment of a borrowing institution's assets and liabilities. Such credit generally is available only for appropriate purposes and after reasonable alternative sources of funds have been fully used, including credit from special industry lenders such as Federal Home Loan Banks, the National Credit Union Administration's Central Liquidity Facility, and corporate central credit unions. Adjustment credit is usually granted at the basic discount rate, but under certain circumstances a spe-

cial rate or rates above the basic discount rate may be applied.
(b) *Seasonal credit.* Federal Reserve Banks extend seasonal credit for periods longer than those permitted under adjustment credit to assist smaller depository institutions in meeting regular needs for funds arising from expected patterns of movement in their deposits and loans. A special rate or rates at or above the basic discount rate may be applied to seasonal credit.
(1) Seasonal credit is only available if:
(i) The depository institution's seasonal needs exceed a threshold that the institution is expected to meet from other sources of liquidity (this threshold is calculated as certain percentages, established by the Board of Governors, of the institution's average total deposits in the preceding calendar year);
(ii) The Federal Reserve Bank is satisfied that the institution's qualifying need for funds is seasonal and will persist for at least four weeks; and
(iii) Similar assistance is not available from special industry lenders.
(2) The Board may establish special terms for seasonal credit when depository institutions are experiencing unusual seasonal demands for credit in a period of liquidity strain.
(c) *Extended credit.* Federal Reserve Banks extend credit to depository institutions under extended credit arrangements where similar assistance is not reasonably available from other sources, including special industry lenders. Such credit may be provided where there are exceptional circumstances or practices affecting a particular depository institution including sustained deposit drains, impaired access to money market funds, or sudden deterioration in loan repayment performance. Extended credit may also be provided to accommodate the needs of depository institutions, including those with longer term asset portfolios, that may be experiencing difficulties adjusting to changing money market conditions over a longer period, particularly at times of deposit disintermediation. A special rate or rates above the basic discount rate may be applied to extended credit.
(d) *Emergency credit for others.* In unusual and exigent circumstances, a Federal Reserve Bank may, after consultation with the Board of Governors, advance credit to individuals, partnerships, and corporations that are not depository institutions if, in the judgment of the Federal Reserve Bank, credit is not available from other sources and failure to obtain such credit would adversely affect the economy. The rate applicable to such credit will be above the highest rate in effect for advances to depository institutions. Where the collateral used to secure such credit consists of assets other than obligations of, or fully guaranteed as to principal and interest by, the United States or an agency thereof, an affirmative vote of five or more members of the Board of Governors is required before credit may be extended.

Section 201.4—Limitations on availability and assessments.

(a) *Advances to or discounts for undercapitalized insured depository institutions.* A Federal Reserve Bank may make or have outstanding advances to or discounts for a depository institution that it knows to be an undercapitalized insured depository institution, only:
(1) If, in any 120-day period, advances or discounts from any Federal Reserve Bank to that depository institution are not outstanding for more than 60 days during which the institution is an undercapitalized insured depository institution; or
(2) During the 60 calendar days after the receipt of a written certification from the Chairman of the Board of Governors or the head of the appropriate Federal banking agency that the borrowing depository institution is viable; or
(3) After consultation with the Board of Governors.[1]
(b) *Advances to or discounts for critically undercapitalized insured depository institutions.* A Federal Reserve Bank may make or have outstanding advances to or discounts for a depository institution that it knows to be a critically undercapitalized insured depository institution only:
(1) During the 5-day period beginning on the date the institution became a critically undercapitalized insured depository institution; or
(2) After consultation with the Board of Governors.[2]
(c) *Assessments.* The Board of Governors will assess the Federal Reserve Banks for any amount that it pays to the FDIC due to any excess loss. Each Federal Reserve Bank shall be assessed that portion of the amount that the Board of Governors pays to the FDIC that is attributable to an extension of credit by that Federal Reserve Bank, up to one percent of its capital as reported at the beginning of the calendar year in which the assessment is made. The Board of Governors will assess all of the Federal Reserve Banks for the remainder of the amount it pays to the FDIC in the ratio that the capital of each Federal Reserve Bank bears to the total capital of all Federal Reserve Banks at the beginning of the calendar year in which the

1. In unusual circumstances, when prior consultation with the Board is not possible, a Federal Reserve Bank should consult with the Board as soon as possible after extending credit that requires consultation under this paragraph.
2. See footnote 1 in section 201.4(a)(3).

assessment is made, provided, however, that if any assessment exceeds 50 percent of the total capital and surplus of all Federal Reserve Banks, whether to distribute the excess over such 50 percent shall be made at the discretion of the Board of Governors.
(d) *Information.* Before extending credit a Federal Reserve Bank should ascertain if an institution is an undercapitalized insured depository institution or a critically undercapitalized insured depository institution.

Section 201.5—Advances and discounts.

(a) Federal Reserve Banks may lend to depository institutions either through advances secured by acceptable collateral or through the discount of certain types of paper. Credit extended by the Federal Reserve Banks generally takes the form of an advance.
(b) Federal Reserve Banks may make advances to any depository institution if secured to the satisfaction of the Federal Reserve Bank. Satisfactory collateral generally includes United States government and Federal agency securities, and, if of acceptable quality, mortgage notes covering 1–4 family residences, State and local government securities, and business, consumer and other customer notes.
(c) If a Federal Reserve Bank concludes that a depository institution will be better accommodated by the discount of paper than by an advance, it may discount any paper endorsed by the depository institution that meets the requirements specified in the FRA.

Section 201.6—General requirements.

(a) *Credit for capital purposes.* Federal Reserve credit is not a substitute for capital.
(b) *Compliance with law and regulation.* All credit extended under this part shall comply with applicable requirements of law and of this part. Each Federal Reserve Bank:
(1) Shall keep itself informed of the general character and amount of the loans and investments of depository institutions with a view to ascertaining whether undue use is being made of depository institution credit for the speculative carrying of or trading in securities, real estate, or commodities, or for any other purpose inconsistent with the maintenance of sound credit conditions; and
(2) Shall consider such information in determining whether to extend credit.
(c) *Information.* A Federal Reserve Bank shall require any information it believes appropriate or desirable to insure that paper tendered as collateral for advances or for discount is acceptable and that the credit provided is used in a manner consistent with this part.
(d) *Indirect credit for others.* No depository institution shall act as the medium or agent of another depository institution in receiving Federal Reserve credit except with the permission of the Federal Reserve Bank extending credit.

Section 201.7—Branches and agencies.

(a) Except as may be otherwise provided, this part shall be applicable to United States branches and agencies of foreign banks subject to reserve requirements under Regulation D (12 C.F.R. Part 204) in the same manner and to the same extent as depository institutions.

Section 201.8—Federal Intermediate Credit Banks.

(a) A Federal Reserve Bank may discount for any Federal Intermediate Credit Bank agricultural paper or notes payable to and bearing the endorsement of the Federal Intermediate Credit Bank that cover loans or advances made under subsections (a) and (b) of section 2.3 of the Farm Credit Act of 1971 (12 U.S.C. 2074) and that are secured by paper eligible for discount by Federal Reserve Banks. Any paper so discounted shall have a period remaining to maturity at the time of discount of not more than nine months.

Section 201.9—No obligation to make advances or discounts.

(a) A Federal Reserve Bank shall have no obligation to make, increase, renew, or extend any advance or discount to any depository institution.

* * * * *

3. In sections 201.108 and 201.109, footnotes 1, 1a, 2, and 3 are redesignated as footnotes 3, 4, 5, and 6, respectively.

Final Rule—Amendments to Regulations H and Y

The Board of Governors is amending 12 C.F.R. Parts 208 and 225, its Regulations H and Y (Capital; Capital Adequacy Guidelines). The Board is amending its risk-based capital guidelines for state member banks and bank holding companies. This final rule implements section 618(b) of the Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act of 1991 and section 305(b)(1)(B) of the Federal Deposit Insurance Corporation Improvement Act of 1991. The effect of the final rule will be to permit state member banks and bank holding companies to lower from 100 percent to 50 percent the risk weight assigned to certain multifamily housing loans.

Effective December 31, 1993, 12 C.F.R. Parts 208 and 225 are amended as follows:

Part 208—Membership of State Banking Institutions in the Federal Reserve System (Regulation H)

1. The authority citation for part 208 continues to read as follows:

Authority: 12 U.S.C. 36, 248(a) and (c), 321–338, 461, 481–486, 601, 611, 1814, 1823(j), 1831o, 1831p-1, 3906-3909, 3310, 3331-3351; 15 U.S.C. 78b, 78o-4(c)(5), 78q, 78q-1, 78w, 781(b), 781(i), and 1781(g).

2. Appendix A to part 208 is amended by revising the first paragraph of section III.C.3., and Category 3 Item 1. of Attachment III to read as follows:

Appendix A to Part 208—[Amended]

* * * * *

III. Procedures for Computing Weighted Risk Assets and Off-Balance Sheet Items

* * * * *

C. Risk Weights

* * * * *

3. *Category 3: 50 percent.* This category includes loans fully secured by first liens[34] on 1- to 4-family residential properties, either owner-occupied or rented, or on multifamily residential properties,[35] that meet certain criteria.[36] Loans included in this category must have been made in accordance with prudent underwriting standards;[37] be performing in accordance with their original terms; and not be 90 days or more past due or carried in nonaccrual status. The following additional criteria must also be applied to a loan secured by a multifamily residential property that is included in this category: all principal and interest payments on the loan must have been made on time for at least the year preceding placement in this category, or in the case where the existing property owner is refinancing a loan on that property, all principal and interest payments on the loan being refinanced must have been made on time for at least the year preceding placement in this category; amortization of the principal and interest must occur over a period of not more than 30 years and the minimum original maturity for repayment of principal must not be less than 7 years; and the annual net operating income (before debt service) generated by the property during its most recent fiscal year must not be less than 120 percent of the loan's current annual debt service (115 percent if the loan is based on a floating interest rate) or, in the case of a cooperative or other not-for-profit housing project, the property must generate sufficient cash flow to provide comparable protection to the institution. Also included in this category are privately-issued mortgage-backed securities provided that:

(1) The structure of the security meets the criteria described in section III(B)(3) above;

(2) If the security is backed by a pool of conventional mortgages, on 1- to 4-family residential or multifamily residential properties, *each* underlying mortgage meets the criteria described above in this

34. If a bank holds the first and junior liens(s) on a residential property and no other party holds an intervening lien, the transaction is treated as a single loan secured by a first lien for the purpose of determining the loan-to-value ratio.

35. Loans that qualify as loans secured by 1- to 4-family residential properties or multifamily residential properties are listed in the instructions to the commercial bank Call Report. In addition, for risk-based capital purposes, loans secured by 1- to 4-family residential properties include loans to builders with substantial project equity for the construction of 1- to 4-family residences that have been presold under firm contracts to purchasers who have obtained firm commitments for permanent qualifying mortgage loans and have made substantial earnest money deposits.

The instructions to the Call Report also discuss the treatment of loans, including multifamily housing loans, that are sold subject to a pro rata loss sharing arrangement. Such an arrangement should be treated by the selling bank as sold (and excluded from balance sheet assets) to the extent that the sales agreement provides for the purchaser of the loan to share in any loss incurred on the loan on a pro rata basis with the selling bank. In such a transaction, from the standpoint of the selling bank, the portion of the loan that is treated as sold is not subject to the risk-based capital standards. In connection with sales of multifamily housing loans in which the purchaser of a loan shares in any loss incurred on the loan with the selling institution on other than a pro rata basis, these other loss sharing arrangements are taken into account for purposes of determining the extent to which such loans are treated by the selling bank as sold (and excluded from balance sheet assets) under the risk-based capital framework in the same manner as prescribed for reporting purposes in the instructions to the Call Report.

36. Residential property loans that do not meet all the specified criteria or that are made for the purpose of speculative property development are placed in the 100 percent risk category.

37. Prudent underwriting standards include a conservative ratio of the current loan balance to the value of the property. In the case of a loan secured by multifamily residential property, the loan-to-value ratio is not conservative if it exceeds 80 percent (75 percent if the loan is based on a floating interest rate). Prudent underwriting standards also dictate that a loan-to-value ratio used in the case of originating a loan to acquire a property would not be deemed conservative unless the value is based on the lower of the acquisition cost of the property or appraised (or if appropriate, evaluated) value. Otherwise, the loan-to-value ratio generally would be based upon the value of the property as determined by the most current appraisal, or if appropriate, the most current evaluation. All appraisals must be made in a manner consistent with the Federal banking agencies' real estate appraisal regulations and guidelines and with the bank's own appraisal guidelines.

section for eligibility for the 50 percent risk category at the time the pool is originated;
(3) If the security is backed by privately-issued mortgage-backed securities, *each* underlying security qualifies for the 50 percent risk category; and
(4) If the security is backed by a pool of multifamily residential mortgages, principal and interest payments on the security are not 30 days or more past due.

Privately-issued mortgage-backed securities that do not meet these criteria or that do not qualify for a lower risk weight are generally assigned to the 100 percent risk category.

* * * * *

Attachment III—Summary of Risk Weights and Risk Categories for State Member Banks

* * * * *

Category 3: 50 Percent
1. Loans fully secured by first liens on 1- to 4-family residential properties or on multifamily residential properties that have been made in accordance with prudent underwriting standards, that are performing in accordance with their original terms, that are not past due or in nonaccrual status, and that meet other qualifying criteria, and certain privately-issued mortgage-backed securities representing indirect ownership of such loans. (Loans made for speculative purposes are excluded.)

* * * * *

Part 225—Bank Holding Companies and Change in Bank Control (Regulation Y)

1. The authority citation for part 225 continues to read as follows:

Authority: 12 U.S.C. 1817(j)(13), 1818, 1831i, 1831p-1, 1843(c)(8), 1844(b), 1972(l), 3106, 3108, 3907, 3909, 3310, and 3331-3351.

2. Appendix A to part 225 is amended by revising the first paragraph of section III.C.3., footnote 48 in section III.D.1., and Category 3 Item 1. of Attachment III to read as follows:

Appendix A to Part 225—[Amended]

* * * * *

III. Procedures for Computing Weighted Risk Assets and Off-Balance Sheet Items

* * * * *

C. Risk Weights

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3. *Category 3: 50 percent.* This category includes loans fully secured by first liens[37] on 1- to 4-family residential properties, either owner-occupied or rented, or on multifamily residential properties,[38] that meet certain criteria.[39] Loans included in this category must have been made in accordance with prudent underwriting standards;[40] be performing in accordance with their original terms; and not be 90 days or more past due or carried in nonaccrual status. The following additional criteria must also be applied to a loan secured by a multifamily residential property that is included in this category: all principal and interest payments on the loan must have been made on time for at least the year preceding placement in this category, or in the case where the existing property owner is refinancing a loan on that property, all principal and interest payments on the loan being refinanced must have been made on time for at least the year preceding placement in this category; amortization of the principal and interest must occur over a period of not more than 30 years and the minimum original maturity for repayment of principal must not be less than 7 years; and the annual net operating income (before debt service) generated by

37. If a banking organization holds the first and junior lien(s) on a residential property and no other party holds an intervening lien, the transaction is treated as a single loan secured by a first lien for the purpose of determining the loan-to-value ratio.

38. Loans that qualify as loans secured by 1- to 4-family residential properties or multifamily residential properties are listed in the instructions to the FR Y-9C Report. In addition, for risk-based capital purposes, loans secured by 1- to 4-family residential properties include loans to builders with substantial project equity for the construction of 1- to 4-family residences that have been presold under firm contracts to purchasers who have obtained firm commitments for permanent qualifying mortgage loans and have made substantial earnest money deposits.

39. Residential property loans that do not meet all the specified criteria or that are made for the purpose of speculative property development are placed in the 100 percent risk category.

40. Prudent underwriting standards include a conservative ratio of the current loan balance to the value of the property. In the case of a loan secured by multifamily residential property, the loan-to-value ratio is not conservative if it exceeds 80 percent (75 percent if the loan is based on a floating interest rate). Prudent underwriting standards also dictate that a loan-to-value ratio used in the case of originating a loan to acquire a property would not be deemed conservative unless the value is based on the lower of the acquisition cost of the property or appraised (or if appropriate, evaluated) value. Otherwise, the loan-to-value ratio generally would be based upon the value of the property as determined by the most current appraisal, or if appropriate, the most current evaluation. All appraisals must be made in a manner consistent with the Federal banking agencies' real estate appraisal regulations and guidelines and with the banking organization's own appraisal guidelines.

the property during its most recent fiscal year must not be less than 120 percent of the loan's current annual debt service (115 percent if the loan is based on a floating interest rate) or, in the case of a cooperative or other not-for-profit housing project, the property must generate sufficient cash flow to provide comparable protection to the institution. Also included in this category are privately-issued mortgage-backed securities provided that:

(1) The structure of the security meets the criteria described in section III(B)(3) above;

(2) If the security is backed by a pool of conventional mortgages, on 1-to 4-family residential or multifamily residential properties, *each* underlying mortgage meets the criteria described above in this section for eligibility for the 50 percent risk category at the time the pool is originated;

(3) If the security is backed by privately-issued mortgage-backed securities, *each* underlying security qualifies for the 50 percent risk category; and

(4) If the security is backed by a pool of multifamily residential mortgages, principal and interest payments on the security are not 30 days or more past due.

Privately-issued mortgage-backed securities that do not meet these criteria or that do not qualify for a lower risk weight are generally assigned to the 100 percent risk category.

* * * * *

D. Off-Balance Sheet Items

* * * * *

1. * * *[48]

* * * * *

48. In regulatory reports and under GAAP, bank holding companies are permitted to treat some asset sales with recourse as "true" sales. For risk-based capital purposes, however, such assets sold with recourse and reported as "true" sales by bank holding companies are converted at 100 percent and assigned to the risk category appropriate to the underlying obligor or, if relevant the guarantor or nature of the collateral, provided that the transactions meet the definition of assets sold with recourse (including assets sold subject to pro rata and other loss sharing arrangements), that is contained in the instructions to the commercial bank Consolidated Reports of Condition and Income (Call Report). This treatment applies to any assets, including the sale of 1- to 4-family and multifamily residential mortgages, sold with recourse. Accordingly, the entire amount of any assets transferred with recourse that are not already included on the balance sheet, including pools of 1- to 4-family residential mortgages, are to be converted at 100 percent and assigned to the risk category appropriate to the obligor, or if relevant, the nature of any collateral or guarantees. The only exception involves transfers of pools of residential mortgages that have been made with insignificant recourse for which a liability or specific non-capital reserve has been established and is maintained for the maximum amount of possible loss under the recourse provision.

Attachment III—Summary of Risk Weights and Risk Categories for Bank Holding Companies

* * * * *

Category 3: 50 Percent

1. Loans fully secured by first liens on 1- to 4-family residential properties or on multifamily residential properties that have been made in accordance with prudent underwriting standards, that are performing in accordance with their original terms, that are not past due or in nonaccrual status, and that meet other qualifying criteria, and certain privately-issued mortgage-backed securities representing indirect ownership of such loans. (Loans made for speculative purposes are excluded.)

Final Rule—Amendment to Rules Regarding Delegation of Authority

The Board of Governors is amending 12 C.F.R. Part 265, its Rules Regarding Delegation of Authority, for determining inconsistencies between state and federal laws to authorize the Director of the Division of Consumer and Community Affairs to make such determinations for the Truth in Savings Act and Regulation DD.

Effective December 3, 1993, 12 C.F.R. Part 265 is amended as follows:

Part 265—Rules Regarding Delegation of Authority

1. The authority citation for Part 265 continues to read as follows:

Authority: 12 U.S.C. 248(i) and (k).

2. Section 265.9 is amended by adding a new paragraph (c)(5) to read as follows:

Section 265.9—Functions delegated to the Director of the Division of Consumer and Community Affairs.

* * * * *

(c) * * *

(5) Section 273 of the Truth in Savings Act (12 U.S.C. 4312) and Regulation DD (12 C.F.R. Part 230).

Orders Issued Under Bank Holding Company Act

Orders Issued Under Section 3 of the Bank Holding Company Act

Credit International Bancshares, LTD. Washington, D.C.

Order Approving the Acquisition of a Bank

Credit International Bancshares, LTD., Washington, D.C. ("CIB"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all the voting shares of Sequoia National Bank, Bethesda, Maryland ("Sequoia Bank").[1] Sequoia Bank will be formed as successor to Sequoia Federal Savings Bank, Bethesda, Maryland ("Sequoia Savings") by merger with Sequoia Bank pursuant to section 5(d)(2)(G) of the Federal Deposit Insurance Act (12 U.S.C. § 1815(d)(2)(G)).[2]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 49,514 and 49,515 (1993)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

CIB, with total consolidated assets of $51.1 million, is the 15th largest commercial banking organization in the District of Columbia, controlling approximately $44.2 million in deposits, representing less than 1 percent of total deposits in commercial banking organizations in the District of Columbia.[3] Sequoia Savings, with assets of $95.3 million, is the 35th largest thrift organization in Maryland, controlling approximately $89 million in deposits, representing less than 1 percent of total deposits in thrift organizations in Maryland. Upon consummation of the proposal, CIB would become the 43d largest commercial banking organization in Maryland, controlling approximately $89 million in deposits, representing less than 1 percent of the total deposits in commercial banks in Maryland.

Douglas Amendment Analysis

Section 3(d) of the BHC Act ("Douglas Amendment") prohibits a bank holding company from acquiring a bank outside of its home state[4] "unless the acquisition of . . . a State bank by an out-of-State bank holding company is specifically authorized by the statute laws of the State in which such bank is located, by language to that effect and not merely by implication."[5] For purposes of the Douglas Amendment, the home state of CIB is the District of Columbia, and the home state of Sequoia Savings is Maryland. The Board has previously determined that the interstate statutes of Maryland and the District of Columbia permit acquisitions of institutions located in the respective states.[6] Based on the foregoing and the other facts of record, the Board has determined that approval of this proposal is not prohibited by the Douglas Amendment.[7]

Competitive Considerations

CIB and Sequoia Savings compete directly in the Washington, D.C., banking market.[8] Upon consummation of this proposal, CIB would become the 61st largest depository institution in the market, controlling deposits of $64.4 million, representing less than 1 percent of total deposits in depository institutions in the

1. In connection with the acquisition, SBI Voting Trust ("Trust"), a voting trust formed for the purpose of preserving certain tax benefits, has also filed notice pursuant to the Change in Bank Control Act ("CIBC Act") (12 U.S.C. § 1817(j)) to acquire up to 52 percent of the voting shares of CIB and thereby indirectly acquire Federal Capital Bank, N.A., Washington, D.C. ("Federal Capital"), a wholly owned subsidiary bank of CIB, and Sequoia Bank. Trust relates to the shares of a single bank holding company, terminates within 25 years, engages in no other activity except to hold and vote the shares of CIB held in trust, and involves parties who are not participants in any similar voting trust or related agreement with respect to any other bank or nonbank business. *See* 1 F.R.R.S. 4-185.5. Accordingly, Trust would not be considered a "company" within the meaning of section 2(b) of the BHC Act. Based on all the facts of record, the Board does not intend to disapprove the notice under the CIBC Act.

2. This provision of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 permits a savings association to convert to a bank charter provided the resulting bank remains a Savings Association Insurance Fund member. The Office of Thrift Supervision has approved this conversion subject to other regulatory approval. The Office of the Comptroller of the Currency has not yet acted on the application. The Board's action in this case is conditioned on the relevant companies' obtaining all necessary regulatory approvals for this transaction.

3. Asset and deposit data are as of September 30, 1993.

4. A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. The operations of a bank holding company are considered principally conducted in that state in which the total deposits of such banking subsidiaries are largest.

5. 12 U.S.C. § 1842(d).

6. *See James Madison, Ltd.*, 73 *Federal Reserve Bulletin* 129 (1987); *Maryland National Corporation*, 73 *Federal Reserve Bulletin* 310 (1987).

7. *See* Md. Code Ann. Fin. Inst. § 5-1001 *et seq.;* D.C. Code Ann. § 26-801 *et seq.* The Maryland Bank Commissioner has indicated that CIB's proposed acquisition is permitted by the relevant state banking statute.

8. The Washington, D.C., banking market is defined as the Washington, D.C., Ranally Metropolitan Area, which is composed of the District of Columbia and the surrounding suburban areas of Maryland and Virginia.

market.[9] After considering the number of competitors that would remain in the market and the relatively small increase in concentration as measured by the Herfindahl–Hirschman Index ("HHI"),[10] the Board concludes that consummation of this proposal would not result in a significantly adverse effect on competition in the Washington, D.C., banking market or any other relevant banking market.

Based on all the facts of record, including all the representations and commitments made in connection with this proposal, the Board concludes that financial and managerial resources and future prospects of CIB, its subsidiaries and Sequoia Savings and the other supervisory factors that the Board must consider under section 3 of the BHC Act are consistent with approval of this proposal. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval.

Conclusion

Based upon the foregoing and all the facts of record, including the commitments made in connection with this proposal, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned upon compliance with all of the commitments made in connection with this proposal, and upon receipt of all required state and federal approvals. For the purpose of this action, the commitments and conditions relied upon by the Board in reaching its decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

9. When used in this context, depository institutions include commercial banks and savings associations. Market data are as of June 30, 1992. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Because the deposits of Sequoia Savings will be transferred to a commercial bank under the proposal, those deposits are included at 100 percent in the calculation of *pro forma* market share. *See First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669, 670 n.9 (1990); *Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992).

10. The HHI for the market is currently 933 and consummation of the proposed transaction would not increase the HHI for this market. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), a market in which the post-merger HHI is less than 1000 is considered unconcentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anti-competitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anti-competitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities.

The acquisition shall not be consummated before the thirtieth calendar day following the effective date of this order, or later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 20, 1993.

Voting for this action: Chairman Greenspan, Vice Chairman Mullins, and Governors Angell, Kelley, LaWare, Lindsey, and Phillips.

JENNIFER J. JOHNSON
Associate Secretary of the Board

One Valley Bancorp of West Virginia, Inc. Charleston, West Virginia

Order Approving the Merger of Bank Holding Companies

One Valley Bancorp of West Virginia, Inc., Charleston, West Virginia ("One Valley"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to merge with Mountaineer Bankshares of W. Va., Inc., Martinsburg ("Mountaineer"), and thereby indirectly acquire Old National Bank, Martinsburg; The Empire National Bank of Clarksburg, Clarksburg; City National Bank of Fairmont, Fairmont; The Bank of Wadestown, Fairview; Mercantile Banking & Trust Company, Moundsville; and The Bank of Cameron, Inc., Cameron, all in West Virginia. One Valley also proposes to acquire Mountaineer's subsidiary bank holding company, Sunrise Bancorp, Inc., Wheeling, and thereby indirectly acquire The Sunshine Bank of Wheeling, Wheeling, both in West Virginia.[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 59,267 (1993)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

One Valley is the second largest commercial banking organization in West Virginia, controlling deposits

1. In connection with this application, One Valley has obtained an option to acquire 19.9 percent of the outstanding common stock of Mountaineer and will file an application with the Board before exercising this option.

of $2.3 billion, representing 14.2 percent of total commercial bank deposits in the state.[2] Mountaineer is the seventh largest commercial banking organization in West Virginia, controlling deposits of $607 million, representing 3.7 percent of total commercial bank deposits in the state. Upon consummation of the proposed transaction, One Valley would become the largest commercial banking organization in West Virginia, controlling deposits of $2.9 billion, representing 17.9 percent of total commercial bank deposits in the state.

Competitive Considerations

One Valley and Mountaineer compete directly in the Martinsburg, Clarksburg, and Wheeling, West Virginia banking markets. In the Martinsburg banking market,[3] One Valley is the third largest of eight commercial banking organizations, with deposits of $129.9 million, representing 15.8 percent of total deposits in commercial banks in the market ("market deposits").[4] Mountaineer is the second largest commercial banking organization in the market, with deposits of $138.8 million, representing 16.9 percent of market deposits. Upon consummation of the proposal, One Valley would become the largest commercial banking organization in the Martinsburg banking market, controlling deposits of $268.7 million, representing 32.7 percent of market deposits. The Herfindahl–Hirschman Index ("HHI") for the market would increase by 534 points to 1950.[5]

A number of factors indicate that the increased level of concentration in the Martinsburg banking market, as measured by the HHI, tends to overstate the competitive effect of this proposal. For example, upon consummation of this proposal, seven commercial banking organizations would continue to operate in the Martinsburg banking market, including four of the ten largest banking organizations in West Virginia. The Martinsburg banking market is also attractive to entry. Although West Virginia, as a whole, experienced an 8 percent decline in population between 1980 and 1990, the population in the Martinsburg banking market increased by 24 percent.[6] Deposits in the Martinsburg banking market also have increased at a rate higher than the statewide rate for deposit growth.[7] The attractiveness of the Martinsburg banking market for new entrants has been demonstrated by recent entry into the market and the expansion activity of the institutions that already operate in the market. For example, since 1989, two large bank holding companies, including the largest in the state, have entered the Martinsburg banking market through acquisition, and in 1992, West Virginia's ninth largest bank holding company entered the Martinsburg banking market *de novo*. Between 1989 and 1993, the number of branch locations increased by 48 percent, from 23 to 34. Finally, because West Virginia permits statewide branching and acquisitions by out-of-state bank holding companies on a nationwide reciprocal basis, there are numerous potential entrants to the Martinsburg banking market.[8]

In addition, the unique geographic location of the Martinsburg banking market provides readily available and easily accessible banking services from out-of-market institutions. The Martinsburg banking market is located in the eastern panhandle of West Virginia bordered by Maryland and Virginia, and is in close proximity to larger population clusters in both neighboring states.[9] A significant portion of the daily work force (approximately 19 percent) commutes to the surrounding markets in which these population clusters are located.[10] Moreover, a review of advertising media in the market indicates that commercial and consumer customers in the market are exposed to and solicited by financial service providers from surrounding markets.[11] Consequently, many businesses and

2. Unless otherwise indicated, deposit and market data are as of June 30, 1993.

3. The Martinsburg banking market is approximated by Berkeley and Jefferson Counties, except for the northern part of Berkeley County.

4. No thrifts operate in the Martinsburg banking market.

5. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is above 1800 is considered to be highly concentrated. In such markets, the Justice Department is likely to challenge a merger that increases the HHI by more than 50 points. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities.

6. The population of Berkeley County increased 27 percent and the population of Jefferson County increased 19 percent between 1980 and 1990.

7. The compound growth rate for total bank deposits in the market in the past three years was 6.3 percent, compared to 4.8 percent for MSAs in the state and 4.2 percent for non-MSA counties in West Virginia.

8. W. Va. Code §§ 31A-8-12, 31A-8A-7.

9. Martinsburg (population 14,000) is 19 miles south of Hagerstown (population 35,900) and 33 miles west of Frederick (population 42,000), both in Maryland, and 22 miles north of Winchester, Virginia (population 22,900).

10. Although there is substantial out-of-market commuting, the level of commuting in any one direction is not sufficient to tie the Martinsburg area to another market. *See, e.g., Hartford National Corporation*, 73 *Federal Reserve Bulletin* 720 (1987). An additional 15 percent of the workforce commutes to the Washington, D.C. banking market.

11. For example, five out-of-market depository institutions advertise in the local Martinsburg newspaper, and numerous out-of-market

residents have convenient banking alternatives outside the market, and these alternatives should substantially mitigate any anticompetitive effects of the proposal.

In the Clarksburg and Wheeling markets,[12] consummation of this proposal would not exceed the threshold standards applied by the Board and set forth in the Department of Justice Merger Guidelines. In addition, numerous competitors would remain in these markets after consummation of this proposal.[13]

In light of all facts of record, including the number of competitors that would remain in these markets, the number of potential entrants into these markets, and the attractiveness to entry and unique geographic characteristics of the Martinsburg banking market, the Board concludes that consummation of this proposal is not likely to have a significantly adverse effect on competition or the concentration of banking resources in the Martinsburg, Clarksburg or Wheeling banking markets, or in any other relevant banking market.

Other Considerations

The Board concludes that the financial and managerial resources and future prospects of One Valley, Mountaineer and their subsidiary banks are consistent with approval. The Board also concludes that considerations relating to the convenience and needs of the communities to be served, and the other supervisory factors that the Board must consider under section 3 of the BHC Act are consistent with approval of this proposal.

Based on the facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval of this proposal is expressly conditioned on compliance with the commitments made in connection with this application. The commitments and conditions relied on by the Board in reaching its decision are both deemed to be conditions imposed in writing in connection with its findings and decisions, and, as such, may be enforced in proceedings under applicable law.

depository institutions pay for a listing in the local telephone directory.

12. The Wheeling banking market is approximated by Marshall and Ohio Counties in West Virginia, and the eastern third of Belmont County in Ohio; the Clarksburg banking market is approximated by Doddridge, Harrison and Taylor Counties in West Virginia.

13. In the Wheeling banking market, One Valley would become the third largest depository institution, and the HHI would increase by 27 points to 974. In the Clarksburg banking market, One Valley would become the second largest depository institution, and the HHI would increase by 210 points to 1746. Market share data for the Wheeling banking market are as of June 30, 1992 and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board has regularly included thrift deposits in the calculation of market share on a 50 percent weighted basis. *See, e.g., First Hawaiian Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

This transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 20, 1993.

Voting for this action: Chairman Greenspan, Vice Chairman Mullins, and Governors Angell, Kelley, LaWare, Lindsey, and Phillips.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Orders Issued Under Section 4 of the Bank Holding Company Act

Banc One Corporation
Columbus, Ohio

Order Approving Application to Conduct Certain Data Processing Activities

Banc One Corporation, Columbus, Ohio ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a) of Regulation Y (12 C.F.R. 225.23(a)) to acquire all the voting shares of Croghan & Associates, Inc., Boulder, Colorado ("Company"), and thereby to engage *de novo* in certain data processing and data transmission activities pursuant to section 225.25(b)(7) of Regulation Y.

In particular, Applicant intends to operate, through Company, a network for the processing and transmission of medical payment data between health care providers (such as physicians, hospitals, and pharmacies) ("Providers") and entities responsible for providing medical benefits (such as health insurers, health maintenance organizations, and preferred provider organizations) ("Payers"). The network would operate in a manner similar to existing automated-teller-machine ("ATM") and point-of-sale ("POS") networks. In general, Providers would enter claims information into the network with a request for payment, and Payers would authorize electronic fund transfers in full or partial payment of the claims.

In addition, Company proposes to furnish Providers and Payers with software for use in the medical payments network, including claims adjudication software that would automate the determination of what claims should be paid and the amount of each claim that should be paid. Company also intends to provide by-products of its data processing activities, including statistical information derived from the data transmitted through the payment network, and to furnish additional related services that may result from its research and development efforts.[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 33,443 (1993)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Applicant, with $75.4 billion in total consolidated assets, is the eighth largest commercial banking organization in the United States, controlling $59.4 billion in deposits.[2] Applicant operates subsidiary banks in Ohio, Kentucky, Indiana, Michigan, Illinois, Wisconsin, Texas, Colorado, Arizona, California, Utah, and West Virginia, and engages directly and through its subsidiaries in a broad range of banking and permissible nonbanking activities.

Closely Related to Banking Analysis

Section 4(c)(8) of the BHC Act provides that a bank holding company may, with Board approval, engage in any activity that the Board determines to be "so closely related to banking or managing or controlling banks as to be a proper incident thereto." An activity may be deemed to be closely related to banking if it is demonstrated that:

(1) Banks generally provide the proposed services; or

(2) Banks generally provide services that are operationally or functionally so similar to the proposed services as to equip them particularly well to provide the proposed services; or

(3) Banks generally provide services that are so integrally related to the proposed services as to require their provision in a specialized form.[3]

The Board has determined generally that certain data processing activities are closely related to banking and therefore permissible for bank holding companies under section 4(c)(8) of the BHC Act. Section 225.25(b)(7) of Regulation Y permits bank holding companies to provide data processing and data transmission services, facilities (including software), data bases, or access to such services, facilities, or data bases by any technological means, so long as the data to be processed or furnished are "financial, banking, or economic" in nature.[4] In addition, Regulation Y provides that bank holding companies may engage in incidental activities that are necessary to carry on an activity that is closely related to banking. *See* 12 C.F.R. 225.21(a)(2). In the data processing context, such incidental activities include the provision of by-products of permissible data processing and data transmission services, so long as such by-products are not designed, or appreciably enhanced, for the purpose of marketability. *See* 12 C.F.R. 225.123(e)(2).

For analytical purposes, Applicant's proposal can be viewed in three parts:

(1) The basic operation of a medical payments network;

(2) The provision of claims adjudication software; and

(3) The provision of statistical and other information derived from the data flowing over the network.

(1) *Basic Network Services.* Under the medical payments system proposed by Company, Payer organizations would issue to their members a medical benefits card similar to a credit or debit card.[5] Before receiving health care services, a patient would present this medical benefits card to the relevant Provider. The Provider could then use the card to obtain access through Company to a central database containing information on patient eligibility, co-payment requirements, year-to-date deductible values, and other cov-

1. The Board has relied on Applicant's commitment to consult with the Federal Reserve System before Company offers new data processing services or products not specifically discussed in the application to ensure that the activity will satisfy the criteria set forth in the BHC Act and Regulation Y, and to allow the Federal Reserve System an opportunity to consider whether a separate application should be reviewed in any particular case.

2. Asset and deposit data are as of June 30, 1993.

3. *See National Courier Association v. Board of Governors of the Federal Reserve System*, 516 F.2d 1229, 1237 (D.C. Cir. 1975). In addition, the Board may consider any other basis that may demonstrate that the proposed activity has a reasonable or close connection or relationship to banking or managing or controlling banks. *See* Board Statement Regarding Regulation Y, 49 *Federal Register* 806 (1984); *Securities Industry Association v. Board of Governors of the Federal Reserve System*, 468 U.S. 207, 210–211 n. 5 (1984).

4. Regulation Y also requires that the services be provided pursuant to a written agreement, and places certain limitations on the facilities and hardware provided with the data processing services. In particular, the facilities must be designed, marketed, and operated for the processing and transmission of financial, banking, or economic data; hardware must be provided only in conjunction with permissible software; and general purpose hardware must not constitute more than 30 percent of the cost of any packaged offering. *See* 12 C.F.R. 225.25(b)(7). Applicant has committed that Company will provide the proposed services pursuant to a written agreement, and will provide facilities and hardware within the limitations established by Regulation Y.

5. Company would perform embossing and encoding functions with respect to these medical benefits cards. Applicant expects that medical benefits cards may be developed with debit or credit card features, so that the cards could be used by consumers to obtain access to, and authorize medical payments from, their banking or other accounts.

erage data. After medical services are furnished, the Provider would transmit claim information to the relevant Payer through Company's medical payments network. This claim information would include the amount charged and a description of the services rendered that is sufficient to allow the Payer to determine the eligibility of the claim and the amount that should be paid. The Payer would then authorize electronic payment of the appropriate amount through Company and participating financial institutions. Throughout this process, Providers would be able to ascertain the status of the claim and any related payment.[6]

Company's primary activities would include the routing and processing of medical payment transactions through direct connections between Company's computer switch and Payer and Provider terminals. Company also would perform the accounting functions necessary to settle the payments processed through the network, and would provide electronic transaction and settlement reports to participating financial institutions, Providers, and Payers. In addition, Company would provide other services analogous to functions performed by the operator of an ATM or POS network, including switching, gateway, and terminal driving services. These functions represent the processing of banking, financial, and economic data of the type previously approved for bank holding companies.[7]

In addition to banking, financial, and economic information, however, Company would process and transmit medical treatment data sufficient to allow Payers to make decisions regarding the legitimacy of a claim and the appropriate degree of coverage. Similarly, when Providers obtain access to the coverage information database, Company would transmit data relating to the terms of a particular Payer's medical coverage contract and the extent to which specific medical treatments would be covered by the patient's insurance policy.

While such medical and coverage data are not financial data, processing and transmitting this data are essential components in the transmission and processing of the medical payments and financial information in the network. For example, the medical data submitted by Providers as part of a claim (such as descriptions of a patient's symptoms and of medical procedures performed by the Provider) are necessary to the Payer's decision to authorize an electronic funds transfer payment.[8] Similarly, a Payer must furnish insurance policy coverage information to a Provider in order to permit the Provider to calculate the payment reasonably to be expected from the Payer and the charges that should be allocated to the patient.

Moreover, the purpose of the data processing services rendered by Company in its operation of the network would be to permit the electronic transfer of funds from patient and Payer accounts to Provider accounts. The Board also notes that banking organizations transmit and process similar incidental data (though in less significant quantities) in connection with bill-paying services provided to consumers and accounts payable services rendered to corporate customers. In addition, the Office of the Comptroller of the Currency ("OCC") has permitted national banks to operate a medical payments network that processed a somewhat more limited amount of non-financial medical treatment and claims eligibility data.[9] For the foregoing reasons, the Board believes that Company's processing and transmission of medical and coverage data in connection with its operation of a payments network are permissible as incidental activities.[10]

Accordingly, and on the basis of all the facts of record, the Board has concluded that, although the operation of a medical payments network would involve the processing and transmission of medical and

6. Alternative financial arrangements among Providers and Payers — for example, pricing based on the number of patients treated by a Provider, with payments to be made at regular intervals upon presentation of satisfactory documentation - also could be accommodated by the proposed network.

7. Company also proposes to provide and maintain software and hardware used in the medical payments network. The hardware provided by Company would consist primarily of general purpose hardware which, together with operating system, database and network access, and network processing software, would comprise the basic operating environment for the medical payments network. The software provided by Company for use in the network would be an essential component in the operation of the medical payments system. Applicant has stated that Company would provide hardware and software only in accordance with the limitations established by Regulation Y. System software would constitute general purpose software and be considered part of the general purpose hardware of the system, subject to the 30 percent limitation in Regulation Y. Other software would include database and network access products, as well as network processing software similar to that used in the operation of ATM and POS networks. This software, together with the adjudication software discussed below, would be special purpose software designed to carry out the billing, accounts payable, and electronic fund transfer functions of the network.

8. Applicant has represented that this medical data submitted by Providers would include only information required to assess the appropriateness, validity, and amount of a claim for payment, or otherwise necessary to authorize payment for a claim, and that Providers would not be transmitting data for general medical use.

9. For example, the proposal approved by the OCC did not appear to include an adjudication mechanism (such as that discussed below) that permits an immediate analysis and payment of claims that fall within specifications set by the Payer. In many other respects, however, the network considered by the OCC involved the transmission of non-financial data, including medical treatment data, such as that at issue in this proposal. The OCC concluded that operation of the network was a permissible activity because it constituted the provision of a data processing system in connection with electronic fund transfers. *See OCC Interpretive Letter No. 419* (February 16, 1988), reprinted in Federal Banking Law Reporter (CCH) ¶ 85,643 (May 27, 1988).

10. *See* 12 C.F.R. 225.21(a)(2).

coverage data, as well as data of a financial, banking, or economic nature, Company's proposed operation of a medical payments network would constitute permissible data processing and data transmission activities under the BHC Act.

(2) *Adjudication Software.* In addition to the software used in the basic operation of the medical payments network, Company proposes to provide claims adjudication software to Payers. This software would represent an electronic version of the basic rules of a Payer's coverage contract, and would be designed for the processing of routine claims. In general, the claims adjudication software would automate a large portion of the process by which a Payer determines the extent to which a submitted claim should be paid.

Company would not make decisions or render advice as to what portions, if any, of the claims adjudication process should be automated for any particular Payer, and each adjudication program developed by Company would contain only the information necessary to process submitted claims. In addition, Company would not play any role in determining the extent to which a claim would be covered: all parameters for payment of insurance claims would be set by the Payer, and questions, payment decisions, or disputes about the extent of coverage would be handled by the Payer (and not by Company).[11]

The claims adjudication process essentially involves the interaction of financial and banking data (the amount of a submitted claim and a request for an electronic funds transfer) and medical and coverage data (treatment information and the basic rules of a Payer's coverage contract). Claims adjudication is a central aspect of the authorization function in the proposed network, and is necessary to the consummation of an electronic funds transfer. For these reasons, claims adjudication is functionally similar to the payment authorization services rendered by operators of ATM and POS networks to their financial institution and other customers. In addition, the provision of claims adjudication software is an integral part of the accounts payable function Company proposes to provide to Payers.

Accordingly, the Board believes that the processing of medical and coverage data involved in claims adjudication is an integral part of, and therefore necessary to, the processing of related financial and banking information, and Company's processing of the underlying payment transactions. Hence, on the basis of all the facts of record, the Board has concluded that Company's provision of claims adjudication software that processes such medical and coverage data is permissible as an activity incidental to its provision of software for the processing of banking and financial data, and its operation of a medical payments network.[12]

(3) *Electronic Data Interchange.* Company also proposes to furnish participants in the medical payments system with statistical and other data derived from the information contained in Company's database.[13] Each customer would have on-line access to all the data it places in the system, and third parties designated by a Payer or Provider also could receive access to data owned by such customer.[14] Applicant has indicated that the information comprising the database for these services would consist solely of medical claims data necessary for the authorization of payments, other data transmitted through Company's network, and similar claims and payment information provided to Company by actual and potential processing and adjudication customers.

The Board has stated that bank holding companies may provide by-products of permissible data processing and data transmission activities, so long as such by-products are not designed, or appreciably enhanced, for the purpose of marketability. 12 C.F.R. 225.123(e)(2). The Board has indicated that by-products include data, software, or data processing techniques that may be applicable to the data processing requirements of other industries. *See Citicorp,* 68 *Federal Reserve Bulletin* 505, 510–511 (1982).

Company expects that, in most instances, raw data will be transmitted to a customer from the network's central computer upon the customer's electronic request, without any intervention by Company personnel. The customer would then analyze the data to suit its own particular needs. In some cases, however, pursuant to a customer's instructions, Company may perform limited selection, combination, and similar functions upon raw data so that it can be transmitted to

11. These limitations should ensure that Company does not become engaged in the provision of insurance-related services or advice. Company would only provide the electronic media and software for adjudication and payment of benefits, and would not be engaged in insurance agency activities or in the sale of medical insurance. In this regard, Applicant has committed that Company would not conduct any activity that would require it to be licensed as an insurance agent or broker under state law.

12. *See* 12 C.F.R. 225.21(a)(2).

13. Applicant has stated that these electronic data interchange services would be offered as part of a package of services purchased by a Payer or Provider. Company also would make these services available on an independent basis to potential customers of Company's network processing and claims adjudication services. Company would not, in any event, market these services to the general public.

14. All data furnished by Company in rendering these services would be formatted so that individual Providers and patients could not be identified by persons not authorized to receive access to such information. In addition, such data would be furnished only to the extent permitted by relevant patient and other consent forms.

the customer in a reorganized and more usable form. Company also may design software that would enable customers to perform similar reorganization functions upon raw data. Company would not, however, render advisory or consulting services in connection with the provision or use of these electronic data interchange capabilities, and would not engage in any scientific, actuarial, or clinical research or analysis of the information contained in the database. Moreover, Company would not, under any circumstances, make data available to the general public.

On the basis of all the facts of record, including the limitations discussed in the application and the limitations discussed above, the Board has concluded that the proposed electronic data interchange services would constitute permissible by-products of Company's primary data processing activities, and that such services are, therefore, permissible as an incidental activity.

Other Considerations

In every case involving a nonbanking acquisition by a bank holding company under section 4 of the BHC Act, the Board considers the financial condition and resources of the applicant and its subsidiaries and the effect of the transaction on those resources.[15] Based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval of this proposal.

In order to approve this application, the Board also must determine that the performance of the proposed activities by Applicant through Company "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8). The Board expects that the participation of Company in the market for the proposed data processing services would increase the level of competition among providers of those services. The Board also anticipates that Company's proposed activities would result in new products and services, greater efficiencies, and increased convenience for consumers. In addition, there is no evidence in the record that consummation of the proposed activities would result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Accordingly, the Board concludes that the balance of the public interest factors that it is required to consider under section 4(c)(8) of the BHC Act is favorable.

15. *See* 12 C.F.R. 225.24. *See also The Fuji Bank, Limited,* 75 *Federal Reserve Bulletin* 94 (1989); *Bayerische Vereinsbank AG,* 73 *Federal Reserve Bulletin* 155 (1987).

Based on all the facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned on compliance with the commitments made in connection with this application and with the conditions referred to in this order. The Board's determination also is subject to all the conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(b) of Regulation Y, and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of this action, these commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

This transaction shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Cleveland, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 22, 1993.

Voting for this action: Chairman Greenspan, Vice Chairman Mullins, and Governors Kelley, Lindsey, and Phillips. Absent and not voting: Governors Angell and LaWare.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Creditanstalt-Bankverein
Vienna, Austria

Order Approving an Application to Engage in Investment Advisory Services

Creditanstalt-Bankverein, Vienna, Austria ("Applicant"), a foreign bank subject to the provisions of the Bank Holding Company Act ("BHC Act"), has applied pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(3) of the Board's Regulation Y (12 C.F.R. 225.23(a)(3)) to engage *de novo*, through a joint venture, in investment advisory activities pursuant to section 225.25(b)(4) of Regulation Y (12 C.F.R. 225.25(b)(4)).[1] Applicant pro-

1. Specifically, Company will:

poses to establish a limited partnership, Steinberg Asset Management Company, L.P., New York, New York ("Company"), between its wholly owned subsidiary Creditanstalt International Advisers Group, Inc., New York, New York, and Steinberg Asset Management Inc., New York, New York ("Coventurer"). Company will conduct the proposed activities throughout the United States and abroad.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 57,611 (1993)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Applicant, with total consolidated assets of $48.4 billion, is the 97th largest banking organization in the world.[2] In the United States, Applicant operates a branch in New York, New York, and representative offices in Atlanta, Georgia, and San Francisco, California.[3] Applicant also engages in permissible nonbanking activities in the United States and abroad.

The Board previously has determined by regulation that providing investment advisory services is an activity that is closely related to banking and permissible for bank holding companies under section 4(c)(8) of the BHC Act.[4] Applicant has stated that Company will engage in these activities in accordance with the Board's regulations.

In prior decisions, the Board has expressed concern that joint ventures could potentially lead to a matrix of relationships between co-venturers and their affiliates that could break down the legally mandated separation of banking and commerce, create the possibility of conflicts of interests and other adverse effects that the BHC Act was designed to prevent, or impair or give the appearance of impairing the ability of the banking organization to function effectively as an independent and impartial provider of credit.[5] Further, joint ventures must be carefully analyzed for any possible adverse effects on competition and on the financial condition of the banking organization involved in the proposal.

Currently, Coventurer engages only in investment advisory activities that are permissible for a bank holding company.[6] Applicant has committed to notify the Board in the event Company, Coventurer, or any of its affiliates, determines to engage in any securities activity that is impermissible for a state member bank under the Glass–Steagall Act or any other activity that is impermissible under the BHC Act, and to seek Board approval of Applicant's retention of its interest in Company should such activities of Coventurer or its affiliates be inconsistent with the Board's order approving this application. Based on these and other commitments made by Applicant, the Board believes that the structure of the joint venture in this case is consistent with the provisions of section 4 of the BHC Act and prior Board cases.

In order to approve this application, the Board also is required to determine that the performance of the proposed activities by Applicant can reasonably be expected to produce benefits to the public that would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.[7]

Under the framework established in this and prior Board decisions, consummation of this proposal is not likely to result in any significantly adverse effects, such as an undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Moreover, the Board has determined that performance of the proposed activities by Applicant can reasonably be expected to produce public benefits that would outweigh any adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

In weighing these factors under section 4 of the BHC Act, the Board considers the financial condition and resources of Applicant and its subsidiaries and the effect of the proposal on these resources. In this case, the Board notes that Applicant meets the relevant risk-based capital standards consistent with the Basle Accord, and has capital equivalent to that which would be required for United States banking organizations. In view of these and other facts of record, the Board has determined that the financial factors are consistent with approval of this application. The man-

(1) Serve as investment adviser (as defined in section 2(a)(20) of the Investment Company Act of 1940, 15 U.S.C. § 80a-2(a)(20)) to an investment company registered under that act, including sponsoring, organizing, and managing a closed-end investment company; (2) Provide portfolio investment advice to any other person; and (3) Furnish general economic information and advice, general economic statistical forecasting services and industry studies. *See* 12 C.F.R. 225.25(b)(4)(ii),(iii), and (iv).

2. Asset data are as of June 30, 1993.

3. Under section 8(a) of the International Banking Act of 1978 (12 U.S.C. § 3106(a)), a foreign bank that operates a branch, agency, or commercial lending company subsidiary in the United States is subject to the BHC Act as if it were a bank holding company.

4. *See* 12 C.F.R. 225.25(b)(4).

5. *See, e.g., The Fuji Bank, Limited*, 75 *Federal Reserve Bulletin* 577 (1989); *Amsterdam-Rotterdam Bank, N.V.*, 70 *Federal Reserve Bulletin* 835 (1984).

6. *See* 12 C.F.R. 225.25(b)(4). In addition, Coventurer's affiliate, Michael A. Steinberg & Company, Inc., New York, New York, provides securities brokerage services which also are permissible for bank holding companies under the BHC Act. *See* 12 C.F.R. 225.25(b)(15).

7. 12 U.S.C. § 1843(c)(8).

agerial resources of Applicant and its subsidiaries also are consistent with approval.

Based on the foregoing and all the facts of record, the Board has determined to, and hereby does, approve the application subject to the terms and conditions set forth in this order, and in the Board regulations and orders noted above. The Board's determination also is subject to all the terms and conditions set forth in its Regulation Y, including those in sections 225.4(d) and 225.23(b), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act, and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance with all the commitments made in this application, including the commitments discussed in this order and the conditions set forth in the Board orders noted above. These commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and may be enforced in proceedings under applicable law.

This transaction shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, pursuant to delegated authority.

By order of the Board of Governors, effective December 16, 1993.

Voting for this action: Vice Chairman Mullins and Governors Angell, Kelley, LaWare, Lindsey, and Phillips. Absent and not voting: Chairman Greenspan.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Crestar Financial Corporation
Richmond, Virginia

Crestar Bank
Richmond, Virginia

Order Approving Mergers of Savings Associations with a Commercial Bank

Crestar Financial Corporation, Richmond, Virginia ("Crestar"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) to acquire Providence Savings and Loan Association, F.A., Vienna, Virginia ("Providence"). Crestar's subsidiary bank, Crestar Bank, Richmond, Virginia ("Bank"), a state member bank, has applied under section 18(c) of the Federal Deposit Insurance Act ("FDI Act") (12 U.S.C. § 1828(c)) ("Bank Merger Act") to acquire Providence and Virginia Federal Savings Bank, Richmond, Virginia ("VFSB").

Crestar and Bank have also applied under section 5(d)(3) of the FDI Act (12 U.S.C. § 1815(d)(3)), as amended by the Federal Deposit Insurance Corporation Improvement Act of 1991, Pub. L. No. 102–242, § 501, 105 Stat. 2236, 2388 (1991), to acquire Providence and VFSB,[1] and Bank has applied to establish branches at the present locations of Providence and VFSB pursuant to section 9 of the Federal Reserve Act (12 U.S.C. § 321 *et seq.*).[2]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). Reports on the competitive effects of the merger were requested from the United States Attorney General, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision. The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in the Bank Holding Company Act, the Bank Merger Act, and the Federal Reserve Act.

Crestar, with total consolidated assets of $13 billion, operates subsidiary banks in Virginia, Maryland, and the District of Columbia.[3] Bank is the second largest commercial banking organization in Virginia, controlling approximately $7.8 billion in deposits, representing 13.8 percent of total deposits in commercial banking organizations in the state. Providence is the 14th largest thrift institution in Virginia, controlling deposits of $329.4 million, representing 3.3 percent of total deposits in thrift institutions in the state. VFSB is the fifth largest thrift institution in Virginia, controlling approximately $552.8 million in deposits, representing 4.8 percent of total deposits in thrift institutions in the state. Upon consummation of the proposed transaction, Crestar would remain the second largest commercial bank in Virginia, controlling approximately

1. Section 5(d)(3) of the FDI Act requires the Board to review any proposed merger between a bank owned by a bank holding company and a savings association, or branch of a savings association, in which the resulting institution is insured by the Bank Insurance Fund, and in reviewing these proposals, to follow the procedures and consider the factors set forth in section 18(c) of the Bank Merger Act.

2. These branches are set forth in the Appendix. Providence will close its branch in Maryland prior to consummation of the proposal.

3. Banking data are as of December 31, 1992.

$8.7 billion in deposits, representing 13.3 percent of total deposits in commercial banks in the state.

Competitive Considerations

Crestar competes directly with VFSB in the Virginia banking markets of Charlottesville, Newport News-Hampton, Richmond-Petersburg, and Staunton; and with Providence in the Washington, D.C., Ranally Metro Area ("Washington RMA"). Consummation of this proposal would not exceed the Department of Justice Merger Guidelines[4] as applied to depository institutions[5] in any of these banking markets. Based on all the facts of record, including the relatively small increase in the market concentration and market share,[6] the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in the Virginia and Washington RMA banking markets or any other relevant banking market.

Convenience and Needs Considerations

In analyzing the convenience and needs factor, the Board has carefully considered comments submitted by Hamler Development Co., Inc., Concord, Virginia ("Protestant"). Protestant alleges generally that Bank discriminates against blacks in its lending activities,[7] and in particular, practices illegal discrimination against minorities and low-income individuals in a lending program that includes participating financial institutions and the City of Lynchburg and is sponsored by the United States Department of Housing and Urban Development ("HUD").[8] In assessing the impact of this proposal on the convenience and needs of the communities to be served, the Board has considered Protestant's comments in light of Crestar's record of performance under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA").

Initially, the Board notes that all of Crestar's subsidiary banks received "outstanding" or "satisfactory" ratings from their primary regulators in their most recent examinations for CRA performance. In particular, Bank received an "outstanding" rating for CRA performance from the Federal Reserve Bank of Richmond in May 1993.[9] As part of this 1993 examination, examiners reviewed denied and approved loan files and conducted interviews with 27 loan officers to ascertain compliance with regulatory requirements when collecting information from loan applicants. Examiners found no evidence of illegal discrimination or illegal credit practices at Bank.[10]

The Board also has previously reviewed Protestant's allegations of illegal discriminatory practices relating to the administration of the HUD-sponsored Community Development Block Grant program in connection with applications filed by Crestar and Central Fidelity Bank and, for the reasons more fully stated in those orders, concluded that these allegations did not warrant denial under the convenience and needs factor.[11] Subsequent to the Board's action on those applications, HUD completed its investigation

4. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is above 1800 is considered to be highly concentrated. In such markets, the Justice Department is likely to challenge a merger that increases the HHI by more than 50 points. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities.

5. In this context, depository institutions include commercial banks, savings banks, and savings associations. Market share data before consummation are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become significant competitors of commercial banks. *See WM Bancorp,* 76 *Federal Reserve Bulletin* 788 (1990); *National City Corporation,* 70 *Federal Reserve Bulletin* 743 (1984). Because the deposits of Providence and VFSB would be transferred to a commercial bank under this proposal, those deposits are included at 100 percent in the calculation of *pro forma* market share. *See Norwest Corporation,* 78 *Federal Reserve Bulletin* 452 (1992); *First Banks, Inc.,* 76 *Federal Reserve Bulletin* 669 (1990).

6. Market data are as of June 30, 1992. Consummation of this proposal would result in the following structural changes as measured by the HHI and increases in Crestar's share of total deposits in depository institutions in these banking markets ("market share"): Charlottesville (HHI unchanged at 1989 points and 14.2 percent market share); Newport News-Hampton (HHI increase by 48 points to 1250 and 24.5 percent market share); Richmond-Petersburg (HHI increase by 75 points to 1666 and 22.5 percent market share); Staunton (HHI increase by 55 points to 1796 and 17.1 percent market share); and Washington RMA (HHI increase by 6 points to 949 and 9.4 percent market share).

7. Protestant believes that Bank's denial of a recent loan request by Protestant's principal on financial considerations evidences Bank's illegal discriminatory lending policies. The Board has considered this allegation in its review of these applications.

8. Protestant also alleges that Crestar and other financial institutions have illegally excluded the principal of Protestant from participation in the loan program in retaliation for complaints about the administration of the program.

9. The Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record, and that these reports will be given great weight in the applications process. 54 *Federal Register* 13,742, 13,745 (1989).

10. Examiners noted two isolated incidences of noncompliance with consumer credit laws. In one case, Bank failed to notify a consumer of adverse action on a loan and this error was corrected during the examination. The other case involved failure to retain a record as required under the Board's Regulation B. Examiners determined that Bank's compliance policies were sufficient to prevent similar violations in the future.

11. *Crestar Bank,* 76 *Federal Reserve Bulletin* 879 (1990); *Central Fidelity Bank,* 77 *Federal Reserve Bulletin* 675 (1991).

of Protestant's allegations in November 1991. In a formal written determination of compliance, HUD concluded that the denial of a funding request by the principal of Protestant as well as the administration of the loan program was in compliance with the Housing and Community Development Act of 1974.

In light of the foregoing and other facts of record, the Board does not believe that Protestant's comments warrant denial of these applications.[12] In this regard, the Board concludes on the basis of all the facts of record that considerations relating to the convenience and needs of the communities to be served, including Crestar's record of performance under the CRA, are consistent with approval.

Other Considerations

The Board has determined that the operation of a savings association by a bank holding company is closely related to banking for purposes of section 4(c)(8) of the BHC Act. 12 C.F.R. 225.25(b)(9). Crestar has committed to operate Providence in accordance with the Board's regulations and the record does not indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices that are not likely to be outweighed by the public benefits of this proposal. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of the application.

The Board also concludes that the financial and managerial resources and future prospects of Crestar, Providence, and VFSB are consistent with approval of this application. In addition, the Board also has considered the specific factors it must review under section 5(d)(3) of the FDI Act, and the record in this case shows that:

(1) The transaction will not result in the transfer of any federally insured depository institution's federal deposit insurance from one federal deposit insurance fund to the other;

(2) Crestar and Bank currently meet, and upon consummation of the proposed transaction will continue to meet, all applicable capital standards; and

(3) The proposed transaction would comply with the interstate provisions of the BHC Act if Providence and VFSB were state banks that Crestar was applying to acquire directly. *See* 12 U.S.C. § 1815(d)(3).

The Board has also reviewed the factors it is required to consider in applications for the establishment and operation of branches under the Federal Reserve Act and finds these factors to be consistent with approval.

Based on the foregoing and all the facts of record, the Board has determined that these applications should be, and hereby are, approved. The Board's approval of these applications is conditioned upon compliance by Crestar and Bank with the commitments made in connection with these applications. For purposes of this action, the commitments and conditions relied on in reaching this decision are both conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

The acquisitions by Bank may not be consummated before the thirtieth calendar day following the effective date of this Order, and this proposal may not be consummated later than three months after the effective date of this order, unless such period is extended by the Board or by the Federal Reserve Bank of Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 22, 1993.

Voting for this action: Chairman Greenspan, Vice Chairman Mullins and Governors Kelley, Lindsey, and Phillips. Absent and not voting: Governors Angell and LaWare.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Appendix

Virginia Federal Savings Branch locations

10710 Midlothian Turnpike, Richmond, Virginia
1201 Emmet Street, Charlottesville, Virginia
1643 Seminole Trail, Charlottesville, Virginia
1011 East Main Street, Orange, Virginia
230 South Wayne Avenue, Waynesboro, Virginia
11601 Midlothian Turnpike, Midlothian, Virginia
14th and Lee Street, West Point, Virginia
1222 Richmond Road, Williamsburg, Virginia
550 East Marshall Street, Richmond, Virginia
14 North Laburnum Avenue, Richmond, Virginia
1624 Hull Street, Richmond, Virginia

12. Protestant has characterized Bank's participation in one community development program as a pretense. The Board notes that Bank's 1993 CRA examination concluded that the bank supports the development or implementation of specific projects promoting community revitalization consistent with its size, financial condition and local conditions. This examination also identifies a number of programs and activities as demonstrating Bank's involvement and commitment to local community organizations aside from the program mentioned by Protestant.

5601 Patterson Avenue, Richmond, Virginia
5419 Lakeside Avenue, Richmond, Virginia
2613 Parham Avenue, Richmond, Virginia

Providence Savings and Loan Association, F.A. Branch locations

6050A Burke Commons Road, Burke, Virginia
4377 Kevin Walker Drive, Dumfries, Virginia
10695 Braddock Road, Fairfax, Virginia
9845 Georgetown Pike, Great Falls, Virginia
1443 Chain Bridge Road, McLean, Virginia
527 Maple Avenue, East, Vienna, Virginia
231 S. Van Dorn Street, Alexandria, Virginia
3500 Mt. Vernon Avenue, Alexandria, Virginia
8702 Richmond Highway, Alexandria, Virginia
6116a Rose Hill Drive, Alexandria, Virginia
3101 Duke Street, Alexandria, Virginia

The Dai-Ichi Kangyo Bank, Limited Tokyo, Japan

Order Approving Application to Engage in Certain Nonbanking Activities

The Dai-Ichi Kangyo Bank, Limited, Tokyo, Japan ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a) of the Board's Regulation Y (12 C.F.R. 225.23(a)) to engage *de novo*, through its wholly owned subsidiary, DKB Securities Corporation, New York, New York ("Company"), in the purchase and sale for its own account of certain options and options on futures contracts with respect to certain bank-eligible securities and money market instruments, for purposes other than hedging.[1] Company proposes to conduct these activities on a worldwide basis.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 52,760 (1993)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Applicant, with total consolidated assets of approximately $484.1 billion, is the largest banking organization in the world.[2] In the United States, Applicant owns a state nonmember bank based in Los Angeles, California; operates branches in New York, New York and Chicago, Illinois; and maintains agencies in Los Angeles, California, San Francisco, California, and Atlanta, Georgia, as well as a loan production office in Houston, Texas. In addition to these banking operations, Applicant owns several nonbanking subsidiaries in the United States, including Company.[3]

Company is, and will continue to be, a broker-dealer registered with the Securities and Exchange Commission ("SEC") and a member of the National Association of Securities Dealers, Inc. ("NASD"). Accordingly, Company is subject to the record-keeping, reporting, fiduciary standards, and other requirements of the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*), the SEC, and the NASD. Company currently engages in a variety of securities-related activities.[4]

1. In particular, Company proposes to trade the derivative instruments listed in Appendix A to this order. Company would hedge its positions in these instruments by trading in the contracts listed in Appendix B.

2. Asset and ranking data are as of March 31, 1993, and employ exchange rates then in effect.

3. These nonbanking subsidiaries include, in addition to Company:
(1) DKB Financial Products, Inc., New York, New York, which is engaged primarily in lending, leasing, financial advisory, loan marketing, and swap and swap derivative products activities, pursuant to section 4(c)(8) of the BHC Act and sections 225.25(b)(1), (b)(4), and (b)(5) of Regulation Y;
(2) DKB Financial Futures Corp., Chicago, Illinois ("DKB Futures"), which is engaged primarily in futures commission merchant activities, pursuant to section 4(c)(8) of the BHC Act and section 225.25(b)(18) of Regulation Y; and
(3) The CIT Group Holdings, Inc., New York, New York, which is engaged primarily in financing and leasing activities, pursuant to section 4(c)(8) of the BHC Act and sections 225.25(b)(1) and (b)(5) of Regulation Y. *See The Dai-Ichi Kangyo Bank, Limited,* 77 *Federal Reserve Bulletin* 670 (1991); *The Dai-Ichi Kangyo Bank, Limited,* 76 *Federal Reserve Bulletin* 975 (1990); *The Dai-Ichi Kangyo Bank, Limited,* 76 *Federal Reserve Bulletin* 75 (1990).

4. The activities that Company currently has authority to conduct include:
(1) Underwriting and dealing in, to a limited extent, certain municipal revenue bonds, 1–4 family mortgage-backed securities, commercial paper, and consumer receivable-related securities;
(2) Underwriting and dealing in securities that state member banks are authorized to underwrite and deal in under sections 5(c) and 16 of the Glass–Steagall Act (12 U.S.C. §§ 335 and 24(7)), pursuant to section 225.25(b)(16) of Regulation Y (12 C.F.R. 225.25(b)(16));
(3) Providing securities brokerage and investment advisory services, on both a separate and combined basis, pursuant to sections 225.25(b)(4) and (b)(15) of Regulation Y (12 C.F.R. 225.25(b)(4) and (b)(15));
(4) Acting as agent in the private placement of all types of securities, and providing related advisory services;
(5) Buying and selling all types of securities on customer order as a "riskless principal"; and
(6) Providing various types of financial and transaction advice to financial and nonfinancial institutions.
See The Dai-Ichi Kangyo Bank, Limited, 77 *Federal Reserve Bulletin* 184 (1991). In connection with its securities dealing business, Company also trades in futures, options, and options on futures on securities for hedging purposes.

Closely Related to Banking Analysis

The Board previously has determined by order that purchasing and selling exchange-traded and over-the-counter derivative instruments based on bank-eligible securities and certain money market instruments, for purposes other than hedging, is closely related to banking. *See Swiss Bank Corporation,* 77 *Federal Reserve Bulletin* 759 (1991) ("*Swiss Bank*").[5] In this case, as in *Swiss Bank,* the securities on which the proposed instruments would be based are eligible to be underwritten and dealt in by national banks and state-chartered banks that are members of the Federal Reserve System.[6]

Proper Incident to Banking Analysis

In order to approve the proposal, the Board must determine that the proposed activities to be conducted by Company "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

Applicant and Company have substantial experience in trading bank-eligible securities and related derivative products. Company currently engages in a significant volume of dealing in U.S. government securities for its own account, and has broad experience in trading and monitoring bank-eligible securities positions. Company has gained substantial experience in trading derivative products based on bank-eligible securities through its use of such instruments to reduce risks arising from its cash positions in U.S. government securities and money market instruments. Moreover, Applicant has extensive, worldwide experience in trading futures, options, and options on futures contracts with respect to U.S. and Japanese government securities and money market instruments.

The Board has carefully reviewed the operational, accounting, and risk management policies and systems proposed to be implemented by Company in conducting and monitoring the proposed activities. These policies and systems are currently in place and have been used in connection with Company's existing securities dealing business and related derivatives activities, and should assist in minimizing the likelihood of significant losses that could result from the activities that are the subject of this application.

For example, Company has instituted internal controls to restrict the credit risk, market risk, and operations risk associated with futures and options trading. Company's board of directors has established a credit committee that determines counterparty credit exposure limits. These credit risk limits are reviewed periodically by the credit committee and board of directors, and by Applicant's Credit Supervision Division in Tokyo. Broker selection procedures also are established by the board of directors. Business cannot begin with a new broker without the prior approval of the credit committee, which reviews a potential broker's capital adequacy, general financial condition, management, and other matters, and sets and periodically reviews dealing limits for each broker to minimize settlement risk. Applicant's Credit Supervision Division reviews all brokers selected by Company.

Market risk is controlled by imposing limits on Company's gross long and short positions for each contract, and on gross and net positions (on a risk-adjusted basis) for the portfolio as a whole. In addition, trading limits restrict each trader's authority to open or close a position. These position and trading limits are approved by Company's board of directors and set forth in Company's Internal Rules for Trading. Company's board of directors has established "loss cut" rules, which apply to Company's trading activities as a whole. These rules, which are substantially equivalent to stop loss limitations, are triggered whenever position losses reach specified limits, and require that positions be liquidated or reduced to prevent the accumulation of substantial losses in the portfolio. Company has established both daily and monthly loss cut rules. The Board also notes that Company would use the instruments listed in Appendix B to hedge the market risk resulting from the proposed activities.

Operations risk, similarly, is mitigated by comprehensive review and monitoring procedures, including independent verification of trade data and compliance with trading limits, as well as the hiring of experienced operations staff and the implementation of detailed recordkeeping procedures and systems. Monitoring and enforcement of Company's risk management policies and procedures is facilitated by sophisticated computer systems that report all positions and approximate profit and loss figures, as well as information regarding compliance with credit, position, trading, and loss cut limits, on a real-time basis.

Senior management and internal auditing personnel will be closely involved with the conduct of the proposed derivatives trading activities. As noted pre-

5. The Board also has indicated that trading in such derivative instruments for risk-reduction purposes is a permissible activity for bank holding companies and their subsidiaries. *See* 12 C.F.R. 225.142.

6. *See* 12 U.S.C. § 24(7) and 335. The instruments proposed to be traded by Company for purposes other than hedging, and the exchanges and markets on which these activities would be conducted, are identical to those approved in *Swiss Bank.*

viously, the credit committee and board of directors, as well as other members of senior management, play a central role in establishing the parameters of the trading operation, including with respect to setting credit, position, and trading limits and loss cut rules, and the selection and approval of brokers and counterparties. In addition, Company's chief trader will oversee directly all of the proposed trading activities, and will review all positions on a daily basis with senior management. Company's computer systems will generate daily reports of futures and options positions for approval by senior management and Company's chief compliance officer. The operations staff will independently monitor all futures and options transactions and counterparty exposure.

The Board also notes that Company intends to engage in the proposed activities for a limited range of purposes, and does not propose to trade in derivative products trading for speculative purposes.[7] The size of the proposed derivatives trading operation appears reasonable in relation to Company's government securities business. As a registered broker-dealer, Company will be required to comply with the SEC's net capital rule.[8] The Board has relied upon the fact that Company's proposed loss cut limits and procedures should help to ensure that any losses that might result from the proposed activities are small in relation to the total capital of Company and of Applicant.[9]

The Board also expects that Company's engaging in the proposed activities *de novo* would enhance market competition and provide greater convenience to Company's customers. Applicant also maintains that consummation of the proposal would increase market liquidity and enable Company to operate more efficiently in its government securities business.

On the basis of the foregoing and all the other facts of record, the Board has concluded that the balance of public interest factors it is required to consider under section 4(c)(8) of the BHC Act is favorable, and therefore that the proposed derivatives trading activities constitute a proper incident to banking within the meaning of the BHC Act. In making this determination, the Board has considered the financial and managerial resources of Applicant and its subsidiaries, including Company, and the effect of this proposal upon such resources, and has concluded that these factors are consistent with approval of this application.[10] In this regard, the Board has noted that Applicant's capital ratios satisfy applicable risk-based standards established under the Basle Accord, and are considered equivalent to the capital levels that would be required of a U.S. banking organization. The Board specifically has considered the size of the investment expected to be required by this proposal, and the projected volume of Company's proposed derivatives trading activities, in relation to Applicant's consolidated capital.

Based on all the facts of record, including all the representations and commitments made by Applicant in this case, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned on compliance with all of the commitments made in connection with this application and with the conditions referred to in this order. The Board's determination also is subject to all of the conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(b) of Regulation Y, and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of this action, these commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

This transaction shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco, acting pursuant to delegated authority.

7. Applicant has indicated that the proposed trading activities will be integrated with Company's government securities trading operation, and will not function as an independent unit seeking separate profits solely from the options and futures markets. Applicant also has committed that Company will not act as a specialist or market-maker with respect to these instruments.

8. *See* 15 C.F.R. 240.15c3-1.

9. Applicant engages in the United States in futures commission merchant activities and related advisory services with respect to certain of the instruments proposed to be traded by Company. In order to minimize any potential conflicts of interests that could result from the related activities of Company and DKB Futures, Applicant has committed that DKB Futures will disclose to its customers its affiliate relationship with Company, and the fact that Company trades futures, options, and options on futures contracts for its own account. This disclosure will occur both at the beginning of the customer relationship and upon confirmation of any order. In addition, Applicant has committed that DKB Futures will not share non-public customer information with Company without the express written consent of the customer, and that in any case in which DKB Futures knowingly executes a transaction to which Company is a party, it will make prior disclosure of that fact to its customer and obtain the customer's prior consent to the arrangement. These commitments are similar to commitments relied upon by the Board in similar previous cases. *See, e.g., The Long-Term Credit Bank of Japan, Limited,* 79 *Federal Reserve Bulletin* 347, 348 n.13, n.14 (1993); *The Sanwa Bank, Limited,* 77 *Federal Reserve Bulletin* 64, 67 n.12 (1991); *The Hongkong and Shanghai Banking Corporation, et al.,* 76 *Federal Reserve Bulletin* 770, 771 n.9, 772 n.10 (1990).

10. *See* 12 C.F.R. 225.24. *See also The Fuji Bank, Limited,* 75 *Federal Reserve Bulletin* 94 (1989); *Bayerische Vereinsbank AG,* 73 *Federal Reserve Bulletin* 155 (1987).

By order of the Board of Governors, effective December 13, 1993.

Voting for this action: Vice Chairman Mullins and Governors Angell, Kelley, LaWare, Lindsey, and Phillips. Absent and not voting: Chairman Greenspan.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Appendix A

Company proposes to trade for its own account in the following derivative instruments traded on the following exchanges and markets:

Chicago Board of Trade

Options on U.S. Treasury Bond Futures
Options on Two-Year, Five-Year, and Ten-Year U.S. Treasury Note Futures

Chicago Mercantile Exchange

Options on Eurodollar Futures
Options on U.S. Treasury Bill Futures
Options on 30-day LIBOR Futures

Chicago Board Options Exchange

Options on 30-Year U.S. Treasury Bonds Specific Issues
Options on 5-Year U.S. Treasury Notes Specific Issues
Options on Short Term Treasury Index
Options on Long Term Treasury Index

New York Commodities Exchange

Options on Five Year Treasury Note Futures

London International Financial Futures Exchange

Options on Eurodollar Futures
Options on U.S. Treasury Bond Futures

Over-the-Counter Market

Options on U.S. Treasury Bills, Notes, and Bonds

Appendix B

Company would hedge its positions in the contracts listed in Appendix A through the purchase of the following exchange-traded contracts:

Chicago Board of Trade

U.S. Treasury Bond Futures
U.S. Treasury Two-Year, Five-Year, and Ten-Year Note Futures
30-Day Interest Rate Futures
The Bond Buyer Municipal Bond Index Futures, and Options thereon

Chicago Mercantile Exchange

Eurodollar Futures
U.S. Treasury Bill Futures
30-Day LIBOR Futures

New York Commodities Exchange

Five Year Treasury Note Futures
U.S. Two Year Treasury Note Futures

London International Financial Futures Exchange

Eurodollar Futures
U.S. Treasury Bond Futures

Singapore International Monetary Exchange

Eurodollar Futures

J.P. Morgan & Co. Incorporated New York, New York

Order Approving an Application to Engage in Futures Commission Merchant Activities

J.P. Morgan & Co. Incorporated ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)), and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), to provide futures commission merchant ("FCM") execution, clearance, and advisory services to unaffiliated customers with respect to futures and options on futures on non-financial commodities.[1] Neither JPMFI nor JPMSI would

1. Applicant proposes to conduct these FCM activities through two wholly owned subsidiaries, J.P. Morgan Futures, Inc. ("JPMFI"), and J.P. Morgan Securities, Inc. ("JPMSI"), both located in New York, New York, and would conduct the proposed activities on the New York Mercantile Exchange ("NYMEX"), and the Singapore International Monetary Exchange Limited ("SIMEX"). Applicant proposes initially to broker futures and options on futures on fuel oil, gas oil, crude oil, heating oil, gasoline, propane, and natural gas. A complete list of the proposed contracts is set forth in the Appendix.

Applicant must provide at least 20 days prior written notice to the Federal Reserve System before:

trade in the proposed derivative instruments for their own accounts for any purpose, or would trade in the physical commodities themselves, except when necessary to assist in the orderly resolution of an account.[2] JPMFI and JPMSI would provide the proposed FCM services only to institutional customers and natural persons whose individual net worth (or joint net worth with spouse) exceeds $1 million.[3] Neither JPMFI nor JPMSI would provide such services to retail brokerage customers or locals. However, JPMFI and JPMSI proposes to provide FCM execution, clearance, and advisory services for non-financial commodity derivatives to market makers.[4]

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been published (58 *Federal Register* 34,054, 51,349 (1993)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

Applicant, with total consolidated assets of $129.3 billion, is the fifth largest commercial banking organization in the United States, and engages directly and through subsidiaries in a broad range of permissible nonbanking activities.[5] JPMFI[6] and JPMSI[7] are both FCMs registered with the CFTC, are both members of the NFA, and are, therefore, both subject to the recordkeeping, reporting, fiduciary standards, and other requirements of the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*), the CFTC, and the NFA.[8] In

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(i) Engaging in FCM activities with respect to additional exchange-traded derivative contracts on agricultural, energy, or non-precious metal commodities (unless the Board has approved the contracts for any other bank holding company under the BHC Act) to assure that such contracts are comparable to previously approved contracts; or

(ii) Becoming a clearing or non-clearing member of any commodities exchange that previously has been reviewed and approved by the Board under the BHC Act.

Applicant must obtain Board approval before becoming a clearing or non-clearing member of any commodities exchange that has not been reviewed and approved by the Board under the BHC Act. JPMFI and JPMSI may each conduct FCM activities through omnibus trading accounts established in their own names with clearing members of exchanges on which JPMFI or JPMSI would not themselves be clearing members. 79 *Federal Reserve Bulletin* 723, 724 (1993) (*"Northern Trust"*). Applicant has committed that, with respect to their omnibus account customers, JPMFI and JPMSI will employ the same credit approval and risk management procedures developed for their respective executing and clearing activities.

Applicant also proposes to provide execution-only and clearing-only services to customers pursuant to customer agreements and "give-up agreements" that would afford the clearing FCM the right to refuse to clear customer trades that the clearing FCM reasonably deems unsuitable in light of market conditions or a customer's financial situation or objectives. These activities have been approved by the Board. *See Northern Trust; The Sakura Bank, Limited,* 79 *Federal Reserve Bulletin* 728 (1993) (*"Sakura"*). JPMFI and JPMSI would each conduct its proposed execution-only and clearing-only activities in a manner largely consistent with *Northern Trust* and *Sakura*. In this regard, Applicant has committed that neither JPMFI nor JPMSI will serve as the primary or qualifying clearing firm for any unaffiliated parties.

Applicant's proposal, however, differs from the proposals approved in *Northern Trust* and *Sakura* in some respects. JPMFI and JPMSI will not subject their execution-only customers to the same formal credit review procedures to which their execution-and-clearing and clearing-only customers are subject, in view of the reduced credit exposures and levels of risk that Applicant believes are involved in execution-only activities compared to execution-and-clearing activities and clearing-only activities. Neither JPMFI nor JPMSI would accept a client as an execution-only customer unless the company's senior management is satisfied that the acceptance of the client as an execution-only customer would not subject the company to unacceptable levels of credit risk based on:

(i) The market reputation of the client (or its advisor), or the senior management's general knowledge of the creditworthiness of the client; and

(ii) The market reputation of the client's give-up clearing firm. The FCMs that would execute customer trades that JPMFI or JPMSI would clear pursuant to give-up agreements would not necessarily be independent from the customer.

2. In those circumstances when a customer defaults on a contract after the contract expires and JPMFI or JPMSI is required to make or take delivery of the underlying commodity, or where JPMFI or JPMSI exercises its rights to liquidate a customer's account, the company is permitted to take those actions necessary to mitigate its damages, including acting for its own account in retendering or redelivering the commodity, entering into an exchange-for-physical transaction, or entering into an offsetting transaction in the cash market, provided these or other appropriate actions are taken as soon as commercially practicable.

3. Applicant anticipates that, following consummation of the proposal, a relatively small percentage of JPMFI's and JPMSI's respective businesses would be conducted on behalf of managed commodity funds (or commodity pools), which are regulated and supervised by the Commodity Futures Trading Commission ("CFTC") and the National Futures Association ("NFA"). None of JPMFI's or JPMSI's managed commodity fund customers would be owned or sponsored by, or otherwise affiliated with, Applicant. Applicant, JPMFI, and JPMSI will not act as a commodity pool operator without prior Board approval. However, JPMFI and JPMSI may provide FCM investment advisory services to commodity pools. Both JPMFI and JPMSI will apply their credit approval procedures to their respective managed commodity fund customers. Applicant has committed to provide the Federal Reserve System with prior notice of any material change in the characteristics of JPMFI's or JPMSI's customer base.

4. Applicant states that certain of its customers may become market makers in new financial contracts in order to facilitate the introduction of the contracts, or to assist in the ongoing trading of the contracts.

5. Data are as of September 30, 1993.

6. JPMFI, formerly Morgan Futures Corporation, is a clearing member of the NYMEX, the SIMEX, the Commodity Exchange, Inc., the Chicago Board of Trade, and the Chicago Mercantile Exchange ("CME"), and is currently engaged in executing and clearing on major commodities exchanges futures and options on futures on financial commodities and certain broad-based and widely traded stock and bond indices. *See J.P. Morgan & Co. Incorporated,* 71 *Federal Reserve Bulletin* 251 (1985); *J.P. Morgan & Co. Incorporated,* 70 *Federal Reserve Bulletin* 780 (1984); *J.P. Morgan & Co. Incorporated,* 69 *Federal Reserve Bulletin* 733 (1983); *J.P. Morgan & Co. Incorporated,* 68 *Federal Reserve Bulletin* 514 (1982).

7. JPMSI is currently engaged in limited bank-ineligible securities underwriting and dealing activities permissible under section 20 of the Glass–Steagall Act (12 U.S.C. § 377). *See J.P. Morgan & Co. Incorporated, et al.,* 75 *Federal Reserve Bulletin* 192 (1989), *aff'd sub nom. Securities Industries Ass'n v. Board of Governors of the Federal Reserve System,* 900 F.2d 360 (D.C. Cir. 1990).

8. JPMSI is a member of the New York Stock Exchange Inc., the American Stock Exchange Inc., and the Chicago Stock Exchange. In connection with this proposal, Applicant intends to transfer to JPMSI all of JPMFI's FCM activities except for JPMFI's clearing activities

addition, JPMSI is, and will continue to be, a broker-dealer registered with the Securities and Exchange Commission ("SEC"), and a member of the National Association of Securities Dealers, Inc. ("NASD"). Accordingly, JPMSI is subject to the recordkeeping, reporting, fiduciary standards, and other requirements of the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*), the SEC, and the NASD.

FCM Activities

The Board has determined that executing and clearing futures and options on futures on non-financial commodities are activities closely related to banking for purposes of the BHC Act, and thus activities permissible for bank holding companies.[9] The Board also has permitted bank holding companies to provide, on a stand-alone basis, investment advice with respect to trading futures and options on futures on non-financial commodities.[10] Moreover, the Board has allowed bank holding companies to provide a combination of execution and clearing services and investment advisory services in connection with executing and clearing exchange-traded derivatives of financial commodities (*e.g.*, futures and options on futures on foreign exchange, bullion, government securities, and money market instruments).[11] Based on all the facts of record, the Board has determined that the proposed activities, including providing a combination of advisory services regarding nonfinancial commodity derivatives and acting as an FCM in the execution and clearance of these derivatives, are closely related to banking within the meaning of section 4 of the BHC Act.

on the SIMEX and the CME. After the transfer, JPMSI would offer its U.S. clients direct access to the overseas trading desks of Edge Act subsidiaries of Morgan Guaranty Trust Company of New York ("Morgan Guaranty"). Employees of these Edge Act subsidiaries would act as agent for JPMSI in selling derivative instruments, and would become employees of JPMSI for the limited purpose of permitting these employees to become registered with the Commodity Futures Trading Commission in connection with this activity. These employees would not sell securities in the U.S., and JPMSI would not sponsor the employees to be licensed to sell securities in the U.S.

JPMSI also will utilize the GLOBEX trading system, an after-hours international multi-exchange derivatives trading system. Because JPMSI will not operate a 24-hour sales desk in the U.S., JPMSI will pass its book of client GLOBEX orders to a London Edge Act subsidiary of Morgan Guaranty, which will execute the GLOBEX orders of JPMSI's U.S. customers.

9. *See Bank of Montreal*, 79 *Federal Reserve Bulletin* 1049 (1993).

10. *See Swiss Bank Corporation*, 77 *Federal Reserve Bulletin* 126 (1991).

11. *See, e.g., Citicorp*, 68 *Federal Reserve Bulletin* 776 (1982).

Financial Factors, Managerial Resources, and Other Considerations

In order to approve this application, the Board must determine that the performance of the proposed activities by Applicant can reasonably be expected to produce public benefits that would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act. In this regard, in every case under section 4 of the BHC Act, the Board must consider the financial condition and resources of the applicant and its subsidiaries and the effect of the proposal on these resources.[12] Based on the facts of this case, the Board concludes that the financial considerations are consistent with approval of this application. The managerial resources of Applicant also are consistent with approval.

The Board expects that the *de novo* entry of Applicant into the market for the proposed services in the United States would provide added convenience to Applicant's customers, and would increase the level of competition among existing providers of these services. To address the potential adverse effects of the proposed activities, Applicant has committed to conduct the proposed activities subject to the same rules and procedures imposed by the Board on FCM activities in derivatives of financial commodities.[13] In addition, in order to minimize risks associated with the delivery of non-financial commodities, Applicant has committed to take a number of steps in the event one of Company's customers has an open position in a contract after the contract has expired, and the customer is unable or unwilling to make or take delivery.[14]

Based on the commitments made by Applicant regarding its conduct of the proposed activities, the limitations on the activities noted in this order, and all the facts of record, the Board has determined that the performance of the proposed activities by Applicant could reasonably be expected to produce public benefits that would outweigh the possible adverse effects

12. 12 C.F.R. 225.24; *The Fuji Bank, Limited*, 75 *Federal Reserve Bulletin* 94 (1989); *Bayerische Vereinsbank AG*, 73 *Federal Reserve Bulletin* 155 (1987).

13. *See* 12 C.F.R. 225.25(b)(18). Applicant also has committed that Company will not enter into any impermissible tying arrangements with any lending affiliates, and that all customer trading positions of JPMFI and JPMSI will be marked to market at least daily.

14. Among the steps Applicant will take are:
(1) retendering the commodity;
(2) offsetting the customer's open position through an exchange-for-physical transaction;
(3) offsetting the commodity in the cash market; and
(4) seeking to avoid delivery through some other mechanism. *See Bank of Montreal*, 79 *Federal Reserve Bulletin* 1049, 1052 n.21 (1993).

under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Based on the foregoing and all the facts of record, the Board has determined to, and hereby does, approve the application subject to all the terms and conditions set forth in this order, and in the above noted Board regulations and orders that relate to these activities.[15] The Board's determination is also subject to all of the terms and conditions set forth in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act, and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance with all of the commitments made in this application, including the commitments discussed in this order and the conditions set forth in this order and in the above-noted Board regulations and orders. These commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and may be enforced in proceedings under applicable law.

This transaction shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, pursuant to delegated authority.

By order of the Board of Governors, effective December 23, 1993.

Voting for this action: Chairman Greenspan, Vice Chairman Mullins, and Governors Kelley, Lindsey, and Phillips. Absent and not voting: Governors Angell and LaWare.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Appendix

New York Mercantile Exchange:

Light Sweet Crude Oil futures
Options on Light Sweet Crude Oil futures
Sour Crude Oil futures
Gulf Coast Unleaded Gasoline futures
New York Harbor Unleaded Gasoline futures
Options on New York Harbor Unleaded Gasoline futures
Heating Oil futures
Options on Heating Oil futures
Propane futures
Natural Gas futures
Options on Natural Gas futures

Singapore International Monetary Exchange Limited:

High Sulphur Fuel Oil futures
Gas Oil futures

15. The Board also considered Applicant's request for prior approval for certain foreign subsidiaries of Morgan Guaranty to market the securities and underwriting services of JPMSI overseas. The Board has approved this request by a separate letter.

NationsBank Corporation Charlotte, North Carolina

Order Approving Application to Engage in Certain Nonbanking Activities

NationsBank Corporation, Charlotte, North Carolina ("NationsBank"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a) of the Board's Regulation Y (12 C.F.R. 225.23(a)), through its wholly owned subsidiary, Nations Financial Capital Corporation, Stamford, Connecticut ("Company"), to acquire substantially all the assets and assume certain of the liabilities of US WEST Financial Services, Inc., Stamford, Connecticut ("Financial Services"), and to engage in the following nonbanking activities:

(1) Making, acquiring, and servicing loans and other extensions of credit, pursuant to section 225.25(b)(1) of Regulation Y;[1]
(2) Leasing personal and real property, pursuant to sections 225.25(b)(5)(i) and (ii) of Regulation Y; and
(3) Credit-related insurance activities, pursuant to sections 225.25(b)(8)(i) and (ii) of Regulation Y.

NationsBank proposes to conduct these activities throughout the United States.

Notice of the application, affording interested persons an opportunity to submit comments on the pro-

1. In particular, NationsBank proposes that Company continue to engage in the following lines of business currently conducted by Financial Services: corporate finance; commercial real estate finance; special industries finance; mortgage investments; consumer finance; project finance; and portfolio management. In connection with these activities, Financial Services also purchases and holds for investment purposes various corporate debt and mortgage-backed securities. NationsBank has stated that Company will not engage in any underwriting, dealing, brokerage, private placement, "riskless principal", or similar activities with respect to such corporate and mortgage-backed securities.

posal, has been published (58 *Federal Register* 47,457 (1993)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

NationsBank, with total consolidated assets of $158 billion, is the third largest commercial banking organization in the United States, and operates bank subsidiaries in North Carolina, Texas, Georgia, Virginia, Maryland, the District of Columbia, Tennessee, Kentucky, Florida, South Carolina, and Delaware.[2] NationsBank engages through its subsidiaries in a broad range of banking and permissible nonbanking activities. Company is a newly established corporation formed for the purpose of this transaction.[3]

The Board has previously determined by regulation that, subject to the limitations established by Regulation Y, Company's proposed credit, leasing, and insurance activities are closely related to banking within the meaning of the BHC Act, and therefore permissible for bank holding companies.[4] NationsBank has committed that these proposed activities will be conducted in conformity with the limitations established by Regulation Y.[5] Accordingly, the Board has concluded that these proposed activities are closely related to banking.[6]

In every case involving a nonbanking acquisition by a bank holding company under section 4 of the BHC Act, the Board considers the financial condition and resources of the applicant and its subsidiaries and the effect of the transaction on those resources.[7] Based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval of this proposal.

In order to approve this application, the Board also must determine that the performance of the proposed activities by Company can reasonably be expected to produce public benefits that would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act. In this regard, the Board expects that Company's conduct of the proposed activities would provide added convenience and services to NationsBank's customers. NationsBank also maintains that consummation of the proposal would preserve the level of competition among existing providers of these services, and would increase the availability of credit, in markets currently served by Financial Services. Moreover, consummation of this proposal is not likely to result in any significant adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Accordingly, the Board has concluded that the performance of the proposed activities by Company can reasonably be expected to produce public benefits that would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

On the basis of the foregoing and all the facts of record, including the commitments furnished by NationsBank, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned upon compliance with the commitments made in connection with this application and with the conditions referred to in this order. The Board's determination also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(b) of Regulation Y, and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of this action, these commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

2. Asset data are as of October 1, 1993.

3. Company currently has no assets or operations, and is owned by NationsBank indirectly through Nations Financial Holding Corporation.

4. NationsBank has proposed that Company provide substantial senior and subordinated debt financing to certain companies together with warrants exercisable for up to 24.9 percent of the borrower's voting shares. NationsBank has made a number of commitments governing these investments, including that Company would own no equity in any of these borrowers, and that the proposed subordinated debt would not be convertible into equity. Company would have no agreement to acquire the borrower, and would have no director or employee interlocks with the borrower. In general, the warrants would not be exercisable by Company without prior Board approval, and could be transferred only in a manner approved by the Board. *See* Policy Statement on Nonvoting Equity Investments by Bank Holding Companies (12 C.F.R. 225.143). On the basis of these and other limitations proposed by NationsBank, and all the facts of record, the Board has determined that the structure and terms of the proposed transactions appear consistent with the BHC Act.

5. *See* 12 C.F.R. 225.25(b)(1) (making, acquiring, and servicing loans and other extensions of credit); 12 C.F.R 225.25(b)(5) (leasing of real and personal property); and 12 C.F.R. 225.25(b)(8)(i) and (ii) (certain credit-related insurance activities).

6. Certain of the assets proposed to be acquired from Financial Services are not permissible for bank holding companies under section 4 of the BHC Act. In general, these impermissible assets consist of stock, or unrestricted warrants exercisable for stock, representing more than 5 percent of the voting shares of companies whose activities are not closely related to banking. NationsBank has committed that within two years following the date of this order, it will either dispose of these assets or conform their terms and amounts to those permissible for bank holding companies.

7. *See* 12 C.F.R. 225.24. *See also The Fuji Bank, Limited*, 75 *Federal Reserve Bulletin* 94 (1989); *Bayerische Vereinsbank AG*, 73 *Federal Reserve Bulletin* 155 (1987).

This transaction shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 6, 1993.

Voting for this action: Chairman Greenspan, Vice Chairman Mullins, and Governors Kelley, LaWare, Lindsey, and Phillips. Absent and not voting: Governor Angell.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Societe Generale Paris, France

Order Approving an Application to Engage in Full-Service Brokerage Activities and Dealing in Government Obligations and Money Market Instruments

Societe Generale, Paris, France ("Applicant"), a foreign bank subject to the provisions of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), to engage *de novo*, domestically and internationally, through its wholly owned indirect subsidiary, FIMAT Futures USA, Inc., Chicago, Illinois ("Company"),[1] in the following securities-related activities:

(1) Executing without clearing, executing and clearing, and providing investment advisory services with regard to exchange-traded derivative securities, such as foreign currency options and stock index options, that are subject to regulation by the Securities and Exchange Commission ("SEC");

(2) Providing securities brokerage and investment advisory services, both separately and on a combined basis, with respect to:

(a) Obligations of the United States government and its agencies, general obligations of the various states and their political subdivisions, other exempted securities, and options thereon;

(b) Registered and unregistered securities issued by foreign governments that are full members of the Organization for Economic Cooperation and Development, and options thereon; and

(c) Over-the-counter securities, such as stock index options and money market instrument options, that are subject to regulation by the SEC; and

(3) Buying and selling on the order of investors as a "riskless principal" obligations of the United States government, general obligations of the various states and their political subdivisions, and other obligations that state member banks of the Federal Reserve System may be authorized to underwrite and deal in under 12 U.S.C. § 24 and 335 ("bank-eligible securities").[2]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 32,135 (1993)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

Applicant, with total consolidated assets equivalent to approximately $257.3 billion, is the 19th largest bank in the world, and the fourth largest commercial banking organization in France.[3] In the United States, Applicant operates branches in New York, New York, Chicago, Illinois, and Los Angeles, California; an agency in Dallas, Texas; and representative offices in Houston, Texas, and San Francisco, California. Applicant engages, both directly and through subsidiaries, in a variety of permissible nonbanking activities in the United States.

Company is a futures commission merchant registered with the Commodity Futures Trading Commission ("CFTC") and a member of the National Futures Association ("NFA"), and is, therefore, subject to the recordkeeping, reporting, fiduciary standards, and other requirements of the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*), the CFTC, and the NFA. Company also intends to register as a broker-dealer with the Securities and Exchange Commission ("SEC"), and to seek admission to the National Association of Securities Dealers Inc. ("NASD"). Upon such registration with the SEC and admission to the NASD, Company would be subject to the recordkeeping, reporting, fiduciary standards, and other requirements of the Securities Exchange Act of 1934 (15 U.S.C. § 78a *et seq.*), the SEC, and the NASD.

1. Company is wholly owned by FIMAT International, Paris, France, a wholly owned subsidiary of Applicant. Company also maintains an office in New York, New York.

2. Company's investment advisory services will be furnished primarily to financially sophisticated customers, including pension fund managers, corporate treasurers, banks, insurance companies, offshore and onshore investment companies, hedge funds, and other types of institutional money managers.

3. Data are as of December 31, 1992.

The Board previously has determined, by regulation, that the proposed activities are closely related to banking under section 4(c)(8) of the BHC Act. The execution, clearance, and brokerage of securities, either on a stand-alone basis or in combination with the provision of investment advisory services, is authorized by sections 225.25(b)(4) and (15) of Regulation Y (12 C.F.R. 225.25(b)(4) and (15)). Buying and selling bank-eligible securities on the order of investors as a "riskless principal" is a permissible activity pursuant to the dealing authority of section 225.25(b)(16) of Regulation Y (12 C.F.R. 225.25(b)(16)). Applicant has committed that Company will engage in the proposed activities in accordance with all the conditions and limitations placed on those activities as set forth in Regulation Y.[4]

In order to approve this application, the Board also must determine that the performance of the proposed activities by Applicant can reasonably be expected to produce public benefits that would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act. Under the framework established in Regulation Y and prior Board decisions, consummation of this proposal is not likely to result in any significant adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. The Board expects that the *de novo* entry of Applicant into the market for the proposed services in the United States would provide added convenience to Applicant's customers, and would increase the level of competition among existing providers of these services. Accordingly, the Board has determined that the performance of the proposed activities by Applicant could reasonably be expected to produce public benefits that would outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

On the basis of the foregoing and all the facts of record, the Board has determined to, and hereby does, approve the application subject to all the terms and conditions set forth in this order. The Board's determination is also subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.4(d), 225.23(b), 225.25(b)(4), 225.25(b)(15) and 225.25(b)(16), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act, and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance with all the commitments made in connection with this application, including the commitments discussed in this order and the conditions set forth in this order and in the above noted Board regulations and orders. These commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and may be enforced in proceedings under applicable law.

4. Company does not propose to underwrite or act as a principal with respect to bank-eligible securities.

This transaction shall not be consummated later than three months after the effective date of this order unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of New York acting pursuant to delegated authority.

By order of the Board of Governors, effective December 16, 1993.

Voting for this action: Vice Chairman Mullins and Governors Angell, Kelley, LaWare, Lindsey, and Phillips. Absent and not voting: Chairman Greenspan.

JENNIFER J. JOHNSON
Associate Secretary of the Board

The Sumitomo Bank, Limited
Osaka, Japan

Order Approving an Application to Engage in Foreign Exchange Advisory and Transactional Activities

The Sumitomo Bank, Limited, Osaka, Japan ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)), and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), to engage through its wholly owned subsidiary, Sumitomo Bank Capital Markets, Inc., New York, New York ("Company"), in providing foreign exchange advisory and transactional services ("FX services") pursuant to section 225.25(b)(17) of the Board's Regulation Y (12 C.F.R. 225.25(b)(17)).[1] Company currently engages in commercial lending and personal and real property leasing activities, brokers and deals in interest rate and currency swaps and swap-derivative products, and acts as a market maker in foreign currencies.

1. These services are providing, by any means, general information and statistical forecasting with respect to foreign markets; advisory services designed to assist customers in monitoring, evaluating, and managing their foreign exchange exposures; and transactional services with respect to foreign exchange by arranging for "swaps" among customers with complementary foreign exchange exposures and for the execution of foreign exchange transactions.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been published (58 *Federal Register* 33,444 (1993)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

Applicant, with total consolidated assets of $481.6 billion, is the third largest banking organization in Japan and in the world.[2] Applicant controls banks in California and Hawaii, and operates branches in San Francisco and Los Angeles, California; Chicago, Illinois; and New York, New York. Applicant also operates agencies in Atlanta, Georgia; and Houston, Texas. Applicant engages directly and through subsidiaries in a broad range of permissible nonbanking activities.

The Board has previously determined that FX services are closely related to banking. *See* 12 C.F.R. 225.25(b)(17). The Board also is required to determine that the performance of the proposed activities by Applicant "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

Section 225.25(b)(17) of the Board's Regulation Y permits a bank holding company to provide FX services as long as the bank holding company conducts these activities in a separate subsidiary that does not take positions in foreign exchange. Company has already been permitted to take positions in foreign exchange, to a limited extent, in connection with its currency swap activities. In 1989, the Board permitted Company to act as a principal and broker in interest rate and currency swaps and swap-derivative products, and to provide advice to institutional customers on interest rate and currency swaps and swap derivative products.[3] As part of its approved currency swap activities, Company takes positions in foreign currency, either as part of a matched swap transaction or for the purpose of hedging any unmatched positions pending a suitable match, but does not enter into unmatched or unhedged swaps or currency positions for speculative purposes. Thus, under the proposal, Company would be providing foreign exchange advisory services while having a position in foreign exchange by virtue of these swap activities.[4]

The Board has, in very limited circumstances, permitted the same nonbanking subsidiary simultaneously to conduct foreign exchange advisory services and to take positions for the company's own account. The Board has been concerned in these cases about the potential conflicts of interests that may arise when these activities are combined.[5]

Sumitomo has made a number of commitments to address the potential conflicts of interests in this proposal. In particular, Sumitomo has committed that Company will disclose to each of its FX services customers the fact that Company may take positions in foreign exchange and thus have an interest in the course of action ultimately chosen by the customer. Moreover, in any case in which Company has an interest in a specific transaction as an intermediary or principal, Company will advise its customer of that fact before recommending participation in that transaction. Further, Company will offer its FX services only to sophisticated customers who would be unlikely to place undue reliance on investment advice received, and who would be better able to detect investment advice motivated by self-interest. These commitments and limitations on the customer base are similar to those relied on by the Board in previous cases.

The Board also notes that Company's position-taking activities in foreign exchange are limited to the circumstances required by its swap activities, and that Company does not engage in taking positions for its own account for speculative purposes. Company also will not engage in direct execution of foreign exchange transactions as part of its FX services.

Based on the foregoing and all the facts of record, the Board believes that these commitments address the potential conflicts of interests that may result from Sumitomo's proposal.

In every case under section 4 of the BHC Act, the Board also must consider the financial condition and resources of the applicant and its subsidiaries and the effect of the proposal on these resources.[6] Based on the facts of this case, the Board concludes that the financial considerations are consistent with approval of this application. The managerial resources of Applicant also are consistent with approval.

2. Asset and ranking data are as of March 31, 1993.

3. *The Sumitomo Bank, Limited*, 75 *Federal Reserve Bulletin* 582 (1989).

4. Company will itself execute foreign exchange transactions only for the positions it takes in connection with its swap activities.

5. *See* Final Rule, 49 *Federal Register* 794, 816 (1984); *Hongkong and Shanghai Banking Corporation*, 69 *Federal Reserve Bulletin* 221, 223 (1983). *See also The Bank of Tokyo, Ltd.*, 76 *Federal Reserve Bulletin* 654 (1990); *NationsBank Corporation*, 79 *Federal Reserve Bulletin* 892 (1993).

6. 12 C.F.R. 225.24; *The Fuji Bank, Limited*, 75 *Federal Reserve Bulletin* 94 (1989); *Bayerische Vereinsbank AG*, 73 *Federal Reserve Bulletin* 155 (1987).

Consummation of the proposal as a whole would provide added convenience to Applicant's and Company's customers. In addition, the Board expects that the *de novo* entry of Company into the market for the proposed services would increase the level of competition among providers of these services. Consummation of this proposal subject to the terms and conditions discussed in this order is not likely to result in any significantly adverse effects. Accordingly, the Board has determined that the performance of the proposed activities by Applicant can reasonably be expected to produce public benefits that would outweigh potential adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Based on the foregoing and other facts of record, and subject to the commitments made by Applicant, the Board has determined that the balance of public interest factors it is required to consider under section 4(c)(8) is favorable. Accordingly, the Board has determined that the application should be, and hereby is, approved. This determination is subject to all of the terms and conditions set forth in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act, and the Board's regulations and orders issued thereunder. The Board's decision is also specifically conditioned on compliance with all of the commitments made in connection with this application, including the commitments discussed in this order and the conditions set forth in this order and in the above-noted Board regulations. These commitments and conditions shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and, as such, may be enforced in proceedings under applicable law.

This transaction shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco, pursuant to delegated authority.

By order of the Board of Governors, effective December 22, 1993.

Voting for this action: Chairman Greenspan, Vice Chairman Mullins, and Governors Kelley, Lindsey, and Phillips. Absent and not voting: Governors Angell and LaWare.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Orders Issued Under Sections 3 and 4 of the Bank Holding Company Act

First National Bank Shares, Ltd.
Great Bend, Kansas

Order Approving Acquisition of Bank Holding Company and General Insurance Agencies

First National Bank Shares, Ltd., Great Bend, Kansas ("First National"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire all the voting shares of The Home State Building, Inc., Lewis, Kansas ("Home State"), and thereby indirectly acquire all the voting shares of Home State Bank, Kinsley, Kansas ("Home State Bank"). As part of this proposal, First National also has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) to acquire Lewis Insurance Service, Inc., Lewis, Kansas ("Lewis Insurance"), and thereby to engage in general insurance agency activities in a small town that has a population not exceeding 5,000, pursuant to section 225.25(b)(8)(iii) of the Board's Regulation Y (12 C.F.R. 225.25(b)(8)(iii)).

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 48,067 (1993)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in the BHC Act.

First National operates one subsidiary bank in Kansas. The principal shareholder of First National controls another bank holding company, which operates a subsidiary bank in Missouri (collectively, the "Burcham Chain"). The Burcham Chain is the 52d largest commercial banking organization in Kansas, controlling deposits of $84.1 million, representing less than 1 percent of total deposits in commercial banks in the state.[1] Home State is the 287th largest commercial banking organization in Kansas, controlling deposits of $15.8 million, representing less than 1 percent of total deposits in commercial banks in the state. Upon consummation of the proposed transaction, the Burcham Chain would become the 41st largest commercial banking organization in Kansas, controlling deposits of $99.9 million, representing less than 1 percent of total deposits in commercial banks in the state.

1. State deposit data are as of June 30, 1993.

The Burcham Chain and Home State do not compete in any banking market.[2] Based upon this and other facts of record, the Board has concluded that consummation of the proposal would not result in a significantly adverse effect on competition in any relevant banking market.

On the basis of all the facts of record, including the applicant's representations and commitments, the Board also has concluded that the financial and managerial resources and future prospects of First National, Home State, their respective subsidiary banks, and affiliated organizations in the Burcham Chain, as well as convenience and needs considerations and all other supervisory factors the Board is required to consider under section 3 of the BHC Act, also are consistent with approval of this application.

As part of this proposal, First National also has applied, under section 4(c)(8) of the BHC Act, to acquire Lewis Insurance, and thereby to engage in general insurance agency activities in a town with a population not exceeding 5,000. The Board previously has determined by regulation that the proposed insurance agency activities are closely related to banking and permissible for bank holding companies under section 4(c)(8) of the BHC Act.[3] First National has committed that it will conduct these activities subject to the limitations in Regulation Y.

In order to approve the acquisition of Lewis Insurance under section 4(c)(8) of the BHC Act, the Board also must find that the performance of the proposed activities by First National "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8). The Board expects that continuation of the services provided by Lewis Insurance would maintain the level of competition among insurance agencies in its market and provide a convenient source of insurance agency services to the public. In addition, there is no evidence in the record that consummation of this proposal would result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Accordingly, the Board has concluded that the balance of the public interest factors it is required to consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of these applications.

Based on the foregoing and other facts of record, including the representations and commitments made in this case, the Board has determined that the applications should be, and hereby are, approved. Approval is specifically conditioned upon compliance with all of the commitments made in connection with these applications and with the conditions noted in this order. The determinations with respect to First National's nonbanking activities also are subject to the conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(b) of Regulation Y, and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. The commitments and conditions relied on by the Board in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision, and, as such, may be enforced in proceedings under applicable law.

The acquisition of Home State shall not be consummated before the thirtieth calendar day after the effective date of this order, and the proposal shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Kansas City, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 1, 1993.

Voting for this action: Chairman Greenspan, Vice Chairman Mullins, and Governors Angell, Kelley, and LaWare. Absent and not voting: Governors Lindsey and Phillips.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Norwest Corporation
Minneapolis, Minnesota

Order Approving Acquisition of a Bank Holding Company

Norwest Corporation, Minneapolis, Minnesota ("Norwest"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire First United Bank Group, Inc.,

2. Home State Bank operates in Lewis, Kansas and Kinsley, Kansas, in the Edwards County, Kansas banking market, which is approximated by Edwards County, Kansas. The Burcham Chain's bank subsidiaries operate in three banking markets, the Kansas City, Missouri-Kansas market, the Barton County, Kansas market, and the Pawnee County, Kansas market.

3. *See* 12 C.F.R. 225.25(b)(8)(iii)(A). *See also* 12 U.S.C. § 1843(c)(8)(C)(i).

Albuquerque, New Mexico ("First United"), and thereby acquire First United's subsidiary bank holding companies, United New Mexico Financial Corporation, Albuquerque, New Mexico ("UNMFC"), and Ford Bank Group, Inc. ("FBG") and FBG's subsidiary, Ford Bank Group Holdings, Inc., both of Lubbock, Texas. Norwest also proposes to indirectly acquire the subsidiary banks of both UNMFC and FBG listed in the Appendix to this order.[1]

In addition, Norwest has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) to acquire United New Mexico Trust Company, Albuquerque, New Mexico, and thereby engage in trust company activities pursuant to section 225.25(b)(3) of the Board's Regulation Y; and United New Mexico Credit Life Insurance Company, Phoenix, Arizona, and thereby engage as principal and agent in credit life and credit accident and health insurance activities directly related to extensions of credit by Norwest and its subsidiaries pursuant to section 225.25(b)(8)(i) of the Board's Regulation Y. Two Norwest subsidiaries also propose to acquire assets from First United's subsidiary banks and engage in the following nonbanking activities:

(1) Norwest Investment Services, Inc., to engage in providing discount brokerage in combination with investment advisory services ("full-service brokerage") together with incidental safekeeping services pursuant to section 225.25(b)(15) of the Board's Regulation Y;

(2) Norwest Investment Services, Inc., to act as agent in the sale of variable-rate annuities pursuant to section 225.25(b)(8)(vii) of the Board's Regulation Y;[2] and

(3) Norwest Mortgage, Inc., to engage in mortgage lending activities pursuant to section 225.25(b)(1) of the Board's Regulation Y.

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 52,110 (1993)). The time for filing comments has expired, and the Board has considered all comments received in light of the factors set forth in sections 3(c) and 4(c)(8) of the BHC Act.[3]

Norwest, with total deposits of approximately $28.0 billion, controls 86 banking subsidiaries in 13 states, but currently does not control any banks in New Mexico or Texas.[4] First United is the second largest commercial banking organization in New Mexico, controlling deposits of $1.6 billion, representing 14.7 percent of the total deposits in commercial banks in the state. First United is the 11th largest commercial banking organization in Texas, controlling deposits of $1.4 billion, representing less than 1 percent of the total deposits in commercial banks in the state. Upon consummation of this proposal, Norwest would become the second largest commercial banking organization in New Mexico, controlling 14.7 percent of the total deposits in commercial banks in New Mexico and the 11th largest commercial banking organization in Texas, controlling less than 1 percent of the total deposits in commercial banks in Texas.

Norwest and First United do not compete directly in any relevant banking markets. Based on all the facts of record, the Board concludes that the acquisition of First United and its subsidiary holding companies and banks by Norwest would not result in any significantly adverse effects on competition in any relevant banking market.

Douglas Amendment Analysis

Section 3(d) of the BHC Act, the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside of the bank holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the State in which such bank is located, by language to that effect and not merely by implication."[5] For purposes of the Douglas Amendment, the home state of Norwest is Minnesota.[6]

1. Norwest proposes to acquire First United and its subsidiaries indirectly through a merger with its wholly owned subsidiary, GST Company ("GST"), and GST also has applied pursuant to section 3 of the BHC Act to become a bank holding company. In connection with this proposal, Norwest also has requested Board approval to acquire an option to purchase approximately 19.4 percent of the outstanding common stock of First United, which will become moot upon consummation of this proposal.

2. The Board previously has determined that Norwest may engage in general insurance agency activities, including the sale as agent of annuities, pursuant to section 4(c)(8)(G) of the BHC Act ("Exemption G"). *Norwest Corporation*, 76 *Federal Reserve Bulletin* 873 (1990). This exemption, one of seven specific exemptions (A through G) enacted by Title VI of the Garn-St Germain Depository Institutions Act of 1982 to the Garn Act's general prohibition on insurance activities by bank holding companies, authorizes those bank holding companies that engaged in insurance agency activities prior to 1971 with prior Board approval, to engage, or control a company engaged in insurance agency activities.

3. The Board has considered comments filed after the close of the public comment period. Under the Board's rules, the Board may in its discretion, take into account the substance of such comments. 12 C.F.R. 262.3(e).

4. State deposit data are as of June 30, 1993.

5. 12 U.S.C. § 1842(d).

6. A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

This proposal would represent the initial entry of a Minnesota bank holding company into New Mexico and Texas. The interstate banking laws of both New Mexico[7] and Texas[8] specifically authorize the acquisition of banking organizations in these respective states by out-of-state bank holding companies. In addition, state banking officials in New Mexico and Texas have confirmed that the proposed acquisitions are authorized by their respective state banking statutes. Based on all facts of record, the Board concludes that approval of this proposal is not prohibited by the Douglas Amendment. This conclusion is conditioned upon Norwest's satisfying all state requirements.

Convenience and Needs Considerations

In connection with these applications, the Board received comments from the Community Reinvestment and Development Taskforce, Albuquerque, New Mexico, expressing general concern about the acquisition of the largest remaining independent banking chain in New Mexico and Texas and the effect of the acquisition upon the access of local consumers to banking services. The Board also received comments from the Consumer Protection Division of the Office of the Attorney General of Texas ("Texas CPD"), which were adopted by reference by the Lubbock Hispanic Chamber of Commerce ("COMA") and the League of United Latin American Citizens ("LULAC") regarding the lending performance of FBG's subsidiary, First National Bank of West Texas, Lubbock, Texas ("Texas Bank"), under the Community Reinvestment Act ("CRA"), 12 U.S.C. § 2901 *et seq.*

With regard to its activities in New Mexico, Norwest has committed to implement United New Mexico's recently announced five-year, 12 point Community Lending Initiative designed to assist in meeting the financial service needs of all communities served in New Mexico. This program, totaling $250 million, sets statewide lending goals for home mortgages to low-income residents, small business, and federally insured student loans. This initiative also provides for the funding of more ATMs in low- and moderate-income areas, two internal reviews of all denied loan applications from low-income and minority customers, and seminars on personal money management.

The Board has reviewed carefully the Home Mortgage Disclosure Act (12 U.S.C. *et seq.*) ("HMDA") data reported by Texas Bank in the Lubbock MSA, in light of the comments received. These data indicate some weaknesses in the level of lending to low- and moderate-income communities. In this regard, the Board notes that Texas Bank received a "satisfactory" rating in its last examination for CRA performance from its primary regulator, the Office of the Comptroller of the Currency ("OCC"), as of July 1991. The OCC examiners found no evidence of prohibited discriminatory or other illegal credit practices during the examination. The Board also notes that in order to strengthen Texas Bank's lending performance, Norwest has committed to a 5-year/$20 million program for mortgages to low- and moderate-income residents served by Texas Bank. In addition, Norwest will offer its Community Home Ownership Program to provide mortgages to low- and moderate-income residents who do not qualify for mortgage products that can be sold in the secondary market. Norwest will also implement its Community Marketing Initiative, which provides contact with community members and groups to ascertain community needs and address the credit needs identified. In light of all the information provided by Norwest, the Texas CPD withdrew its comments.

Based on all the facts of record, including all comments received and Norwest's responses, the Board concludes that the convenience and needs considerations are consistent with approval.[9]

7. *See* N.M. Stat. Ann. § 58-26-1 *et seq.* (Michie 1992). New Mexico's interstate banking laws permit out-of-state banks and bank holding companies to acquire New Mexico banks or bank holding companies, provided that the interstate acquisition does not result in undue concentration of deposits totalling 40 percent or more of the total deposits in all financial institutions in the state. As of June 30, 1992, the New Mexico banks to be acquired by Norwest had approximately 12.8 percent of the total deposits in all financial institutions in the state.

8. *See* Tex. Code Ann. § 342-912. The Texas Interstate Banking Act permits an out-of-state bank holding company to acquire control of a Texas banking organization if certain conditions are met, including the limitation that the aggregate deposits of Texas banks controlled by the out-of-state bank holding company may not exceed 25 percent of the total deposits of all banks domiciled in Texas. As of June 30, 1993, the Texas banks subject to this proposal controlled less than one percent of the total deposits of all banks domiciled in Texas.

9. The Board has carefully considered two requests for a public hearing or meeting to permit communities in New Mexico to furnish Norwest with information concerning the credit needs of those communities. Section 3(b) of the BHC Act does not require the Board to hold a public hearing or meeting on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial of the application. In this case, neither the New Mexico Director of the Financial Institutions Division, nor the Texas Banking Commissioner, has recommended denial of the proposal.

Generally, under the Board's rules, the Board may, in its discretion, hold a public hearing or meeting on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e) and 262.25(d). In the Board's view, all interested parties have had ample opportunity to submit their views, and substantive written submissions have been received. Moreover, commenters have indicated general disagreement regarding the appropriate conclusions to be drawn from the facts of record, but have not identified facts that are in dispute and material to the Board's decision. Based on all the facts of record, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record in this application, or otherwise warranted in this

Other Considerations

The Board also finds that the financial and managerial resources and future prospects of Norwest, GST, First United, and their respective subsidiaries, and other supervisory factors the Board must consider under section 3 of the BHC Act, are consistent with approval.

Norwest also has applied for approval to engage in certain nonbanking activities pursuant to section 4 of the BHC Act. As noted above, the Board previously has determined that these activities are permissible for bank holding companies under section 4(c)(8) of the BHC Act and the Board's Regulation Y, and Norwest proposes to conduct these activities in accordance with the Board's regulations. The record in this case indicates that there are numerous providers of these nonbanking services, and there is no evidence in the record to indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that would outweigh the public benefits of this proposal. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of the acquisition of the nonbanking subsidiaries of First United.

Conclusion

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved.[10] The Board's approval is specifically conditioned upon compliance with all the commitments made by Norwest in connection with these applications and with the conditions referred to in this order, including satisfying all state requirements. The determinations as to the nonbanking activities are subject to all the conditions set forth in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (12 C.F.R. 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasions of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of this action, the commitments and conditions relied on in reaching this decision shall be deemed to be conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

The acquisition of First United's subsidiary banks shall not be consummated before the thirtieth calendar day following the effective date of this order, and the acquisition of First United's subsidiary banks and nonbanking subsidiaries shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Federal Reserve Bank of Minneapolis, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 13, 1993.

Voting for this action: Vice Chairman Mullins and Governors Angell, Kelley, LaWare, Lindsey, and Phillips. Absent and not voting: Chairman Greenspan.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Appendix

United New Mexico Financial Corporation Subsidiary Banks

United New Mexico Bank (Alamogordo), Alamogordo, New Mexico

United New Mexico Bank (Albuquerque), Albuquerque, New Mexico

United New Mexico Bank (Carlsbad), Carlsbad, New Mexico

United New Mexico Bank (Gallup), Gallup, New Mexico

United New Mexico Bank, N.A. (Las Cruces), Las Cruces, New Mexico

United New Mexico Bank (Lea County), Hobbs, New Mexico

United New Mexico Bank (Mimbres Valley), Deming, New Mexico

United New Mexico Bank, N.A. (Portales), Portales, New Mexico

United New Mexico Bank (Roswell), Roswell, New Mexico

United New Mexico Bank, N.A. (Socorro), Socorro, New Mexico, and

case, and the requests for a public hearing or meeting on these applications are denied.

10. LULAC and COMA believe that Bank has an insufficient number of Hispanics in upper level management positions at Bank. Because Bank employs more than 50 people and acts as an agent to sell or redeem U.S. savings bonds and notes, it is required by Treasury Department regulations to:

(1) File annual reports with the Equal Employment Opportunity Commission; and

(2) Have in place a written affirmative action compliance program which states its efforts and plans to achieve equal opportunity in the employment, hiring, promotion, and separation of personnel.

United New Mexico Bank (Vaughn), Vaughn, New Mexico

Ford Bank Group, Inc. Subsidiary Banks

First National Bank of Borger, Borger, Texas
First National Bank in Canyon, Canyon, Texas
First National Bank of West Texas, Lubbock, Texas
First National Bank of Plainview, Plainview, Texas
First National Bank of Central Texas, Waco, Texas
First State Bank, Crane, Texas,
Yoakum County State Bank, Denver City, Texas, and
First National Bank, Post, Post, Texas

Norwest Corporation
Minneapolis, Minnesota

Order Approving the Acquisition of a Bank Holding Company

Norwest Corporation, Minneapolis, Minnesota ("Norwest"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire all the voting shares of Lindeberg Financial Corporation ("Lindeberg"), and thereby indirectly acquire Forest Lake State Bank ("Bank"), both of Forest Lake, Minnesota. Norwest also has applied, pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)), and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23) to acquire the mortgage origination operations of Bank, and thereby engage in the making and servicing of loans pursuant to section 225.25(b)(1) of the Board's Regulation Y (12 C.F.R. 225.25(b)(1)).

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 49,050 (1993)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act.

Norwest, with total consolidated assets of $47.8 billion, operates 86 banking subsidiaries located in 13 states.[1] Norwest is the second largest commercial banking organization in Minnesota, controlling approximately $9.9 billion in deposits, representing 22.4 percent of the deposits in commercial banks in the state.[2] Lindeberg, with total consolidated assets of $58.2 million, is the 111th largest commercial banking organization in the state, controlling $51.7 million in deposits, representing less than 1 percent of the deposits in commercial banks in the state. Upon consummation of the proposal, Norwest would remain the second largest commercial banking organization in Minnesota, controlling approximately $10 billion in deposits, representing 22.5 percent of the total deposits in commercial banks in the state.

Competitive Considerations

Norwest and Lindeberg compete directly in the Minneapolis-St. Paul banking market.[3] Norwest is the second largest commercial bank or thrift institution ("depository institution") in the market, controlling deposits of $7.5 billion, representing 27.9 percent of total deposits in depository institutions in the market ("market deposits").[4] Lindeberg is the 44th largest depository institution in Minnesota, controlling approximately $49.1 million in deposits, representing less than 1 percent of total state commercial bank deposits. Upon consummation of this proposal, Norwest would remain the second largest depository institution in the market, controlling deposits of $7.5 billion, representing 28.1 percent of total market deposits. The Herfindahl–Hirschman Index ("HHI") would increase by approximately 10 points to 2037.[5]

The Board previously has indicated that merger transactions in the Minneapolis-St. Paul banking market involving one of the two largest depository institutions in the market warrant close review because of the size of these institutions relative to other market

1. Asset data are as of June 30, 1993.

2. State data are as of June 30, 1993. Market data are as of June 30, 1992, but have been adjusted to reflect all subsequent mergers and acquisitions through December 1, 1993.

3. The Minneapolis-St. Paul banking market is comprised of Anoka, Hennepin, Ramsey, Washington, Carver, Scott, and Dakota Counties, and portions of Chisago, Le Sueur, Sherburne, and Wright Counties in Minnesota, and the town of Hudson in St. Croix County, Wisconsin.

4. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50 percent weighted basis. *See, e.g., First Hawaiian Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

5. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is above 1800 is considered highly concentrated. In such markets, the Justice Department is likely to challenge a merger that increases the HHI by more than 50 points. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anti-competitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anti-competitive effects implicitly recognize the competitive effects of limited-purpose lenders and other non-depository financial entities.

competitors.[6] Even considering the effect on market concentration in light of previous acquisitions by the two largest depository organizations, this proposal is not likely to have a significantly adverse competitive effect in the market.

In this case, Lindeberg is one of the smaller depository organizations in the Minneapolis-St. Paul banking market, controlling less than 1 percent of market deposits. In addition, the Board notes that 102 competitors would remain in the market, including 92 commercial banks and 10 thrifts, upon consummation of this proposal.

The Minneapolis-St. Paul banking market is a major urban area and is attractive for entry. Moreover, this acquisition is not likely to affect the availability of attractive entry points for potential entrants.[7] In this regard, the market has experienced both *de novo* entry and entry by acquisition in recent years. For example, seven commercial banking institutions, including two banks chartered *de novo* in 1990, have entered the market in the past ten years. One of the commercial banking institutions that entered the market during this period has become the fourth largest depository institution in the market.

As in other cases, the Board sought comments on the application from the United States Attorney General, the General Deposit Insurance Corporation ("FDIC") and the Attorney General of the State of Minnesota. The Attorney General, the FDIC and the Minnesota Attorney General have not objected to consummation of this proposal or indicated that the proposal would have any significantly adverse competitive effects.

On the basis of all the facts of record, including the number of competitors remaining in the market and the size of Lindeberg, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in the Minneapolis-St. Paul banking market or any other relevant banking market in which Norwest and Lindeberg compete.

Other Considerations

The Board also concludes that the financial and managerial resources and future prospects of Norwest and Lindeberg, and their respective subsidiaries, as well as the convenience and needs of the communities to be served and the other supervisory factors that the Board must consider under section 3 of the BHC Act, are consistent with approval.

Norwest also has applied, pursuant to section 4(c)(8) of the BHC Act, to acquire the mortgage origination activities of Bank. As noted above, the Board has previously determined that these activities are closely related to banking and generally permissible for bank holding companies under section 4(c)(8) of the BHC Act and the Board's Regulation Y (12 C.F.R. 225.25(b)(1)). Norwest proposes to conduct these activities in accordance with the Board's regulations.

In order to approve the acquisition of Bank's mortgage origination operations under section 4(c)(8) of the BHC Act, the Board also must find that the performance of the proposed activities by Norwest "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8). There are numerous providers of mortgage lending services, and this proposal would not have a significantly adverse effect on the market for the nonbanking services. In addition, there is no evidence in the record to indicate that consummation of this proposal is likely to result in any significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Accordingly, the Board concludes that the balance of the public interest factors that it is required to consider under section 4(c)(8) of the BHC Act is favorable, and consistent with approval of Norwest's application to acquire Bank's mortgage origination operations.

Conclusion

Based upon the foregoing and all the other facts of record, including the commitments made by Norwest in connection with these applications, the Board has determined that the applications should be, and hereby are, approved. The Board's approval is expressly conditioned upon compliance with the commitments made in connection with these applications. The Board's determination with respect to Norwest's nonbanking activities is also subject to all of the conditions contained in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b) (12 C.F.R. 225.4(d) and 225.23(b)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasion of, the provisions of the BHC Act

6. *See First Bank System, Inc.*, 79 *Federal Reserve Bulletin* 50 (1993). In this regard, acquisitions by either of these two banking organizations of a series of depository organizations with relatively small market shares could, on a cumulative basis, lead to significant anti-competitive effects.

7. The Minneapolis-St. Paul metropolitan area, with a population of 2.46 million, is the 16th largest in the United States according to 1990 Census data, and has increased 15.3 percent in population since 1980.

and the Board's regulations and orders thereunder. For purposes of this action, the commitments and conditions relied upon by the Board in reaching its decision are both conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

The banking acquisition shall not be consummated before the thirtieth calendar day following the effective date of this order, and all acquisitions shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Minneapolis, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 21, 1993.

Voting for this action: Chairman Greenspan, Vice Chairman Mullins, and Governors Lindsey and Phillips. Voting against this action: Governors Angell, Kelley, and LaWare.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Dissenting Statement of Governors Angell, Kelley, and LaWare

We reaffirm the position we took in July 1993 when the Board voted 4–3, to permit Norwest to acquire M&D Holding Company.

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT AMENDMENTS OF 1970

First Union Corporation
Charlotte, North Carolina

Order Approving an Exemption from the Anti-Tying Provisions

First Union Corporation, Charlotte, North Carolina ("First Union"), a bank holding company within the meaning of the Bank Holding Company Act, has requested that the Board grant an exemption from the anti-tying provisions of the Bank Holding Company Act Amendments of 1970 (12 U.S.C. § 1971) ("Section 106(b)") to permit First Union Brokerage Services, Inc., Charlotte, North Carolina ("Brokerage Company"), to offer discounts on commissions for brokerage services to customers who maintain a minimum balance in accounts at any First Union bank.

Notice of this request, affording interested persons an opportunity to submit comments, has been published (58 *Federal Register* 59,073 (1993)). The time for filing comments has expired, and the Board has considered the request and all comments received in light of the Board's authority to grant exemptions to Section 106(b)'s tie-in prohibitions.[1]

First Union is the sixth largest banking organization in the nation, controlling deposits of $52 billion.[2] First Union operates subsidiary banks in the District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Tennessee, and Virginia, and engages directly and through subsidiaries in a broad range of permissible nonbanking activities.

Section 106(b) generally prohibits a bank from varying the consideration for credit or other services on the condition that the customer obtain some additional service from the bank, its bank holding company, or any other subsidiary of its bank holding company. Section 106(b) provides that the Board may, by regulation or order, permit an exception to the tie-in prohibitions where the Board determines that an exception will not be contrary to the purposes of the section. The legislative history provides that the purpose of Section 106(b) is to prohibit anti-competitive practices which require bank customers to accept or provide some other service or product or refrain from dealing with other parties in order to obtain the bank product or service they desire.[3] The legislative history also indicates that the Board should exercise its exemptive authority selectively and that the Board should continue to allow appropriate traditional banking practices based on sound economic analysis.[4]

In considering previous requests for an exemption, the Board has reviewed a number of factors, including whether the tied products are offered separately to customers at market prices, and whether the bank could impair the availability of the products or otherwise engage in unfair competition by tying the proposed products.[5]

1. The Board received ten comments on this proposal, all in favor of granting First Union's request.

2. Deposit data are as of June 30, 1993.

3. S. Rep. No. 1084, 91st Cong., 2d Sess. 17 (1970) ("Senate Report").

4. Senate Report at 17 and 46.

5. In 1990, the Board granted an exemption to the tie-in prohibitions to permit subsidiary banks of Norwest Corporation, Minneapolis, Minnesota ("Norwest"), and NCNB Corporation, Charlotte, North Carolina ("NCNB"), to offer a price reduction on credit cards issued to customers of their affiliated banks. *See Norwest Corporation* and *NCNB Corporation*, 76 *Federal Reserve Bulletin* 702 (1990). In granting this exception, the Board determined that neither Norwest nor NCNB could exercise sufficient market power to impair competition in the tied product market for the traditional banking services, and emphasized that the credit card and traditional banking products offered as part of the arrangement were made available by the bank holding companies separately at competitive prices. By subsequent rulemaking, the Board made this exemption available to bank holding companies generally. *See* 12 C.F.R. 225.4(d)(2).

First Union proposes that Brokerage Company be allowed to vary the consideration charged for brokerage services if a customer maintains a minimum balance in accounts at any First Union bank.[6] Brokerage Company is an operating subsidiary of First Union National Bank of North Carolina, Charlotte, North Carolina.

First Union contends that its proposal is not anticompetitive because the market for retail brokerage services is national in scope and very competitive. In this regard, First Union maintains that Brokerage Company does not have enough market power in this market to cause a lessening of competition by providing discounts on brokerage services to customers with deposit relationships at a First Union bank. In addition, First Union argues that the proposal will not limit the availability of products to consumers because the brokerage services offered by Brokerage Company and the deposit services offered by First Union's subsidiary banks will be separately available to customers at competitive prices.

In determining whether the proposed exemption would be consistent with Section 106(b), it is appropriate to consider the competitiveness of the relevant retail brokerage market. In analyzing the potential competitive effects of a proposal, the Board has considered the availability of the tying product in its relevant geographic market. The geographic market for retail brokerage services — the tying product in this case — is national in scope and highly competitive.[7] In each of the states in which First Union competes, there are at least 50 competing brokerage firms, including major nationwide brokerage firms, and other banks offering retail brokerage services. Overall, First Union possesses a small market share in the retail brokerage market.[8]

Therefore, it is unlikely that First Union will be able to substantially lessen competition for brokerage services in a particular market. Similarly, First Union's small market share in brokerage services and the presence of many other competitors providing retail brokerage services indicate that it is unlikely that, by tying discounts on brokerage services to deposit services, First Union could exercise sufficient market power to impair competition in the market for the traditional banking services.

Under antitrust precedent, concerns over tying arrangements are substantially reduced where the buyer is free to take either product by itself even though the seller may also offer the two items as a unit at a single price.[9] As noted above, First Union will continue to offer brokerage services and deposit services separately. Given the competitive nature of the retail brokerage market, it is expected that First Union will be required to offer these brokerage services at competitive prices. There are no other facts to suggest in this case that First Union has sufficient market power to affect adversely the market or availability for the brokerage services through its proposal to provide discounts.

For these reasons, the Board believes that the requested exemption is not contrary to the purpose of Section 106(b), and that granting the exemption would be consistent with the legislative authorization to permit exemptions for traditional banking services on the basis of economic analysis. The Board, however, reserves the right to terminate the exemption in the event that facts develop in the future that indicate that the tying arrangement is resulting in anticompetitive practices and thus would be inconsistent with the purpose of Section 106(b).

Based on the above, and all facts of record, the Board has determined to grant an exemption to permit Brokerage Company to offer discounts on commissions for brokerage services to customers who maintain a minimum balance in accounts at any First Union bank on the conditions discussed above. This approval is subject to the Board's authority to modify or terminate the exemption as set forth above and to all of the conditions that may be imposed by the Board in Regulation Y.

By order of the Board of Governors, effective December 22, 1993.

Voting for this action: Chairman Greenspan, Vice Chairman Mullins, and Governors Kelley, LaWare, Lindsey, and Phillips. Absent and not voting: Governor Angell.

WILLIAM W. WILES
Secretary of the Board

6. The proposed exemption would provide relief from section 106(b)(1), which prohibits banks from tying their own products, and section 106(b)(2), which prohibits banks from tying their products with those offered by affiliates. *See* 12 U.S.C. §§ 1972(1)(A) and (B).

7. *See, e.g., BankAmerica Corporation*, 69 *Federal Reserve Bulletin* 105, 110 (1983).

8. First Union states that its 1991 brokerage revenues represented less than one-half of 1 percent of total nationwide brokerage revenues.

9. *Northern Pacific R. Co. v. United States*, 356 U.S. 1, 6, n.4 (1958).

ORDERS ISSUED UNDER BANK MERGER ACT

First Interstate Bank of California
Los Angeles, California

Order Approving the Merger of Banks

First Interstate Bank of California, Los Angeles, California ("First Interstate-California"), a state member bank, has applied for the Board's approval under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) ("Bank Merger Act") to merge with First State Bank of the Oaks, Thousand Oaks, California ("Bank of the Oaks"), and establish branches under section 9 of the Federal Reserve Act (12 U.S.C. § 321).

Notice of this application, affording interested persons an opportunity to submit comments, has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). As required by the Bank Merger Act, reports on the competitive effects of the merger were requested from the United States Attorney General, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation ("FDIC"). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in the Bank Merger Act and section 9 of the Federal Reserve Act.

First Interstate-California, with consolidated assets of $20.1 billion,[1] is the third largest commercial banking organization in California, controlling deposits of $17.1 billion, representing approximately 7.2 percent of total deposits in commercial banking organizations in the state.[2] Bank of the Oaks is the 131st largest commercial banking organization in California, controlling deposits of $129 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, First Interstate-California would remain the third largest commercial banking organization in California, controlling deposits of $17.3 billion, representing approximately 7.3 percent of the total deposits in commercial banking organizations in the state.

First Interstate-California and Bank of the Oaks compete directly in the Los Angeles and Oxnard banking markets.[3] Upon consummation of this proposal, the Los Angeles banking market would remain unconcentrated and the Oxnard banking market would remain moderately concentrated as measured by the Herfindahl–Hirschman Index ("HHI").[4] After considering the competition offered by other depository institutions in the markets,[5] the number of competitors remaining in the respective markets, the relatively small increase in market share and market concentration in the respective markets, and all other factors of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition in any relevant banking market.

Convenience and Needs Considerations

In acting on an application to acquire a depository institution under the Bank Merger Act, the Board must consider the convenience and needs of the communities to be served, and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of these applications.[6]

In this regard, the Board has received comments from the California Reinvestment Committee ("CRC") and an individual (collectively, "Protestants") critical of the efforts of First Interstate-California and Bank of the Oaks to meet the credit and banking needs of their communities. Protestants allege

1. Asset data are as of September 30, 1993.
2. State deposit data are as of June 30, 1993.
3. The Los Angeles banking market is defined as the Los Angeles Ranally Metropolitan Area, and the Oxnard banking market is defined as the Oxnard Ranally Metropolitan Area.

4. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is below 1000 is considered unconcentrated, and a market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial institutions.
5. In this context, depository institutions include commercial banks, savings banks, and savings associations. Market deposit data are as of June 30, 1992, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See WM Bancorp*, 76 *Federal Reserve Bulletin* 788 (1990); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984).
6. 12 U.S.C. § 2903.

generally that First Interstate-California and Bank of the Oaks have not met the credit needs of minorities and low- and moderate-income individuals, particularly in the Oxnard-Ventura metropolitan statistical area ("MSA").[7]

In its consideration of the convenience and needs factor, the Board has carefully reviewed the entire record of CRA performance of First Interstate-California and Bank of the Oaks; all comments received regarding this application, including the response of First Interstate-California to those comments; and all the other relevant facts of record, in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[8]

Record of CRA Performance

A. CRA Performance Examinations

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record, and that these reports will be given great weight in the applications process.[9] The Board notes that First Interstate-California received a "satisfactory" rating from its primary federal regulator, the Federal Reserve Bank of San Francisco, at its most recent examination for CRA performance as of August 10, 1992. In addition, Bank of the Oaks received a "satisfactory" rating from its primary regulator, the FDIC, at its most recent examination for CRA performance as of April 23, 1992.[10]

B. Previous Review of First Interstate-California's CRA Record

The Board recently reviewed the CRA performance record of First Interstate-California in connection with its applications to acquire California Republic Bank.[11] This review included consideration of First Interstate-California's record of lending in low- and moderate-income and minority areas, community development activities, and other CRA programs and policies in light of comments received from several commenters, including CRC. For the reasons more fully set forth in the *First Interstate Order,* the Board concluded that the overall CRA performance record of First Interstate-California was generally consistent with approval.

C. Record of Lending in the Oxnard-Ventura MSA

Protestants have alleged in this application that 1992 data required to be filed under the Home Mortgage Disclosure Act (12 U.S.C. § 2801 *et seq.*) ("HMDA") show that First Interstate-California and Bank of the Oaks discriminate against borrowers located in low- and moderate-income and minority communities in the Oxnard-Ventura MSA. These 1992 HMDA data reveal mixed results. In some categories, First Interstate-California's performance met or exceeded the performance of its peers. For example, the number of mortgage applications received from minorities by First Interstate-California in the Oxnard-Ventura MSA, and the number of originations, increased substantially from 1991 to 1992.[12] Furthermore, mortgage loan approval and denial rates for African-Americans and Asian-Americans in the Oxnard-Ventura MSA were the same or better than the rates for whites in 1992.[13]

However, the 1992 HMDA data for both First Interstate-California and Bank of the Oaks also indicate disparities in approvals and denials of loan applications for Hispanics and individuals residing in low- to moderate-income neighborhoods in the Oxnard-Ventura MSA. Because all banks are obligated to adopt and implement lending practices that ensure not only safe and sound lending, but also equal access to credit by creditworthy applicants regardless of race, the Board is concerned when the record of an institution indicates disparities in lending to applicants in low- and moderate-income and minority communities. The Board recognizes, however, that HMDA data

7. CRC alleges that First Interstate-California neglects home mortgage lending statewide, and that plans to expand its mortgage loan portfolio have not increased the number of mortgage originations. CRC also believes that Bank of the Oaks's efforts to extend credit and services to minorities and low-income individuals are inadequate. CRC has requested that First Interstate-California specify CRA products and outreach efforts, and commit to CRA goals in California, for affordable housing development, community economic development, and consumer needs.

8. 54 *Federal Register* 13,742 (1989).

9. 54 *Federal Register* 13,745 (1989).

10. Although Bank of the Oaks is an approved Small Business Administration ("SBA") lender, it no longer actively markets SBA-sponsored products. However, Bank of the Oaks continues to extend credit to small businesses. As of June 30, 1993, the bank had outstanding 191 small business loans totalling approximately $13 million.

11. *See First Interstate Bancorp,* 80 *Federal Reserve Bulletin* 40 (1994) ("*First Interstate Order*").

12. In 1992, First Interstate-California's mortgage lending to African-Americans was proportional to their presence in the Oxnard-Ventura MSA. During that year, the bank made 2 percent of its mortgage loans to African-Americans (2 percent of the population of the MSA).

13. In 1992, the denial rate for African- and Asian-Americans in the Oxnard-Ventura MSA was 17 percent, and the denial rate for whites was 29 percent.

alone provide only a limited measure of any given institution's lending in its community. The Board also recognizes that HMDA data have limitations that make the data an inadequate basis, absent other information, for conclusively determining whether an institution has engaged in illegal discrimination in making lending decisions.

As noted in the *First Interstate Order,* First Interstate-California's 1992 CRA performance examination found no evidence of any pattern or practice of illegal discriminatory credit practices, or other practices designed to discourage credit applications. In this regard, examiners noted that the bank continually assesses its lending activity for HMDA-reportable loans. In addition, in conducting its 1992 CRA examination of Bank of the Oaks, the FDIC reviewed mortgage loans denied by the bank and found no evidence of any pattern or practice of illegal discriminatory credit practices, or other practices designed to discourage credit applications.

First Interstate-California also has committed to steps to improve its mortgage lending in the Oxnard-Ventura MSA. For example, First Interstate-California will market all of its CRA-related programs and products described in the *First Interstate Order,* including three special mortgage programs and the F.I.R.S.T. consumer loan program, to all segments of its banking community in the Oxnard-Ventura MSA. In addition, the bank has committed to make its "second look" program for denied loans available to customers in the Oxnard-Ventura MSA, and operate its "mystery shopper" program in the Bank of the Oaks branches being acquired to test for compliance with fair lending laws.

On the basis of all the facts of record, including the comments provided by Protestants, First Interstate-California's response to those comments, and relevant reports of examination, as well as the information and commitments referenced in the *First Interstate Order,* the Board concludes that convenience and needs considerations, including the records of performance under the CRA of First Interstate-California and Bank of the Oaks, are consistent with approval of this application. The Board expects First Interstate-California to implement fully all commitments made in connection with this proposal, including its proposed CRA initiatives for the Oxnard-Ventura MSA, and to comply with all the conditions and commitments discussed in the *First Interstate Order.*

Other Considerations

The financial and managerial resources and future prospects of First Interstate-California and Bank of the Oaks, and other supervisory factors the Board must consider under the Bank Merger Act and the Federal Reserve Act, are consistent with approval of this proposal.

Conclusion

Based on the foregoing and other facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned upon compliance with all the commitments made by First Interstate-California in connection with this application. This approval is further subject to First Interstate obtaining the approval of the California Superintendent of Banks for the proposed transaction under applicable state law. For purposes of this action, the commitments and conditions relied on in reaching this decision shall be deemed to be conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

The acquisition of Bank of the Oaks shall not be consummated before the thirtieth calendar day following the effective date of this order, or later than three months after the effective date of this order, unless such period is extended for good cause by the Federal Reserve Bank of San Francisco acting pursuant to delegated authority.

By order of the Board of Governors, effective December 13, 1993.

Voting for this action: Vice Chairman Mullins and Governors Angell, Kelley, LaWare, Lindsey, and Phillips. Absent and not voting: Chairman Greenspan.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Fleet Bank of New York
Albany, New York

Order Approving Acquisition of Branches

Fleet Bank of New York, Albany, New York ("Fleet Bank"), a state member bank, has applied for the Board's approval under the Bank Merger Act (12 U.S.C. § 1828(c)) to acquire certain assets and assume certain liabilities of 29 branches of Chemical Bank, New York, New York ("Chemical Bank"), also a state member bank. These branches are located throughout upstate New York.[1] Fleet Bank also has applied for the Board's approval, pursuant to section 9 of the Federal Reserve Act (12 U.S.C. § 321), to

1. The branch locations proposed to be acquired are listed in the Appendix.

establish and operate branch offices at each of these locations.

Notice of the applications, affording interested persons an opportunity to submit comments, has been published in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). As required by the Bank Merger Act, reports on the competitive effects of the proposal have been requested from the United States Attorney General, the Office of the Comptroller of the Currency ("OCC"), and the Federal Deposit Insurance Corporation. The time for filing comments has expired, and the Board has considered the applications and all the comments received in light of the factors set forth in the Bank Merger Act and the Federal Reserve Act.

On the basis of commercial bank deposits, Fleet Bank, with total deposits of approximately $10.2 billion, is the seventh largest commercial bank in New York.[2] Chemical Bank, with total deposits of approximately $50.9 billion, is the largest commercial bank in the state.

Competitive Considerations

Fleet Bank and Chemical Bank compete directly in six banking markets in New York.[3] In each of these markets, the increase in the Herfindahl–Hirschman Index ("HHI") would not exceed the thresholds set forth in the Department of Justice's Revised Merger Guidelines[4] after considering the competition offered by thrift institutions.[5] In light of these facts, and after considering the number of competitors remaining in the markets, the small increases in market concentration,[6] the attractiveness of these markets for entry by new competitors, and the other facts of record, the Board has concluded that consummation of the proposal would not result in a significantly adverse effect on competition in any of these banking markets.

Based on all the facts of record in this case, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or the concentration of banking resources in any relevant banking market.

Convenience and Needs Considerations

In considering an application by a state member bank to acquire another insured depository institution by merger or to establish an additional branch, the Board is required to consider the convenience and needs of the communities to be served and to take into account the record of performance of the state member bank under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA").[7] The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess an institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institution," and to take that record into account in its evaluation of applications under the Bank Merger Act and to establish domestic branches.[8]

In this regard, the Board has considered comments filed by an organization ("Protestant") that alleges that Fleet Bank and Chemical Bank have failed to meet the credit needs of the communities they serve, based on 1991 HMDA data indicating disparities in the rates of housing-related loan denials between minority and non-minority applicants. Protestant also maintains that allegations made in several pending lawsuits regarding improper mortgage lending practices by a nonbanking mortgage affiliate of Fleet Bank raise issues regarding the convenience and needs consider-

2. State deposit data are as of June 30, 1993.

3. These markets are the Albany, Buffalo, Elmira-Corning, Olean, Rochester, and Syracuse banking markets.

4. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is above 1800 is considered to be highly concentrated. In such markets, the Justice Department is likely to challenge a merger that increases the HHI by more than 50 points. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anti-competitive effects) unless the post-merger HHI is at least 1800 and the merger or acquisition increases the HHI by at least 200 points. The Justice Department has stated that the higher than normal threshold for an increase in HHI when screening bank mergers and acquisitions for anti-competitive effects implicitly recognizes the competitive effect of limited-purpose lenders and other non-depository financial entities. *See* Appendix B for the increases in concentration in these markets on a pro forma basis as measured by HHI.

5. The Board previously has indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50 percent weighted basis. *See, e.g., First Hawaiian, Inc.*, 77 *Federal Reserve Bulletin* 52 (1991). In considering the competition offered by thrifts in all banking markets in this case, thrift deposits are weighted at 50 percent.

6. Upon consummation of this proposal, the HHI in these markets would increase as follows: (1) Albany, 67 points to 1039; (2) Buffalo, 56 points to 2130; (3) Elmira-Corning, 26 points to 906; (4) Olean, 171 points to 1903; (5) Rochester, 56 points to 1179; and (6) Syracuse, 109 points to 1547.

7. *See* 12 U.S.C. §§ 321, 1828(c), 2902(3)(C), and 2903(2); *see also* 12 C.F.R. 208.5 and 208.9.

8. 12 U.S.C. § 2903.

ations in this proposal.[9] The Board has carefully reviewed the CRA performance records of Fleet Bank and Chemical Bank, as well as Protestant's comments, Fleet Bank's response, and all of the other relevant facts, in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[10]

Record of Performance Under the CRA

A. CRA Performance Examination

The Agency CRA Statement provides that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record and that these reports will be given great weight in the applications process.[11] In this case, the Board notes that Fleet Bank received an "outstanding" rating from its primary federal regulator, the Federal Reserve Bank of New York, at its most recent examination for CRA performance as of December 16, 1991.[12] Chemical Bank also received an "outstanding" rating for CRA performance from the Federal Reserve Bank of New York at its most recent examination for CRA performance as of July 22, 1991.

B. Analysis of HMDA Data

The Board has carefully reviewed the 1991 and 1992 HMDA data reported by Fleet Bank and Chemical Bank in light of Protestant's comments.[13] These data indicate that Fleet Bank and Chemical Bank have extended a significant number and percentage of home mortgage loans in low- and moderate-income neighborhoods. In certain areas, however, the data for Fleet Bank reflect disparities in loan originations and loan rejection rates for minority applicants when compared to non-minority applicants. The Board is concerned when the record of an institution indicates disparities in lending to minority applicants, and believes that all banks are obligated to ensure that their lending practices are based on criteria that assure not only safe and sound lending, but also equal access to credit by creditworthy applicants regardless of race. The Board recognizes, however, that HMDA data alone provide only an incomplete measure of an institution's lending in its community. The Board also recognizes that HMDA data have limitations that make the data an inadequate basis, absent other information, for conclusively determining that an institution has engaged in illegal discrimination in making lending decisions.

The Board notes that the most recent examination of Fleet Bank found no evidence of illegal discrimination or of credit practices that were inconsistent with the substantive provisions of antidiscrimination laws and regulations. In this regard, examiners noted that Fleet Bank solicited credit applications from all segments of its community, including low- and moderate-income neighborhoods, and that the board of directors and senior management of Fleet Bank had developed comprehensive written policies, procedures, training programs, and internal reviews to ensure that the bank did not illegally discourage or pre-screen applicants. The examination also found that HMDA data indicated a reasonable penetration of lending activity in low- and moderate-income census tracts, that the bank's delineation of its community was reasonable and did not arbitrarily exclude any low- and moderate-income neighborhoods, and that its branches were reasonably accessible by, and all its products and services were available to, all segments of its community.

Fleet Bank also has taken steps since its last CRA examination to increase lending to minority and low- and moderate-income borrowers. For example, Fleet Bank implemented a program in February 1992 requiring a senior consumer lending officer to review all rejected minority HMDA loan applications, using more flexible loan underwriting criteria. Since March 1992, Fleet Bank has convened focus groups among minority customers and among minority branch officers, in order to identify unfilled minority credit and service needs and improved methods of delivering services to minority customers. HMDA data for 1992 reflect improvement in both the number of applications received from and the number of loans made to

9. Protestant requests that Fleet Bank and Chemical Bank be required to conduct an audit of their minority lending practices and to make certain commitments to improve their overall minority lending records.

10. 54 *Federal Register* 13,742 (1989).

11. 54 *Federal Register* at 13,745.

12. On October 1, 1992, in an internal reorganization, Fleet Bank, N.A., Buffalo, New York ("Buffalo Bank"), was merged into Fleet Bank, with Fleet Bank the surviving entity. Buffalo Bank received a "satisfactory" rating from its primary federal regulator, the OCC, as of May 20, 1991, the date of its last examination for CRA performance prior to the merger with Fleet Bank.

13. The actual data cited by Protestant in its comments relate to Fleet Bank's affiliate bank, Fleet National Bank, Providence, Rhode Island ("Fleet-RI"), which is a bank that is not involved in this merger transaction. Although the 1991 Rhode Island data indicate some disparities between rejection rates for minority applicants when compared to non-minority applicants, the data also show that Fleet-RI extended 16 percent of its loans in low- and moderate-income areas and received and granted a higher percentage of housing-related loan applications from minorities than did other lenders in its community. Data in 1992 show some decrease in Fleet-RI's minority and low-income lending, but the percentage of loans made to minority borrowers remained equal to the average of other lenders in its community. In addition, Fleet-RI received an "outstanding" CRA performance rating from its primary federal regulator, the OCC, at its most recent examination as of October 29, 1990.

minorities by Fleet Bank.[14] Fleet Bank also introduced a Community Revitalization Mortgage product, which provides mortgages with no closing fees and reduced minimum down payments for low- and moderate-income homebuyers in distressed areas.

The Board also has carefully reviewed Protestant's comments regarding allegedly improper mortgage lending practices, principally in Georgia by Fleet Finance, Inc. ("Fleet Finance"), a nonbanking financing subsidiary of Fleet Financial Group, Inc., Providence, Rhode Island ("Fleet") which is the parent holding company of Fleet Bank.[15] The Board notes that Fleet has taken a number of steps to address the issues raised by these allegations. For example, Fleet has discontinued its practice of purchasing individual third-party loans, except for packages in bulk from regulated financial institutions or the Resolution Trust Corporation, and has stopped financing home improvements. In addition, Fleet has made significant changes in senior executive management at the holding company level and the subsidiary level, has reorganized reporting responsibilities under functional lines, and has centralized decision making authority, which appear to have improved the operations of its mortgage subsidiaries. Fleet has also recently entered into a substantial settlement agreement with the Georgia attorney general that has concluded a year-long investigation by the attorney general into Fleet's mortgage lending practices in Georgia.[16]

On the basis of these and all the other facts of record, including comments received and relevant examination reports, the Board concludes that convenience and needs considerations, including the CRA performance records of Fleet Bank and Chemical Bank, are consistent with approval of these applications. The Board specifically retains jurisdiction and full supervisory authority to take appropriate action in the event that a court determines, or a subsequent examination finds, that a subsidiary of Fleet has engaged in illegal activities or that Fleet's initiatives in any of its subsidiaries prove to be inadequate. Fleet Bank and Fleet are hereby directed to inform the Board promptly of each material development in the pending litigation, and of any future claims or lawsuits involving similar allegations.

Other Considerations

The Board has considered the managerial factor in this case in light of the recently completed examination of Fleet Bank conducted by the Federal Reserve Bank of New York and a full-scope inspection of Fleet conducted by the Federal Reserve Bank of Boston at the request of the Board. In this regard, Fleet has taken substantive steps to improve the operations of all of its banking and nonbanking subsidiaries, including the management reorganization and initiatives described above as well as other modifications to its internal controls, policies, training, and management information systems. While many of these changes are relatively recent and are still being implemented, the Board also notes that this proposal represents a relatively small acquisition for Fleet. Based on all the facts of record in this case, including the reforms initiated by Fleet, the relative size of the acquisition, and the results of examinations and inspections, the Board concludes that managerial considerations are consistent with approval. Financial resources of Fleet and Fleet Bank are satisfactory, and future prospects of Fleet Bank and of Chemical Bank, and the other supervisory factors the Board must consider under the Bank Merger Act are also consistent with approval. In addition, the Board has considered the factors it is required to consider when approving applications for the establishment of branches pursuant to section 9 of the Federal Reserve Act, and finds those factors to be consistent with approval.[17]

14. For example, minority applications increased by 110 percent between 1991 and 1992, while non-minority applications increased by 47 percent. Loans by Fleet Bank to minority borrowers increased from 2.8 percent to 4.0 percent of all loans, while the average for all lenders in its community declined from 5.2 percent to 4.5 percent.

15. Fleet has been sued in a number of cases in Georgia and other states. Some of these cases, including a racial discrimination case in Georgia and a mortgage escrow account overcharge case involving a number of states, have been settled. In other cases, Fleet's practices have been found to be consistent with applicable law. Cases that are still pending against Fleet have not gone to trial.

16. Under the terms of this settlement, qualified borrowers are entitled to compensatory damages, interest rate reductions, and rebate of origination "points" in excess of 10 percent, and Fleet has committed to fund $70 million in loans to low-income borrowers over the next three to five years. Fleet has also agreed to certain limitations on fees and interest charges for three years following the agreement. In addition, Fleet has reached an agreement with the Massachusetts Attorney General by establishing a $12 million mortgage program to compensate Fleet borrowers in that state, and has established a nationwide, 10-point program to permit refinancings by qualifying borrowers from Fleet Finance.

17. Protestant has requested that the Board hold a public meeting or hearing on these applications. The Board is not required to hold a public hearing in these applications under the Bank Merger Act or the Federal Reserve Act. Under its rules, the Board may, in its discretion, hold a public meeting or hearing on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 C.F.R. 262.3(e) and 262.25(d). The Board has carefully considered Protestant's request, and the written comments submitted by Protestant. In the Board's view, interested parties have had ample opportunity to submit and have submitted substantial written comments that have been considered by the Board. In light of the foregoing and all the facts of record, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record in this application, or otherwise warranted in this case. Accordingly, the request for a public meeting or hearing on these applications is hereby denied.

Based on the foregoing and other facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned upon compliance by Fleet Bank with all the commitments made in its applications. For purposes of this action, the commitments discussed in this order shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decisions, and, as such, may be enforced in proceedings under applicable law.

This transaction shall not be consummated before the thirtieth calendar day following the effective date of this order, or later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 23, 1993.

Voting for this action: Chairman Greenspan, Vice Chairman Mullins, and Governors Angell, Kelley, LaWare, and Phillips. Voting against this action: Governor Lindsey.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Appendix A

Locations of Chemical Bank branches to be acquired by Fleet Bank:

(1) 1972 Albany-Schenectady Road, Albany, New York
(2) 63 State Street, Albany, New York
(3) 999 Broadway, Buffalo, New York
(4) 420 East Main Street, Buffalo, New York
(5) 2690 Walden Avenue, Cheektowaga, New York
(6) Clifton Country Mall, Clifton Park, New York
(7) 360 Delaware Avenue, Delmar, New York
(8) 807 Fairport Road, East Rochester, New York
(9) 6600 Pittsford-Palmyra Road, Fairport, New York
(10) One Old Loudoun Road, Latham, New York
(11) 100 Main Street, Lockport, New York
(12) 500 Delaware Avenue, Olean, New York
(13) 1999 Ridge Road, Ontario, New York
(14) 7 Main Street, Portville, New York
(15) 3333 West Henrietta Road, Rochester, New York
(16) 2317 Lyell Avenue, Rochester, New York
(17) 183 East Main Street, Rochester, New York
(18) 1855 Monroe Avenue, Rochester, New York
(19) 3380 Monroe Avenue, Rochester, New York
(20) 1842 East Ridge Road, Rochester, New York
(21) 2450 Ridge Road, Rochester, New York
(22) 306 State Street, Schenectady, New York
(23) 100 Main Street, South Glen Falls, New York
(24) 361 South Salina Street, Syracuse, New York
(25) 1802 Teall Avenue, Syracuse, New York
(26) 1188 Niagara Falls Boulevard, Tonawanda, New York
(27) 120 Hoosick Street, Troy, New York
(28) 964 Ridge Road, Webster, New York
(29) 5712 Main Street, Williamsville, New York

Appendix B

Banking markets in which the pro forma increase in the HHI would not exceed the Department of Justice's Revised Merger Guidelines:

(1) The Albany banking market is approximated by Albany, Columbia, Fulton, Greene, Hamilton, Montgomery, Rensselaer, Saratoga, Schenectady, Schoharie, Warren, and Washington Counties in New York. The HHI would increase by 67 points to 1039, and the market would become moderately concentrated.
(2) The Buffalo banking market is approximated by Erie and Niagara Counties in New York. The HHI would increase by 56 points to 2130, and the market would remain highly concentrated.
(3) The Elmira-Corning banking market is approximated by Chemung and Steuben Counties in New York. The HHI would increase by 26 points to 906, and the market would remain unconcentrated.
(4) The Olean banking market is approximated by Allegany County (less the eastern and two northern tiers of townships) and Cattaraugus County (less the two western and northern tiers of townships) in New York. The HHI would increase by 171 points to 1903, and the market would become highly concentrated.
(5) The Rochester banking market is approximated by Genessee, Livingston, Monroe, Ontario, Orleans, Seneca, Wayne, Wyoming, and Yates Counties in New York. The HHI would increase by 56 points to 1179, and the market would remain moderately concentrated.
(6) The Syracuse banking market is approximated by Cayuga, Cortland, Madison, Onondaga, and Oswego Counties in New York. The HHI would increase by 109 points to 1547, and the market would remain moderately concentrated.

Dissenting Statement of Governor Lindsey

I dissent from the Board's action in this case because, in my view, the record is not sufficient to demonstrate that managerial factors support approval of this acquisition.

The record in this case contains a number of allegations of improper practices by Fleet's nonbanking subsidiaries and criticisms of other practices by Fleet. These practices appear to have been possible because of weak internal controls by management in a number of areas. Fleet's management has recently taken steps to change its policies and improve its internal controls and supervision, including instituting training, compliance and reporting policies. However, in a number of areas, including compliance procedures and practices, the evidence indicates that Fleet has not fully implemented its corrective measures or that these measures have not been in place for a sufficient period of time to evaluate their effectiveness.

In reaching this conclusion I have carefully considered Fleet's announced remedial programs, its recently announced settlement of a year-long investigation by the Georgia Office of the Attorney General and its efforts to resolve some of its outstanding litigation. I believe that the applications process places more importance on the corrective measures that have a demonstrated record of preventing problems from occurring rather than providing remedies for past problems. I have also considered these steps in light of a recent full-scope inspection of Fleet by the Federal Reserve Bank of Boston.

In my view, the acquisition of 29 branches is a significant expansion that should not be undertaken without a clear record of effective steps to address identified weaknesses of performance. Because this record is not sufficient to date, in my weighing of the evidence, I would deny this proposal.

December 23, 1993

West One Bank, Idaho
Boise, Idaho

Order Approving the Merger of Banks and the Establishment of Branches

West One Bank, Idaho, Boise, Idaho ("Bank"), a state member bank, has applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act") to acquire Idaho State Bank, Glenns Ferry, Idaho ("Idaho Bank"). Bank also has applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321) to establish branches at the locations where Idaho Bank currently operates branches.

Notice of the applications, affording interested persons an opportunity to submit comments, has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). As required by the Bank Merger Act, reports on the competitive effects of the merger were requested from the United States Attorney General, the Office of the Comptroller of the Currency ("OCC"), and the Federal Deposit Insurance Corporation ("FDIC"). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in the Bank Merger Act and in section 9 of the Federal Reserve Act.

Bank is the largest commercial banking organization in Idaho, controlling deposits of $2.7 billion, representing approximately 35 percent of total deposits in commercial banks in the state.[1] Idaho Bank is the 14th largest commercial banking organization in Idaho, controlling deposits of $43.6 million, representing less than 1 percent of total deposits in commercial banks in the state. Upon consummation of this proposal, Bank would remain the largest commercial banking organization in Idaho, controlling deposits of $2.8 billion, representing approximately 35.6 percent of total deposits in commercial banks in the state.

Competitive Considerations

Under the Bank Merger Act, the Board is required to consider the effects that a proposed merger would have on competition.[2] Bank and Idaho Bank compete directly in five banking markets in Idaho: Mountain Home, Boise, Payette-Ontario-Weiser, Blaine County, and Twin Falls. In the Mountain Home banking market,[3] Bank is the second largest commercial bank or thrift institution ("depository institution"), controlling deposits of $25.4 million, representing 34.9 percent of total deposits in depository institutions in the market ("market deposits").[4] Idaho Bank is the fourth largest depository institution in the market, controlling deposits of $3.9 million, representing 5.4 percent of market deposits. Upon consummation of this proposal, Bank would remain the second largest depository institution and the third largest financial institution in the Mountain Home banking market, controlling deposits of

1. State deposit data are as of June 30, 1993.
2. *See* 12 U.S.C. § 1828(c)(5).
3. The Mountain Home banking market includes the towns of Mountain Home and Grand View, Idaho.
4. Market data for the Mountain Home banking market are as of June 30, 1993. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50 percent weighted basis. *See, e.g., First Hawaiian Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

$29.3 million, representing 40.3 percent of market deposits. The Herfindahl–Hirschman Index ("HHI") would increase 376 points to 3833.[5]

The Board believes that several factors indicate that this increased level of concentration in the Mountain Home banking market, as measured by the HHI, overstates the competitive effects of this proposal. In particular, Idaho Bank is a very weak competitor and consummation of this proposal would have little effect on actual competition in the Mountain Home banking market. Idaho Bank has been the subject of state and federal supervisory actions, and the bank currently makes no loans in the market and does not employ a loan officer to serve the market. Idaho Bank's presence in the market is limited to a single bank branch with two tellers. The competitive effects of this proposal also are mitigated by the presence of a large credit union in the Mountain Home banking market. This credit union, the largest financial institution in the Mountain Home banking market, is open for membership to almost all residents in the market.

The Board also has considered the public benefits of the proposal on the convenience and needs of the community to be served. Idaho Bank is the only depository institution in Grand View, Idaho, and Bank has committed to maintain the Grand View branch of Idaho Bank as a full-service branch, employ a full-time loan officer, and offer loans and a full range of other banking services.

The Attorney General indicated that consummation of this proposal would not have a significantly adverse effect on competition in the Mountain Home banking market or any other relevant banking market. Neither the OCC nor the FDIC objected to consummation of the proposal or indicated that the proposal would have any significantly adverse competitive effects. Accordingly, based on all the facts of record, including the number of mitigating competitive considerations and benefit to the convenience and needs of the communities served, the Board concludes that consummation of this proposal is not likely to result in any significantly adverse effect on competition in the Mountain Home banking market.

In the Boise, Payette-Ontario-Weiser, Blaine County, and Twin Falls banking markets, consummation would result in slight increases in the concentration of market deposits that do not exceed the Department of Justice Merger Guidelines.[6] In addition, numerous competitors would remain in all these markets. Based on all the facts of record, the Board concludes that consummation of this proposal would not result in significantly adverse effects on competition in these or any other relevant banking market.

Other Considerations

Based on all the facts of record, the Board concludes that considerations relating to the financial and managerial resources and future prospects of Bank and Idaho Bank, and the convenience and needs of the community to be served,[7] also are consistent with approval of the applications filed by Bank under the Bank Merger Act.

The Board also has reviewed the factors it is required to consider in applications for the establishment and operation of branches under the Federal Reserve Act.[8] Based on all the facts of record, the Board believes that these factors, including the financial condition of Bank, the general character of its management, and the proposed exercise of corporate pow-

5. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated. A market in which the post-merger HHI is above 1800 is considered to be highly concentrated. In such markets, the Justice Department is likely to challenge a merger that increases the HHI by more than 50 points. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anti-competitive effects) unless the post-merger HHI is at least 1800 and the merger or acquisition increases the HHI by at least 200 points. The Justice Department has stated that the higher than normal threshold for an increase in the HHI when screening bank mergers and acquisitions for anti-competitive effects implicitly recognizes the competitive effect of limited-purpose lenders and other non-depository financial entities.

6. Market share data for the four remaining banking markets are as of June 30, 1992. Upon consummation of this proposal, Bank would become the largest of nine depository institutions in the Boise banking market, controlling deposits of $902 million, representing 45 percent of market deposits. The HHI would increase 37 points to 2764. Bank would become the second largest of ten depository institutions in the Payette-Ontario-Weiser banking market, controlling deposits of $101 million, representing 24 percent of market deposits. The HHI would increase 91 points to 1741. In the Blaine County banking market, Bank would become the smallest of four depository institutions, controlling deposits of $11.5 million, representing 7 percent of market deposits. The HHI would increase 18 points to 3115. Finally, in the Twin Falls banking market, Bank would become the second largest of nine depository institutions, controlling deposits of $214 million, representing 28.1 percent of market deposits. The HHI would increase 116 points to 2344.

7. The Board has received comments from an individual ("Protestant") who claims generally that Bank's acquisition of Idaho Bank will result in the loss of a small bank that has been responsive to the credit needs of the community, and replace it with a large institution whose centralized decision making will not be responsive to community credit needs. The Board notes that Bank received a satisfactory rating for performance under the Community Reinvestment Act from the Federal Reserve Bank of San Francisco in September 1993. In addition, Bank has committed to expand the products and services offered to customers of Idaho Bank, increase lending to customers of Idaho Bank, and enhance the resulting institution's ability to service the needs of its delineated community. Based on all facts of record, the Board does not believe that Protestant's comments warrant denial of this proposal.

8. *See* 12 U.S.C. § 322.

ers, are consistent with approval and the purposes of section 9 of the Federal Reserve Act.

Conclusion

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved. The Board's approval is specifically conditioned upon compliance by Bank with all the commitments made in connection with these applications. For purposes of this action, these commitments and conditions are both considered conditions imposed in writing by the Board in connection with its findings and decisions, and, as such, may be enforced in proceedings under applicable law.

This transaction shall not be consummated before the thirtieth calendar day following the effective date of this order, or later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 20, 1993.

Voting for this action: Chairman Greenspan, Vice Chairman Mullins, and Governors Angell, Kelley, LaWare, Lindsey, and Phillips.

JENNIFER J. JOHNSON
Associate Secretary of the Board

ORDERS ISSUED UNDER FEDERAL RESERVE ACT

Republic National Bank of New York
New York, New York

Order Granting Consent to Acquire Westpac (U.K.) Limited, London, England, and Granting Approval to Engage in Platinum and Palladium Dealing Activities Abroad

Republic National Bank of New York ("Republic Bank"), New York, New York, a national bank, has applied under section 25 of the Federal Reserve Act and section 211.5(c)(3) of the Board's Regulation K (12 C.F.R. 211.5(c)(3)) for consent to acquire 100 percent of the shares of Westpac (U.K.) Limited ("WUKL"), London, England, thereby acquiring indirectly Mase Westpac Limited ("Mase Westpac"), a U.K. bank wholly owned by WUKL, and for approval to engage through Mase Westpac and its subsidiaries in trading and dealing in gold, silver, platinum and palladium, and in related activities.

Republic Bank is a subsidiary of Republic New York Corporation, a bank holding company. Republic New York Corporation is the 20th largest banking organization in the United States, with consolidated assets of $38 billion as of September 30, 1993.[1] WUKL had consolidated assets of approximately $1.5 billion as of September 30, 1993. Republic Bank engages in, among other lines of business, gold and silver dealing and the provision of related depository services. Republic Bank proposes to acquire 100 percent of the shares of WUKL through Republic Overseas Banks Holding Corporation, a wholly owned operating subsidiary of RNB. WUKL's sole holding is its 100 percent interest in Mase Westpac, an authorized bank licensed and supervised by the Bank of England.

Mase Westpac is one of the leading dealers in gold, silver, platinum and palladium in world markets. Mase Westpac deals and makes markets in these metals in the spot and forward market, buys and sells options on precious metals, and is one of the five members of the London Gold Fixing, which twice daily sets the price that is a leading reference point in gold transactions in world markets.[2] As part of its precious metals business, Mase Westpac also clears bullion transactions, holds gold and silver for customers and counterparties, maintains deposits for customers and provides loans, leases and consignment agreements relating to gold and silver to gold and silver producers, fabricators and industrial users.

Mase Westpac and subsidiaries of Mase Westpac are members of the New York Commodity Exchange and the Sydney Futures Exchange, where they buy and sell options on gold and platinum for their own account and for the account of affiliates, in each case solely for hedging purposes. In addition, Republic Bank proposes to engage, through Mase Westpac and its subsidiaries, in other activities permissible to U.S. banking organizations under Regulation K, such as foreign exchange trading, project financing, gold and silver loans and leases, and extension of gold and silver consignment arrangements.

Mase Westpac conducts its business from its London headquarters and through subsidiaries and representative offices in Australia and Hong Kong.[3] In

1. Republic Bank had consolidated assets of $28.8 billion as of September 30, 1993.
2. Mase Westpac also is a market-making member of The London Bullion Market Association and a member of the London Platinum and Palladium Market. Mase Westpac's activities in precious metals are supervised and regulated by the Bank of England and the United Kingdom's Securities and Futures Authority.
3. Mase Westpac Hong Kong Limited, Mase Westpac's direct wholly owned Hong Kong subsidiary, makes a market in gold and

addition, Mase Westpac maintains a state licensed branch in New York, New York, and does business through a wholly owned subsidiary, Mase Westpac, Inc. ("MWI"), a Delaware corporation based in New York, New York. The New York branch of Mase Westpac presently engages in precious metals trading and precious-metals-related financing activities. MWI currently holds a limited number of gold loans and does not propose to solicit or make any other loans or engage in any other activities. Republic Bank has committed to the Board that it will terminate all of the activities of MWI and Mase Westpac's New York branch within six months of the proposed acquisition, and that it will not reactivate MWI without the written consent of the Board.[4] Mase Westpac also operates a representative office in Denver, which would be converted into a loan production office of Republic Bank within three months of consummation of the acquisition.

The activities of trading or dealing in platinum and palladium are not on the list of activities that the Board has found to be usual in connection with the transaction of banking or financial operations abroad. 12 C.F.R. 211.5(d).[5] In reviewing proposals by U.S. banking organizations to engage in activities overseas, the Board has recognized that local institutions in other banking and financial systems are often permitted to engage in activities that have not been authorized for U.S. banking organizations under applicable U.S. laws and regulations. In the Federal Reserve Act, the Board has been granted authority to permit activities abroad that are generally not authorized in the United States for bank holding companies and subsidiaries of national banks. 12 U.S.C. § 601.

In the exercise of that authority, the Board has adhered to the policy that the foreign activities it authorizes should be of a banking or financial, as opposed to commercial, nature, or that such activities should be usual in connection with banking or other financial operations abroad. The Board also may consider whether the conduct of the activity would enable U.S. banking organizations to compete more effectively with foreign organizations in the provision of banking and other financial services. In addition, the Board takes into account whether the performance of the activity by a U.S. banking organization overseas is consistent with the prudent conduct and management of the company's banking and nonbanking organizations. In this regard the Board takes into consideration the risks inherent in the activity, especially whether those risks are of a type and nature normally associated with banking or activities conducted by banks. The Board also examines the effect of the activity on the capital and managerial resources of the U.S. banking organization.

The Board previously has approved trading and dealing in platinum in the spot, forward, futures and options markets in the U.K. by a subsidiary of a U.S. bank.[6] The Board's determination in that instance that platinum dealing is financially-related and usual in connection with the transaction of banking or other financial operations in the United Kingdom applies equally to this case.[7]

The Board has not previously approved palladium trading outside the United States by either regulation or order. Several factors indicate that trading in palladium is not functionally different from trading in platinum. The markets for the two metals have much in common. Platinum and palladium are members of the same family of metals and generally trade in tandem; precious metals counterparties view trading in both metals as closely related. The London Platinum and Palladium Market ("LPPM"), a professional association of which Mase Westpac is a market-making member, sets standards, prices and settlement

silver on a spot and forward basis. Mase Westpac also owns 91.3 percent of the shares of Mase Westpac Australia Limited ("Mase Westpac Australia"), a limited liability company based in Sydney, Australia, which trades precious metals for its own account, provides quotes in gold and silver and buys and sells precious metals options. Westpac Banking Corporation, WUKL's current owner, owns the additional shares of Mase Westpac Australia, which will be transferred to Republic Bank or Republic Overseas Banks Holding Corporation in connection with the sale of WUKL. Mase Westpac Australia holds a portfolio of gold loans to gold producers, markets precious metals hedging facilities, and wholly owns Mase Westpac Australia (NZ) Limited, which facilitates lending transactions between its parent and New Zealand customers.

4. Section 211.5(b)(4) of Regulation K requires that United States banking organizations divest themselves of their stakes in any foreign subsidiary that engages directly or indirectly in any U.S. activity not permissible to an Edge corporation, unless the Board authorizes retention.

5. National banks are authorized to trade gold and silver in the spot, forward and options markets for their own accounts, and such activities are permissible abroad under Regulation K. 12 U.S.C. 24 (Seventh) expressly authorizes national banks to buy and sell 'coin and bullion', which consistently has been read to include gold and silver coin and bullion. The Office of the Comptroller of the Currency ("OCC") has determined that national banks may buy and sell options on gold and silver for hedging purposes and for purposes of arbitrage. *See, e.g.*, OCC Interpretive Letter No. 494 (December 20, 1989).

6. *J.P. Morgan & Co. Incorporated*, 76 *Federal Reserve Bulletin* 552 (1990) ("*Morgan*").

7. In making this determination in its *Morgan* order, the Board noted functional similarities between platinum dealing and the permissible activities of dealing in gold and silver bullion, the fact that the same types of participants are active in the gold, silver and platinum markets, and the substantial involvement of banking organizations in the U.K. platinum market. These factors remain unchanged in this case. Moreover, since the issuance by the Board of the *Morgan* order, the OCC has determined that national banks have the power to buy and sell platinum coins and bullion for their own account and the account of customers, thereby further establishing that platinum trading is of a banking or financial nature. OCC Interpretive Letter No. 553 (May 2, 1991).

procedures for platinum and palladium alike, and requires that any LPPM member that makes a market in platinum also make a market in palladium. According to Republic Bank, just as in the gold, silver and platinum markets, the predominant participants in the palladium market are central banks, institutional investors and industrial users. U.K. banks also play a major role in the palladium market, since six of the nine market-making members of the LPPM are banks. Finally, Republic Bank contends that its competitive position in foreign precious metals markets would be injured if Mase Westpac's palladium market-making activities were required to be discontinued, because the rules of the LPPM would then require Mase Westpac to cease making a market in platinum as well. Based on the foregoing and other facts of record, the Board has determined that the palladium dealing and related activities proposed by Republic Bank are financially-related and usual in connection with the transaction of banking or other financial operations in the United Kingdom.

In assessing whether the risks of platinum dealing were consistent with approval in the *Morgan* order, the Board noted the applicant's experience in managing the related risks posed by bullion dealing, as well as the applicant's proposed policies and procedures for assessing and controlling the risks of platinum dealing. As a major established dealer in bullion, platinum and palladium, Mase Westpac has substantial expertise and a record of success in managing the risks associated with the trading of platinum and palladium. Republic Bank, which also has expertise in trading bullion under existing risk limitation and control policies of its own, has stated that it plans to integrate Mase Westpac's operations into Republic Bank's existing risk management systems.

Republic Bank's investment in WUKL will be relatively minor in relation to Republic Bank's total capital. In view of the size of the investment, Republic Bank's and Mase Westpac's experience in precious metals trading and management of the associated risks, and Republic Bank's plans to integrate Mase Westpac into Republic Bank's existing risk management and monitoring systems, it does not appear that the conduct of platinum and palladium trading and the other activities proposed to be conducted would result in undue risk to Republic Bank.

Based on the foregoing and other facts of record, and the fact that the proposed acquisition would enhance Republic Bank's ability to compete in the precious metals markets outside the United States through expanded global precious metals trading capability and Mase Westpac's membership in the London Gold Fixing, the Board has determined that the proposed acquisition should be approved. The Board has further determined on the basis of the record that the conduct of the proposed activities is consistent with the supervisory purposes of the Federal Reserve Act. Accordingly, the application is approved. Approval of this application is specifically conditioned on compliance by Republic Bank with the commitments made in connection with this application. The commitments referred to above are conditions imposed in writing by the Board in connection with its decision, and may be enforced under applicable law against Republic Bank and its affiliates.

By order of the Board of Governors, effective December 22, 1993.

Voting for this action: Chairman Greenspan, Vice Chairman Mullins, and Governors Kelley, Lindsey, and Phillips. Absent and not voting: Governors Angell and Laware.

JENNIFER J. JOHNSON
Associate Secretary of the Board

ORDERS ISSUED UNDER INTERNATIONAL BANKING ACT

Banco de Chile
Santiago, Republic of Chile

Order Approving Establishment of an Agency

Banco de Chile ("Bank"), Santiago, Republic of Chile, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to establish a state-licensed agency in Miami, Florida. A foreign bank must obtain the approval of the Board to establish a branch, agency, commercial lending company, or representative office in the United States under the Foreign Bank Supervision Enhancement Act of 1991 ("FBSEA"), which amended the IBA.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in Miami, Florida (*The Miami Herald,* November 2, 1992). The time for filing comments has expired and no public comments were received.

Bank is the largest private bank in Chile with consolidated assets of $5.2 billion as of June 30, 1993. The shares of Bank are widely held and are listed and traded on the Santiago Stock Exchange. Bank is authorized to provide a full range of banking services and concentrates in corporate lending and trade finance.

Bank has six subsidiaries in Chile engaged in financial services, and has investments in four Chilean servicing companies engaged in ATM network and credit card administration and securities activities. Bank maintains a federal branch in New York and a representative office in Frankfurt, Germany.

Bank does not engage in nonbanking activities in the United States and will remain a qualifying foreign banking organization under Regulation K after establishing the proposed agency. 12 C.F.R. 211.23(b).

In order to approve an application by a foreign bank to establish an agency in the United States, the IBA and Regulation K require the Board to determine that the foreign bank engages directly in the business of banking outside of the United States and has furnished to the Board the information it needs to assess adequately the application. The Board also must determine that each of the foreign bank applicant and any foreign bank parent is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor. 12 U.S.C. § 3105(d)(2), 12 C.F.R. 211.24(c)(1). The IBA and Regulation K also permit the Board to take into account additional standards. 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2).

Bank engages directly in the business of banking outside of the United States through its banking operations in Chile. Bank also has provided the Board with the information necessary to assess the application through submissions that address the relevant issues.

Regulation K provides that a foreign bank will be considered to be subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that the foreign bank is supervised and regulated in such a manner that its home country supervisor receives sufficient information on the bank's worldwide operations, including its relationship to any affiliate, to assess the bank's overall financial condition and its compliance with law and regulation.[1] 12 C.F.R. 211.24(c)(1). In making its determination on this application, the Board considered the following information.

The Superintendency of Banks and Financial Institutions (the "Superintendency") is the primary supervisory authority for all banks in Chile and, as such, is the home country supervisor of Bank. The Superintendency authorizes the creation of new banks through issuance of licenses, and monitors the compliance of existing banks with applicable laws and regulations. In addition, approval of the Superintendency is required for Chilean banks to complete mergers and acquisitions, to engage in new activities and to establish operations outside of Chile. The Central Bank of Chile exercises a supplementary role in supervising Chilean banks through its control of reserve requirements, interest rates, and foreign exchange. The Central Bank consults with the Superintendency regarding the condition of Chilean banks and receives regulatory reports submitted by banks to the Superintendency.

The Superintendency obtains information on Bank's operations through on-site examinations and its review of audit and financial reports submitted by Bank. The Superintendency conducts targeted on-site examinations approximately once a year. These targeted examinations focus on specific areas of Bank's operations including accounting procedures, credit processes, compliance with lending limits, conformity with restrictions on insider transactions, internal controls, or policies and procedures for compliance with applicable laws and regulations. Bank's asset quality also is reviewed annually. In addition, the Superintendency conducts surprise on-site examinations as necessary. The Superintendency receives frequent and comprehensive reports on Bank's condition and operations on both an unconsolidated and consolidated basis. Bank is required annually to file financial statements audited by its external auditors.

In addition to the on-site reviews conducted by the Superintendency, Bank's external auditors conduct on-site reviews of Bank four times a year. Bank's external auditors review Bank's electronic data processing and computer systems, internal controls, financial statements, tax accounting, and policies and procedures.

With respect to Bank's internal methods of monitoring its worldwide operations, Bank relies on internal audits and reporting requirements. As noted above, the Superintendency reviews Bank's internal controls during its examinations and Bank provides reports to the Superintendency on the scope of its internal audits.

The Superintendency receives information and monitors the condition of Bank's affiliates through financial reporting requirements, coordination with other regulatory authorities, and the imposition of lending limits. Bank's financial leasing and financial consulting subsidiaries, as well as the servicing com-

1. In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisor:

(i) Ensures that the bank has adequate procedures for monitoring and controlling its activities worldwide;

(ii) Obtains information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise;

(iii) Obtains information on the dealings with and relationships between the bank and its affiliates, both foreign and domestic;

(iv) Receives from the bank financial reports that are consolidated on a worldwide basis, or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis;

(v) Evaluates prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis. These are indicia of comprehensive, consolidated supervision. No single factor is essential, and other elements may inform the Board's determination.

panies in which it holds shares, are supervised by the Superintendency. These companies provide periodic financial reports to the Superintendency. The Superintendency of Securities and Insurance (the "Superintendency of Securities") supervises Bank's subsidiaries in mutual fund administration and the securities brokerage business through annual examinations and the review of regular financial reports. These subsidiaries are also subject to general regulations imposed by the Superintendency. The Superintendencies of Banks and of Securities are sister agencies under the Chilean Ministry of Finance (the "Ministry"), and engage in both formal and informal arrangements to share supervisory information through the Ministry.

Chilean banking laws prohibit the extension of credit to affiliates on terms more favorable than those offered to third parties. Aggregate loans by Bank to affiliates may not exceed five percent of Bank's total paid-in capital and reserves. The Superintendency receives a number of reports concerning transactions and relationships between Bank and its affiliates.

Based on all of the facts of record, which include the information described above, the Board concludes that Bank is subject to comprehensive supervision and regulation on a consolidated basis by its home country supervisor.

In considering this application, the Board also has taken into account the additional standards set forth in section 7 of the IBA. 12 U.S.C. § 3105(d)(3)-(4). Bank has received the consent of its home country supervisor to establish the proposed agency. In addition, subject to certain conditions, the Superintendency has agreed to cooperate in providing the Board with information on Bank's operations.

Chile has not adopted the risk-based capital standards of the Basle Accord. Under Chilean law, Bank's total liabilities may not exceed a specified multiple of capital and reserves. Bank is in compliance with this requirement. Bank has also provided capital information in a risk-based format and Bank's capital is in excess of the minimum levels that would be required by the Basle Accord and is considered equivalent to capital that would be required of a U.S. banking organization.

Managerial and other financial resources of Bank are also considered consistent with approval.[2] Bank, which has a branch and representative office outside Chile, appears to have the experience and capacity to support the additional office in the United States. In addition, Bank has established controls and procedures for its U.S. offices to ensure compliance with U.S. law. Under the IBA, the proposed state-licensed agency may not engage in any type of activity that is not permissible for a federally licensed branch without the Board's approval.

Finally, Bank has committed that it will make available to the Board such information on the operations of Bank and any affiliate of Bank that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable federal law, to the extent not prohibited by law or regulation. The Board has reviewed relevant provisions of Chilean law and has communicated with the appropriate government authorities concerning access to information. The Board notes that Bank may not provide certain information without the consent of third parties. In this regard, Bank has committed to cooperate with the Board to obtain approvals or consents that may be required for the Board to gain access to information that the Board may request. In light of these commitments and other facts of record, and subject to the condition described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information the Board may request.

On the basis of all of the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish an agency should be, and hereby is, approved. Should any restrictions on access to information regarding the operations or activities of Bank and any of its affiliates subsequently interfere with the Board's ability to determine the safety and soundness of Bank's U.S. operations or the compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of Bank's direct or indirect activities in the United States. Approval of this application is also specifically conditioned on compliance by Bank with the commitments made in connection with this application, and with the conditions contained in this order.[3] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision, and may be enforced in proceedings under 12 U.S.C. § 1818 or 12 U.S.C. § 1847 against Bank, its offices and its affiliates.

2. As a result of government intervention to deal with a financial crisis in Chile in the 1980s, Bank is required to make payments to the Central Bank under a subordinated commitment. Despite this requirement, Bank has maintained risk-based capital ratios consistent with the Basle capital standards.

3. The Board's authority to approve the establishment of the proposed agency parallels the continuing authority of the State of Florida Department of Banking and Finance to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the State of Florida, and its agent, the Department of Banking and Finance, to license the proposed agency of Bank in accordance with any terms or conditions that the Department of Banking and Finance may impose.

By order of the Board of Governors, effective December 16, 1993.

Voting for this action: Vice Chairman Mullins and Governors Angell, Kelley, LaWare, Lindsey, and Phillips. Absent and not voting: Chairman Greenspan.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Dah Sing Bank, Ltd.
Hong Kong

Order Approving Establishment of a Branch

Dah Sing Bank, Ltd. ("Bank"), Hong Kong, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to establish a federally licensed branch in Alhambra, California. A foreign bank must obtain the approval of the Board to establish a branch, agency, commercial lending company, or representative office in the United States under the Foreign Bank Supervision Enhancement Act of 1991 ("FBSEA"), which amended the IBA.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation (*Star-News*, Pasadena, California, September 20, 1991). The time for filing comments has expired and the Board has considered the application and all comments received.

Bank, with assets of $2.3 billion as of June 30, 1993, is the 18th largest bank in Hong Kong.[1] Bank operates 34 branch offices in Hong Kong and controls eight direct domestic subsidiaries engaged in banking, investment, real estate and insurance activities. Bank also has one branch in the United States.

The proposed branch would engage in trade finance, commercial mortgages, and provide letters of credit, including advising and remittance, services for Bank's Hong Kong operations. The proposed branch intends to take wholesale deposits from both Hong Kong and local customers, but would not take retail deposits.[2] Bank, which currently operates a branch in San Francisco, California, does not engage in nonbanking activities in the United States and would continue to be a qualifying foreign banking organization within the meaning of Regulation K after establishing the proposed branch (12 C.F.R. 211.23(b)).[3]

Bank has received approvals to establish the proposed branch from the Hong Kong Monetary Authority ("Monetary Authority") and the Office of the Comptroller of the Currency ("OCC").

In order to approve an application by a foreign bank to establish a branch in the United States, the IBA and Regulation K require the Board to determine that the foreign bank applicant engages directly in the business of banking outside the United States, and has furnished to the Board the information it needs to assess adequately the application. The Board must also determine that the foreign bank applicant is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisors (12 U.S.C. § 3105(d)(2); 12 C.F.R. 211.24(c)(1)). The Board may also take into account additional standards as set forth in the IBA (12 U.S.C. § 3105(d)(3)-(4)) and Regulation K (12 C.F.R. 211.24(c)).

Bank engages directly in the business of banking outside of the United States through its banking operations in Hong Kong. Bank also has provided the Board with the information necessary to assess the application through submissions that address the relevant issues.

Regulation K provides that a foreign bank will be considered to be subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that the bank is supervised and regulated in such a manner that its home country supervisor receives sufficient information on the foreign bank's worldwide operations, including the relationship of the foreign bank to any affiliate, to assess the overall financial condition of the foreign bank and its compliance with law and regulation (12 C.F.R. 211.24(c)(1)).[4]

1. Data are as of December 31, 1992, unless otherwise noted.

2. In accepting deposits the proposed branch would not acquire or accept domestic retail deposits that require deposit insurance (12 U.S.C. § 3104(c)). Bank also proposes to enter into an agreement with the Federal Reserve to limit its deposit-taking to that permissible for a corporation organized under section 25A of the Federal Reserve Act (an Edge corporation). 12 U.S.C. § 611 *et seq.*

3. Bank is a wholly owned subsidiary of Dah Sing Financial Holdings Limited, Hong Kong ("DSFH"), a company that is traded on the Hong Kong stock exchange. Dah Sing Investment Limited, Bermuda ("DSI-Bermuda"), directly owns a 7.4 percent interest in DSFH and indirectly controls an additional 24.4 percent through a subsidiary, Dah Sing Investments Limited, Hong Kong. DSI-Bermuda and DSFH have no U.S. operations other than through Bank. DSI-Bermuda is owned by David S. Y. Wong, who is chairman of both DSFH and Bank. Other large shareholders of DSFH include Mitsui Trust & Banking Company, Ltd., Japan, and Sumitomo Life Insurance Company, Japan, which own 17 percent and 8.5 percent, respectively, of DSFH's shares.

4. In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisors:

(i) Ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide;

(ii) Obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise;

(iii) Obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic;

(iv) Receive from the bank financial reports that are consolidated on a worldwide basis, or comparable information that permits

In making its determination under this standard, the Board has considered the following information.

The Monetary Authority is Bank's primary supervisor. The Monetary Authority is authorized by law to regulate the domestic and foreign activities of Hong Kong licensed banks. The duties of the Monetary Authority include licensing banks, enforcing the provisions of Hong Kong's banking laws, and conducting examinations of banks and their overseas branches and representative offices. In executing its responsibilities, the Monetary Authority normally conducts annual examinations of Bank, which alternate between off-site and on-site examinations.

The on-site examination includes evaluation of operations, performance, and financial condition. In assessing Bank's condition, examiners evaluate such factors as credit quality, concentrations of credit, adequacy of lending policies and credit administration procedures, capital adequacy, earnings performance, liquidity, adequacy of loan loss provisions, internal controls, management, and compliance with laws and regulations.

Periodic discussions are held with Bank's senior management to discuss current performance, immediate prospects, and issues related to the overall financial market. Further, following the completion of Bank's annual audit, the Monetary Authority holds detailed discussions with the bank's external auditor and bank management on prudential matters, including the results of the audit, adequacy of loan provisions, and compliance with the provisions of Hong Kong banking law.

In addition to direct oversight through the examination process, the Monetary Authority receives frequent and comprehensive financial reports from Bank on a worldwide consolidated basis. The Monetary Authority is empowered to request an external auditor to report on the accuracy of reports submitted and the adequacy of the internal control systems for producing the reports.

A number of enforcement powers are available to the Monetary Authority to use in its supervision of Hong Kong banks. The Monetary Authority may require a bank to take corrective action to correct any financial, operational or managerial deficiencies, appoint an outside advisor to the bank to effect necessary changes, or in the extreme, assume control of the bank. Hong Kong law also provides for the imposition of criminal penalties on bank directors and managers resulting from a conviction of failure to comply accurately with reporting requirements.

The establishment of a foreign branch or representative office requires the prior approval of the Monetary Authority. The Monetary Authority evaluates the adequacy and effectiveness of branch management, the internal control systems of the branch, and procedures at the head office for monitoring and controlling the branch. Every approved foreign branch is required to make periodic reports to the Monetary Authority on the functions and activities of the branch and to allow examiners access to the branch's books and records.

With respect to monitoring of dealings and relationships with affiliates, the Monetary Authority is empowered to obtain any information on an associated or affiliated company of a Hong Kong banking institution. Hong Kong banking law limits Bank's transactions with subsidiaries and affiliates. Bank is required to report affiliate-related transactions to the Monetary Authority quarterly.

The Monetary Authority generally evaluates the financial position and performance of a a bank and its financial subsidiaries on a consolidated basis. This evaluation includes a review of capital adequacy, large exposures, and concentration risks. In addition, where a bank or banking group is part of a larger group which may include non-bank parent or affiliated companies, the Monetary Authority may seek wider voluntary consolidated reporting, or seek sufficient information to ensure that it understands the relationship between the bank and the rest of the group.

Based on all the facts of record, which include the information described above, the Board concludes that Bank is subject to comprehensive supervision and regulation on a consolidated basis by its home country supervisor.

The Board has also taken into account the additional standards set forth in section 7 of the IBA and Regulation K. (*See* 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)). As noted above, Bank has received the consent of the Monetary Authority to establish the proposed branch. In addition, subject to certain conditions, the Monetary Authority may share information on Bank's operations with other supervisors, including the Board.

Bank must comply with Hong Kong capital standards. Hong Kong has voluntarily subscribed to the Basle Capital Accord ("Accord"). Bank's capital exceeds the minimum standards of the Accord and is equivalent to capital that would be required of a U.S. banking organization conducting similar banking activities. Managerial and other financial resources of Bank are also considered consistent with approval, and

analysis of the bank's financial condition on a worldwide consolidated basis;
(v) Evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis.

These are indicia of comprehensive, consolidated supervision. No single factor is essential and other elements may inform the Board's determination.

Bank appears to have the experience and capacity to support the proposed branch. Bank has established controls and procedures for its U.S. offices to ensure compliance with U.S. law.

Bank and its parents have committed to make available to the Board such information on the operations of Bank and any affiliate of Bank that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable Federal law, to the extent not prohibited by law or regulation. The Board has reviewed the restrictions on disclosure in relevant jurisdictions in which Bank operates and has communicated with the Monetary Authority concerning access to information. The Board notes that Bank, and certain of its affiliates, may not provide information without the consent of third parties. Bank has committed to cooperate with the Board to obtain any approvals or consents that may be needed to gain access to information that may be requested by the Board. In light of these commitments and other facts of record, and subject to the condition described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish a branch should be, and hereby is, approved. If any restrictions on access to information on the operations or activities of Bank and any of its affiliates subsequently interfere with the Board's ability to determine the safety and soundness of Bank's U.S. operations or compliance by Bank or its affiliates with applicable Federal statutes, the Board may require termination of any of Bank's direct or indirect activities in the United States or, in the case of any such operation licensed by the OCC, recommend termination of such operation. Approval of this application is also specifically conditioned on compliance by Bank and its parent companies with the commitments made in connection with this application, and with the conditions contained in this order.[5] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision, and may be enforced in proceedings under 12 U.S.C. § 1818 or 12 U.S.C. § 1847 against Bank, including its offices and its affiliates.

By order of the Board of Governors, effective December 16, 1993.

Voting for this action: Vice Chairman Mullins and Governors Angell, Kelley, LaWare, Lindsey, and Phillips. Absent and not voting: Chairman Greenspan.

JENNIFER J. JOHNSON
Associate Secretary of the Board

5. The Board's authority to approve the establishment of the proposed branch office parallels the continuing authority of the OCC to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the OCC to license the proposed branch office of Bank in accordance with any terms or conditions that the OCC may impose.

KorAm Bank
Seoul, Korea

Order Approving Establishment of a Branch

KorAm Bank ("Bank"), Seoul, Korea, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to establish a federally licensed branch in Los Angeles, California. A foreign bank must obtain the approval of the Board to establish a branch, agency, commercial lending company, or representative office in the United States under the Foreign Bank Supervision Enhancement Act of 1991 ("FBSEA"), which amended the IBA.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation (*Los Angeles Times*, October 13, 1992). The time for filing comments has expired and the Board has considered the application and all comments received.

Bank, with assets of $7.5 billion,[1] is the eighth largest bank in Korea. Bank operates 53 branch offices and has two affiliates in Korea.[2]

The proposed branch would limit its activities to those that are incidental to international or foreign business, including: deposit-taking from foreign governments and foreign persons, and internationally related credit activities, payments and collections, foreign exchange, and investment advisory activities. Bank does not engage in nonbanking activities in the United States and would be a qualifying foreign banking organization within the meaning of Regulation K

1. Financial data are as of June 30, 1993, unless otherwise noted.

2. As of December 31, 1992, Bank of America NT & SA ("BofA") directly owned approximately 31 percent of Bank's shares. As of the same date, a group of 11 Korean corporate shareholders held an aggregate of 25 percent of Bank's stock, with the remaining 44 percent held by the public and the employee shareholder association. In light of BofA's ownership interest in Bank, Bank will limit the activities conducted at the branch to those that are permissible for a corporation organized under section 25A of the Federal Reserve Act (an Edge corporation). 12 U.S.C. § 611 *et seq.*

after establishing the proposed branch (12 C.F.R. 211.23(b)).

Bank has received approvals to establish the proposed branch from the Korean Ministry of Finance ("Ministry") and the Office of Bank Supervision and Examination ("OBSE") of the Bank of Korea and has applied for approval to the Office of the Comptroller of the Currency ("OCC").

In order to approve an application by a foreign bank to establish a branch in the United States, the IBA and Regulation K require the Board to determine that the foreign bank applicant engages directly in the business of banking outside the United States, and has furnished the Board with the information it needs to assess adequately the application. The Board also must determine that the foreign bank applicant is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisors (12 U.S.C. § 3105(d)(2); 12 C.F.R. 211.24(c)(1)). The Board may also take into account additional standards as set forth in the IBA (12 U.S.C. 3105(d)(3)-(4)) and Regulation K (12 C.F.R. 211.24(c)).

Bank engages directly in the business of banking outside of the United States through its banking operations in Korea. Bank also has provided the Board with the information necessary to assess the application through submissions that address the relevant issues.

Regulation K provides that a foreign bank will be considered to be subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that the bank is supervised and regulated in such a manner that its home country supervisor receives sufficient information on the foreign bank's worldwide operations, including the relationship of the foreign bank to any affiliate, to assess the overall financial condition of the foreign bank and its compliance with law and regulation (12 C.F.R. 211.24(c)(1)).[3]

In making its determination under this standard, the Board has considered the following information.

Bank's primary supervisor is the OBSE, which monitors Bank's compliance with all banking laws and regulations and conducts examinations of Bank. In addition, the Ministry has legal authority over Bank's international operations, including the approval of the establishment of foreign banking offices, promulgation of regulations on those operations, reporting requirements, and examination of the international banking operations. The OBSE and Ministry coordinate their supervision of Bank; the Ministry has delegated its examination authority for the international activities of Bank to the OBSE.

The OBSE conducts special and regular on-site examinations of Bank's operations. Special examinations dealing with specific matters and/or specific branch offices, including foreign offices, are carried out when determined necessary by the OBSE. Regular, unannounced examinations of Bank's head office are conducted annually. These examinations normally focus on asset quality, internal controls, the accuracy of financial reports, and compliance with applicable banking laws. In addition, each year approximately 10 percent of Bank's branches are randomly selected to undergo an on-site examination. In connection with its examination, the OBSE has the power to require banking institutions to adjust the book value of their assets, establish reserves against unsound assets, or remove from the books any asset which, in its judgement, has no true value.

As previously indicated, examinations of Bank's international operations are conducted by the OBSE under the delegated authority of the Ministry. Foreign offices of Korean banking institutions undergo regular on-site examinations by the OBSE generally every two years. The focus of these examinations generally parallels that of domestic branch examinations, with an additional review of compliance with the banking laws and regulations of the foreign jurisdiction in which such offices are located. In the year when the OBSE examination is not conducted, Bank's audit department conducts an audit of Bank's foreign offices. The focus of the audit is determined in conjunction with Bank's field audit program, which is submitted to the Ministry annually.

The OBSE also reviews Bank's operations through the periodic receipt of consolidated financial reports. Bank is required to submit a balance sheet and a report outlining its operations on a monthly basis; These reports allow the OBSE to monitor Bank's capital, liquidity and long- and short-term lending operations. The OBSE may also require any other reports that it deems necessary.

With respect to the monitoring of relationships with

3. In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisors:

(i) Ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide;
(ii) Obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise;
(iii) Obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic;
(iv) Receive from the bank financial reports that are consolidated on a worldwide basis, or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis;
(v) Evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis.

These are indicia of comprehensive, consolidated supervision. No single factor is essential and other elements may inform the Board's determination.

affiliates, Bank must consolidate the financial statements of any subsidiaries in which it is the largest shareholder. Further, Bank must obtain approval from the OBSE to acquire 10 percent or more of a company's shares. The OBSE recognizes as an affiliate any company that is 10 percent or more owned. Additionally, the OBSE reviews all extensions of credit to affiliates.

A number of enforcement powers are available to the OBSE in its supervision of Korean commercial banks. The Bank of Korea may, upon recommendation of the OBSE, suspend bank officers who are involved in willful violations of banking laws and regulations, who decline to follow its orders and instructions, or who otherwise hinder sound banking operations, and may recommend their dismissal to the bank's shareholders. Similarly, the Bank of Korea may suspend a bank's operations or cancel its license if the bank is in violation of relevant banking laws and regulations, declines to follow its orders and instructions, or conducts unsound business.

The OBSE also may review information provided through Bank's internal systems. Bank monitors its own operations through internal audits that review financial performance as well as compliance with applicable banking laws and regulations. The proposed Los Angeles branch will be under the direct supervision and control of Bank's international department. The branch will file monthly, quarterly, semi-annual and annual reports with the international department and various other departments of the head office. As previously indicated, Bank's audit department intends to conduct regular on-site examinations of the proposed branch every other year, alternating with the examination of the OBSE. The proposed branch also will be audited once a year by an outside accounting firm. Further, the branch will retain local counsel to advise it on a continuing basis regarding regulatory requirements. A senior member of the official staff of the proposed branch will be designated as the compliance officer.

Based on all the facts of record, which include the information described above, the Board concludes that Bank is subject to comprehensive supervision and regulation on a consolidated basis by its home country supervisors.

The Board has also taken into account the additional standards set forth in section 7 of the IBA and Regulation K. (*See* 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)). As noted above, Bank has received the consent of the Ministry and the OBSE to establish the proposed federal branch. In addition, subject to certain conditions, the Ministry and the OBSE may share information on Bank's operations with other supervisors, including the Board.

Bank must comply with risk-based capital standards adopted by Korea. In addition, Bank's capital is in excess of the minimum levels that would be required by the Basle Capital Accord and is considered equivalent to capital that would be required of a U.S. banking organization.[4] Managerial and other financial resources of Bank are also considered consistent with approval, and Bank appears to have the experience and capacity to support the proposed branch. Bank has established controls and procedures for its U.S. offices to ensure compliance with U.S. law.

Bank has committed to make available to the Board such information on the operations of Bank and any affiliate of Bank that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable Federal law, to the extent not prohibited by law or regulation. The Board has reviewed the restrictions on disclosure in Korea and has communicated with certain government authorities concerning access to information. The Board notes that Bank, and certain of its affiliates may not provide information without the consent of third parties. In this regard, Bank has committed to cooperate with the Board to obtain any approvals or consents that may be needed to gain access to information that may be requested by the Board. In light of these commitments and other facts of record, and subject to the condition described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish a federal branch should be, and hereby is, approved. If any restrictions on access to information on the operations or activities of Bank and any of its affiliates subsequently interfere with the Board's ability to determine the safety and soundness of Bank's U.S. operations or compliance by Bank or its affiliates with applicable Federal statutes, the Board may require termination of any of Bank's direct or indirect activities in the United States or, in the case of any such operation licensed by the OCC, recommend termination of such operation. Approval of this application is also specifically conditioned on compliance by Bank with the commitments made in connection with this application, and with the

4. The Bank of Korea has required Korean banks to meet transitional risk-based capital standards until January 1, 1996, when Korean banks must be in conformance with the Basle minimum standards. For the period of January 1, 1994 to December 31, 1995, Korean banks must maintain a total risk-based capital ratio of at least 7.25 percent. As noted above, Bank's capital exceeds levels required by the Basle Capital Accord.

conditions contained in this order.[5] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision, and may be enforced in proceedings under 12 U.S.C. § 1818 or 12 U.S.C. § 1847 against Bank, including its offices and its affiliates.

By order of the Board of Governors, effective December 22, 1993.

Voting for this action: Chairman Greenspan, Vice Chairman Mullins and Governors Kelley, Lindsey, and Phillips. Absent and not voting: Governors Angell and LaWare.

JENNIFER J. JOHNSON
Associate Secretary of the Board

5. The Board's authority to approve the establishment of the proposed branch office parallels the continuing authority of the OCC to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the OCC to license the proposed branch office of Bank in accordance with any terms or conditions that the OCC may impose.

ACTIONS TAKEN UNDER THE FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT

By the Board

Montgomery County Bancshares, Inc.
Little Rock, Arkansas

Order Approving Application to Acquire a Branch of a Savings Bank

Montgomery County Bancshares, Inc., Little Rock, Arkansas ("Montgomery"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), proposes to purchase certain assets and assume certain liabilities of the Camden, Arkansas, branch office of First Financial Bank, F.S.B., El Dorado, Arkansas ("First Financial"), by merging the office with Montgomery's wholly owned, nonmember, state-chartered bank subsidiary, Union State Bank, Junction City, Arkansas ("Union Bank"). Montgomery has requested Board approval of this transaction pursuant to section 5(d)(3) of the Federal Deposit Insurance Act (12 U.S.C. § 1815(d)(3) ("FDI Act")), as amended by the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 U.S.C. § 1815(d)(3) ("FDI Act")). Section 5(d)(3) of the FDI Act requires the Board to review any proposed merger between a bank owned by a bank holding company and a savings association, or branch of a savings association, in which the resulting institution is insured by the Bank Insurance Fund, and in reviewing these proposals, to follow the procedures and consider the factors set forth in section 18(c) of the FDI Act (12 U.S.C. § 1828(c) ("the Bank Merger Act")).[1] The proposed transaction also is subject to review under the Bank Merger Act by the Federal Deposit Insurance Corporation ("FDIC"), the primary banking regulator for Union Bank.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). Reports on the competitive effects of the merger were requested from the United States Attorney General, the Office of the Comptroller of the Currency and the FDIC. The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in the Bank Merger Act and section 5(d) of the FDI Act.

Montgomery is the 29th largest commercial banking organization in Arkansas, controlling deposits of $142.1 million, representing less than 1 percent of the total deposits in commercial banking organizations in the state.[2] The Camden office of First Financial controls deposits of $9.2 million, representing less than 1 percent of the total deposits in thrift institutions in the state. Upon consummation of the proposed transaction, Montgomery would remain the 29th largest commercial banking organization in Arkansas, controlling deposits of $151.3 million, representing less than 1 percent of the total deposits in commercial banking organizations in the state.[3] Montgomery and First Financial do not compete directly in any relevant banking market. Based on all the facts of record, the Board concludes that consummation of this proposal would not result in any significantly adverse effects on competition or the concentration of banking resources in any relevant banking market.

The Board also concludes that the financial and managerial resources and future prospects of Montgomery and its subsidiary banks, the convenience and needs of the communities to be served, and the other factors that the Board must consider under the Bank

1. 12 U.S.C. § 1815(d)(3)(E). These factors include considerations relating to competition, financial and managerial resources, and future prospects of the existing and proposed institutions, and the convenience and needs of the communities to be served. 12 U.S.C. § 1828(c).

2. State deposit data are as of June 30, 1992, and reflect the bank holding company approvals and bank mergers through September 1993.

3. The deposits of the Camden office of First Financial would be transferred to a commercial bank under this proposal, and these deposits are included at 100 percent in the calculation of *pro forma* state deposit share. *See Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992); *First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669, 670 n.9 (1990).

Merger Act are consistent with approval.[4] Moreover, the record in this case reflects that:

(1) The transaction will not result in the transfer of any federally insured depository institution's federal deposit insurance from one federal deposit insurance fund to the other;

(2) Montgomery and Union Bank currently meet and upon consummation of the proposed transaction will continue to meet, all applicable capital standards; and

(3) The proposed transaction would comply with the interstate banking provisions of the Bank Holding Company Act (the "BHC Act") (12 U.S.C. § 1842(d)) if Union Bank were a state bank that Montgomery was applying to acquire directly. *See* 12 U.S.C. § 1815(d)(3).

4. The Board has received a comment from an individual ("Protestant") alleging improper banking practices in connection with two loans made by Montgomery's subsidiary banks to Protestant's former husband. Protestant believes that a principal of Montgomery, who also serves as a director of Union Bank, and another director of Union Bank facilitated a loan by Union Bank based on an improper appraisal and a loan by another Montgomery subsidiary bank based on Protestant's forged signature. The Board has carefully considered these comments in light of all the facts of record, including Union Bank's response to these allegations describing its appraisal and loan documentation procedures, and the assessment of management in relevant reports of examination by the banks' primary regulator, the FDIC. Based on this review, the Board does not believe that the Protestant's comments warrant denial of this application. The Board also has forwarded these comments to the FDIC for consideration.

Based on the foregoing and all the facts of record, the Board has determined that this application should be, and hereby is, approved. This approval is subject to Union Bank's obtaining the required approval of the FDIC for the proposed transaction under the Bank Merger Act. The Board's approval also is specifically conditioned upon compliance by Montgomery with all the commitments made in connection with this application. The commitments and conditions relied on by the Board in reaching this decision are both conditions imposed in writing by the Board in connection with its findings and decision, and as such may be enforced in proceedings under applicable law.

This transaction shall not be consummated before the thirtieth calendar day following the effective date of this order, or later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of St. Louis, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 1, 1993.

Voting for this action: Chairman Greenspan, Vice Chairman Mullins, and Governors Angell, Kelley, and LaWare. Absent and not voting: Governors Lindsey and Phillips.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Actions Taken Under the Federal Deposit Insurance Corporation Improvement Act of 1991

By the Secretary of the Board

Copies are available upon request to the Freedom of Information Office, Office of the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Bank Holding Company	Acquired Thrift	Acquiring Bank(s)	Approval Date
First Interstate Bancorp, Los Angeles, California	HomeFed Bank, F.A., San Diego, California	First Interstate Bank of California, Los Angeles, California	December 2, 1993
SunTrust Banks, Inc., Atlanta, Georgia	Andrew Jackson Savings Bank, Tallahassee, Florida	Sun Bank/ Tallahassee, N.A., Tallahassee, Florida	December 21, 1993

By the Director of the Division of Banking Supervision and Regulation and the General Counsel of the Board

Copies are available upon request to the Freedom of Information Office, Office of the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Bank Holding Company	Acquired Thrift	Acquiring Bank(s)	Approval Date
Banco Santander, S.A., Santander, Spain	Greenwich Federal Savings and Loan Association, Greenwich, Connecticut	Union Trust Company, Stamford, Connecticut	December 10, 1993
First Claiborne Holding Company, Inc., Tazewell, Tennessee	Jefferson Savings and Loan Association of Morristown, Morristown, Tennessee	First Claiborne Bank, Tazewell, Tennessee	December 13, 1993

Applications Approved Under Bank Holding Company Act

By the Secretary of the Board

Recent applications have been approved by the Secretary of the Board as listed below. Copies are available upon request to the Freedom of Information Office, Office of the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant(s)	Bank(s)	Effective Date
First Commercial Corporation, Little Rock, Arkansas	Clinton Bancshares, Inc., Clinton, Arkansas	December 13, 1993
Regional Investment Corporation, Tallahassee, Florida	Sun Bank/Tallahassee, N.A., Tallahassee, Florida	December 21, 1993

Section 4

Applicant(s)	Bank(s)	Effective Date
Barnett Banks, Inc., Jacksonville, Florida	Main America Capital, L.C., Atlanta, Georgia	December 2, 1993
Keystone Financial, Inc., Harrisburg, Pennsylvania	Elmwood Bancorp, Inc., Media, Pennsylvania	December 2, 1993
National City Corporation, Cleveland, Ohio	CTI Logistics, Inc., Rahway, New Jersey	December 23, 1993

Section 4—Continued

Applicant(s)	Bank(s)	Effective Date
SunTrust Banks, Inc., Atlanta, Georgia	to engage in providing investment and financial advice, arranging commercial real estate equity financing, and providing full-service brokerage services	December 15, 1993
SunTrust Banks, Inc., Atlanta, Georgia	Regional Investment Corporation, Tallahassee, Florida	December 21, 1993

Sections 3 and 4

Applicant(s)	Bank(s)	Effective Date
First Bank System, Inc., Minneapolis, Minnesota	American Bancshares of Mankato, Inc., Mankato, Minnesota Eagle Insurance Agency, Inc., Amboy, Minnesota	December 21, 1993

Applications Approved Under Bank Holding Company Act

By Federal Reserve Banks

Recent applications have been approved by the Federal Reserve Banks as listed below. Copies are available upon request to the Reserve Banks.

Section 3

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
American National Bancshares of Wichita, Inc., Wichita, Kansas	Harper Bancshares, Inc., Harper, Kansas	Kansas City	December 7, 1993
ANB Corporation, Muncie, Indiana	Winchester Bancorporation, Winchester, Indiana	Chicago	December 21, 1993

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Associated Banc-Corp, Inc., Green Bay, Wisconsin	Bay Lake Banc-Corp, Kewaunee, Wisconsin Community State Bank of Algoma, Algoma, Wisconsin First Manitowoc Bancorp, Inc., Manitowoc, Wisconsin First Oak Brook Bancshares, Inc., Oak Brook, Illinois	Chicago	December 6, 1993
Atlantic Community Bancorp, Inc., Rocky Mount, North Carolina	Unity Bank & Trust Company, Rocky Mount, North Carolina	Richmond	December 10, 1993
BB&T Financial Corporation, Wilson, North Carolina	Home Savings Bank of Albemarle, SSB, Albemarle, North Carolina	Richmond	December 1, 1993
B & P Bancorp, Incorporated, Shepherdsville, Kentucky	Pioneer Bancshares, Inc., Canmer, Kentucky	St. Louis	December 6, 1993
Century South Banks, Inc., Dahlonega, Georgia	The Martin Bank, Martin, Tennessee	Atlanta	December 15, 1993
Citizens Holding Company, Muskogee, Oklahoma	DIGISOURCE, INC., Fayetteville, Arkansas	Kansas City	December 8, 1993
City National Bancshares, Inc., Guymon, Oklahoma	The City National Bank, Buymon, Oklahoma	Kansas City	December 23, 1993
Coastal Bancshares, Inc., Pearland, Texas	Gulf Coast Bancshares, Inc., Alvin, Texas The First National Bank, Alvin, Texas	Dallas	December 29, 1993
Coastal Bancshares, Inc., Pearland, Texas	Pearland State Bank, Pearland, Texas	Dallas	December 29, 1993
Dakota Bancshares, Inc., Mendota Heights, Minnesota	Dakota County Bancshares, Inc., Mendota Heights, Minnesota	Minneapolis	December 28, 1993
DFC Acquisition Corporation, Two, Kansas City, Missouri	Preferred Shares of Dickinson Financial Corporation, Kansas City, Missouri	Kansas City	December 23, 1993
First Financial Corporation, Terre Haute, Indiana	First Marshall Bancshares, Inc., Marshall, Illinois	Chicago	December 6, 1993
First Lucedale Bancorp, Inc., Lucedale, Mississippi	First National Bank of Lucedale, Lucedale, Mississippi	Atlanta	December 22, 1993

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
First National Security Company, DeQueen, Arkansas	First National Bancshares of Hempstead County, Inc., Hope, Arkansas	St. Louis	November 26, 1993
Island Financial Corporation, Bird Island, Minnesota	State Bank of Bird Island, Bird Island, Minnesota	Minneapolis	November 30, 1993
Latah Bancorporation, Inc., Latah, Washington	Bank of Latah, Latah, Washington	San Francisco	November 22, 1993
Lea County Bancshares, Inc., Hobbs, New Mexico	Lea County State Bank, Hobbs, New Mexico	Dallas	December 10, 1993
Lee County Bancshares, Inc., Marianna, Arkansas	The First National Bank at Marianna, Marianna, Arkansas	St. Louis	December 3, 1993
Myers Bancshares, Inc., Alva, Oklahoma	The Central National Bank, Alva, Oklahoma	Kansas City	November 29, 1993
Neosho Bancshares ESOP, Neosho, Missouri Neosho Bancshares, Inc., Neosho, Missouri	DIGISOURCE, INC., Fayetteville, Arkansas	Kansas City	December 23, 1993
Northwest Wisconsin Bancorp, Inc., Chippewa Falls, Wisconsin	BCB Bancorp, Inc., Chippewa Falls, Wisconsin	Minneapolis	December 7, 1993
Norwest Corporation, Minneapolis, Minnesota	D.L. Bancshares, Inc., Detroit Lakes, Minnesota	Minneapolis	December 21, 1993
Peoples Financial Corp. of Illinois, Inc., Kewanee, Illinois	Bradford Bancorp, Inc., Bradford, Illinois	Chicago	November 24, 1993
Peotone Bancorp, Inc., Peotone, Illinois	Southwest Bancorp, Inc., Worth, Illinois	Chicago	December 10, 1993
Powhatan Point Community Bancshares, Inc., Powhatan Point, Ohio	The First National Bank of Powhatan Point, Powhatan Point, Ohio	Cleveland	December 20, 1993
Security Corporation, Duncan, Oklahoma	Firstbank Holding Company, Marietta, Oklahoma	Kansas City	November 29, 1993
Southern Utah BanCorporation, Cedar City, Utah	State Bank of Southern Utah, Cedar City, Utah	San Francisco	December 16, 1993
Southland Bank Corporation, Butler, Georgia	United Bank of Crawford, Roberta, Georgia	Atlanta	December 1, 1993
Southwestern Bancorp, Inc., Sanderson, Texas	Cross Plains Bankshares, Inc., Cross Plains, Texas Citizens State Bank, Cross Plains, Texas	Dallas	December 10, 1993

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Sterling Bancorporation, Inc., Wilmington, Delaware	Guardian Bank of Houston, Houston, Texas	Dallas	December 1, 1993
Sterling Bancshares, Inc., Houston, Texas	Guardian Bancshares, Inc., Houston, Texas Guardian Bank of Houston, Houston, Texas	Dallas	December 1, 1993
Sterling Bancshares, Inc., Houston, Texas Sterling Bancorporation, Inc., Wilmington, Delaware	Enterprise Bank-Houston, Houston, Texas	Dallas	December 1, 1993
Stockton Bancshares, Inc., Stockton, Kansas	Western Bancshares, Inc., Stockton, Kansas Berkley Agency, Inc., Stockton, Kansas	Kansas City	November 29, 1993
St. Paul Bancshares, Inc., Phalen Park, Minnesota	Dakota Bancshares, Inc., Mendota Heights, Minnesota	Minneapolis	December 28, 1993
Sun Financial Corporation, Earth City, Missouri	Farmers State Bank of Risco, Risco, Missouri	St. Louis	December 21, 1993
Union Planters Corporation, Memphis, Tennessee	First National Bancorp of Shelbyville, Inc., Shelbyville, Tennessee	St. Louis	December 20, 1993
Wesbanco, Inc., Wheeling, West Virginia	First Fidelity Bancorp, Inc., Fairmont, West Virginia	Cleveland	December 7, 1993

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Banco Santander, S.A., Santander, Spain	Greenwich Financial Corporation, Greenwich, Connecticut	New York	December 10, 1993
The Bank of New York Company, Inc., New York, New York	New York Equity Fund 1993 Limited Partnership, New York, New York	New York	December 15, 1993
City Holding Company, Charleston, West Virginia	City Mortgage Corporation, McKee's Rock, Pennsylvania	Richmond	December 29, 1993

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Compass Bancshares, Inc., Birmingham, Alabama	First Performance Interim, F.S.B., Jacksonville, Florida	Atlanta	December 2, 1993
First Fidelity Bancorporation, Lawrenceville, New Jersey	Greenwich Financial Corporation, Greenwich, Connecticut	Philadelphia	December 10, 1993
First Financial Bancorp, Hamilton, Ohio	Highland Federal Savings Bank, Mariemont, Ohio	Cleveland	December 22, 1993
First Midwest Bancorp, Inc., Naperville, Illinois	First Midwest Mortgage, Inc., Joliet, Illinois	Chicago	December 17, 1993
Hawkeye Bancorporation, Des Moines, Iowa	Centre Pointe Leasing Co., Inc., West Des Moines, Iowa	Chicago	December 21, 1993
Keeco, Inc., Chicago, Illinois Northland Insurance Agency, Inc., Chicago, Illinois Northern Illinois Financial Corporation, Wauconda, Illinois	American National Bank and Trust Company of Waukegan, Waukegan, Illinois American Suburban Mortgage Corporation, Waukegan, Illinois	Chicago	November 23, 1993
Norwest Corporation, Minneapolis, Minnesota	Prosperity Mortgage Company, Fairfax, Virginia	Minneapolis	November 18, 1993
Prairieland Bancorp, Inc., Bushnell, Illinois	Alfred E. Hempen Accounting, Hamilton, Illinois	Chicago	December 1, 1993
Security Richland Bancorporation, Miles City, Montana	to engage *de novo* in providing investment or financial advice	Minneapolis	December 29, 1993

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Omega Financial Corporation, State College, Pennsylvania	Penn Central Bancorp, Huntingdon, Pennsylvania Penn Central Bancorp Life Insurance Company, Phoenix, Arizona	Philadelphia	December 24, 1993

APPLICATIONS APPROVED UNDER BANK MERGER ACT

By Federal Reserve Banks

Recent applications have been approved by the Federal Reserve Banks as listed below. Copies are available upon request to the Reserve Banks.

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Compass Bank, Birmingham, Alabama	Compass Bank of Calhoun County, N.A., Anniston, Alabama	Atlanta	November 29, 1993
First United Bank, Boca Raton, Florida	New River Bank, Oakland Park, Florida	Atlanta	November 30, 1993
Meridian Bank, Reading, Pennsylvania	The Grange National Bank of Susquehanna County, New Milford, Pennsylvania	Philadelphia	December 24, 1993

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

This list of pending cases does not include suits against the Federal Reserve Banks in which the Board of Governors is not named a party.

Board of Governors v. Oppegard, No. 93–3706 (8th Cir., filed November 1, 1993). Appeal of district court order ordering appellant Oppegard to comply with prior order requiring compliance with Board removal, prohibition, and civil money penalty order.

Scott v. Board of Governors, No. 930905843CV (Dist. Ct., Salt Lake County, Utah, filed October 8, 1993). Action against Board and others for damages and injunctive relief for alleged constitutional and statutory violations caused by issuance of Federal Reserve notes.

Richardson v. Board of Governors, et al., No. 93-C 836A (D. Utah, filed August 30, 1993). Action against Board and others for damages and injunctive relief for alleged constitutional and statutory violations caused by issuance of Federal Reserve notes. On September 20, 1993, the Board filed a motion to dismiss.

First National Bank of Bellaire v. Board of Governors, No. H-93–1708 (S.D. Texas, filed June 8, 1993). Action to enjoin possible enforcement actions by Board of Governors and other bank regulatory agencies. On September 23, 1993, the agencies filed a motion to dismiss.

Kubany v. Board of Governors, et al., No. 93–1428 (D. D.C., filed July 9, 1993). Action challenging Board determination under the Freedom of Information Act. The Board's motion to dismiss was filed on October 15, 1993.

Bennett v. Greenspan, No. 93–1813 (D. D.C., filed April 20, 1993). Employment discrimination action.

Amann v. Prudential Home Mortgage Co., et al., No. 93–10320 WD (D. Massachusetts, filed February 12, 1993). Action for fraud and breach of contract arising out of a home mortgage. On April 17, 1993, the Board filed a motion to dismiss.

Adams v. Greenspan, No. 93–0167 (D. D.C., filed January 27, 1993). Action by former employee under the Civil Rights Act of 1964 and the Rehabilitation Act of 1973 concerning termination of employment.

Sisti v. Board of Governors, No. 93–0033 (D. D.C., filed January 6, 1993). Challenge to Board staff interpretation with respect to margin accounts. The Board's motion to dismiss was granted on May 13, 1993. On June 3, 1993, the petitioner filed a notice of appeal. On October 14, 1993, the Court of Appeals granted the Board's motion for summary affirmance.

U.S. Check v. Board of Governors, No. 92–2892 (D. D.C., filed December 30, 1992). Challenge to partial denial of request for information under the Freedom of Information Act. Dismissed by stipulation on November 9, 1993.

CBC, Inc. v. Board of Governors, No. 92–9572 (10th Cir., filed December 2, 1992). Petition for review of civil money penalty assessment against a bank holding company and three of its officers and directors for failure to comply with reporting requirements. Petition for review denied November 30, 1993.

DLG Financial Corporation v. Board of Governors, No. 392 Civ. 2086-G (N.D. Texas, filed October 9, 1992). Action to enjoin the Board and the Federal Reserve Bank of Dallas from taking certain enforcement actions, and seeking money damages on a variety of tort and contract theories. On October 9, 1992, the court denied plaintiffs' motion for a temporary restraining order. On March 30, 1993, the court granted the Board's motion to dismiss as to it, and also dismissed certain claims against the Reserve Bank. On April 29, the plaintiffs filed an amended complaint. The Board's motion to dismiss the amended complaint was filed on May 17.

Zemel v. Board of Governors, No. 92–1056 (D. D.C., filed May 4, 1992). Age Discrimination in Employment Act case. The parties' cross-motions for summary judgment are pending.

Board of Governors v. Ghaith R. Pharaon, No. 91-CIV-6250 (S.D. New York, filed September 17, 1991). Action to freeze assets of individual pending administrative adjudication of civil money penalty assessment by the Board. On September 17, 1991, the court issued an order temporarily restraining the transfer or disposition of the individual's assets.

FINAL ENFORCEMENT DECISION ISSUED BY THE BOARD OF GOVERNORS

In the Matters of

Ghaith R. Pharaon,
and Kahlid Bin Mahfouz

Institution-Affiliated Parties of

BCCI Holdings (Luxembourg) S.A.,
Luxembourg, and the Bank of Credit
and Commerce International S.A.,
(Luxembourg)

Docket Nos. 91–037-E-I1, 91–037-CMP-I1,
91–043-E-I8, 92–074-CMP-I1

Order Denying Motions for Consolidation and Stay and Setting Briefing Schedule

This is a procedural order addressing a number of motions filed in two enforcement proceedings brought by the Board of Governors of the Federal Reserve System (the "Board") against individuals allegedly affiliated with the Bank of Credit and Commerce International ("BCCI") and its affiliates. All of the parties — Ghaith R. Pharaon, Khalid bin Mahfouz, and Board Enforcement Counsel — agree that the two proceedings raise common legal issues relating to the doctrine of disentitlement.[1] The parties disagree, however, as to the most efficient means of addressing those issues.

The cases are pending in different procedural stages of the administrative adjudication process. The Board's case against Ghaith R. Pharaon, in which the Board seeks an order of prohibition and a civil money penalty of $37 million, has already been the subject of a decision by the presiding Administrative Law Judge in this proceeding, Walter J. Alprin (the "ALJ"), in which he granted Board Enforcement Counsel's motion for summary disposition against Pharaon based on the doctrine of disentitlement. Following the ALJ's referral of the record in that case to the Board for final decision, Pharaon and Board Enforcement Counsel filed exceptions to the ALJ's recommended decision and Pharaon filed a motion to remand the record to the ALJ for consideration of supplemental authority, which the Board denied. Meanwhile, the *Mahfouz* case, in which the Board seeks a civil money penalty of $170 million, is not yet before the Board and is currently the subject of Board Enforcement Counsel's motion for summary disposition, which is pending before the ALJ. The motions now before the Board address the manner and sequence in which the Board should consider the disentitlement issue common to the two cases.

Procedural Posture

Pharaon

On July 12, 1991 and July 29, 1991, the Board issued Notices of Intent to Prohibit against Pharaon, relating to Pharaon's alleged violations of law and regulation in connection with a number of financial institutions. On September 13, 1991, the Board issued an amended Notice of Intent to Prohibit and issued a Notice of Assessment of Civil Money Penalty against Pharaon, imposing a $37 million civil money penalty. Pharaon filed answers to the charges and requested a hearing as to the civil money penalty assessment.

On July 20, 1993, the ALJ granted Board Enforcement Counsel's motion for summary disposition

1. Briefly stated, the doctrine of disentitlement states that a fugitive from justice may not simultaneously flout legal procedures and seek the benefit of such procedures.

against Pharaon based on the doctrine of disentitlement and recommended that the Board's Final Decision impose civil money penalties in the amount originally assessed and issue an order of prohibition against Pharaon. The record was thereupon referred to the Board for the filing of any exceptions to the recommended decision by the parties and for the Board's final decision. Upon a joint motion by the parties, the deadline for the filing of exceptions was extended until September 20, 1993.

On August 20, 1993, Respondent Pharaon filed a motion to remand the case to the ALJ to supplement the record on the issue of disentitlement. The Board denied that motion, ruling that the significance of the cases raised by Pharaon could be addressed in the context of briefing the exceptions to the recommended decision. On September 24, 1993, Pharaon and Board Enforcement Counsel filed exceptions to the Recommended Decision, and Pharaon filed the motion for consolidation discussed below.

Mahfouz

On July 2, 1992, the Board issued a Notice of Assessment of Civil Money Penalties against Mahfouz, imposing civil money penalties in the amount of $170 million against Mahfouz on the basis of alleged violations of law and regulation in connection with BCCI-affiliated institutions. Mahfouz answered the charges and requested a hearing.

In the proceedings before the ALJ, Board Enforcement Counsel has filed a motion for summary disposition against Mahfouz on the basis of the doctrine of disentitlement. On September 23, 1993, Mahfouz filed with the ALJ an opposition to the motion for summary disposition, and filed with the Board the motion for consolidation discussed below.

Pending Motions

Pharaon's motion to consolidate the two cases for purposes of resolving the disentitlement issue argues simply that the common issue of disentitlement warrants consolidation;[2] Pharaon does not suggest a procedure for bringing about the requested consolidation. Mahfouz's corresponding motion supporting consolidation of the two cases, argues that the Board should not resolve the disentitlement issue without considering its application in the factually and legally distinct context presented by *Mahfouz*. In particular, Mahfouz argues that he presents arguments not made by Pharaon that should not be lost to Board consideration. Mahfouz suggests that, in order to make consolidation possible, the Board should stay the *Pharaon* proceeding, which would provide time for the ALJ to resolve the *Mahfouz* motion for summary disposition, and thus for *Mahfouz* to catch up with *Pharaon* in the procedural process. Notwithstanding his request for consolidation, Mahfouz seeks to file a separate brief and to participate independently in oral argument, if oral argument is granted, before the Board.

On October 5, 1993, Board Enforcement Counsel filed an opposition to the motion to stay the *Pharaon* proceeding and the motions to consolidate, and instead moved that *Mahfouz* be stayed pending the Board's disposition of *Pharaon*. Board Enforcement Counsel agrees that the Board's authority to apply the disentitlement doctrine is an issue common to both cases, but argues that the efficiencies of consolidated Board consideration of disentitlement would be outweighed by the factual and legal distinctions between the two cases, and by the potential delay in the resolution of *Pharaon* entailed by the time necessary for the ALJ to resolve the motion for summary disposition in *Mahfouz*. Board Enforcement Counsel therefore argues that a Board stay of the ALJ's consideration of *Mahfouz* would enable the Board, through the resolution of *Pharaon*, to provide the ALJ with guidance for his resolution of the summary disposition motion in *Mahfouz*. Board Enforcement Counsel suggests that, even without consolidation, the Board would have access to Mahfouz's arguments on disentitlement by consulting Mahfouz's opposition to the motion for summary disposition before the ALJ; Board Enforcement Counsel does not indicate, however, what status Mahfouz's arguments should have in the Board's consideration when the case is not yet before the Board.

Also on October 5, 1993, Board Enforcement Counsel filed a motion for leave to respond to Pharaon's exceptions, arguing that Pharaon's exceptions had raised a number of legal issues not specifically addressed in previous briefing. In light of the additional period permitted Pharaon to file exceptions, Board Enforcement Counsel requested that it be permitted until November 30, 1993 to file its response.

On October 19, 1993, Pharaon filed a response, stating that he had no objection to Board Enforcement Counsel's request for an extension of time, so long as such extension was limited to 60 days from the filing of Pharaon's exceptions, and so long as Pharaon was also allowed 60 days to reply to Board Enforcement Counsel's response. Pharaon suggests that this extended

2. The Uniform Rules of Practice and Procedure that control these proceedings provide that the ALJ or the Board "may consolidate, for some or all purposes, any two or more proceedings, if each such proceeding involves . . . at least one common question of law or fact, injustice." 12 C.F.R. 263.22(a)(1); 263.4.

timetable supports his argument that consolidation of the two proceedings would be practicable and efficient.

On October 29, 1993, Board Enforcement Counsel filed a reply to Pharaon's response arguing that Pharaon is not inherently entitled under the procedural rules to file a response to Board Enforcement Counsel's response, for which Board Enforcement Counsel sought leave from the Board. Additionally, Board Enforcement Counsel argues that Pharaon should not be allowed 60 days to respond even if such leave were granted.

Discussion

The Board believes that the administrative process would best be served by the Board's consideration of the issue of disentitlement after full briefing in both proceedings.[3] Board Enforcement Counsel's countervailing concern about potential delay in resolving *Pharaon* is unsupported by any statement that such delay would have any extraordinary consequences that would outweigh the advantages of full briefing. Nor is it clear in the present circumstances that administrative economies strongly support a stay of either *Pharaon* or *Mahfouz*.

Accordingly, the Board believes that the advantage of full briefing as to both *Pharaon* and *Mahfouz* before the Board addresses the issue of disentitlement outweighs any other administrative consideration that is apparent at this time. While this goal would best be served by a concurrent consideration of the two cases by the Board, the cases need not be formally consolidated, especially in light of their factual, legal and procedural disparities. Instead, the administrative process should continue in each proceeding, through the completion of briefing in *Pharaon* and resolution of the pending motion for summary disposition in *Mahfouz*. The Board may then take appropriate action to consider the cases concurrently, which may include the exercise of the Board's discretion to defer consideration of the *Pharaon* recommended decision, upon the completion of briefing, pending the resolution of the *Mahfouz* motion for summary disposition.

Accordingly, the Board denies the motions for consolidation and also denies the motion for a stay of either case at this time. Rather, briefing should be completed as to both cases, and the ALJ should complete his consideration of the motion for summary disposition in *Mahfouz*.

The Board grants Board Enforcement Counsel's motion for leave to file a response to Pharaon's exceptions, and, in view of the procedural uncertainty created by the various cross-motions, extends the time for filing such response to January 31, 1994. The Board will treat Pharaon's October 19th filing as a motion for leave to file a reply and will permit Pharaon to file such a reply within 30 days of the filing of Board Enforcement Counsel's response.

So ordered, this sixth day of December, 1993.

Board of Governors of the
Federal Reserve System

WILLIAM W. WILES
Secretary of the Board

3. The Board believes that procedural confusion would be avoided by consideration of Mahfouz's arguments when the *Mahfouz* proceeding is properly before the Board, rather than by consulting a copy of Mahfouz's arguments to the ALJ, as suggested by Board Enforcement Counsel.

FINAL ENFORCEMENT ORDERS ISSUED BY THE BOARD OF GOVERNORS

Berrien E. Moore
Beverly Hills, California

The Federal Reserve Board announced on December 20, 1993, the issuance of a Consent Order Dismissing a Notice of Assessment of a Civil Money Penalty against Berrien E. Moore, a former director of First Pacific Bancorp, Inc., Beverly Hills, California.

Financial and Business Statistics

CONTENTS

Guide to Tabular Presentation

SYMBOLS AND ABBREVIATIONS

c	Corrected
e	Estimated
n.a.	Not available
n.e.c.	Not elsewhere classified
p	Preliminary
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)
0	Calculated to be zero
. . .	Cell not applicable
ATS	Automatic transfer service
BIF	Bank insurance fund
CD	Certificate of deposit
CMO	Collateralized mortgage obligation
FFB	Federal Financing Bank
FHA	Federal Housing Administration
FHLBB	Federal Home Loan Bank Board
FHLMC	Federal Home Loan Mortgage Corporation
FmHA	Farmers Home Administration
FNMA	Federal National Mortgage Association
FSLIC	Federal Savings and Loan Insurance Corporation
G-7	Group of Seven
G-10	Group of Ten
GNMA	Government National Mortgage Association
GDP	Gross domestic product
HUD	Department of Housing and Urban Development
IMF	International Monetary Fund
IO	Interest only
IPCs	Individuals, partnerships, and corporations
IRA	Individual retirement account
MMDA	Money market deposit account
NOW	Negotiable order of withdrawal
OCD	Other checkable deposit
OPEC	Organization of Petroleum Exporting Countries
OTS	Office of Thrift Supervision
PO	Principal only
REIT	Real estate investment trust
REMIC	Real estate mortgage investment conduit
RP	Repurchase agreement
RTC	Resolution Trust Corporation
SAIF	Savings Association Insurance Fund
SCO	Securitized credit obligation
SDR	Special drawing right
SIC	Standard Industrial Classification
SMSA	Standard metropolitan statistical area
VA	Veterans Administration

GENERAL INFORMATION

In many of the tables, components do not sum to totals because of rounding.

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

1.10 RESERVES, MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	1992	1993			1993				
	Q4	Q1	Q2	Q3[r]	July	Aug.	Sept.[r]	Oct.[r]	Nov.
Reserves of depository institutions[2]									
1 Total	25.8	9.3	10.8	12.4	9.4	9.7	16.6	20.0	12.8
2 Required	25.3	8.7	12.4	12.3	5.7	12.8	14.0	20.4	12.9
3 Nonborrowed	27.1	9.5	10.6	10.9	8.1	7.5	15.2	23.1	16.8
4 Monetary base[3]	12.6	9.1	9.8	11.4	9.5	11.5	15.1	7.9	8.8
Concepts of money, liquid assets, and debt[4]									
5 M1	16.8	6.5	10.5	12.9	13.3	10.1	13.6	10.4	10.4
6 M2	2.6	−1.9	2.2	3.2	1.9[r]	1.6	4.1	.7	4.2
7 M3	−.4	−3.9	2.3	1.3	−.7[r]	.9[r]	3.8	2.1	4.2
8 L	1.4	−2.4	3.3	1.3	−.8[r]	3.0[r]	−2.5	2.9	n.a.
9 Debt	4.2[r]	4.0[r]	4.5[r]	5.7	5.7[r]	5.5[r]	5.3	3.7	n.a.
Nontransaction components									
10 In M2[5]	−3.0	−5.4	−1.4[r]	−1.1	−3.2	−2.2	−.1	−3.7	1.4
11 In M3 only[6]	−15.0	−14.0	3.3	−8.8	−14.9	−3.0[r]	2.4	9.8	3.7
Time and savings deposits									
Commercial banks									
12 Savings, including MMDAs	12.9	1.6	4.6	5.3	.8	6.9	5.1	1.2	8.2
13 Small time[7]	−17.2	−7.9	−7.9	−10.7	−12.0	−11.2	−8.5	−9.8	−10.9
14 Large time[8,9]	−20.0	−20.0	.2	−8.8	−19.1	2.7	−7.1	3.1	−6.2
Thrift institutions									
15 Savings, including MMDAs	8.7	−.2	.7[r]	2.9	2.5[r]	1.7	1.1	.0	−.8
16 Small time[7]	−23.1	−18.6	−10.5	−12.2	−14.9	−10.4[r]	−11.6	−13.9	−12.2
17 Large time[8,9]	−10.8	−15.5	−10.1	−7.0	−3.8[r]	−7.5[r]	−1.9	.0	−5.7
Money market mutual funds									
18 General purpose and broker–dealer	−4.2	−10.2	−.7	−.6	−1.1	−6.1[r]	−6.5	1.8	12.6
19 Institution-only	−19.4	−14.1	.5	−12.6	−18.8	−10.5	5.0	15.5	.6
Debt components[4]									
20 Federal	6.7	7.6	10.4	9.1	7.3[r]	8.7[r]	7.1	−1.5	n.a.
21 Nonfederal	3.4[r]	2.7[r]	2.4[r]	4.4	5.2[r]	4.3[r]	4.6	5.6	n.a.

1. Unless otherwise noted, rates of change are calculated from average amounts outstanding during preceding month or quarter.

2. Figures incorporate adjustments for discontinuities, or "breaks," associated with regulatory changes in reserve requirements. (See also table 1.20.)

3. The seasonally adjusted, break-adjusted monetary base consists of (1) seasonally adjusted, break-adjusted total reserves (line 1), plus (2) the seasonally adjusted currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits, and Vault Cash" and for all weekly reporters whose vault cash exceeds their required reserves) the seasonally adjusted, break-adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements.

4. Composition of the money stock measures and debt is as follows:

M1: (1) currency outside the U.S. Treasury, Federal Reserve Banks, and the vaults of depository institutions, (2) travelers checks of nonbank issuers, (3) demand deposits at all commercial banks other than those owed to depository institutions, the U.S. government, and foreign banks and official institutions, less cash items in the process of collection and Federal Reserve float, and (4) other checkable deposits (OCDs), consisting of negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at depository institutions, credit union share draft accounts, and demand deposits at thrift institutions. Seasonally adjusted M1 is computed by summing currency, travelers checks, demand deposits, and OCDs, each seasonally adjusted separately.

M2: M1 plus (1) overnight (and continuing-contract) repurchase agreements (RPs) issued by all depository institutions and overnight Eurodollars issued to U.S. residents by foreign branches of U.S. banks worldwide, (2) savings (including MMDAs) and small time deposits (time deposits—including retail RPs—in amounts of less than $100,000), and (3) balances in both taxable and tax-exempt general-purpose and broker–dealer money market funds. Excludes individual retirement accounts (IRAs) and Keogh balances at depository institutions and money market funds. Also excludes all balances held by U.S. commercial banks, money market funds (general purpose and broker–dealer), foreign governments and commercial banks, and the U.S. government. Seasonally adjusted M2 is computed by adjusting its non-M1 component as a whole and then adding this result to seasonally adjusted M1.

M3: M2 plus (1) large time deposits and term RP liabilities (in amounts of $100,000 or more) issued by all depository institutions, (2) term Eurodollars held by U.S. residents at foreign branches of U.S. banks worldwide and at all banking offices in the United Kingdom and Canada, and (3) balances in both taxable and tax-exempt, institution-only money market funds. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Also excluded is the estimated amount of overnight RPs and Eurodollars held by institution-only money market funds. Seasonally adjusted M3 is computed by adjusting its non-M2 component as a whole and then adding this result to seasonally adjusted M2.

L: M3 plus the nonbank public holdings of U.S. savings bonds, short-term Treasury securities, commercial paper, and bankers acceptances, net of money market fund holdings of these assets. Seasonally adjusted L is computed by summing U.S. savings bonds, short-term Treasury securities, commercial paper, and bankers acceptances, each seasonally adjusted separately, and then adding this result to M3.

Debt: Debt of domestic nonfinancial sectors consists of outstanding credit market debt of the U.S. government, state and local governments, and private nonfinancial sectors. Private debt consists of corporate bonds, mortgages, consumer credit (including bank loans), other bank loans, commercial paper, bankers acceptances, and other debt instruments. Data are derived from the Federal Reserve Board's flow of funds accounts. Data on debt of domestic nonfinancial sectors are monthly averages, derived by averaging adjacent month-end levels. Growth rates for debt reflect adjustments for discontinuities over time in the levels of debt presented in other tables.

5. Sum of (1) overnight RPs and Eurodollars, (2) money market fund balances (general purpose and broker–dealer), (3) savings deposits (including MMDAs), and (4) small time deposits.

6. Sum of (1) large time deposits, (2) term RPs, (3) term Eurodollars of U.S. residents, and (4) money market fund balances (institution-only), less (5) a consolidation adjustment that represents the estimated amount of overnight RPs and Eurodollars held by institution-only money market funds. This sum is seasonally adjusted as a whole.

7. Small time deposits—including retail RPs—are those issued in amounts of less than $100,000. All IRA and Keogh account balances at commercial banks and thrift institutions are subtracted from small time deposits.

8. Large time deposits are those issued in amounts of $100,000 or more, excluding those booked at international banking facilities.

9. Large time deposits at commercial banks less those held by money market funds, depository institutions, U.S. government and foreign banks and official institutions.

1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT[1]

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	1993			1993						
	Sept.	Oct.	Nov.	Oct. 13	Oct. 20	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	363,813	362,732[r]	367,052	362,813	363,884[r]	363,334[r]	361,713	364,760	366,428	370,370
U.S. government securities[2]										
2 Bought outright—System account	320,040	320,632	326,769	320,883	320,567	321,263	320,334	327,065	327,122	327,755
3 Held under repurchase agreements	4,891	2,759	2,535	2,291	3,695	2,621	2,658	0	1,366	5,177
Federal agency obligations										
4 Bought outright	4,835	4,782	4,732	4,803	4,795	4,754	4,734	4,734	4,734	4,734
5 Held under repurchase agreements	539	390	206	316	535	323	341	0	121	450
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	273	11	19	10	19	12	15	39	2	10
8 Seasonal credit	236	196	72	218	202	176	127	82	71	65
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	366	608[r]	723	756	518[r]	582[r]	611	87	788	889
11 Other Federal Reserve assets	32,633	33,355[r]	31,996	33,537	33,553	33,602	32,893	32,752	32,223	31,290
12 Gold stock	11,056	11,056	11,054	11,056	11,056	11,056	11,055	11,054	11,054	11,054
13 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
14 Treasury currency outstanding	21,839	21,898	21,958	21,885	21,899	21,913	21,927	21,941	21,955	21,969
ABSORBING RESERVE FUNDS										
15 Currency in circulation	351,130	353,183	356,688	353,925	354,077	352,887	353,224	355,236	356,845	357,247
16 Treasury cash holdings	378	385	371	387	387	383	378	373	370	368
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	9,633	5,512	5,607	5,179	5,755	5,130	5,989	5,059	5,605	5,971
18 Foreign	230	288	434	209	272	406	378	611	520	220
19 Service-related balances and adjustments	6,117	6,260[r]	6,341	6,217	6,293[r]	6,356[r]	6,339	6,284	6,419	6,215
20 Other	329	298	296	292	303	268	316	295	301	286
21 Other Federal Reserve liabilities and capital	9,640	9,537	9,340	9,682	9,480	9,552	8,952	9,017	9,308	9,672
22 Reserve balances with Federal Reserve Banks[3]	27,269	28,242[r]	29,005	27,881	28,290[r]	29,337[r]	27,137	28,898	28,088	31,433

Factor	End-of-month figures			Wednesday figures						
	Sept.	Oct.	Nov.	Oct. 13	Oct. 20	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	369,447	360,143[r]	372,571	363,156	364,359[r]	361,787[r]	360,069	368,052	367,131	371,640
U.S. government securities[2]										
2 Bought outright—System account	319,357	317,961	326,804	322,978	320,527	321,903	321,945	329,543	328,812	327,247
3 Held under repurchase agreements	6,296	3,592	8,013	325	3,595	691	0	0	812	6,428
Federal agency obligations										
4 Bought outright	4,804	4,734	4,719	4,799	4,769	4,734	4,734	4,734	4,734	4,734
5 Held under repurchase agreements	2,146	449	429	31	338	317	0	0	280	605
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	2,680	7	16	4	86	10	14	6	1	22
8 Seasonal credit	239	138	40	210	187	170	98	73	67	62
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	901	383[r]	1,291	1,591	1,369[r]	252[r]	641	912	1,571	1,115
11 Other Federal Reserve assets	33,024	32,878[r]	31,260	33,218	33,487[r]	33,709	32,637	32,785	30,854	31,427
12 Gold stock	11,057	11,056	11,054	11,056	11,056	11,055	11,055	11,054	11,054	11,054
13 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
14 Treasury currency outstanding	21,871	21,927	21,983	21,885	21,899	21,913	21,927	21,941	21,955	21,969
ABSORBING RESERVE FUNDS										
15 Currency in circulation	351,530	352,815	359,697	354,609	353,651	352,939	354,099	356,681	356,910	358,708
16 Treasury cash holdings	384	379	370	388	384	379	374	370	368	370
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	17,289	6,032	6,334	5,234	4,879	5,030	5,273	5,732	6,705	5,328
18 Foreign	501	390	596	309	272	484	442	542	239	231
19 Service-related balances and adjustments	6,105	6,339[r]	6,464	6,217	6,293[r]	6,356[r]	6,339	6,284	6,419	6,215
20 Other	306	325	297	283	285	279	241	304	300	281
21 Other Federal Reserve liabilities and capital	9,687	8,879	9,561	9,358	9,291	9,380	8,797	9,143	9,331	9,514
22 Reserve balances with Federal Reserve Banks[3]	24,591	25,985[r]	30,309	27,717	30,277[r]	27,927[r]	25,505	30,009	27,887	32,035

1. For amounts of cash held as reserves, see table 1.12.
2. Includes securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and excludes securities sold and scheduled to be bought back under matched sale–purchase transactions.
3. Excludes required clearing balances and adjustments to compensate for float.

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1990	1991	1992	1993						
	Dec.	Dec.	Dec.	May	June	July	Aug.	Sept.	Oct.	Nov.
1 Reserve balances with Reserve Banks[2]	30,237	26,659	25,368	25,968	26,462	26,562	26,564	27,274	28,297[r]	29,017
2 Total vault cash[3]	31,789	32,510	34,535	33,462	34,106	34,535	34,516	35,217	35,202	35,705
3 Applied vault cash[4]	28,884	28,872	31,172	30,133	30,776	31,189	31,203	31,863	31,739	32,278
4 Surplus vault cash[5]	2,905	3,638	3,364	3,329	3,330	3,347	3,313	3,355	3,463	3,426
5 Total reserves[6]	59,120	55,532	56,540	56,101	57,238	57,750	57,767	59,136	60,036[r]	61,295
6 Required reserves	57,456	54,553	55,385	55,104	56,328	56,661	56,815	58,046	58,947[r]	60,195
7 Excess reserve balances at Reserve Banks[7]	1,664	979	1,155	996	911	1,089	952	1,090	1,089[r]	1,100
8 Total borrowings at Reserve Banks[8]	326	192	124	121	181	244	352	428	285	89
9 Seasonal borrowings	76	38	18	84	142	210	234	236	192	75
10 Extended credit[9]	23	1	1	0	0	0	0	0	0	0
	Biweekly averages of daily figures for weeks ending on date indicated									
	1993									
	Aug. 4	Aug. 18	Sept. 1	Sept. 15	Sept. 29	Oct. 13	Oct. 27	Nov. 10[r]	Nov. 24	Dec. 8
1 Reserve balances with Reserve Banks[2]	25,251	26,939	26,564	27,719	26,837	27,843	28,798[r]	28,017	29,742	28,995
2 Total vault cash[3]	35,354	34,869	33,879	35,332	35,157	35,805	34,338	36,266	34,944	36,544
3 Applied vault cash[4]	31,883	31,483	30,693	31,999	31,781	32,278	30,946	32,767	31,566	33,125
4 Surplus vault cash[5]	3,471	3,386	3,187	3,333	3,377	3,527	3,393	3,499	3,378	3,419
5 Total reserves[6]	57,133	58,422	57,257	59,718	58,618	60,121	59,744[r]	60,784	61,308	62,120
6 Required reserves	56,021	57,673	56,136	58,845	57,318	58,985	58,692[r]	59,722	60,205	60,963
7 Excess reserve balances at Reserve Banks[7]	1,112	750	1,121	874	1,300	1,137	1,052[r]	1,062	1,102	1,157
8 Total borrowings at Reserve Banks[8]	232	431	305	544	321	420	205	132	74	56
9 Seasonal borrowings	222	227	246	226	247	222	189	105	68	43
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

1. Data in this table also appear in the Board's H.3 (502) weekly statistical release. For ordering address, see inside front cover.
2. Excludes required clearing balances and adjustments to compensate for float and includes other off-balance-sheet "as-of" adjustments.
3. Total "lagged" vault cash held by depository institutions subject to reserve requirements. Dates refer to the maintenance periods during which the vault cash can be used to satisfy reserve requirements. The maintenance period for weekly reporters ends sixteen days after the lagged computation period during which the vault cash is held. Before Nov. 25, 1992, the maintenance period ended thirty days after the lagged computation period.
4. All vault cash held during the lagged computation period by "bound" institutions (that is, those whose required reserves exceed their vault cash) plus the amount of vault cash applied during the maintenance period by "nonbound" institutions (that is, those whose vault cash exceeds their required reserves) to satisfy current reserve requirements.
5. Total vault cash (line 2) less applied vault cash (line 3).
6. Reserve balances with Federal Reserve Banks (line 1) plus applied vault cash (line 3).
7. Total reserves (line 5) less required reserves (line 6).
8. Also includes adjustment credit.
9. Consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.

1.13 SELECTED BORROWINGS IN IMMEDIATELY AVAILABLE FUNDS Large Banks[1]

Millions of dollars, averages of daily figures

Source and maturity	1993, week ending Monday								
	Oct. 4	Oct. 11	Oct. 18	Oct. 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29
Federal funds purchased, repurchase agreements, and other selected borrowings									
From commercial banks in the United States									
1 For one day or under continuing contract	72,908	77,541	76,497	70,801	71,840	72,374	74,470	71,363	72,462
2 For all other maturities	13,588	14,502	14,362	14,259	13,186	13,106	13,725	14,109	15,288
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	21,441r	17,756	21,280	20,664	18,901	17,810	18,334	19,661	20,951
4 For all other maturities	22,441r	25,149	22,806	22,706	21,742	23,608	24,776	24,741	25,832
Repurchase agreements on U.S. government and federal agency securities									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	17,805	15,768	18,981	16,601	17,133	16,848	19,009	16,257	13,216
6 For all other maturities	40,212	40,637	42,465	43,950	40,504	42,218	41,454	40,533	39,820
All other customers									
7 For one day or under continuing contract	31,597	30,438	30,392	31,787	30,311	31,530	32,028	32,465	29,848
8 For all other maturities	14,326	14,497	14,436	14,084	14,262	13,512	13,492	13,767	17,064
MEMO									
Federal funds loans and resale agreements in immediately available funds in maturities of one day or under continuing contract									
9 To commercial banks in the United States	45,766	40,813	41,543	38,232	42,365	39,656	42,090	37,366	43,412
10 To all other specified customers[2]	27,347	25,316	27,214	27,450	26,175	29,119	29,407	27,794	29,747

1. Banks with assets of $4 billion or more as of Dec. 31, 1988.
Data in this table also appear in the Board's H.5 (507) weekly statistical release. For ordering address, see inside front cover.

2. Brokers and nonbank dealers in securities, other depository institutions, foreign banks and official institutions, and U.S. government agencies.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment credit[1]			Seasonal credit[2]			Extended credit[3]		
	On 1/6/94	Effective date	Previous rate	On 1/6/94	Effective date	Previous rate	On 1/6/94	Effective date	Previous rate
Boston	3	7/2/92	3.5	3.10	1/6/94	3.10	3.60	1/6/94	3.60
New York		7/2/92			1/6/94			1/6/94	
Philadelphia		7/2/92			1/6/94			1/6/94	
Cleveland		7/6/92			1/6/94			1/6/94	
Richmond		7/2/92			1/6/94			1/6/94	
Atlanta		7/2/92			1/6/94			1/6/94	
Chicago		7/2/92			1/6/94			1/6/94	
St. Louis		7/7/92			1/6/94			1/6/94	
Minneapolis		7/2/92			1/6/94			1/6/94	
Kansas City		7/2/92			1/6/94			1/6/94	
Dallas		7/2/92			1/6/94			1/6/94	
San Francisco	3	7/2/92	3.5	3.10	1/6/94	3.10	3.60	1/6/94	3.60

Range of rates for adjustment credit in recent years[4]

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977	6	6
1978—Jan. 9	6–6.5	6.5
20	6.5	6.5
May 11	6.5–7	7
12	7	7
July 3	7–7.25	7.25
10	7.25	7.25
Aug. 21	7.75	7.75
Sept. 22	8	8
Oct. 16	8–8.5	8.5
20	8.5	8.5
Nov. 1	8.5–9.5	9.5
3	9.5	9.5
1979—July 20	10	10
Aug. 17	10–10.5	10.5
20	10.5	10.5
Sept. 19	10.5–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980—Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
29	10	10
July 28	10–11	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1981—May 5	13–14	14
8	14	14
Nov. 2	13–14	13
6	13	13
Dec. 4	12	12
1982—July 20	11.5–12	11.5
23	11.5	11.5
Aug. 2	11–11.5	11
3	11	11
16	10.5	10.5
27	10–10.5	10
30	10	10
Oct. 12	9.5–10	9.5
13	9.5	9.5
Nov. 22	9–9.5	9
26	9	9
Dec. 14	8.5–9	9
15	8.5–9	8.5
17	8.5	8.5
1984—Apr. 9	8.5–9	9
13	9	9
Nov. 21	8.5–9	8.5
26	8.5	8.5
Dec. 24	8	8
1985—May 20	7.5–8	7.5
24	7.5	7.5
1986—Mar. 7	7–7.5	7
10	7	7
Apr. 21	6.5–7	6.5
July 11	6	6

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1986—Aug. 21	5.5–6	5.5
22	5.5	5.5
1987—Sept. 4	5.5–6	6
11	6	6
1988—Aug. 9	6–6.5	6.5
11	6.5	6.5
1989—Feb. 24	6.5–7	7
27	7	7
1990—Dec. 19	6.5	6.5
1991—Feb. 1	6–6.5	6
4	6	6
Apr. 30	5.5–6	5.5
May 2	5.5	5.5
Sept. 13	5–5.5	5
17	5	5
Nov. 6	4.5–5	4.5
7	4.5	4.5
Dec. 20	3.5–4.5	3.5
24	3.5	3.5
1992—July 2	3–3.5	3
7	3	3
In effect Jan. 6, 1994	3	3

1. Available on a short-term basis to help depository institutions meet temporary needs for funds that cannot be met through reasonable alternative sources. The highest rate established for loans to depository institutions may be charged on adjustment-credit loans of unusual size that result from a major operating problem at the borrower's facility.

2. Available to help relatively small depository institutions meet regular seasonal needs for funds that arise from a clear pattern of intrayearly movements in their deposits and loans and that cannot be met through special industry lenders. The discount rate on seasonal credit takes into account rates on market sources of funds and ordinarily is reestablished on the first business day of each two-week reserve maintenance period; however, it is never less than the discount rate applicable to adjustment credit.

3. May be made available to depository institutions when similar assistance is not reasonably available from other sources, including special industry lenders. Such credit may be provided when exceptional circumstances (including sustained deposit drains, impaired access to money market funds, or sudden deterioration in loan repayment performance) or practices involve only a particular institution, or to meet the needs of institutions experiencing difficulties adjusting to changing market conditions over a longer period (particularly at times of deposit disintermediation). The discount rate applicable to adjustment credit ordinarily is charged on extended-credit loans outstanding less than thirty days; however, at the discretion of the Federal Reserve Bank, this time period may be shortened. Beyond this initial period, a flexible rate somewhat above rates on market sources of funds is charged. The rate ordinarily is reestablished on the first business day of each two-week reserve maintenance period, but it is never less than the discount rate applicable to adjustment credit plus 50 basis points.

4. For earlier data, see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914–1941*, and *1941–1970*; and the *Annual Statistical Digest, 1970–1979*.

In 1980 and 1981, the Federal Reserve applied a surcharge to short-term adjustment-credit borrowings by institutions with deposits of $500 million or more that had borrowed in successive weeks or in more than four weeks in a calendar quarter. A 3 percent surcharge was in effect from Mar. 17, 1980, through May 7, 1980. A surcharge of 2 percent was reimposed on Nov. 17, 1980; the surcharge was subsequently raised to 3 percent on Dec. 5, 1980, and to 4 percent on May 5, 1981. The surcharge was reduced to 3 percent effective Sept. 22, 1981, and to 2 percent effective Oct. 12, 1981. As of Oct. 1, 1981, the formula for applying the surcharge was changed from a calendar quarter to a moving thirteen-week period. The surcharge was eliminated on Nov. 17, 1981.

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

	Type of deposit[2]	Requirement	
		Percentage of deposits	Effective date
	Net transaction accounts[3]		
1	$0 million–$51.9 million	3	12/21/93
2	More than $51.9 million[4]	10	12/21/93
3	Nonpersonal time deposits[5]	0	12/27/90
4	Eurocurrency liabilities[6]	0	12/27/90

1. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmember institutions may maintain reserve balances with a Federal Reserve Bank indirectly on a pass-through basis with certain approved institutions. For previous reserve requirements, see earlier editions of the *Annual Report* or the *Federal Reserve Bulletin*. Under provisions of the Monetary Control Act, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

2. The Garn–St Germain Depository Institutions Act of 1982 (Public Law 97–320) requires that $2 million of reservable liabilities of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. On Dec. 21, 1993, the exemption was raised from $3.8 million to $4.0 million. The exemption applies in the following order: (1) net negotiable order of withdrawal (NOW) accounts (NOW accounts less allowable deductions); and (2) net other transaction accounts. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement.

3. Include all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, and telephone and preauthorized transfers in excess of three per month for the purpose of making payments to third persons or others. However, money market deposit accounts (MMDAs) and similar accounts subject to the rules that permit no more than six preauthorized, automatic, or other transfers per month, of which no more than three may be checks, are not transaction accounts (such accounts are savings deposits).

The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 each year. Effective Dec. 21, 1993, for institutions reporting quarterly and weekly, the amount was increased from $46.8 million to $51.9 million.

4. The reserve requirement was reduced from 12 percent to 10 percent on Apr. 2, 1992, for institutions that report weekly, and on Apr. 16, 1992, for institutions that report quarterly.

5. For institutions that report weekly, the reserve requirement on nonpersonal time deposits with an original maturity of less than 1½ years was reduced from 3 percent to 1½ percent for the maintenance period that began Dec. 13, 1990, and to zero for the maintenance period that began Dec. 27, 1990. The reserve requirement on nonpersonal time deposits with an original maturity of 1½ years or more has been zero since Oct. 6, 1983.

For institutions that report quarterly, the reserve requirement on nonpersonal time deposits with an original maturity of less than 1½ years was reduced from 3 percent to zero on Jan. 17, 1991.

6. The reserve requirement on Eurocurrency liabilities was reduced from 3 percent to zero in the same manner and on the same dates as was the reserve requirement on nonpersonal time deposits with an original maturity of less than 1½ years (see note 4).

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1990	1991	1992	1993 Apr.	May	June	July	Aug.	Sept.	Oct.
U.S. TREASURY SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	24,739	20,158	14,714	121	349	7,280	0	902	366	1,396
2 Gross sales	7,291	120	1,628	0	0	0	0	0	0	0
3 Exchanges	241,086	277,314	308,699	30,124	26,610	24,821	35,943	27,775	31,128	25,783
4 Redemptions	4,400	1,000	1,600	0	0	0	0	0	0	468
Others within one year										
5 Gross purchases	425	3,043	1,096	244	0	0	0	100	411	0
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shifts	25,638	24,454	36,662	1,950	4,108	4,002	0	1,497	3,074	913
8 Exchanges	−27,424	−28,090	−30,543	−1,100	−4,013	−2,152	0	−5,491	−1,861	−1,566
9 Redemptions	0	1,000	0	0	0	0	0	0	0	0
One to five years										
10 Gross purchases	250	6,583	13,118	2,490	0	0	200	1,100	2,400	0
11 Gross sales	200	0	0	0	0	0	0	0	0	0
12 Maturity shifts	−21,770	−21,211	−34,478	−1,630	−3,652	−4,002	666	−834	−3,074	−31
13 Exchanges	25,410	24,594	25,811	800	3,245	2,152	0	3,866	1,861	1,566
Five to ten years										
14 Gross purchases	0	1,280	2,818	1,147	0	0	0	500	797	0
15 Gross sales	100	0	0	0	0	0	0	0	0	0
16 Maturity shifts	−2,186	−2,037	−1,915	−320	−333	0	−666	−432	0	−882
17 Exchanges	789	2,894	3,532	300	468	0	0	1,100	0	0
More than ten years										
18 Gross purchases	0	375	2,333	1,110	0	0	0	100	717	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shifts	−1,681	−1,209	−269	0	−123	0	0	−231	0	0
21 Exchanges	1,226	600	1,200	0	300	0	0	525	0	0
All maturities										
22 Gross purchases	25,414	31,439	34,079	5,111	349	7,280	200	2,702	4,691	1,396
23 Gross sales	7,591	120	1,628	0	0	0	0	0	0	0
24 Redemptions	4,400	1,000	1,600	0	0	0	0	0	0	468
Matched transactions										
25 Gross sales	1,369,052	1,570,456	1,482,467	127,115	124,462	111,726	115,504	136,037	124,898	115,160
26 Gross purchases	1,363,434	1,571,534	1,480,140	128,924	123,227	113,095	117,074	135,705	122,578	112,837
Repurchase agreements										
27 Gross purchases	219,632	310,084	378,374	30,197	33,987	53,051	41,190	53,053	62,905	27,693
28 Gross sales	202,551	311,752	386,257	36,953	28,640	43,342	56,246	48,263	61,399	30,397
29 Net change in U.S. Treasury securities	24,886	29,729	20,642	163	4,461	18,357	−13,286	7,160	3,878	−4,099
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	5	0	0	0	0	0	0	0	0
32 Redemptions	183	292	632	28	41	22	366	125	35	70
Repurchase agreements										
33 Gross purchases	41,836	22,807	14,565	197	2,105	2,968	3,479	2,485	9,810	3,812
34 Gross sales	40,461	23,595	14,486	764	2,105	2,019	4,428	2,415	7,734	5,509
35 Net change in federal agency obligations	1,192	−1,085	−554	−595	−41	927	−1,315	−55	2,041	−1,767
36 Total net change in System Open Market Account	**26,078**	**28,644**	**20,089**	**−431**	**4,420**	**19,284**	**−14,601**	**7,105**	**5,919**	**−5,866**

1. Sales, redemptions, and negative figures reduce holdings of the System Open Market Account; all other figures increase such holdings.

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements[1]

Millions of dollars

Account	Wednesday					End of month		
	1993					1993		
	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24	Sept. 30	Oct. 31	Nov. 30
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,055	11,055	11,054	11,054	11,054	11,057	11,056	11,054
2 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
3 Coin	401	403	402	401	389	378	406	372
Loans								
4 To depository institutions	180	111	78	67	83	2,918	145	55
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	4,734	4,734	4,734	4,734	4,734	4,804	4,734	4,719
8 Held under repurchase agreements	317	0	0	280	605	2,146	449	429
9 **Total U.S. Treasury securities**	**322,594**	**321,945**	**329,543**	**329,624**	**333,675**	**325,653**	**321,553**	**334,817**
10 Bought outright[2]	321,903	321,945	329,543	328,812	327,247	319,357	317,961	326,804
11 Bills	154,997	154,939	162,537	161,806	160,241	151,982	151,055	159,798
12 Notes	128,128	128,228	128,228	128,453	128,453	128,597	128,128	128,453
13 Bonds	38,778	38,778	38,778	38,553	38,553	38,778	38,778	38,553
14 Held under repurchase agreements	691	0	0	812	6,428	6,296	3,592	8,013
15 **Total loans and securities**	**327,825**	**326,791**	**334,355**	**334,706**	**339,098**	**335,521**	**326,882**	**340,020**
16 Items in process of collection	5,517	6,754	5,793	6,882	7,359	4,349	5,052	7,808
17 Bank premises	1,048	1,048	1,049	1,050	1,050	1,047	1,048	1,050
Other assets								
18 Denominated in foreign currencies[3]	23,324	22,590	22,605	22,622	22,664	23,272	22,580	22,443
19 All other[4]	9,393	9,046	9,258	7,189	7,697	8,771	9,229	7,692
20 **Total assets**	**386,581**	**385,704**	**392,535**	**391,921**	**397,329**	**392,412**	**384,270**	**398,458**
LIABILITIES								
21 Federal Reserve notes	331,806	332,948	335,513	335,723	337,498	330,421	331,672	338,456
22 **Total deposits**	**40,367**	**37,985**	**42,786**	**41,102**	**44,918**	**48,030**	**39,169**	**43,277**
23 Depository institutions	34,574	32,030	36,208	33,859	39,061	29,934	32,422	36,050
24 U.S. Treasury—General account	5,030	5,273	5,732	6,705	5,328	17,289	6,032	6,334
25 Foreign—Official accounts	484	442	542	239	231	501	390	596
26 Other	279	241	304	300	281	306	325	297
27 Deferred credit items	5,029	5,974	5,094	5,764	5,400	4,275	4,550	7,165
28 Other liabilities and accrued dividends[5]	2,397	2,376	2,393	2,363	2,510	2,460	2,482	2,514
29 **Total liabilities**	**379,598**	**379,283**	**385,786**	**384,952**	**390,325**	**385,186**	**377,872**	**391,411**
CAPITAL ACCOUNTS								
30 Capital paid in	3,335	3,343	3,352	3,352	3,364	3,331	3,338	3,367
31 Surplus	3,054	3,022	3,042	3,054	3,054	3,054	2,984	3,054
32 Other capital accounts	594	56	355	563	585	842	75	626
33 **Total liabilities and capital accounts**	**386,581**	**385,704**	**392,535**	**391,921**	**397,329**	**392,412**	**384,270**	**398,458**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	334,033	334,929	337,191	346,024	344,746	330,479	333,735	346,718
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Banks)	397,288	398,769	401,179	403,185	404,902	395,420	397,576	405,827
36 LESS: Held by Federal Reserve Banks	65,482	65,821	65,667	67,461	67,404	64,999	65,904	67,371
37 Federal Reserve notes, net	331,806	332,948	335,513	335,723	337,498	330,421	331,672	338,456
Collateral held against notes, net:								
38 Gold certificate account	11,055	11,055	11,054	11,054	11,054	11,057	11,056	11,054
39 Special drawing rights certificate account	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	312,732	313,876	316,440	316,651	318,426	311,346	312,599	319,384
42 **Total collateral**	**331,806**	**332,948**	**335,513**	**335,723**	**337,498**	**330,421**	**331,672**	**338,456**

1. Some of the data in this table also appear in the Board's H.4.1 (503) weekly statistical release. For ordering address, see inside front cover.
2. Includes securities loaned—fully guaranteed by U.S. Treasury securities pledged with Federal Reserve Banks—and excludes securities sold and scheduled to be bought back under matched sale–purchase transactions.
3. Valued monthly at market exchange rates.
4. Includes special investment account at the Federal Reserve Bank of Chicago in Treasury bills maturing within ninety days.
5. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign exchange commitments.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	1993					1993		
	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24	Sept. 30	Oct. 29	Nov. 30
1 **Total loans**	**180**	**111**	**78**	**68**	**83**	**2,918**	**145**	**56**
2 Within fifteen days[1]	170	40	17	66	81	2,793	71	31
3 Sixteen days to ninety days	10	71	61	2	2	125	75	25
4 Ninety-one days to one year	0	0	0	0	0	0	0	0
5 **Total acceptances**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
6 Within fifteen days[1]	0	0	0	0	0	0	0	0
7 Sixteen days to ninety days	0	0	0	0	0	0	0	0
8 Ninety-one days to one year	0	0	0	0	0	0	0	0
9 **Total U.S. Treasury securities**	**322,594**	**321,945**	**329,543**	**329,624**	**333,675**	**319,357**	**317,961**	**326,804**
10 Within fifteen days[1]	8,532	21,283	19,812	20,360	20,102	4,423	3,625	6,211
11 Sixteen days to ninety days	85,486	71,110	78,865	77,974	78,341	76,689	85,863	84,677
12 Ninety-one days to one year	100,930	101,076	102,389	100,643	104,584	109,686	100,828	104,601
13 One year to five years	74,911	75,743	75,743	76,083	76,083	74,942	74,911	76,750
14 Five years to ten years	21,623	21,623	21,623	23,651	23,651	22,505	21,623	23,651
15 More than ten years	31,111	31,111	31,111	30,913	30,913	31,111	31,111	30,913
16 **Total federal agency obligations**	**5,051**	**4,734**	**4,734**	**5,014**	**5,339**	**4,804**	**4,734**	**4,719**
17 Within fifteen days[1]	421	0	0	560	885	220	104	290
18 Sixteen days to ninety days	651	756	756	476	476	550	651	498
19 Ninety-one days to one year	1,105	1,104	1,104	1,104	1,104	1,102	1,105	1,127
20 One year to five years	2,139	2,139	2,139	2,139	2,139	2,187	2,139	2,074
21 Five years to ten years	594	594	594	594	594	599	594	589
22 More than ten years	142	142	142	142	142	142	142	142

1. Holdings under repurchase agreements are classified as maturing within fifteen days in accordance with maximum maturity of the agreements.

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE[1]

Billions of dollars, averages of daily figures

Item	1989 Dec.	1990 Dec.	1991 Dec.	1992 Dec.	1993 Apr.	1993 May	1993 June	1993 July	1993 Aug.	1993 Sept.	1993 Oct.[r]	1993 Nov.
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]	Seasonally adjusted											
1 Total reserves[3]	40.49	41.77	45.53	54.35	55.20	56.88	57.12	57.57	58.03	58.84	59.82	60.46
2 Nonborrowed reserves[4]	40.23	41.44	45.34	54.23	55.12	56.76	56.94	57.32	57.68	58.41	59.53	60.37
3 Nonborrowed reserves plus extended credit[5]	40.25	41.46	45.34	54.23	55.12	56.76	56.94	57.32	57.68	58.41	59.53	60.37
4 Required reserves	39.57	40.10	44.56	53.20	54.10	55.88	56.21	56.48	57.08	57.75	58.73	59.36
5 Monetary base[6]	267.73	293.19	317.17	350.80	360.63	364.77	368.07	370.98	374.53	379.26	381.77	384.57
	Not seasonally adjusted											
6 Total reserves[7]	41.77	43.07	46.98	56.06	56.37	55.88	56.96	57.42	57.38	58.69	59.53	60.72
7 Nonborrowed reserves	41.51	42.74	46.78	55.93	56.29	55.76	56.78	57.17	57.03	58.26	59.24	60.63
8 Nonborrowed reserves plus extended credit[5]	41.53	42.77	46.78	55.93	56.29	55.76	56.78	57.17	57.03	58.26	59.24	60.63
9 Required reserves[8]	40.85	41.40	46.00	54.90	55.27	54.88	56.05	56.33	56.43	57.60	58.44	59.62
10 Monetary base[9]	271.18	296.68	321.07	354.55	361.64	364.08	368.73	372.02	374.10	377.75	380.82	384.28
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	62.81	59.12	55.53	56.54	56.54	56.10	57.24	57.75	57.77	59.14	60.04	61.30
12 Nonborrowed reserves	62.54	58.80	55.34	56.42	56.47	55.98	57.06	57.51	57.42	58.71	59.75	61.21
13 Nonborrowed reserves plus extended credit[5]	62.56	58.82	55.34	56.42	56.47	55.98	57.06	57.51	57.42	58.71	59.75	61.21
14 Required reserves	61.89	57.46	54.55	55.39	55.45	55.10	56.33	56.66	56.82	58.05	58.95	60.20
15 Monetary base[12]	292.55	313.70	333.61	360.90	368.18	370.46	375.19	378.48	380.53	384.25	387.51	391.11
16 Excess reserves[13]	.92	1.66	.98	1.16	1.10	1.00	.91	1.09	.95	1.09	1.09	1.10
17 Borrowings from the Federal Reserve	.27	.33	.19	.12	.07	.12	.18	.24	.35	.43	.29	.09

1. Latest monthly and biweekly figures are available from the Board's *H.3 (502)* weekly statistical release. Historical data and estimates of the impact on required reserves of changes in reserve requirements are available from the Monetary and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

2. Figures reflect adjustments for discontinuities, or "breaks," associated with regulatory changes in reserve requirements. (See also table 1.10)

3. Seasonally adjusted, break-adjusted total reserves equal seasonally adjusted, break-adjusted required reserves (line 4) plus excess reserves (line 16).

4. Seasonally adjusted, break-adjusted nonborrowed reserves equal seasonally adjusted, break-adjusted total reserves (line 1) less total borrowings of depository institutions from the Federal Reserve (line 17).

5. Extended credit consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.

6. The seasonally adjusted, break-adjusted monetary base consists of (1) seasonally adjusted, break-adjusted total reserves (line 1), plus (2) the seasonally adjusted currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the seasonally adjusted, break-adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements.

7. Break-adjusted total reserves equal break-adjusted required reserves (line 9) plus excess reserves (line 16).

8. To adjust required reserves for discontinuities that are due to regulatory changes in reserve requirements, a multiplicative procedure is used to estimate what required reserves would have been in past periods had current reserve requirements been in effect. Break-adjusted required reserves include required reserves against transactions deposits and nonpersonal time and savings deposits (but not reservable nondeposit liabilities).

9. The break-adjusted monetary base equals (1) break-adjusted total reserves (line 6), plus (2) the (unadjusted) currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the break-adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements.

10. Reflects actual reserve requirements, including those on nondeposit liabilities, with no adjustments to eliminate the effects of discontinuities associated with changes in reserve requirements.

11. Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements.

12. The monetary base, not break-adjusted and not seasonally adjusted, consists of (1) total reserves (line 11), plus (2) required clearing balances and adjustments to compensate for float at Federal Reserve Banks, plus (3) the currency component of the money stock, plus (4) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the difference between current vault cash and the amount applied to satisfy current reserve requirements. Since the introduction of changes in reserve requirements (CRR), currency and vault cash figures have been measured over the computation periods ending on Mondays.

13. Unadjusted total reserves (line 11) less unadjusted required reserves (line 14).

1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES[1]

Billions of dollars, averages of daily figures

Item	1989 Dec.	1990 Dec.	1991 Dec.	1992 Dec.	1993 Aug.	1993 Sept.[r]	1993 Oct.[r]	1993 Nov.
	Seasonally adjusted							
Measures[2]								
1 M1	794.6	827.2	899.3	1,026.6	1,094.1	1,106.5	1,116.1	1,125.8
2 M2	3,233.3	3,345.5	3,445.8	3,494.8	3,521.1[r]	3,533.1	3,535.2	3,547.7
3 M3	4,056.1	4,116.8	4,168.1	4,162.5	4,165.6[r]	4,178.9	4,186.3	4,200.9
4 L	4,886.1	4,966.6	4,982.3	5,039.5	5,077.0[r]	5,066.5	5,078.7	n.a.
5 Debt	10,030.7	10,670.1	11,145.5[r]	11,721.1[r]	12,088.3[r]	12,141.6	12,178.9	n.a.
M1 components								
6 Currency[3]	222.7	246.7	267.2	292.3	312.6	316.4	318.2	319.9
7 Travelers checks[4]	6.9	7.8	7.8	8.1	7.8	7.8	7.9	8.0
8 Demand deposits[5]	279.8	278.2	290.5	340.8	370.7	376.4	379.9	385.3
9 Other checkable deposits[6]	285.3	294.5	333.8	385.2	403.1	406.0	410.2	412.7
Nontransaction components								
10 In M2[7]	2,438.7	2,518.3	2,546.6	2,468.3	2,426.9[r]	2,426.6	2,419.1	2,421.9
11 In M3[8]	822.8	771.3	722.3	667.7	644.5[r]	645.8	651.1	653.1
Commercial banks								
12 Savings deposits, including MMDAs	541.4	582.2	666.2	756.1	773.9	777.2	778.0	783.3
13 Small time deposits[9]	534.9	610.3	601.5	506.9	479.3	475.9	472.0	467.7
14 Large time deposits[10, 11]	387.7	368.8	341.3	288.1	272.2	270.6	271.3	269.9
Thrift institutions								
15 Savings deposits, including MMDAs	349.6	338.6	376.3	429.9	431.2	431.6	431.6	431.3
16 Small time deposits[9]	617.8	562.0	463.2	360.4	330.8[r]	327.6	323.8	320.5
17 Large time deposits[10]	161.1	120.9	83.4	67.5	63.2	63.1	63.1	62.8
Money market mutual funds								
18 General purpose and broker–dealer	317.4	350.5	363.9	342.3	334.2[r]	332.4	332.9	336.4
19 Institution-only	108.8	135.9	182.1	202.3	193.3	194.1	196.6	196.7
Debt components								
20 Federal debt	2,247.6	2,490.7	2,763.8	3,068.4	3,251.1[r]	3,270.4	3,266.3	n.a.
21 Nonfederal debt	7,783.1	8,179.4	8,381.7[r]	8,652.7[r]	8,837.3[r]	8,871.2	8,912.7	n.a.
	Not seasonally adjusted							
Measures[2]								
22 M1	811.5	843.7	916.4	1,045.7	1,087.7	1,098.2	1,110.9	1,128.6
23 M2	3,245.1	3,357.0	3,457.9	3,509.1	3,513.9[r]	3,519.5	3,529.2	3,551.1
24 M3	4,066.4	4,126.3	4,178.1	4,174.6	4,163.5[r]	4,166.2	4,176.4	4,206.8
25 L	4,906.0	4,988.0	5,004.2	5,064.0	5,064.1[r]	5,055.2	5,067.9	n.a.
26 Debt	10,026.5	10,667.7	11,144.6[r]	11,722.0[r]	12,051.7[r]	12,109.9	12,151.9	n.a.
M1 components								
27 Currency[3]	225.3	249.5	269.9	295.0	312.8	314.8	317.3	319.8
28 Travelers checks[4]	6.5	7.4	7.4	7.8	8.4	8.2	8.0	7.7
29 Demand deposits[5]	291.5	289.9	302.9	355.2	367.3	372.9	380.8	390.5
30 Other checkable deposits[6]	288.1	296.9	336.3	387.7	399.2	402.4	404.8	410.5
Nontransaction components								
31 In M2[7]	2,433.6	2,513.2	2,541.5	2,463.4	2,426.1[r]	2,421.2	2,418.3	2,422.5
32 In M3[8]	821.3	769.3	720.1	665.5	649.6[r]	646.7	647.2	655.7
Commercial banks								
33 Savings deposits, including MMDAs	543.0	580.1	663.3	752.3	774.5	775.0	776.1	782.4
34 Small time deposits[9]	533.8	610.5	602.0	507.7	479.4	476.6	473.2	468.4
35 Large time deposits[10, 11]	386.9	367.7	340.1	287.1	273.3	271.0	270.5	269.7
Thrift institutions								
36 Savings deposits, including MMDAs	347.4	337.3	374.7	427.8	431.5	430.4	430.5	430.8
37 Small time deposits[9]	616.2	562.1	463.6	360.9	330.9[r]	328.0	324.6	321.0
38 Large time deposits[10]	162.0	120.6	83.1	67.3	63.4	63.2	62.9	62.7
Money market mutual funds								
39 General purpose and broker–dealer	315.7	348.4	361.5	340.0	331.5	329.7	329.9	334.6
40 Institution-only	109.1	136.2	182.4	202.4	193.3	190.7	192.4	197.1
Repurchase agreements and Eurodollars								
41 Overnight	77.5	74.7	76.3	74.7	78.3	81.5	84.0	85.3
42 Term	178.4	158.3	130.1	126.2	140.4[r]	141.5	141.0	145.5
Debt components								
43 Federal debt	2,247.5	2,491.3	2,765.0	3,069.8	3,229.4	3,251.9	3,249.4	n.a.
44 Nonfederal debt	7,779.0	8,176.3	8,379.7[r]	8,652.2[r]	8,822.3[r]	8,857.9	8,902.5	n.a.

Footnotes appear on following page.

NOTES TO TABLE 1.21

1. Latest monthly and weekly figures are available from the Board's H.6 (508) weekly statistical release. Historical data are available from the Money and Reserves Projection Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

2. Composition of the money stock measures and debt is as follows:

M1: (1) currency outside the U.S. Treasury, Federal Reserve Banks, and the vaults of depository institutions, (2) travelers checks of nonbank issuers, (3) demand deposits at all commercial banks other than those owed to depository institutions, the U.S. government, and foreign banks and official institutions, less cash items in the process of collection and Federal Reserve float, and (4), other checkable deposits (OCDs), consisting of negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at depository institutions, credit union share draft accounts, and demand deposits at thrift institutions. Seasonally adjusted M1 is computed by summing currency, travelers checks, demand deposits, and OCDs, each seasonally adjusted separately.

M2: M1 plus (1) overnight (and continuing-contract) repurchase agreements (RPs) issued by all depository institutions and overnight Eurodollars issued to U.S. residents by foreign branches of U.S. banks worldwide, (2) savings (including MMDAs) and small time deposits (time deposits—including retail RPs—in amounts of less than $100,000), and (3) balances in both taxable and tax-exempt general-purpose and broker–dealer money market funds. Excludes individual retirement accounts (IRAs) and Keogh balances at depository institutions and money market funds. Also excludes all balances held by U.S. commercial banks, money market funds (general purpose and broker–dealer), foreign governments and commercial banks, and the U.S. government. Seasonally adjusted M2 is computed by adjusting its non-M1 component as a whole and then adding this result to seasonally adjusted M1.

M3: M2 plus (1) large time deposits and term RP liabilities (in amounts of $100,000 or more) issued by all depository institutions, (2) term Eurodollars held by U.S. residents at foreign branches of U.S. banks worldwide and at all banking offices in the United Kingdom and Canada, and (3) balances in both taxable and tax-exempt, institution-only money market funds. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Also excluded is the estimated amount of overnight RPs and Eurodollars held by institution-only money market funds. Seasonally adjusted M3 is computed by adjusting its non-M2 component as a whole and then adding this result to seasonally adjusted M2.

L: M3 plus the nonbank public holdings of U.S. savings bonds, short-term Treasury securities, commercial paper, and bankers acceptances, net of money market fund holdings of these assets. Seasonally adjusted L is computed by summing U.S. savings bonds, short-term Treasury securities, commercial paper, and bankers acceptances, each seasonally adjusted separately, and then adding this result to M3.

Debt: Debt of domestic nonfinancial sectors consists of outstanding credit market debt of the U.S. government, state and local governments, and private nonfinancial sectors. Private debt consists of corporate bonds, mortgages, consumer credit (including bank loans), other bank loans, commercial paper, bankers acceptances, and other debt instruments. Data are derived from the Federal Reserve Board's flow of funds accounts. Debt data are based on monthly averages. This sum is seasonally adjusted as a whole.

3. Currency outside the U.S. Treasury, Federal Reserve Banks, and vaults of depository institutions.

4. Outstanding amount of U.S. dollar-denominated travelers checks of nonbank issuers. Travelers checks issued by depository institutions are included in demand deposits.

5. Demand deposits at commercial banks and foreign-related institutions other than those owed to depository institutions, the U.S. government, and foreign banks and official institutions, less cash items in the process of collection and Federal Reserve float.

6. Consists of NOW and ATS account balances at all depository institutions, credit union share draft account balances, and demand deposits at thrift institutions.

7. Sum of (1) overnight RPs and overnight Eurodollars, (2) money market fund balances (general purpose and broker–dealer), (3) savings deposits (including MMDAs), and (4) small time deposits.

8. Sum of (1) large time deposits, (2) term RPs, (3) term Eurodollars of U.S. residents, and (4) money market fund balances (institution-only), less (5) a consolidation adjustment that represents the estimated amount of overnight RPs and Eurodollars held by institution-only money market funds.

9. Small time deposits—including retail RPs—are those issued in amounts of less than $100,000. All IRAs and Keogh accounts at commercial banks and thrift institutions are subtracted from small time deposits.

10. Large time deposits are those issued in amounts of $100,000 or more, excluding those booked at international banking facilities.

11. Large time deposits at commercial banks less those held by money market funds, depository institutions, U.S. government, and foreign banks and official institutions.

1.22 DEPOSIT INTEREST RATES AND AMOUNTS OUTSTANDING Commercial and BIF-insured saving banks[1]

Item	1991	1992	1993 Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.[r]	Nov.
	Interest rates (annual effective yields)										
INSURED COMMERCIAL BANKS											
1 Negotiable order of withdrawal accounts	3.76	2.33	2.21	2.15	2.12	2.09	2.06	2.01	1.96	1.92	1.89
2 Savings deposits[2]	4.30	2.88	2.73	2.68	2.65	2.61	2.59	2.55	2.51	2.49	2.48
Interest-bearing time deposits with balances of less than $100,000, by maturity											
3 7 to 91 days	4.18	2.90	2.75	2.72	2.70	2.68	2.67	2.66	2.63	2.63	2.64
4 92 to 182 days	4.41	3.16	3.03	2.99	2.97	2.97	2.97	2.96	2.92	2.91	2.92
5 183 days to 1 year	4.59	3.37	3.22	3.19	3.18	3.19	3.18	3.17	3.13	3.11	3.13
6 More than 1 year to 2½ years	4.95	3.88	3.74	3.66	3.64	3.65	3.64	3.63	3.55	3.54	3.54
7 More than 2½ years	5.52	4.77	4.52	4.47	4.47	4.44	4.43	4.40	4.28	4.27	4.28
BIF-INSURED SAVINGS BANKS[3]											
8 Negotiable order of withdrawal accounts	4.44	2.45	2.32	2.25	2.20	2.13	2.09	2.07	2.01	1.98	1.95
9 Savings deposits[2]	4.97	3.20	3.05	2.98	2.93	2.88	2.83	2.80	2.73	2.68	2.65
Interest-bearing time deposits with balances of less than $100,000, by maturity											
10 7 to 91 days	4.68	3.13	2.95	2.91	2.87	2.86	2.80	2.79	2.76	2.75	2.73
11 92 to 182 days	4.92	3.44	3.28	3.23	3.19	3.17	3.15	3.12	3.05	3.05	3.03
12 183 days to 1 year	4.99	3.61	3.52	3.48	3.45	3.44	3.40	3.37	3.33	3.34	3.32
13 More than 1 year to 2½ years	5.23	4.02	3.83	3.86	3.76	3.79	3.72	3.73	3.69	3.68	3.69
14 More than 2½ years	5.98	5.00	4.89	4.84	4.79	4.75	4.73	4.73	4.62	4.57	4.60
	Amounts outstanding (millions of dollars)										
INSURED COMMERCIAL BANKS											
15 Negotiable order of withdrawal accounts	244,637	286,541	287,811	280,073	283,860	287,555	284,496	287,675	286,056	289,813	297,329
16 Savings deposits[2]	652,058	738,253	747,809	745,038	753,452	754,790	757,716	761,919	758,835	765,372	770,609
17 Personal	508,191	578,757	591,388	586,863	591,231	592,545	593,448	593,318	592,028	595,715	598,200
18 Nonpersonal	143,867	159,496	156,422	158,175	162,221	162,245	164,268	168,601	166,807	169,657	172,408
Interest-bearing time deposits with balances of less than $100,000, by maturity											
19 7 to 91 days	47,094	38,474	35,459	34,675	33,213	31,743	30,803	30,017	30,384	30,022	29,730
20 92 to 182 days	158,605	127,831	125,630	122,136	119,096	114,846	112,497	109,603	108,574	108,504	109,228
21 183 days to 1 year	209,672	163,098	158,173	156,957	157,559	156,549	156,431	155,074	152,501	149,758	147,334
22 More than 1 year to 2½ years	171,721	152,977	147,798	146,830	144,330	144,804	143,605	141,377	139,406	139,042	139,315
23 More than 2½ years	158,078	169,708	177,558	178,657	179,761	179,297	180,983	181,762	184,414	183,790	180,972
24 IRA/Keogh Plan deposits	147,266	147,350	148,515	147,463	146,450	146,523	146,196	145,955	145,636	144,776	144,345
BIF-INSURED SAVINGS BANKS[3]											
25 Negotiable order of withdrawal accounts	9,624	10,871	10,199	9,876	10,000	10,313	10,457	10,468	10,471	10,548	10,852
26 Savings deposits[2]	71,215	81,786	77,390	76,970	77,352	77,495	78,390	78,387	78,182	77,995	77,948
27 Personal	68,638	78,695	74,430	74,077	74,376	74,569	75,049	75,153	74,978	74,737	74,664
28 Nonpersonal	2,577	3,091	2,961	2,893	2,976	2,926	3,341	3,234	3,204	3,258	3,284
Interest-bearing time deposits with balances of less than $100,000, by maturity											
29 7 to 91 days	4,146	3,867	3,201	3,167	3,103	3,022	2,871	2,928	2,886	2,839	2,778
30 92 to 182 days	21,686	17,345	14,468	14,328	14,129	13,808	13,773	13,525	13,261	13,131	12,926
31 183 days to 1 year	29,715	21,780	19,074	18,778	18,520	18,427	18,454	18,143	17,798	17,441	17,178
32 More than 1 year to 2½ years	25,379	18,442	16,842	16,433	16,155	15,972	16,250	16,200	16,161	16,124	15,995
33 More than 2½ years	18,665	18,845	18,564	18,646	18,725	18,989	19,229	19,331	19,610	19,657	19,645
34 IRA/Keogh Plan accounts	23,007	21,713	20,089	19,969	19,861	19,855	19,920	19,802	19,766	19,601	19,382

1. BIF, Bank Insurance Fund. Data in this table also appear in the Board's H.6 (508) Special Supplementary Table monthly statistical release. For ordering address, see inside front cover. Estimates are based on data collected by the Federal Reserve System from a stratified random sample of about 460 commercial banks and 80 savings banks on the last Wednesday of each period. Data are not seasonally adjusted and include IRA/Keogh deposits and foriegn currency denominated deposits. Data exclude retail repurchase agreements and deposits held in U.S. branches and agencies of foreign banks.

2. Includes personal and nonpersonal money market deposits.

3. BIF-insured savings banks include both mutual and federal savings banks.

1.23 BANK DEBITS AND DEPOSIT TURNOVER[1]

Debits are in billions of dollars; turnover is ratio of debits to deposits; monthly data are at annual rates

Bank group, or type of customer	1990[2]	1991[2]	1992[2]	1993 Apr.	1993 May	1993 June	1993 July[r]	1993 Aug.[r]	1993 Sept.
	Seasonally adjusted								
DEBITS									
Demand deposits[3]									
1 All insured banks	277,157.5	277,758.0	315,806.1	324,638.7	306,642.9	335,248.5	331,362.1	333,320.0	360,217.0
2 Major New York City banks	131,699.1	137,352.3	165,572.7	163,540.1	155,495.0	170,062.9	166,869.2	168,433.5	185,625.9
3 Other banks	145,458.4	140,405.7	150,233.5	161,098.6	151,147.9	165,185.6	164,492.9	164,886.5	174,591.1
4 Other checkable deposits[4]	3,349.0	3,645.5	3,788.1	3,524.7	3,284.7	3,620.9	3,377.0	3,440.1	3,499.3
5 Savings deposits (including MMDAs)[5]	3,483.3	3,266.1	3,331.3	3,523.3	3,436.1	3,637.4	3,637.8	3,494.7	3,733.8
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	797.8	803.5	832.4	792.3	722.8	791.3	779.4	768.2	824.6
7 Major New York City banks	3,819.8	4,270.8	4,797.9	4,120.9	3,852.9	4,197.5	4,306.7	4,027.5	4,263.0
8 Other banks	464.9	447.9	435.9	435.4	393.7	431.1	425.7	420.5	443.9
9 Other checkable deposits[4]	16.5	16.2	14.4	12.5	11.2	12.3	11.4	11.6	11.7
10 Savings deposits (including MMDAs)[5]	6.2	5.3	4.7	4.7	4.5	4.7	4.7	4.5	4.8
	Not seasonally adjusted								
DEBITS									
Demand deposits[3]									
11 All insured banks	277,290.5	277,715.4	315,808.2	324,530.2	306,746.1	345,368.7	333,304.1	342,912.1	347,887.1
12 Major New York City banks	131,784.7	137,307.2	165,595.0	161,923.2	154,606.6	176,874.8	168,018.4	174,674.7	179,869.7
13 Other banks	145,505.8	140,408.3	150,213.3	162,607.0	152,139.5	168,493.9	165,285.7	168,237.4	168,017.4
14 Other checkable deposits[4]	3,346.7	3,645.6	3,788.1	3,741.6	3,201.0	3,645.9	3,301.6	3,379.2	3,502.1
15 Savings deposits (including MMDAs)[5]	3,483.0	3,267.7	3,329.0	3,741.3	3,445.0	3,758.1	3,648.1	3,532.3	3,539.6
DEPOSIT TURNOVER									
Demand deposits[3]									
16 All insured banks	798.2	803.4	832.5	787.0	738.2	818.3	779.0	803.4	798.6
17 Major New York City banks	3,825.9	4,274.3	4,803.5	4,108.4	3,948.9	4,412.6	4,280.6	4,307.8	4,196.6
18 Other banks	465.0	447.9	436.0	436.0	404.2	441.1	425.3	435.5	427.8
19 Other checkable deposits[4]	16.4	16.2	14.4	12.8	11.1	12.5	11.3	11.5	11.8
20 Savings deposits (including MMDAs)[5]	6.2	5.3	4.7	5.0	4.5	4.9	4.8	4.6	4.6

1. Historical tables containing revised data for earlier periods can be obtained from the Banking and Money Market Statistics Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.
Data in this table also appear in the Board's G.6 (406) monthly statistical release. For ordering address, see inside front cover.
2. Annual averages of monthly figures.
3. Represents accounts of individuals, partnerships, and corporations and of states and political subdivisions.
4. Accounts authorized for negotiable orders of withdrawal (NOWs) and accounts authorized for automatic transfer to demand deposits (ATSs).
5. Money market deposit accounts.

1.24 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars, averages of Wednesday figures

Item	1992	1993										
	Dec.	Jan.	Feb.	Mar.	Apr.	May	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.
	Seasonally adjusted											
1 **Total loans, leases, and securities[2]**	**2,937.6**	**2,935.3**	**2,943.9**	**2,960.2**	**2,970.9**	**2,991.2**	**3,014.3**	**3,037.7**	**3,046.2**	**3,056.9**	**3,056.3**	**3,072.3**
2 *U.S. government securities*	657.1	656.5	666.2	680.2	691.0	693.5	704.4	708.2	714.4	719.8	717.6	719.2
3 Other securities	176.0	174.5	176.4	179.0	181.0	181.2	179.5	181.3	182.1	182.5	180.5	180.7
4 Total loans and leases[2]	2,104.6	2,104.4	2,101.3	2,101.0	2,098.9	2,116.5	2,130.4	2,148.2	2,149.6	2,154.6	2,158.2	2,172.4
5 Commercial and industrial	597.6	598.0	596.7	593.1	587.5	589.9	591.0	590.8	590.1	586.8	586.5	586.3
6 Bankers acceptances held[3]	7.7	7.3	8.4	8.5	8.5	9.0	8.9	9.5	9.9	9.1	9.8	9.2
7 Other commercial and industrial	589.9	590.7	588.3	584.6	579.0	580.9	582.2	581.3	580.2	577.7	576.7	577.0
8 U.S. addressees[4]	580.2	581.2	578.8	574.9	569.7	571.2	572.8	571.6	570.5	567.5	566.9	566.7
9 Non-U.S. addressees[4]	9.7	9.6	9.5	9.7	9.3	9.7	9.4	9.8	9.7	10.1	9.8	10.3
10 Real estate	892.4	890.8	890.1	891.9	892.2	898.0	904.0	907.8	910.8	914.5	917.9	921.5
11 Individual	355.5	358.4	361.9	362.3	364.4	367.5	368.8	372.5	374.7	375.9	380.3	383.2
12 Security	64.8	63.5	62.8	64.2	62.3	68.6	71.4	81.5	79.6	82.5	79.5	86.9
13 Nonbank financial institutions	43.6	45.1	44.6	44.2	45.0	45.9	46.0	46.4	46.7	46.0	45.0	44.1
14 Agricultural	35.0	34.5	34.3	34.0	34.1	34.3	34.3	34.7	34.8	34.8	35.0	35.5
15 State and political subdivisions	24.8	24.2	23.8	23.6	23.1	23.0	22.8	22.8	22.7	22.4	22.3	21.8
16 Foreign banks	7.7	7.7	8.8	8.5	8.4	8.4	8.6	9.1	9.5	8.7	8.9	8.2
17 Foreign official institutions	2.8	2.9	3.2	3.2	3.2	3.1	3.2	3.2	3.1	3.4	3.5	3.3
18 Lease-financing receivables	30.9	30.4	30.6	30.6	30.7	30.9	31.3	31.6	31.7	31.8	32.2	32.5
19 All other loans	49.5	48.8	44.5	45.3	48.0	46.8	49.0	47.9	46.0	47.7	47.3	49.0
	Not seasonally adjusted											
20 **Total loans, leases, and securities[2]**	**2,947.4**	**2,937.4**	**2,946.7**	**2,963.9**	**2,972.5**	**2,986.2**	**3,014.0**	**3,025.9**	**3,037.8**	**3,053.8**	**3,055.6**	**3,079.6**
21 U.S. government securities	655.8	656.9	669.8	685.9	692.8	692.5	702.2	703.5	712.7	717.4	715.3	722.5
22 Other securities	176.2	175.0	176.6	178.7	180.4	180.7	179.0	180.1	182.0	182.1	180.8	181.7
23 Total loans and leases[2]	2,115.4	2,105.5	2,100.3	2,099.3	2,099.3	2,113.0	2,132.9	2,142.3	2,143.1	2,154.2	2,159.5	2,175.5
24 Commercial and industrial	600.6	596.4	595.9	596.3	590.4	591.6	592.8	589.8	586.4	583.2	584.2	586.6
25 Bankers acceptances held[3]	8.0	7.4	8.8	8.6	8.3	8.9	8.7	9.2	9.6	8.9	9.5	9.6
26 Other commercial and industrial	592.5	589.0	587.1	587.7	582.1	582.7	584.1	580.6	576.9	574.4	574.7	577.0
27 U.S. addressees[4]	583.0	579.5	577.5	578.2	572.7	573.0	573.9	570.5	566.9	564.3	565.1	567.3
28 Non-U.S. addressees[4]	9.5	9.5	9.5	9.5	9.4	9.7	10.2	10.1	10.0	10.0	9.6	9.7
29 Real estate	893.7	890.5	888.3	889.3	891.1	898.0	904.3	908.1	911.6	915.4	918.9	923.0
30 Individual	360.0	362.5	361.9	359.8	361.7	365.7	367.0	370.2	374.1	377.6	380.7	384.1
31 Security	65.6	65.0	65.8	66.4	65.7	65.5	70.8	77.5	76.7	80.6	79.1	86.1
32 Nonbank financial institutions	45.6	45.3	44.5	43.9	44.4	45.3	46.6	46.1	46.5	45.4	44.5	44.5
33 Agricultural	34.8	33.6	32.9	32.7	33.3	34.0	34.8	35.6	35.9	36.2	36.0	35.6
34 State and political subdivisions	24.8	24.0	23.7	23.7	23.2	23.0	22.8	22.7	22.7	22.5	22.4	21.8
35 Foreign banks	8.2	7.8	8.6	8.2	8.1	8.2	8.4	9.1	9.3	8.9	9.2	8.6
36 Foreign official institutions	2.8	2.9	3.2	3.2	3.2	3.1	3.2	3.2	3.1	3.4	3.5	3.3
37 Lease-financing receivables	30.9	30.8	30.8	30.8	30.8	30.9	31.3	31.4	31.5	31.6	32.1	32.4
38 All other loans	48.6	46.6	44.6	45.0	47.5	47.6	51.0	48.7	45.4	49.5	48.8	49.5

1. All commercial banks include domestically chartered insured banks, U.S. branches and agencies of foreign banks, New York state investment companies majority owned by foreign banks, and Edge Act and agreement corporations owned by domestically chartered foreign banks. Data are prorated averages of Wednesday *estimates for domestically chartered and foreign related institutions,* based on weekly reports of a sample of domestically chartered insured banks and large branches and agencies and quarterly reports of all domestically chartered insured banks and all agencies, branches, investment companies, and Edge Act and agreement corporation engaged in banking.
2. Adjusted to exclude loans to commercial banks in the United States.
3. *Includes nonfinancial commercial paper held.*
4. United States includes the fifty states and the District of Columbia.

1.25 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Billions of dollars, monthly averages

Source of funds	1992	1993										
	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
	Seasonally adjusted											
1 Total nondeposit funds[2]	311.4	311.2	309.6	319.9	329.4	325.1	335.7	356.1[r]	366.8[r]	377.9[r]	382.0	372.4
2 Net balances owed to related foreign offices[3]	71.1	73.8	72.5	77.8	87.5	81.9	85.0	100.0[r]	114.1[r]	118.8[r]	123.6	120.7
3 Borrowings from other than commercial banks in United States[4]	240.4	237.3	237.1	242.1	241.9	243.3	250.7	256.1	252.7	259.1	258.4	251.7
4 Domestically chartered banks	155.9	156.6	156.9	161.5	166.9	166.2	173.7	179.7[r]	177.3[r]	181.7[r]	183.5[r]	178.3
5 Foreign-related banks	84.4	80.7	80.2	80.5	75.0	77.1	77.0	76.4	75.4[r]	77.4	75.0	73.4
	Not seasonally adjusted											
6 Total nondeposit funds[2]	311.4	310.0	313.9	324.7	325.6	329.8	334.7	349.8[r]	361.7[r]	372.5[r]	384.6	378.6
7 Net balances owed to related foreign offices[3]	75.2	76.4	74.4	78.5	84.6	84.0	83.1	96.7[r]	110.4[r]	116.4[r]	124.7	122.4
8 Domestically chartered banks	−15.0	−15.8	−10.6	−7.0	−9.4	−9.7	−15.3	−15.2	−13.6	−11.2	−5.1	−4.9
9 Foreign-related banks	90.2	92.3	84.9	85.5	94.0	93.7	98.4	112.0[r]	124.0[r]	127.7[r]	129.9	127.3
10 Borrowings from other than commercial banks in United States[4]	236.2	233.6	239.6	246.2	241.0	245.8	251.6	253.1	251.3	256.1	259.9	256.2
11 Domestically chartered banks	155.0	153.6	158.6	164.4	164.9	167.8	173.5	176.0	176.0[r]	180.3[r]	184.8	183.4
12 Federal funds and security RP borrowings[5]	151.0	150.0	155.4	161.1	161.4	164.0	169.6	171.7	172.0	176.0	180.4[r]	178.7
13 Other[6]	4.0	3.6	3.2	3.3	3.5	3.8	3.8	4.3	4.0	4.4	4.5	4.7
14 Foreign-related banks[6]	81.2	80.0	80.9	81.8	76.2	78.0	78.2	77.1	75.3	75.7	75.0	72.8
MEMO												
Gross large time deposits[7]												
15 Seasonally adjusted	366.5	359.9	358.4	355.7	355.0	356.3	352.6	344.6	339.7	335.5	335.5	336.4
16 Not seasonally adjusted	365.5	358.0	358.0	356.5	354.2	357.9	354.1	344.3	340.8	335.8	334.6	336.2
U.S. Treasury demand balances at commercial banks[8]												
17 Seasonally adjusted	20.4	25.6	23.6	18.8	24.2	19.1	26.1	30.1	29.4	24.2	16.7	16.0
18 Not seasonally adjusted	19.5	33.1	29.5	17.4	20.3	20.3	26.5	25.6	23.8	28.6	17.2	12.8

1. Commercial banks are nationally and state-chartered banks in the fifty states and the District of Columbia, agencies and branches of foreign banks, New York State investment companies majority owned by foreign banks, and Edge Act and agreement corporations owned by domestically chartered and foreign banks.

Data in this table also appear in the Board's G.10 (411) monthly statistical release. For ordering address, see inside front cover.

2. Includes federal funds, repurchase agreements (RPs), and other borrowing from nonbanks and net balances due to related foreign offices.

3. Reflects net positions of U.S. chartered banks, Edge Act corporations, and U.S. branches and agencies of foreign banks with related foreign offices plus net positions with own international banking facilities (IBFs).

4. Borrowings through any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, loan RPs, and sales of participations in pooled loans.

5. Figures are based on averages of daily data reported weekly by approximately 120 large banks and on quarterly or annual data reported by other banks.

6. Figures are partly averages of daily data and partly averages of Wednesday data.

7. Time deposits in denominations of $100,000 or more. Estimated averages of daily data.

8. U.S. Treasury demand deposits and Treasury tax and loan notes at commercial banks. Averages of daily data.

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1] Wednesday figures

Millions of dollars

Account	1993								
	Sept. 29[r]	Oct. 6[r]	Oct. 13[r]	Oct. 20[r]	Oct. 27[r]	Nov. 3	Nov. 10	Nov. 17	Nov. 24
ALL COMMERCIAL BANKING INSTITUTIONS[2]									
Assets									
1 Loans and securities	3,205,072	3,203,673	3,214,958	3,199,579	3,201,741	3,228,137	3,237,770	3,230,883	3,235,245
2 Investment securities	849,498	854,827	854,479	851,227	849,524	859,678	862,382	856,948	859,371
3 U.S. government securities	683,746	688,753	688,357	685,579	683,685	693,982	695,997	690,174	692,715
4 Other	165,752	166,074	166,123	165,648	165,838	165,696	166,385	166,774	166,657
5 Trading account assets	47,421	42,653	43,659	43,054	41,444	43,057	45,854	44,632	42,418
6 U.S. government securities	31,096	27,439	28,088	28,910	26,805	27,587	30,885	29,654	26,923
7 Other securities	2,948	2,885	2,948	2,995	2,730	2,818	2,724	2,308	2,204
8 Other trading account assets	13,378	12,328	12,622	11,149	11,909	12,652	12,245	12,670	13,291
9 Total loans	2,308,153	2,306,194	2,316,820	2,305,299	2,310,773	2,325,403	2,329,534	2,329,303	2,333,455
10 Interbank loans	150,768	149,995	158,597	148,147	151,518	154,326	157,909	158,838	155,186
11 Loans excluding interbank	2,157,386	2,156,199	2,158,222	2,157,152	2,159,255	2,171,076	2,171,625	2,170,465	2,178,269
12 Commercial and industrial	584,334	583,457	582,816	584,024	584,531	587,808	586,734	586,422	586,270
13 Real estate	916,874	918,278	920,496	918,512	917,640	920,196	923,429	921,417	921,571
14 Revolving home equity	74,801	74,681	74,627	74,470	74,377	74,212	74,090	73,986	73,783
15 Other	842,073	843,597	845,869	844,042	843,263	845,984	849,339	847,431	847,788
16 Individual	379,889	379,061	380,075	380,707	382,079	381,810	382,402	383,455	384,554
17 All other	276,289	275,403	274,835	273,910	275,005	281,263	279,061	279,171	285,875
18 Total cash assets	220,118	209,555	232,214	216,538	214,845	213,805	211,349	217,155	225,242
19 Balances with Federal Reserve Banks	31,652	29,304	29,777	32,489	30,629	27,965	31,294	29,535	35,038
20 Cash in vault	33,969	31,655	34,572	33,998	34,177	31,623	33,171	34,504	32,842
21 Demand balances at U.S. depository institutions	31,403	29,464	34,435	30,608	31,511	31,684	29,735	31,080	32,750
22 Cash items	83,898	80,257	93,537	80,839	78,012	84,322	79,377	83,779	85,352
23 Other cash assets	39,195	38,875	39,894	38,604	40,517	38,212	37,772	38,257	39,260
24 Other assets	273,410	282,595	280,239	265,107	268,745	280,816	282,411	273,463	272,456
25 **Total assets**	**3,698,600**	**3,695,822**	**3,727,411**	**3,681,224**	**3,685,330**	**3,722,759**	**3,731,530**	**3,721,501**	**3,732,942**
Liabilities									
26 Total deposits	2,492,245	2,516,545	2,533,747	2,492,925	2,488,091	2,535,472	2,527,714	2,528,280	2,528,312
27 Transaction accounts	792,163	804,398	822,074	793,005	788,025	821,467	813,052	819,499	821,125
28 Demand, U.S. government	3,290	2,981	2,915	3,218	3,034	3,319	3,173	2,915	5,123
29 Demand, depository institutions	38,927	37,859	44,460	38,993	39,637	40,510	38,626	40,652	41,651
30 Other demand and all checkable deposits	749,946	763,559	774,700	750,795	745,354	777,638	771,253	775,933	774,352
31 Savings deposits (excluding checkable)	765,288	777,195	778,583	770,516	771,004	781,784	784,719	780,420	776,081
32 Small time deposits	606,826	606,434	605,601	603,724	601,919	602,232	600,820	599,335	599,273
33 Time deposits over $100,000	327,968	328,517	327,489	325,680	327,143	329,989	329,124	329,026	331,833
34 Borrowings	533,538	510,731	529,184	517,562	510,814	507,175	520,280	506,987	523,230
35 Treasury tax and loan notes	35,278	12,636	11,849	9,730	12,942	6,381	9,368	5,871	7,026
36 Other	498,260	498,095	517,335	507,832	497,872	500,794	510,912	501,116	516,204
37 Other liabilities	377,311	371,995	366,920	372,816	388,688	381,652	383,246	386,766	384,588
38 **Total liabilities**	**3,403,095**	**3,399,271**	**3,429,851**	**3,383,303**	**3,387,593**	**3,424,299**	**3,431,240**	**3,422,033**	**3,436,130**
39 Residual (assets less liabilities)[3]	295,506	296,552	297,560	297,921	297,738	298,460	300,290	299,468	296,812

Footnotes appear on following page.

1.26 ASSETS AND LIABILITIES OF COMMERCIAL BANKS[1] Wednesday figures—Continued

Millions of dollars

Account	1993								
	Sept. 29[r]	Oct. 6[r]	Oct. 13[r]	Oct. 20[r]	Oct. 27[r]	Nov. 3	Nov. 10	Nov. 17	Nov. 24
DOMESTICALLY CHARTERED COMMERCIAL BANKS[4]									
Assets									
40 Loans and securities	2,844,183	2,852,289	2,861,000	2,840,835	2,839,025	2,867,919	2,878,186	2,866,958	2,870,429
41 Investment securities	775,607	780,644	779,197	776,054	773,285	780,678	784,117	776,522	781,703
42 U.S. government securities	633,427	638,115	636,523	633,389	630,908	638,571	641,562	633,935	638,072
43 Other	142,180	142,529	142,674	142,665	142,377	142,107	142,555	142,587	143,630
44 Trading account assets	47,421	42,653	43,659	43,054	41,444	43,057	45,854	44,632	42,418
45 U.S. government securities	31,096	27,439	28,088	28,910	26,805	27,587	30,885	29,654	26,923
46 Other securities	2,948	2,885	2,948	2,995	2,730	2,818	2,724	2,308	2,204
47 Other trading account assets	13,378	12,328	12,622	11,149	11,909	12,652	12,245	12,670	13,291
48 Total loans	2,021,154	2,028,993	2,038,145	2,021,727	2,024,296	2,044,184	2,048,216	2,045,804	2,046,308
49 Interbank loans	124,373	129,480	134,363	122,343	125,834	132,582	135,636	134,813	131,846
50 Loans excluding interbank	1,896,782	1,899,513	1,903,782	1,899,384	1,898,462	1,911,602	1,912,580	1,910,991	1,914,462
51 Commercial and industrial	432,024	431,531	431,367	432,406	432,308	435,415	434,315	434,177	433,448
52 Real estate	869,363	870,653	873,076	871,058	870,148	872,865	876,150	874,296	874,313
53 Revolving home equity	74,801	74,681	74,627	74,470	74,377	74,212	74,090	73,986	73,783
54 Other	794,562	795,972	798,449	796,588	795,770	798,653	802,060	800,310	800,530
55 Individual	379,889	379,061	380,075	380,707	382,079	381,810	382,402	383,455	384,554
56 All other	215,505	218,268	219,265	215,214	213,928	221,512	219,713	219,063	222,147
57 Total cash assets	192,534	182,918	205,317	190,171	187,093	188,137	186,486	192,407	200,032
58 Balances with Federal Reserve Banks	30,983	28,844	28,944	32,050	29,803	27,510	30,544	29,059	34,335
59 Cash in vault	33,933	31,621	34,534	33,962	34,141	31,590	33,131	34,468	32,805
60 Demand balances at U.S. depository institutions	29,892	28,018	32,836	29,118	30,027	29,883	28,400	29,739	31,505
61 Cash items	80,604	77,337	90,830	77,826	75,030	81,741	76,831	81,613	82,973
62 Other cash assets	17,122	17,098	18,173	17,215	18,092	17,414	17,581	17,529	18,415
63 Other assets	184,074	191,476	192,609	180,989	185,722	191,386	189,716	181,914	179,264
64 Total assets	**3,220,790**	**3,226,683**	**3,258,926**	**3,211,994**	**3,211,840**	**3,247,442**	**3,254,389**	**3,241,279**	**3,249,725**
Liabilities									
65 Total deposits	2,347,804	2,376,146	2,394,358	2,353,714	2,349,106	2,392,583	2,385,678	2,385,621	2,383,425
66 Transaction accounts	778,523	792,196	810,278	780,980	777,020	808,785	801,612	808,108	810,518
67 Demand, U.S. government	3,289	2,980	2,914	3,218	3,033	3,318	3,173	2,915	5,122
68 Demand, depository institutions	36,257	35,234	41,914	36,631	37,210	37,953	36,138	37,997	39,142
69 Other demand and all checkable deposits	738,977	753,982	765,450	741,132	736,777	767,514	762,301	767,196	766,254
70 Savings deposits (excluding checkable)	761,020	772,870	774,105	766,131	766,531	777,318	780,263	776,064	771,713
71 Small time deposits	604,562	604,177	603,331	601,479	599,636	599,983	598,579	597,105	597,037
72 Time deposits over $100,000	203,699	206,904	206,645	205,124	205,919	206,497	205,224	204,344	204,157
73 Borrowings	433,921	408,340	425,640	416,959	414,916	404,635	419,135	407,010	423,753
74 Treasury tax and loan notes	35,278	12,636	11,849	9,730	12,942	6,381	9,368	5,871	7,026
75 Other	398,643	395,704	413,791	407,229	401,974	398,254	409,767	401,139	416,727
76 Other liabilities	146,562	148,647	144,369	146,401	153,081	154,766	152,288	152,181	148,736
77 Total liabilities	**2,928,286**	**2,933,133**	**2,964,367**	**2,917,074**	**2,917,103**	**2,951,984**	**2,957,101**	**2,944,813**	**2,955,914**
78 Residual (assets less liabilities)[3]	292,504	293,551	294,559	294,920	294,736	295,459	297,288	296,466	293,811

1. Excludes assets and liabilities of international banking facilities.
2. Includes insured domestically chartered commercial banks, agencies and branches of foreign banks, Edge Act and agreement corporations, and New York State investment corporations majority owned by foreign banks. Data are estimates for the last Wednesday of the month based on a sample of weekly reporting foreign-related and domestic institutions and quarter-end condition reports.
3. This balancing item is not intended as a measure of equity capital for use in capital-adequacy analysis.
4. Includes all member banks and insured nonmember banks. Loans and securities data are estimates for the last Wednesday of the month based on a sample of weekly reporting banks and quarter-end condition reports.

1.27 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS

Millions of dollars, Wednesday figures

Account	1993								
	Sept. 29[r]	Oct. 6[r]	Oct. 13[r]	Oct. 20[r]	Oct. 27[r]	Nov. 3	Nov. 10	Nov. 17	Nov. 24
ASSETS									
1 Cash and balances due from depository institutions	115,803	107,174	119,498	113,622	109,344	107,851	107,550	112,738	118,322
2 U.S. Treasury and government securities	301,832	302,842	302,852	301,583	297,684	301,586	305,802	299,371	298,788
3 Trading account	26,905	24,545	25,236	26,114	24,095	24,577	27,724	26,038	24,175
4 Investment account	274,926	278,296	277,617	275,469	273,589	277,009	278,079	273,332	274,612
5 Mortgage-backed securities[1]	87,215	87,234	86,762	85,774	85,422	86,336	86,070	84,588	87,603
All others, by maturity									
6 One year or less	48,300	48,389	48,721	49,126	48,330	48,567	50,294	50,175	48,310
7 One year through five years	71,234	71,522	71,552	71,780	72,639	72,986	72,970	71,273	71,725
8 More than five years	68,177	71,152	70,583	68,790	67,198	69,121	68,745	67,296	66,975
9 Other securities	56,276	56,982	57,083	57,350	56,595	56,520	56,506	56,141	56,599
10 Trading account	2,629	2,621	2,684	2,731	2,467	2,558	2,463	2,098	1,994
11 Investment account	53,647	54,361	54,399	54,619	54,129	53,962	54,042	54,043	54,604
12 State and political subdivisions, by maturity	19,997	19,916	19,945	20,065	20,123	20,038	20,122	20,151	20,222
13 One year or less	3,761	3,818	3,794	3,825	3,845	3,842	3,885	3,808	3,857
14 More than one year	16,235	16,097	16,151	16,240	16,279	16,196	16,236	16,343	16,366
15 Other bonds, corporate stocks, and securities	33,650	34,445	34,454	34,553	34,005	33,924	33,921	33,892	34,382
16 Other trading account assets	13,265	12,216	12,509	11,038	11,798	12,541	12,134	12,560	13,179
17 Federal funds sold[2]	87,630	85,571	92,519	78,896	82,894	89,954	92,479	89,316	93,384
18 To commercial banks in the United States	52,340	49,047	54,425	42,952	48,218	50,596	53,317	51,766	52,419
19 To nonbank brokers and dealers	29,664	30,738	32,962	30,365	29,723	34,748	34,962	33,094	37,038
20 To others[3]	5,626	5,786	5,132	5,579	4,953	4,609	4,200	4,456	3,927
21 Other loans and leases, gross	995,485	996,022	999,886	998,241	996,460	1,002,306	1,002,349	1,003,389	1,003,906
22 Commercial and industrial	272,386	271,700	271,482	271,962	271,904	274,566	273,264	273,204	272,408
23 Bankers acceptances and commercial paper	2,826	2,913	3,378	3,388	3,422	3,411	3,459	3,395	3,387
24 All other	269,560	268,787	268,103	268,574	268,482	271,154	269,804	269,809	269,021
25 U.S. addressees	268,000	267,360	266,678	267,061	267,015	269,731	268,391	268,361	267,576
26 Non-U.S. addressees	1,560	1,426	1,425	1,513	1,466	1,423	1,413	1,448	1,445
27 Real estate loans	403,315	405,090	407,176	404,639	402,896	405,344	407,772	406,123	405,772
28 Revolving, home equity	43,653	43,633	43,602	43,476	43,405	43,359	43,275	43,211	43,039
29 All other	359,662	361,457	363,575	361,163	359,491	361,985	364,497	362,912	362,733
30 To individuals for personal expenditures	193,187	192,885	193,523	194,856	195,537	195,242	195,482	196,316	197,203
31 To financial institutions	36,826	38,568	40,802	39,449	38,519	38,959	38,659	39,147	38,946
32 Commercial banks in the United States	13,413	13,459	14,731	15,108	14,417	13,533	13,621	14,563	14,683
33 Banks in foreign countries	2,416	2,878	4,159	2,827	2,312	2,253	2,255	2,588	2,679
34 Nonbank financial institutions	20,997	22,232	21,912	21,514	21,790	23,173	22,782	21,996	21,584
35 For purchasing and carrying securities	19,251	17,863	17,644	17,882	18,665	18,847	18,136	17,692	19,951
36 To finance agricultural production	5,791	5,836	5,843	5,657	5,670	5,709	5,702	5,683	5,728
37 To states and political subdivisions	13,457	13,270	13,380	13,319	13,009	12,910	12,775	12,685	12,629
38 To foreign governments and official institutions	1,481	1,452	1,436	1,553	1,374	1,112	1,254	1,114	1,118
39 All other loans[4]	24,621	24,063	23,304	23,476	23,365	24,043	23,743	25,771	24,457
40 Lease-financing receivables	25,169	25,294	25,296	25,450	25,521	25,575	25,563	25,653	25,693
41 LESS: Unearned income	2,032	2,000	1,999	1,980	1,996	1,962	1,961	1,962	1,965
42 Loan and lease reserve[5]	35,619	35,200	35,208	35,175	35,142	35,482	35,517	35,487	35,415
43 Other loans and leases, net	957,833	958,822	962,679	961,086	959,322	964,862	964,872	965,939	966,527
44 Other assets	169,453	175,111	175,240	167,797	172,765	175,117	175,678	169,110	165,942
45 **Total assets**	**1,702,091**	**1,698,718**	**1,722,381**	**1,691,372**	**1,690,401**	**1,708,431**	**1,715,021**	**1,705,174**	**1,712,740**

Footnotes appear on the following page.

1.27 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS—Continued

Millions of dollars, Wednesday figures

Account	1993								
	Sept. 29r	Oct. 6r	Oct. 13r	Oct. 20r	Oct. 27r	Nov. 3	Nov. 10	Nov. 17	Nov. 24
LIABILITIES									
46 Deposits	1,103,316	1,116,852	1,128,746	1,101,981	1,098,232	1,122,826	1,119,609	1,122,005	1,117,039
47 *Demand deposits*	290,238	288,451	302,515	285,469	283,529	293,765	292,648	300,315	300,090
48 Individuals, partnerships, and corporations	236,870	240,318	250,511	233,961	232,408	243,289	242,296	248,019	247,566
49 Other holders	53,368	48,134	52,004	51,508	51,121	50,476	50,352	52,295	52,524
50 States and political subdivisions	8,664	8,136	8,432	9,063	8,840	9,442	8,915	8,863	9,714
51 U.S. government	2,163	1,691	1,663	1,957	1,904	1,944	1,932	1,664	3,284
52 Depository institutions in the United States	22,333	21,757	26,721	22,454	22,770	23,152	21,922	23,244	23,602
53 Banks in foreign countries	5,567	4,860	5,312	5,292	5,328	5,130	5,379	4,974	5,264
54 Foreign governments and official institutions	556	566	661	618	669	637	1,088	648	713
55 Certified and officers' checks	14,085	11,124	9,215	12,124	11,610	10,171	11,116	12,903	9,947
56 Transaction balances other than demand deposits[4]	117,086	121,929	120,211	119,096	117,947	123,845	122,161	121,625	121,064
57 Nontransaction balances	695,992	706,472	706,019	697,416	696,756	705,216	704,800	700,066	695,885
58 Individuals, partnerships, and corporations	673,937	684,663	684,140	675,711	675,038	683,876	683,275	678,561	674,314
59 Other holders	22,055	21,809	21,879	21,705	21,718	21,340	21,525	21,505	21,571
60 States and political subdivisions	18,184	17,840	17,831	17,648	17,611	17,319	17,476	17,386	17,434
61 U.S. government	1,991	2,212	2,235	2,230	2,245	2,224	2,267	2,321	2,334
62 Depository institutions in the United States	1,547	1,444	1,482	1,511	1,544	1,491	1,482	1,498	1,506
63 Foreign governments, official institutions, and banks	333	312	331	316	317	306	300	300	298
64 Liabilities for borrowed money[5]	329,608	309,601	325,820	317,277	314,527	305,940	318,334	306,721	323,032
65 Borrowings from Federal Reserve Banks	0	0	0	75	0	0	0	0	0
66 Treasury tax and loan notes	30,308	10,946	10,018	8,792	11,161	5,929	8,384	5,059	6,339
67 Other liabilities for borrowed money[6]	299,300	298,656	315,801	308,410	303,365	300,011	309,950	301,662	316,694
68 Other liabilities (including subordinated notes and debentures)	115,611	117,807	113,296	115,586	122,191	123,686	120,731	120,657	117,677
69 **Total liabilities**	**1,548,535**	**1,544,260**	**1,567,861**	**1,534,844**	**1,534,950**	**1,552,452**	**1,558,674**	**1,549,384**	**1,557,748**
70 Residual (total assets less total liabilities)[7]	153,556	154,458	154,519	156,529	155,451	155,979	156,348	155,790	154,992
MEMO									
71 Total loans and leases, gross, adjusted, plus securities[8]	1,388,734	1,391,128	1,395,694	1,389,049	1,382,795	1,398,777	1,402,332	1,394,446	1,398,754
72 Time deposits in amounts of $100,000 or more	96,651	99,409	99,096	97,659	98,358	99,002	97,882	97,164	97,006
73 Loans sold outright to affiliates[9]	828	822	821	823	812	812	805	804	849
74 *Commercial and industrial*	401	401	401	401	393	394	388	387	396
75 Other	427	422	420	422	418	418	417	417	453
76 Foreign branch credit extended to U.S. residents[10]	20,692	21,167	21,600	21,252	21,908	21,851	21,981	21,892	21,941
77 Net owed to related institutions abroad	−9,645	−11,121	−9,307	−5,158	−4,422	−10,835	−12,507	−7,521	−5,263

1. Includes certificates of participation, issued or guaranteed by agencies of the U.S. government, in pools of residential mortgages.
2. Includes securities purchased under agreements to resell.
3. Includes allocated transfer risk reserve.
4. Includes negotiable order of withdrawal accounts (NOWs), automatic transfer service (ATS), and telephone and preauthorized transfers of savings deposits.
5. Includes borrowings only from other than directly related institutions.
6. Includes federal funds purchased and securities sold under agreements to repurchase.
7. This balancing item is not intended as a measure of equity capital for use in capital-adequacy analysis.
8. Excludes loans to and federal funds transactions with commercial banks in the United States.
9. Affiliates include a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.
10. Credit extended by foreign branches of domestically chartered weekly reporting banks to nonbank U.S. residents. Consists mainly of commercial and industrial loans, but includes an unknown amount of credit extended to other than nonfinancial businesses.

NOTE. Data that formerly appeared in table 1.28, Assets and Liabilities of Large Weekly Reporting Commercial Banks in New York City, can be obtained from the Board's H.4.2 (504) weekly statistical release. *For ordering address, see inside front cover.*

1.28 LARGE WEEKLY REPORTING U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS Assets and Liabilities[1]

Millions of dollars, Wednesday figures

Account	1993								
	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24
ASSETS									
1 Cash and balances due from depository institutions	18,797	18,117	18,363	17,946	18,876	17,415	16,879	16,811	17,065
2 U.S. Treasury and government agency securities	32,542	32,760	33,598	33,780[r]	34,081[r]	35,776	35,175	36,427	35,339
3 Other securities	8,497	8,488	8,470	8,284[r]	8,444[r]	8,494	8,591	8,738	8,266
4 Federal funds sold[1]	26,975	23,013	24,297	26,878	29,237	24,640	25,281	25,523	27,847
5 To commercial banks in the United States	7,791	4,965	6,811	7,439	7,550	5,728	5,961	6,808	6,389
6 To others[2]	19,184	18,048	17,486	19,439	21,687	18,913	19,321	18,715	21,459
7 Other loans and leases, gross	159,255	157,252	156,496	157,138	156,706	158,164	157,667	158,820	158,959
8 Commercial and industrial	95,335	95,171	95,135	95,114	95,229	95,363	95,355	95,407	95,393
9 Bankers acceptances and commercial paper	2,466	2,695	2,951	2,952	2,771	2,761	2,618	2,528	2,826
10 All other	92,869	92,476	92,184	92,162	92,458	92,602	92,737	92,879	92,567
11 U.S. addressees	89,553	89,229	88,973	88,992	89,251	89,396	89,413	89,596	89,317
12 Non-U.S. addressees	3,316	3,246	3,210	3,170	3,206	3,206	3,325	3,283	3,250
13 Loans secured by real estate	31,226	31,300	31,240	31,223	31,176	31,083	31,065	31,013	30,962
14 To financial institutions	23,545	23,443	23,368	23,345	23,228	22,571	22,660	22,722	22,499
15 Commercial banks in the United States	5,628	5,522	5,548	5,710	5,473	5,383	5,493	5,415	5,450
16 Banks in foreign countries	1,946	2,023	2,078	2,119	2,176	2,025	1,958	1,955	2,021
17 Nonbank financial institutions	15,971	15,898	15,741	15,517	15,579	15,163	15,208	15,353	15,028
18 For purchasing and carrying securities	5,233	3,923	3,395	3,716	3,323	5,154	4,711	5,709	6,132
19 To foreign governments and official institutions	497	476	464	454	423	471	469	495	474
20 All other	3,419	2,940	2,895	3,285	3,327	3,521	3,407	3,474	3,499
21 Other assets (claims on nonrelated parties)	32,466	30,942	31,089	30,322	31,416	32,187	32,612	31,647	32,334
22 **Total assets[3]**	**302,511**	**296,875**	**296,322**	**296,755**	**299,419**	**300,675**	**301,910**	**303,905**	**305,879**
LIABILITIES									
23 Deposits or credit balances owed to other than directly-related institutions	93,056	90,006	89,691	89,748	90,607	92,187	92,173	92,749	94,370
24 Demand deposits[4]	5,706	4,947	4,776	4,929	4,406	5,163	4,611	4,546	4,207
25 Individuals, partnerships, and corporations	4,260	3,809	3,758	3,875	3,497	3,745	3,564	3,437	3,352
26 Other	1,445	1,138	1,018	1,055	909	1,418	1,047	1,110	855
27 Nontransaction accounts	87,350	85,059	84,915	84,819	86,201	87,025	87,562	88,203	90,163
28 Individuals, partnerships, and corporations	60,570	58,581	58,053	57,943	57,939	58,633	58,858	59,755	62,383
29 Other	26,780	26,478	26,862	26,876	28,262	28,391	28,703	28,448	27,780
30 Borrowings from other than directly-related institutions	76,345	78,929	79,180	77,095	72,845	78,087	76,509	75,561	75,276
31 Federal funds purchased[5]	38,009	43,348	41,478	42,936	37,863	40,031	37,427	39,571	37,579
32 From commercial banks in the United States	12,027	11,931	12,427	9,033	9,993	11,776	9,739	14,427	8,946
33 From others	25,982	31,416	29,051	33,903	27,870	28,255	27,688	25,144	28,633
34 Other liabilities for borrowed money	38,336	35,581	37,701	34,159	34,983	38,056	39,082	35,990	37,696
35 To commercial banks in the United States	4,519	3,914	4,516	4,942	5,596	5,022	5,804	5,517	6,052
36 To others	33,817	31,668	33,185	29,216	29,386	33,035	33,278	30,473	31,645
37 Other liabilities to nonrelated parties	30,258	28,888	27,860	27,844	28,039	28,464	29,039	29,305	28,769
38 **Total liabilities[6]**	**302,511**	**296,875**	**296,322**	**296,755**	**299,419**	**300,675**	**301,910**	**303,905**	**305,879**
MEMO									
39 Total loans (gross) and securities, adjusted[7]	213,850	211,025	210,502	212,931	215,445	215,963	215,261	217,285	218,573
40 Net owed to related institutions abroad	78,872	72,749	75,582	79,661	87,269	77,937	78,485	80,353	81,395

1. Includes securities purchased under agreements to resell.
2. Includes transactions with nonbank brokers and dealers in securities.
3. Includes net due from related institutions abroad for U.S. branches and agencies of foreign banks having a net "due from" position.
4. Includes other transaction deposits.
5. Includes securities sold under agreements to repurchase.
6. Includes net owed to related institutions abroad for U.S. branches and agencies of foreign banks having a net "due to" position.
7. Excludes loans to and federal funds transactions with commercial banks in the United States.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Item	Year ending December					1993					
	1988	1989	1990	1991	1992	May	June	July	Aug.	Sept.	Oct.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**458,464**	**525,831**	**562,656**	**531,724**	**549,433**	**541,761**	**544,107**	**539,149**	**545,527**	**541,285**	**550,463**
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	159,777	183,622	214,706	213,823	228,260	214,558	221,834	210,224	216,245	215,077	222,981
3 Bank-related (not seasonally adjusted)[3]	1,248	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Directly placed paper[4]											
4 Total	194,931	210,930	200,036	183,379	172,813	174,558	171,479	170,192	172,093	169,431	170,965
5 Bank-related (not seasonally adjusted)[3]	43,155	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6 Nonfinancial companies[5]	103,756	131,279	147,914	134,522	148,360	152,645	150,794	158,733	157,189	156,777	156,517
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 **Total**	**66,631**	**62,972**	**54,771**	**43,770**	**38,200**	**34,927**	**34,149**	**33,120**	**32,572**	**33,041**	**33,069**
By holder											
8 Accepting banks	9,086	9,433	9,017	11,017	10,561	11,096	11,568	11,422	12,416	12,522	12,332
9 Own bills	8,022	8,510	7,930	9,347	9,103	9,786	10,236	10,140	10,709	10,679	10,886
10 Bills bought from other banks	1,064	924	1,087	1,670	1,458	1,310	1,333	1,282	1,707	1,843	1,446
Federal Reserve Banks[7]											
11 Foreign correspondents	1,493	1,066	918	1,739	1,276	690	613	582	635	637	582
12 Others	56,052	52,473	44,836	31,014	26,364	23,141	21,967	21,116	19,521	19,882	20,155
By basis											
13 Imports into United States	14,984	15,651	13,095	12,843	12,212	10,274	10,066	10,149	10,422	10,773	10,810
14 Exports from United States	14,410	13,683	12,703	10,351	8,096	7,809	7,650	7,673	7,534	7,460	7,101
15 All other	37,237	33,638	28,973	20,577	17,893	16,844	16,433	15,299	14,616	14,808	15,158

1. Institutions engaged primarily in commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
2. Includes all financial-company paper sold by dealers in the open market.
3. Series were discontinued in January 1989.
4. As reported by financial companies that place their paper directly with investors.
5. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
6. Data on bankers dollar acceptances are gathered from approximately 100 institutions. The reporting group is revised every January.
7. In 1977 the Federal Reserve discontinued operations in bankers dollar acceptances for its own account.

1.33 PRIME RATE CHARGED BY BANKS Short-Term Business Loans[1]

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1991— Jan. 1	10.00	1991	8.46	1992— Jan.	6.50	1993— Jan.	6.00
2	9.50	1992	6.25	Feb.	6.50	Feb.	6.00
Feb. 4	9.00	1993	6.00	Mar.	6.50	Mar.	6.00
May 1	8.50			Apr.	6.50	Apr.	6.00
Sept. 13	8.00	1991— Jan.	9.52	May	6.50	May	6.00
Nov. 6	7.50	Feb.	9.05	June	6.50	June	6.00
Dec. 23	6.50	Mar.	9.00	July	6.02	July	6.00
		Apr.	9.00	Aug.	6.00	Aug.	6.00
1992— July 2	6.00	May	8.50	Sept.	6.00	Sept.	6.00
		June	8.50	Oct.	6.00	Oct.	6.00
		July	8.50	Nov.	6.00	Nov.	6.00
		Aug.	8.50	Dec.	6.00	Dec.	6.00
		Sept.	8.20				
		Oct.	8.00				
		Nov.	7.58				
		Dec.	7.21				

1. The prime rate is one of several base rates that banks use to price short-term business loans. The table shows the date on which a new rate came to be the predominant one quoted by a majority of the twenty-five largest banks by asset size, based on the most recent Call Report. Data in this table also appear in the Board's H.15 (519) weekly and G.13 (415) monthly statistical releases. For ordering address, see inside front cover.

1.35 INTEREST RATES Money and Capital Markets

Averages, percent per year; figures are averages of business day data unless otherwise noted

Item	1990	1991	1992	1993				1993, week ending				
				Aug.	Sept.	Oct.	Nov.	Oct. 29	Nov. 5	Nov. 12	Nov. 19	Nov. 26
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	8.10	5.69	3.52	3.03	3.09	2.99	3.02	2.97	3.04	2.96	3.03	2.98
2 Discount window borrowing[2,4]	6.98	5.45	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Commercial paper[3,5,6]												
3 1-month	8.15	5.89	3.71	3.14	3.14	3.14	3.15	3.14	3.15	3.15	3.14	3.15
4 3-month	8.06	5.87	3.75	3.18	3.16	3.26	3.40	3.28	3.38	3.40	3.40	3.42
5 6-month	7.95	5.85	3.80	3.33	3.25	3.27	3.43	3.30	3.40	3.42	3.43	3.45
Finance paper, directly placed[3,5,7]												
6 1-month	8.00	5.73	3.62	3.08	3.07	3.08	3.08	3.07	3.09	3.09	3.08	3.06
7 3-month	7.87	5.71	3.65	3.13	3.09	3.16	3.25	3.18	3.23	3.26	3.26	3.27
8 6-month	7.53	5.60	3.63	3.16	3.11	3.13	3.19	3.14	3.19	3.19	3.19	3.20
Bankers acceptances[3,5,8]												
9 3-month	7.93	5.70	3.62	3.10	3.07	3.19	3.29	3.24	3.31	3.30	3.28	3.29
10 6-month	7.80	5.67	3.67	3.23	3.17	3.19	3.32	3.24	3.32	3.33	3.31	3.31
Certificates of deposit, secondary market[3,9]												
11 1-month	8.15	5.82	3.64	3.09	3.09	3.09	3.11	3.10	3.11	3.10	3.09	3.09
12 3-month	8.15	5.83	3.68	3.14	3.12	3.24	3.35	3.29	3.36	3.36	3.33	3.36
13 6-month	8.17	5.91	3.76	3.32	3.24	3.25	3.39	3.30	3.39	3.39	3.36	3.40
14 Eurodollar deposits, 3-month[3,10]	8.16	5.86	3.70	3.14	3.08	3.26	3.36	3.29	3.35	3.38	3.34	3.38
U.S. Treasury bills												
Secondary market[3,5]												
15 3-month	7.50	5.38	3.43	3.02	2.95	3.02	3.10	3.06	3.08	3.10	3.11	3.12
16 6-month	7.46	5.44	3.54	3.14	3.06	3.12	3.26	3.18	3.25	3.25	3.25	3.27
17 1-year	7.35	5.52	3.71	3.30	3.22	3.25	3.42	3.32	3.40	3.39	3.42	3.46
Auction average[3,5,11]												
18 3-month	7.51	5.42	3.45	3.05	2.96	3.04	3.12	3.08	3.11	3.11	3.11	3.14
19 6-month	7.47	5.49	3.57	3.17	3.06	3.13	3.27	3.19	3.25	3.28	3.26	3.30
20 1-year	7.36	5.54	3.75	3.30	3.27	3.25	3.43	n.a.	n.a.	n.a.	3.43	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[12]												
21 1-year	7.89	5.86	3.89	3.44	3.36	3.39	3.58	3.46	3.56	3.55	3.58	3.61
22 2-year	8.16	6.49	4.77	4.00	3.85	3.87	4.16	3.97	4.15	4.13	4.13	4.20
23 3-year	8.26	6.82	5.30	4.36	4.17	4.18	4.50	4.28	4.47	4.48	4.49	4.56
24 5-year	8.37	7.37	6.19	5.03	4.73	4.71	5.06	4.82	5.03	5.04	5.04	5.13
25 7-year	8.52	7.68	6.63	5.35	5.08	5.05	5.45	5.19	5.41	5.42	5.41	5.54
26 10-year	8.55	7.86	7.01	5.68	5.36	5.33	5.72	5.44	5.66	5.68	5.71	5.83
27 20-year	n.a.	n.a.	n.a.	n.a.	n.a.	6.07	6.38	6.14	6.31	6.35	6.39	6.47
28 30-year	8.61	8.14	7.67	6.32	6.00	5.94	6.21	5.99	6.12	6.19	6.22	6.31
Composite												
29 More than 10 years (long-term)	8.74	8.16	7.52	6.18	5.94	5.90	6.25	5.99	6.17	6.21	6.25	6.34
STATE AND LOCAL NOTES AND BONDS												
Moody's series[13]												
30 Aaa	6.96	6.56	6.09	5.37	5.25	5.13	5.10	5.05	5.08	5.10	5.12	5.12
31 Baa	7.29	6.99	6.48	5.84	5.76	5.63	5.61	5.55	5.58	5.60	5.02	5.62
32 *Bond Buyer* series[14]	7.27	6.92	6.44	5.45	5.29	5.25	5.47	5.31	5.45	5.46	5.46	5.49
CORPORATE BONDS												
33 Seasoned issues, all industries[15]	9.77	9.23	8.55	7.19	6.98	6.97	7.25	7.03	7.18	7.24	7.26	7.32
Rating group												
34 Aaa	9.32	8.77	8.14	6.85	6.66	6.67	6.93	6.73	6.87	6.92	6.94	6.99
35 Aa	9.56	9.05	8.46	7.06	6.85	6.87	7.12	6.93	7.07	7.11	7.13	7.18
36 A	9.82	9.30	8.62	7.25	7.05	7.04	7.29	7.08	7.22	7.28	7.30	7.36
37 Baa	10.36	9.80	8.98	7.60	7.34	7.31	7.66	7.38	7.57	7.65	7.69	7.74
38 A-rated, recently offered utility bonds[16]	10.01	9.32	8.52	7.16	6.94	6.91	7.25	6.97	7.25	7.23	7.37	7.27
MEMO												
Dividend–price ratio[17]												
39 Preferred stocks	8.96	8.17	7.46	6.83	6.70	6.71	6.87	6.81	6.81	6.82	6.85	6.99
40 Common stocks	3.61	3.24	2.99	2.76	2.73	2.72	2.72	2.71	2.72	2.72	2.71	2.73

1. The daily effective federal funds rate is a weighted average of rates on trades through New York brokers.
2. Weekly figures are averages of seven calendar days ending on Wednesday of the current week; monthly figures include each calendar day in the month.
3. Annualized using a 360-day year or bank interest.
4. Rate for the Federal Reserve Bank of New York.
5. Quoted on a discount basis.
6. An average of offering rates on commercial paper placed by several leading dealers for firms whose bond rating is AA or the equivalent.
7. An average of offering rates on paper directly placed by finance companies.
8. Representative closing yields for acceptances of the highest-rated money center banks.
9. An average of dealer offering rates on nationally traded certificates of deposit.
10. Bid rates for Eurodollar deposits at 11:00 a.m. London time. Data are for indication purposes only.
11. Auction date for daily data; weekly and monthly averages computed on an issue-date basis.
12. Yields on actively traded issues adjusted to constant maturities. Source: U.S. Treasury.
13. General obligations based on Thursday figures; Moody's Investors Service.
14. General obligations only, with twenty years to maturity, issued by twenty state and local governmental units of mixed quality. Based on figures for Thursday.
15. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
16. Compilation of the Federal Reserve. This series is an estimate of the yield on recently offered, A-rated utility bonds with a thirty-year maturity and five years of call protection. Weekly data are based on Friday quotations.
17. Standard & Poor's corporate series. Preferred stock ratio is based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratio is based on the 500 stocks in the price index.

NOTE. Some of the data in this table also appear in the Board's H.15 (519) weekly and G.13 (415) monthly statistical releases. For ordering address, see inside front cover.

1.36 STOCK MARKET Selected Statistics

Indicator	1990	1991	1992	1993								
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
	Prices and trading volume (averages of daily figures)											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	183.66	206.35	229.00	248.12	244.72	246.02	247.16	247.85	251.93	254.86	257.53	255.93
2 Industrial	226.06	258.16	284.26	298.75	292.19	297.83	298.78	295.34	298.83	300.92	306.61	310.84
3 Transportation	158.80	173.97	201.02	229.42	237.97	237.80	234.30	238.30	250.82	247.74	254.04	262.96
4 Utility	90.72	92.64	99.48	112.53	113.78	111.21	113.27	116.27	118.72	122.32	120.49	115.08
5 Finance	133.21	150.84	179.29	217.01	216.02	209.40	209.75	218.89	224.96	229.35	228.18	214.08
6 Standard & Poor's Corporation (1941–43 = 10)[1]	335.01	376.20	415.75	450.15	443.08	445.25	448.06	447.29	454.13	459.24	463.90	462.89
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	338.32	360.32	391.28	418.56	418.54	429.72	436.13	434.99	444.75	454.91	472.73	472.41
Volume of trading (thousands of shares)												
8 New York Stock Exchange	156,359	179,411	202,558	251,170	279,778	255,843	250,230	247,574	247,324	261,770	280,503	277,886
9 American Stock Exchange	13,155	12,486	14,171	16,150	15,521	20,433	17,753	17,744	19,352	18,889	21,279	18,436
	Customer financing (millions of dollars, end-of-period balances)											
10 Margin credit at broker–dealers[3]	**28,210**	**36,660**	**43,990**	**45,160**	**47,420**	**48,630**	**49,550**	**49,080**	**52,760**	**53,700**	**56,690**	**59,760**
Free credit balances at brokers[4]												
11 Margin accounts[5]	8,050	8,290	8,970	9,650	9,805	9,560	9,820	9,585	9,480	10,030	10,270	10,940
12 Cash accounts	19,285	19,255	22,510	21,395	21,450	21,610	22,625	21,475	21,915	23,170	22,450	23,560

	Margin requirements (percent of market value and effective date)[6]					
	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
13 Margin stocks	70	80	65	55	65	50
14 Convertible bonds	50	60	50	50	50	50
15 Short sales	70	80	65	55	65	50

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. On July 5, 1983, the American Stock Exchange rebased its index, effectively cutting previous readings in half.
3. Since July 1983, under the revised Regulation T, margin credit at broker–dealers has included credit extended against stocks, convertible bonds, stocks acquired through the exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984.
4. Free credit balances are amounts in accounts with no unfulfilled commitments to brokers and are subject to withdrawal by customers on demand.
5. New series since June 1984.
6. These requirements, stated in regulations adopted by the Board of Governors pursuant to the Securities Exchange Act of 1934, limit the amount of credit that can be used to purchase and carry "margin securities" (as defined in the regulations) when such credit is collateralized by securities. Margin requirements on securities other than options are the difference between the market value (100 percent) and the maximum loan value of collateral as prescribed by the Board. Regulation T was adopted effective Oct. 15, 1934; Regulation U, effective May 1, 1936; Regulation G, effective Mar. 11, 1968; and Regulation X, effective Nov. 1, 1971.

On Jan. 1, 1977, the Board of Governors for the first time established in Regulation T the initial margin required for writing options on securities, setting it at 30 percent of the current market value of the stock underlying the option. On Sept. 30, 1985, the Board changed the required initial margin, allowing it to be the same as the option maintenance margin required by the appropriate exchange or self-regulatory organization; such maintenance margin rules must be approved by the Securities and Exchange Commission. Effective Jan. 31, 1986, the SEC approved new maintenance margin rules, permitting margins to be the price of the option plus 15 percent of the market value of the stock underlying the option.

Effective June 8, 1988, margins were set to be the price of the option plus 20 percent of the market value of the stock underlying the option (or 15 percent in the case of stock-index options).

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
	1991	1992	1993	1993					
				June	July	Aug.	Sept.	Oct.	Nov.
U.S. budget[1]									
1 Receipts, total	1,054,264	1,090,453	1,153,147r	128,566r	80,626r	86,734r	127,469	78,668r	83,107
2 On-budget	760,380	788,027	841,213r	98,660r	57,139r	62,053r	98,609	55,864r	58,700
3 Off-budget	293,885	302,426	311,934	29,906	23,487	24,681	28,860	22,804	24,407
4 Outlays, total	1,323,785	1,380,794	1,407,831r	117,467r	120,204r	109,812r	118,904r	124,090r	121,488
5 On-budget	1,082,098	1,128,455	1,141,819r	103,473r	96,238r	84,946r	90,774r	100,568r	96,724
6 Off-budget	241,687	252,339	266,012	13,994	23,965	24,867	28,130	23,523	24,764
7 Surplus or deficit (−), total	−269,521	−290,340	−254,684r	11,099	−39,577	−23,078	8,565r	−45,422r	−38,381
8 On-budget	−321,719	−340,428	−300,605r	−4,813	−39,099	−22,893	7,835r	−44,704r	−38,024
9 Off-budget	52,198	50,087	45,922	15,912	−478	−186	730	−719	−357
Source of financing (total)									
10 Borrowing from the public	276,802	310,918	248,619	24,757	1,055	54,301	−9,346	4,255	71,028
11 Operating cash (decrease, or increase (−))	−1,329	−17,305	6,283	−40,288	32,447	−12,652	−11,713	33,646	−13,450
12 Other[2]	−5,952	−3,273	−218r	4,432	6,075	−18,571	12,494r	7,521r	−19,197
MEMO									
13 Treasury operating balance (level, end of period)	41,484	58,789	52,506	60,588	28,141	40,793	52,506	18,860	32,310
14 Federal Reserve Banks	7,928	24,586	17,289	28,386	5,818	7,975	17,289	6,032	6,334
15 Tax and loan accounts	33,556	34,203	35,217	32,202	22,324	32,818	35,217	12,828	25,977

1. In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, all former off-budget entries are now presented on-budget. Federal Financing Bank (FFB) activities are now shown as separate accounts under the agencies that use the FFB to finance their programs. The act has also moved two social security trust funds, (federal old-age survivors insurance and federal disability insurance) off-budget. The Postal Service is included as an off-budget item in the *Monthly Treasury Statement* beginning in 1990.

2. Includes special drawing rights (SDRs); reserve position on the U.S. quota in the International Monetary Fund (IMF); loans to the IMF; other cash and monetary assets; accrued interest payable to the public; allocations of SDRs; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain or loss for U.S. currency valuation adjustment; net gain or loss for IMF loan-valuation adjustment; and profit on sale of gold.

SOURCES. U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government* and Office of Management and Budget, *Budget of the U.S. Government*.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS[1]

Millions of dollars

Source or type	Fiscal year		Calendar year						
	1992	1993	1991	1992		1993	1993		
			H2	H1	H2	H1	Sept.	Oct.	Nov.
RECEIPTS									
1 **All sources**	**1,090,453**	**1,153,147[r]**	**519,165**	**560,318**	**540,472**	**593,187[r]**	**127,469**	**78,668[r]**	**83,107**
2 Individual income taxes, net	475,964	509,680	234,939	236,576	246,938	255,556	55,653	37,680	37,634
3 Withheld	408,352	430,427	210,552	198,868	215,586[r]	210,066	31,991	34,284	37,823
4 Presidential Election Campaign Fund	30	28	1	20	10	25	0	27	−27
5 Nonwithheld	149,342	154,772	33,296	110,995	39,288[r]	113,482	25,579	4,053	1,945
6 *Refunds*	81,760	75,546	8,910	73,308	7,942[r]	67,468	1,918	684	2,107
Corporation income taxes									
7 Gross receipts	117,951	131,548	54,016	61,682	58,022	69,044	25,909	4,269	2,855
8 Refunds	17,680	14,027	8,649	9,403	7,219	7,198	1,398	2,111	647
9 *Social insurance taxes and contributions, net*	413,689	428,300	186,839	224,569	192,599	227,177	37,768	30,828	34,683
10 Employment taxes and contributions[2]	385,491	396,939	175,802	208,110	180,758	208,776	36,908	29,440	31,525
11 *Self-employment taxes and contributions*[3]	24,421	20,604	3,306	20,434	3,988	16,270	4,231	0	0
12 Unemployment insurance	23,410	26,556	8,721	14,070	9,397	16,074	413	1,046	2,773
13 Other net receipts[4]	4,788	4,805	2,317	2,389	2,445	2,326	447	343	385
14 Excise taxes	45,569	48,057	24,429	22,389	23,456	23,398	4,385	3,597	4,808
15 Customs deposits	17,359	18,802	8,694	8,146	9,497	8,860	1,646	1,708	1,688
16 Estate and gift taxes	11,143	12,577	5,507	5,701	5,733	6,494	1,049	990	1,305
17 Miscellaneous receipts[5]	26,459	18,211[r]	13,390	10,658	11,446	9,854[r]	2,456	1,706[r]	781
OUTLAYS									
18 **All types**	**1,380,794**	**1,408,122**	**694,345**	**704,266**	**723,515**	**673,328**	**119,168**	**124,013**	**121,488**
19 National defense	298,350	290,590	147,669	147,065	155,231[r]	140,535	24,903	24,281	22,990
20 International affairs	16,107	17,175	7,691	8,540	9,916	6,565	1,556	4,732	1,964
21 General science, space, and technology	16,409	17,055	8,472	7,951	8,521	7,996	1,388	1,421	1,522
22 Energy	4,499	4,445	1,698	1,442	3,109	2,462	−276	424[r]	510
23 Natural resources and environment	20,025	20,088	11,130	8,594	11,467	8,588	1,907	1,911	2,784
24 Agriculture	15,205	20,257	7,418	7,526	8,866	11,824	205	1,442	2,237
25 Commerce and housing credit	10,118	23,532	36,534	15,615	−7,697[r]	−15,112	3,003	377	−1,361
26 Transportation	33,333	35,238	17,074	15,651	18,425	16,077	3,760	3,133	3,248
27 Community and regional development	6,838	10,395	3,783	3,903	4,464	4,935	1,168	898	930
28 Education, training, employment, and social services	45,250	48,872	21,114	23,767	21,110[r]	23,983	4,326	3,586	5,098
29 Health	89,497	99,249	41,459	44,164	47,232	49,882	9,080	9,315	8,675
30 Social security and Medicare	406,569	435,137	193,098	205,500	232,109	195,933	36,697	36,267	37,047
31 Income security	196,891	207,933	87,693	104,537	98,502[r]	108,559	15,696	17,342	16,764
32 Veterans benefits and services	34,133	35,715	17,425	15,597	18,561	16,385	3,010	2,819	3,198
33 Administration of justice	14,426	14,983	6,574	7,435	7,238	7,463	1,415	1,011	1,306
34 General government	12,945	13,039	6,794	5,050	8,223	5,205	1,712	640	1,317
35 Net interest[6]	199,439	198,870	99,149	100,161	98,692[r]	99,635	15,440	17,082	16,171
36 Undistributed offsetting receipts[7]	−39,280	−37,386	−20,436	−18,229	−20,628	−17,035	−5,886[r]	−2,593	−2,910

1. Functional details do not sum to total outlays for calendar year data because revisions to monthly totals have not been distributed among functions. Fiscal year total for outlays does not correspond to calendar year data because revisions from the *Budget* have not been fully distributed across months.
2. Old-age, disability, and hospital insurance, and railroad retirement accounts.
3. Old-age, disability, and hospital insurance.
4. Federal employee retirement contributions and civil service retirement and disability fund.
5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
6. Includes interest received by trust funds.
7. Consists of rents and royalties for the outer continental shelf and U.S. government contributions for employee retirement.

SOURCES. U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*, and the U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1994*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1991		1992				1993		
	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 **Federal debt outstanding**	**3,683**	**3,820**	**3,897**	**4,001**	**4,083**	**4,196**	**4,250**	**4,373**	n.a.
2 Public debt securities	3,665	3,802	3,881	3,985	4,065	4,177	4,231	4,352	4,412
3 Held by public	2,746	2,833	2,918	2,977	3,048	3,129	3,188	3,252	n.a.
4 Held by agencies	920	969	964	1,008	1,016	1,048	1,043	1,100	n.a.
5 Agency securities	18	19	16	16	18	19	20	21	n.a.
6 Held by public	18	19	16	16	18	19	20	21	n.a.
7 Held by agencies	0	0	0	0	0	0	0	0	n.a.
8 **Debt subject to statutory limit**	**3,569**	**3,707**	**3,784**	**3,891**	**3,973**	**4,086**	**4,140**	**4,256**	**4,316**
9 Public debt securities	3,569	3,706	3,783	3,890	3,972	4,085	4,139	4,256	4,315
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	4,145	4,145	4,145	4,145	4,145	4,145	4,145	4,370	4,900

1. Consists of guaranteed debt of U.S. Treasury and other federal agencies, specified participation certificates, notes to international lending organizations, and District of Columbia stadium bonds.

SOURCES. U.S. Department of the Treasury, *Monthly Statement of the Public Debt of the United States* and *Treasury Bulletin*.

1.41 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership

Billions of dollars, end of period

Type and holder	1989	1990	1991	1992	1992	1993		
					Q4	Q1	Q2	Q3
1 **Total gross public debt**	**2,953.0**	**3,364.8**	**3,801.7**	**4,177.0**	**4,177.0**	**4,230.6**	**4,352.0**	**4,411.5**
By type								
2 Interest-bearing	2,931.8	3,362.0	3,798.9	4,173.9	4,173.9	4,227.6	4,349.0	4,408.6
3 Marketable	1,945.4	2,195.8	2,471.6	2,754.1	2,754.1	2,807.1	2,860.6	2,904.9
4 Bills	430.6	527.4	590.4	657.7	657.7	659.9	659.3	658.4
5 Notes	1,151.5	1,265.2	1,430.8	1,608.9	1,608.9	1,652.1	1,698.7	1,734.2
6 Bonds	348.2	388.2	435.5	472.5	472.5	480.2	487.6	497.4
7 Nonmarketable[1]	986.4	1,166.2	1,327.2	1,419.8	1,419.8	1,420.5	1,488.4	1,503.7
8 State and local government series	163.3	160.8	159.7	153.5	153.5	151.6	152.8	149.5
9 Foreign issues[2]	6.8	43.5	41.9	37.4	37.4	37.0	43.0	42.5
10 Government	6.8	43.5	41.9	37.4	37.4	37.0	43.0	42.5
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	115.7	124.1	135.9	155.0	155.0	161.4	164.4	167.0
13 Government account series[3]	695.6	813.8	959.2	1,043.5	1,043.5	1,040.0	1,097.8	1,114.3
14 Non-interest-bearing	21.2	2.8	2.8	3.1	3.1	3.0	2.9	2.9
By holder[4]								
15 U.S. Treasury and other federal agencies and trust funds	707.8	828.3	968.7	1,047.8	1,047.8	1,043.2	1,099.8	n.a.
16 Federal Reserve Banks	228.4	259.8	281.8	302.5	302.5	305.2	328.2	n.a.
17 Private investors	2,015.8	2,288.3	2,563.2	2,839.9	2,839.9	2,895.0	2,938.4	n.a.
18 Commercial banks	164.9	171.5	233.4	294.0	294.0	310.0	322.0	n.a.
19 Money market funds	14.9	45.4	80.0	79.4	79.4	77.7	75.8	n.a.
20 Insurance companies	125.1	142.0	168.7	190.3	190.3	194.0	198.0	n.a.
21 Other companies	93.4	108.9	150.8	192.5	192.5	199.3	206.1	n.a.
22 State and local treasuries	487.5	490.4	520.3	534.8	534.8	541.0	546.0	n.a.
Individuals								
23 Savings bonds	117.7	126.2	138.1	157.3	157.3	163.6	166.5	n.a.
24 Other securities	98.7	107.6	125.8	131.9	131.9	134.1	136.4	n.a.
25 Foreign and international[5]	392.9	458.4	491.8	549.2	549.2	564.4	567.5	n.a.
26 Other miscellaneous investors[6]	520.7	637.7	651.3	710.5	710.5	710.8	720.0	n.a.

1. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
2. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.
3. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.
4. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
5. Consists of investments of foreign balances and international accounts in the United States.
6. Includes savings and loan associations, nonprofit institutions, credit unions, mutual savings banks, corporate pension trust funds, dealers and brokers, certain U.S. Treasury deposit accounts, and federally sponsored agencies.

SOURCES. U.S. Treasury Department, data by type of security, *Monthly Statement of the Public Debt of the United States;* data by holder, *Treasury Bulletin.*

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions[1]

Millions of dollars, daily averages

Item	1993			1993, week ending								
	Aug.	Sept.	Oct.	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24
IMMEDIATE TRANSACTIONS[2]												
By type of security												
U.S. Treasury securities												
1 Bills	39,177	43,380	39,668	44,651	35,833	39,342	42,655	38,764	42,744	51,270	53,746	44,817
Coupon securities, by maturity												
2 Less than 3.5 years	50,523	49,496	44,600	47,456	35,606	35,563	41,957	57,840	54,168	65,570	47,477	50,258
3 3.5 to 7.5 years	39,718	48,286	43,354	51,469	35,824	35,115	39,036	57,604	50,175	44,918	41,248	52,676
4 7.5 to 15 years	26,974	26,328	25,444	25,102	20,179	24,573	28,250	26,402	28,310	33,080	25,872	24,315
5 15 years or more	27,557	22,996	19,347	19,735	15,049	18,073	21,467	20,347	22,687	20,215	17,198	15,981
Federal agency securities												
Debt, by maturity												
6 Less than 3.5 years	8,361	8,633	9,959	10,687	10,199	9,803	10,069	9,740	10,066	8,236	10,661	11,375
7 3.5 to 7.5 years	512	661	734	864	684	860	724	719	641	729	919	783
8 7.5 years or more	650	653	567	689	759	441	623	470	541	381	379	410
Mortgage-backed												
9 Pass-throughs	18,926	20,594	20,760	16,316	16,412	28,624	22,128	18,318	16,417	29,575	26,082	18,801
10 All others[3]	3,079	3,259	2,863	3,273	3,107	2,648	2,706	2,879	3,161	3,192	2,675	3,220
By type of counterparty												
Primary dealers and brokers												
11 U.S. Treasury securities	114,310	119,952	106,845	117,580	88,243	92,246	106,704	125,465	127,051	139,173	115,343	119,989
Federal agency securities												
12 Debt	1,554	1,466	1,487	1,751	1,548	1,588	1,414	1,442	1,461	1,409	1,752	1,855
13 Mortgage-backed	9,462	9,745	10,260	8,015	8,865	12,217	11,401	9,779	7,484	14,319	11,686	10,269
Customers												
14 U.S. Treasury securities	69,638	70,534	65,574	70,834	54,247	60,419	66,660	75,491	71,032	75,879	70,197	68,058
Federal agency securities												
15 Debt	7,968	8,481	9,773	10,488	10,095	9,517	10,002	9,487	9,787	7,937	10,206	10,713
16 Mortgage-backed	12,544	14,108	13,364	11,575	10,654	19,056	13,433	11,418	12,093	18,449	17,071	11,752
FUTURES AND FORWARD TRANSACTIONS[4]												
By type of deliverable security												
U.S. Treasury securities												
17 Bills	1,906	2,504	2,445	1,980	2,817	2,301	2,446	2,247	2,484	4,965	1,792	1,568
Coupon securities, by maturity												
18 Less than 3.5 years	2,264	2,254	1,603	1,406	1,140	1,613	1,469	2,049	1,728	2,166	2,244	2,920
19 3.5 to 7.5 years	2,062	2,220	1,530	1,359	1,279	1,276	1,384	1,906	1,967	2,048	1,759	2,640
20 7.5 to 15 years	3,398	3,040	3,153	2,626	1,976	2,513	2,963	4,374	4,211	4,309	4,022	4,388
21 15 years or more	14,008	13,177	11,266	11,387	8,669	8,064	10,784	14,608	15,775	12,137	11,879	13,554
Federal agency securities												
Debt, by maturity												
22 Less than 3.5 years	80	150	47	271	25	45	26	60	111	147	6	69
23 3.5 to 7.5 years	124	90	112	47	65	117	176	77	122	132	111	48
24 7.5 years or more	35	30	33	6	56	7	47	5	71	18	30	9
Mortgage-backed												
25 Pass-throughs	24,157	26,532	26,410	22,621	25,431	33,701	23,164	23,489	29,155	38,228	24,226	19,934
26 Others[3]	2,093	1,955	2,283	1,917	1,963	2,044	2,346	2,668	2,333	1,996	1,333	2,664
OPTIONS TRANSACTIONS[5]												
By type of underlying security												
U.S. Treasury, coupon securities, by maturity												
27 Less than 3.5 years	1,205	1,768	1,956	1,484	1,395	1,685	2,158	2,324	2,199	2,178	2,024	2,496
28 3.5 to 7.5 years	739	852	699	903	467	1,017	542	769	744	572	434	983
29 7.5 to 15 years	982	863	610	724	337	659	600	776	666	526	793	1,182
30 15 years or more	2,758	3,645	1,782	3,564	1,556	1,519	1,956	1,935	1,943	2,104	1,560	3,142
Federal agency, mortgage-backed securities												
31 Pass-throughs	598	805	888	786	662	1,344	771	798	943	907	594	1,254

1. Transactions are market purchases and sales of securities as reported to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Averages are based on the number of trading days in the period. Immediate, forward, and futures transactions are reported at principal value, which does not include accrued interest; options transactions are reported at the face value of the underlying securities.

Dealers report cumulative transactions for each week ending Wednesday.

2. Transactions for immediate delivery include purchases or sales of securities (other than mortgage-backed agency securities) for which delivery is scheduled in five business days or less and "when-issued" securities that settle on the issue date of offering. Transactions for immediate delivery of mortgage-backed agency securities include purchases and sales for which delivery is scheduled in thirty business days or less. Stripped securities are reported at market value by maturity of coupon or corpus.

3. Includes such securities as collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), interest-only securities (IOs), and principal-only securities (POs).

4. Futures transactions are standardized agreements arranged on an exchange. Forward transactions are agreements made in the over-the-counter market that specify delayed delivery. All futures transactions are included regardless of time to delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.

5. Options transactions are purchases or sales of put-and-call options, whether arranged on an organized exchange or in the over-the-counter market, and include options on futures contracts on U.S. Treasury and federal agency securities.

NOTE. In tables 1.42 and 1.43, "n.a." indicates that data are not published because of insufficient activity.

Data for several types of options transactions—U.S. Treasury securities, bills; Federal agency securities, debt; and federal agency securities, mortgage-backed, other than pass-throughs—are no longer available because activity is insufficient.

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing[1]

Millions of dollars

Item	1993			1993, week ending							
	Aug.	Sept.	Oct.	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27	Nov. 3	Nov. 10	Nov. 17
	Positions[2]										
NET IMMEDIATE POSITIONS[3]											
By type of security											
U.S. Treasury securities											
1 Bills	8,508	6,161	2,561	1,608	4,052	2,934	7,825	−135	−4,788	18,547	21,360
Coupon securities, by maturity											
2 Less than 3.5 years	7,631	1,901	−2,850	192	−4,939	−5,874	−4,445	2,257	−689	2	−6,995
3 3.5 to 7.5 years	−21,963	−21,050	−22,479	−18,010	−19,593	−20,281	−24,027	−25,207	−23,275	−26,574	−26,279
4 7.5 to 15 years	−1,200	−3,312	−6,635	−5,241	−7,181	−5,864	−6,536	−7,454	−5,902	488	379
5 15 years or more	6,931	10,167	6,313	7,911	8,386	7,438	5,749	4,552	5,302	4,827	2,802
Federal agency securities											
Debt, by maturity											
6 Less than 3.5 years	9,611	9,784	11,014	10,882	10,855	10,062	9,762	12,899	11,900	10,798	7,513
7 3.5 to 7.5 years	2,899	3,289	3,363	3,619	3,523	3,576	3,164	3,243	3,257	3,124	3,187
8 7.5 years or more	3,783	4,083	4,497	4,085	4,420	4,728	4,711	4,220	4,321	4,025	4,107
Mortgage-backed											
9 Pass-throughs	44,748	53,317	52,587	52,459	43,411	56,529	55,381	58,632	43,983	50,417	50,861
10 All others[4]	24,588	31,825	37,476	34,529	38,881	37,808	36,261	35,656	40,005	37,504	33,304
Other money market instruments											
11 Certificates of deposit	3,251	2,705	3,363	2,545	3,903	3,558	2,937	3,178	3,280	3,424	3,125
12 Commercial paper	7,093	7,530	6,459	5,800	7,186	6,399	5,908	6,089	7,082	7,327	6,036
13 Bankers acceptances	1,135	1,103	1,287	1,242	1,307	1,515	1,441	1,021	1,056	1,505	1,463
FUTURES AND FORWARD POSITIONS[5]											
By type of deliverable security											
U.S. Treasury securities											
14 Bills	−7,235	−4,347	4,571	−494	2,085	2,336	3,568	7,703	8,450	5,986	3,718
Coupon securities, by maturity											
15 Less than 3.5 years	−1,741	−1,829	−617	−1,177	−769	−364	−886	−526	−407	−472	−532
16 3.5 to 7.5 years	3,649	933	2,585	−2	1,462	1,882	3,129	3,662	2,943	2,638	1,465
17 7.5 to 15 years	6,921	8,185	10,436	7,921	9,232	8,559	9,648	12,622	13,402	11,828	10,312
18 15 years or more	−8,172	−6,532	−3,013	−3,979	−4,511	−4,069	−3,325	−896	−1,869	−985	−290
Federal agency securities											
Debt, by maturity											
19 Less than 3.5 years	−18	107	26	32	209	−68	−120	−14	242	37	17
20 3.5 to 7.5 years	11	−7	−111	−23	−123	−150	−153	−40	−77	−50	157
21 7.5 years or more	36	0	26	30	−27	12	114	27	−28	−28	−15
Mortgage-backed											
22 Pass-throughs	−26,253	−40,809	−37,665	−40,809	−31,831	−41,628	−41,404	−42,171	−25,050	−33,068	−26,614
23 All others[4]	5,513	7,468	6,104	9,149	4,950	5,392	7,915	7,465	3,533	2,816	3,154
24 Certificates of deposit	−198,937	−214,188	−225,160	−205,128	−221,167	−220,504	−221,134	−241,630	−217,517	−237,362	−228,654
	Financing[6]										
Reverse repurchase agreements											
25 Overnight and continuing	246,671	241,660	239,427	236,949	237,334	244,572	239,145	232,632	245,950	232,831	239,996
26 Term	400,077	402,712	424,391	413,529	417,459	429,074	430,858	419,030	424,660	445,037	401,001
Repurchase agreements											
27 Overnight and continuing	468,541	471,885	454,395	454,531	452,427	463,766	466,059	433,873	456,450	428,833	463,030
28 Term	371,613	367,019	383,016	384,472	367,000	381,464	385,927	400,554	373,973	412,254	363,182
Securities borrowed											
29 Overnight and continuing	134,639	134,602	137,205	126,246	132,134	137,014	139,900	137,071	140,664	135,791	137,065
30 Term	45,868	41,872	43,896	41,533	42,157	43,025	44,555	46,045	43,118	45,346	45,019
Securities loaned											
31 Overnight and continuing	5,760	6,593	6,001	6,511	5,773	6,592	5,119	6,318	6,296	5,204	6,175
32 Term	981	1,477	1,988	1,377	1,790	1,722	1,766	2,432	2,360	3,074	2,390
Collateralized loans											
33 Overnight and continuing	16,061	16,964	17,715	19,040	17,252	18,076	19,341	16,897	16,364	19,761	19,421
MEMO: Matched book[7]											
Reverse repurchase agreements											
34 Overnight and continuing	166,820	162,477	160,149	159,473	155,254	158,602	162,876	157,083	170,789	158,101	164,401
35 Term	342,286	344,989	369,897	349,730	365,500	375,552	373,577	364,424	369,733	393,579	352,808
Repurchase agreements											
36 Overnight and continuing	224,196	216,545	233,628	207,614	218,940	233,250	239,395	232,512	248,183	223,626	237,721
37 Term	274,942	269,078	285,759	282,135	275,941	289,399	286,175	290,968	284,275	318,972	266,354

1. Data for positions and financing are obtained from reports submitted to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Weekly figures are close-of-business Wednesday data; monthly figures are averages of weekly data.

2. Securities positions are reported at market value.

3. Net immediate positions include securities purchased or sold (other than mortgage-backed agency securities) that have been delivered or are scheduled to be delivered in five business days or less and "when-issued" securities that settle on the issue date of offering. Net immediate positions of mortgage-backed agency securities include securities purchased or sold that have been delivered or are scheduled to be delivered in thirty business days or less.

4. Includes such securities as collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), interest-only securities (IOs), and principal-only securities (POs).

5. Futures positions reflect standardized agreements arranged on an exchange. Forward positions reflect agreements made in the over-the-counter market that specify delayed delivery. All futures positions are included regardless of time to delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.

6. Overnight financing refers to agreements made on one business day that mature on the next business day; continuing contracts are agreements that remain in effect for more than one business day but have no specific maturity and can be terminated without advance notice by either party; term agreements have a fixed maturity of more than one business day.

7. Matched-book data reflect financial intermediation activity in which the borrowing and lending transactions are matched. Matched-book data are included in the financing breakdowns given above. The reverse repurchase and repurchase numbers are not always equal because of the "matching" of securities of different values or different types of collateralization.

NOTE. Data for futures and forward commercial paper and bankers acceptances and for term financing of collateralized loans are no longer available because of insufficient activity.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1989	1990	1991	1992	1993				
					May	June	July	Aug.	Sept.
1 **Federal and federally sponsored agencies**	**411,805**	**434,668**	**442,772**	**483,970**	**509,632**	**512,072**	**522,494**	**544,642**	**0**
2 Federal agencies	35,664	42,159	41,035	41,829	42,738	42,218	44,656	44,816	43,753
3 Defense Department[1]	7	7	7	7	7	7	7	7	7
4 Export-Import Bank[2,3]	10,985	11,376	9,809	7,208	6,749	6,258	6,258	6,258	5,801
5 Federal Housing Administration[4]	328	393	397	374	271	283	97	154	213
6 Government National Mortgage Association certificates of participation[5]	0	0	0	0	0	0	0	0	0
7 Postal Service[6]	6,445	6,948	8,421	10,660	10,440	10,182	10,182	10,182	9,732
8 Tennessee Valley Authority	17,899	23,435	22,401	23,580	25,271	25,488	28,112	28,215	28,000
9 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
10 Federally sponsored agencies[7]	375,428	392,509	401,737	442,141	466,894	469,854	477,838	499,826	0
11 Federal Home Loan Banks	136,108	117,895	107,543	114,733	120,172	127,289	125,448	129,808	132,651
12 Federal Home Loan Mortgage Corporation	26,148	30,941	30,262	29,631	46,555	35,572	42,291	55,421	52,702
13 Federal National Mortgage Association	116,064	123,403	133,937	166,300	170,768	176,527	180,730	184,924	195,786
14 Farm Credit Banks[8]	54,864	53,590	52,199	51,910	51,538	51,686	51,698	51,406	51,636
15 Student Loan Marketing Association[9]	28,705	34,194	38,319	39,650	37,967	38,884	37,801	38,397	38,795
16 Financing Corporation[10]	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	847	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	4,522	23,055	29,996	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt**[13]	**134,873**	**179,083**	**185,576**	**154,994**	**137,215**	**132,953**	**132,307**	**128,616**	**129,329**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	10,979	11,370	9,803	7,202	6,743	6,252	6,252	6,252	5,795
21 Postal Service[6]	6,195	6,698	8,201	10,440	10,440	10,182	10,182	10,182	9,732
22 Student Loan Marketing Association	4,880	4,850	4,820	4,790	4,790	4,790	4,790	4,790	4,790
23 Tennessee Valley Authority	16,519	14,055	10,725	6,975	6,575	6,575	6,575	6,325	6,325
24 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
Other lending[14]									
25 Farmers Home Administration	53,311	52,324	48,534	42,979	40,379	39,729	39,129	38,619	38,619
26 Rural Electrification Administration	19,265	18,890	18,562	18,172	17,970	17,895	17,883	17,897	17,653
27 Other	23,724	70,896	84,931	64,436	50,318	47,530	47,496	44,551	46,415

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3. On-budget since Sept. 30, 1976.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal year 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration, the Department of Health, Education, and Welfare, the Department of Housing and Urban Development, the Small Business Administration, and the Veterans' Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Some data are estimated.
8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, shown on line 17.
9. Before late 1982, the Association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 22.
10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.
11. The Farm Credit Financial Assistance Corporation, established in January 1988 to provide assistance to the Farm Credit System, undertook its first borrowing in July 1988.
12. The Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery and Enforcement Act of 1989, undertook its first borrowing in October 1989.
13. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Because FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
14. Includes FFB purchases of agency assets and guaranteed loans; the latter are loans guaranteed by numerous agencies, with the amounts guaranteed by any one agency generally being small. The Farmers Home Administration entry consists exclusively of agency assets, whereas the Rural Electrification Administration entry consists of both agency assets and guaranteed loans.

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1990	1991	1992	1993 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
1 **All issues, new and refunding**[1]	**120,339**	**154,402**	**215,191**	**21,421**	**27,380**	**29,218**	**23,958**	**24,395**	**23,347**	**21,509**	**16,405**
By type of issue											
2 General obligation	39,610	55,100	78,611	8,272	9,452	8,415	7,713	6,065	5,455	7,398	6,077
3 Revenue	81,295	99,302	136,580	13,149	17,928	20,803	16,245	18,330	17,892	14,111	10,328
By type of issuer											
4 State	15,149	24,939	25,295	1,463	2,910	3,562	2,944	2,319	2,758	3,216	885
5 Special district or statutory authority[2]	72,661	80,614	129,686	10,388	15,643	18,821	12,398	13,769	13,113	9,875	10,992
6 Municipality, county, or township	32,510	48,849	60,210	9,570	8,827	6,835	8,616	8,307	7,476	8,418	4,528
7 **Issues for new capital**	**103,235**	**116,953**	**120,272**	**4,815**	**8,114**	**9,358**	**8,735**	**8,028**	**8,820**	**7,463**	**6,179**
By use of proceeds											
8 Education	17,042	21,121	22,071	833	1,596	2,208	1,723	1,883	1,886	547	1,416
9 Transportation	11,650	13,395	17,334	699	813	772	653	1,062	789	304	979
10 Utilities and conservation	11,739	21,039	20,058	806	955	1,629	922	1,646	1,255	593	687
11 Social welfare	23,099	25,648	21,796	942	1,756	2,073	1,555	681	2,199	1,764	604
12 Industrial aid	6,117	8,376	5,424	134	601	1,042	429	212	329	518	673
13 Other purposes	34,607	30,275	33,589	1,401	2,393	1,634	3,453	2,544	2,362	3,737	1,820

1. Par amounts of long-term issues based on date of sale.
2. Includes school districts.

SOURCES. Securities Data Company beginning January 1993; *Investment Dealer's Digest* before then.

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1990	1991	1992	1993 Mar.	Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.
1 **All issues**[1]	**340,049**	**465,243**	**559,449**	**56,265**	**40,654**	**43,121**[r]	**65,599**[r]	**49,687**[r]	**53,227**	**64,024**	**52,481**
2 **Bonds**[2]	**299,884**	**389,822**	**471,125**	**47,427**	**34,403**	**34,423**[r]	**55,805**[r]	**39,891**[r]	**43,960**	**53,374**	**41,946**
By type of offering											
3 Public, domestic	188,848	286,930	377,681	42,223	31,199	31,094[r]	51,208[r]	37,218[r]	40,161	48,568	39,537
4 Private placement, domestic[3]	86,982	74,930	65,853	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	23,054	27,962	27,591	5,203	3,204	3,329	4,597	2,673[r]	3,799	4,806	2,408
By industry group											
6 Manufacturing	51,779	86,628	81,998	8,137	6,515	3,690	8,397	2,448	6,132[r]	4,006	2,794
7 Commercial and miscellaneous	40,733	36,666	42,869	2,695	2,194	3,015	2,505	5,442[r]	2,331	1,916	6,294
8 Transportation	12,776	13,598	9,979	1,067	123	685	948	605	723	288	1,416
9 Public utility	17,621	23,945	48,055	7,058	5,767	3,017[r]	5,874[r]	5,662	3,264[r]	5,113	2,230
10 Communication	6,687	9,431	15,394	3,270	2,015	1,820	2,473	2,331	2,979	2,237	2,826
11 Real estate and financial	170,288	219,750	272,830	25,201	17,788	22,196	35,608	23,403[r]	28,531	39,814	26,387
12 **Stocks**[2]	**40,175**	**75,424**	**88,325**	**8,838**	**6,251**	**8,698**	**9,794**	**9,796**[r]	**9,267**	**10,650**	**10,535**
By type of offering											
13 Public preferred	3,998	17,085	21,339	1,647	702	3,124	876	2,113	3,319	1,323	2,549
14 Common	19,442	48,230	57,118	7,191	5,549	5,574	8,918	7,683[r]	5,948[r]	9,327	7,986
15 Private placement[3]	16,736	10,109	9,867	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
16 Manufacturing	5,649	24,111	22,723	1,741	1,387	1,413	1,982	1,818[r]	1,961	2,274	2,121
17 Commercial and miscellaneous	10,171	19,418	20,231	2,488	1,564	2,836	2,025	2,525[r]	1,457[r]	2,242	1,842
18 Transportation	369	2,439	2,595	336	250	111	168	114	466[r]	153	128
19 Public utility	416	3,474	6,532	743	412	753	893	495	582	873	1,103
20 Communication	3,822	475	2,366	7	30	279	65	n.a.	115	248	18
21 Real estate and financial	19,738	25,507	33,879	3,522	2,579	3,307	4,660	4,844	4,675	4,658	5,286

1. Figures represent gross proceeds of issues maturing in more than one year; they are the principal amount or number of units calculated by multiplying by the offering price. Figures exclude secondary offerings, employee stock plans, investment companies other than closed-end, intracorporate transactions, equities sold abroad, and Yankee bonds. Stock data include ownership securities issued by limited partnerships.
2. Monthly data cover only public offerings.
3. Monthly data are not available.

SOURCES. IDD Information Services, Inc., Securities Data Company, and the Board of Governors of the Federal Reserve System.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Assets[1]

Millions of dollars

Item	1991	1992	1993							
			Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.
1 **Sales of own shares[2]**	**463,645**	**647,055**	**69,080**	**66,766**	**60,504**	**68,373**	**72,503**	**73,032**	**69,938**	**74,490**
2 Redemptions of own shares	342,547	447,140	47,414	46,518	38,752	46,923	44,922	46,382	49,270	47,203
3 Net sales[3]	121,098	199,915	21,666	20,248	21,759	21,650	27,581	26,650	20,667	27,287
4 **Assets[4]**	**808,582**	**1,056,310**	**1,154,445**	**1,178,663**	**1,219,863**	**1,255,377**	**1,284,842**	**1,343,920**	**1,370,654**	**1,411,298**
5 Cash[5]	60,292	73,999	81,536	87,140	85,677	84,177	93,345	92,771	96,848	103,642
6 Other	748,290	982,311	1,072,910	1,091,523	1,134,186	1,171,200	1,191,497	1,251,149	1,273,807	1,307,656

1. Data on sales and redemptions exclude money market mutual funds but include limited-maturity municipal bond funds. Data on asset positions exclude both money market mutual funds and limited-maturity municipal bond funds.
2. Includes reinvestment of net income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes sales and redemptions resulting from transfers of shares into or out of money market mutual funds within the same fund family.
4. Market value at end of period, less current liabilities.
5. Includes all U.S. Treasury securities and other short-term debt securities.
SOURCE. Investment Company Institute. Data based on reports of membership, which comprises substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect underwritings of new companies.

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1990	1991	1992	1991	1992				1993		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3[r]
1 Profits with inventory valuation and capital consumption adjustment	380.6	369.5	407.2	378.8	409.9	411.7	367.5	439.5	432.1	458.1	468.5
2 Profits before taxes	365.7	362.3	395.4	373.5	404.3	409.5	357.9	409.9	419.8	445.6	443.8
3 Profits tax liability	138.7	129.8	146.3	133.4	147.0	153.0	130.1	155.0	160.9	173.3	169.5
4 Profits after taxes	227.1	232.5	249.1	240.1	257.3	256.5	227.8	254.9	258.9	272.3	274.3
5 Dividends	153.5	137.4	150.5	133.9	138.0	146.1	155.2	162.9	167.5	168.5	169.7
6 Undistributed profits	73.6	95.2	98.6	106.1	119.3	110.4	72.7	92.0	91.4	103.9	104.6
7 Inventory valuation	−11.0	4.9	−5.3	1.9	−4.6	−13.7	−7.8	4.9	−12.7	−12.2	1.0
8 Capital consumption adjustment	25.9	2.2	17.1	3.5	10.2	16.0	17.4	24.7	25.1	24.7	23.8

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

1.50 NONFARM BUSINESS EXPENDITURES New Plant and Equipment

Billions of dollars; quarterly data at seasonally adjusted annual rates

Industry	1992	1993	1994[1]	1992			1993				1994
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1[1]
1 **Total nonfarm business**	**546.60**	**584.64**	**616.50**	**541.41**	**547.40**	**559.24**	**564.13**	**579.79**	**594.11**	**600.53**	**616.38**
Manufacturing											
2 Durable goods industries	73.32	81.49	84.93	74.07	72.09	73.30	79.11	80.88	81.99	83.99	87.50
3 Nondurable goods industries	100.69	97.97	101.34	97.91	100.77	103.56	95.94	96.21	100.18	99.53	98.72
Nonmanufacturing											
4 Mining	8.88	10.13	10.84	9.20	8.98	8.47	8.89	9.10	11.14	11.37	10.83
Transportation											
5 Railroad	6.67	6.20	6.21	6.32	6.70	7.04	6.00	6.00	5.91	6.90	6.32
6 Air	8.93	6.83	4.45	9.65	9.69	7.60	7.30	6.54	6.92	6.57	4.64
7 Other	7.04	9.34	10.25	7.19	7.52	6.97	9.17	9.04	8.88	10.26	10.53
Public utilities											
8 Electric	48.22	51.82	57.00	48.35	48.17	49.57	49.92	50.51	52.74	54.11	54.16
9 Gas and other	23.99	23.17	24.42	24.29	24.01	24.50	23.59	24.04	22.88	22.19	23.62
10 Commercial and other[2]	268.84	297.69	317.05	264.46	269.46	278.24	284.21	297.46	303.47	305.61	320.06

1. Figures are amounts anticipated by business.
2. "Other" consists of construction, wholesale and retail trade, finance and insurance, personal and business services, and communication.

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period; not seasonally adjusted

Account	1990	1991	1992	1991	1992				1993	
				Q4	Q1	Q2	Q3	Q4	Q1	Q2
ASSETS										
1 Accounts receivable, gross[2]	492.3	480.6	482.1	480.6	475.6	476.7	473.9	482.1	469.6	469.3
2 Consumer	133.3	121.9	117.1	121.9	118.4	116.7	116.7	117.1	111.9	111.3
3 Business	293.6	292.9	296.5	292.9	290.8	293.2	288.5	296.5	289.6	290.7
4 Real estate	65.5	65.8	68.4	65.8	66.4	66.8	68.8	68.4	68.1	67.2
5 LESS: Reserves for unearned income	57.6	55.1	50.8	55.1	53.6	51.2	50.8	50.8	47.4	47.5
6 Reserves for losses	9.6	12.9	15.8	12.9	13.0	12.3	12.0	15.8	15.5	13.8
7 Accounts receivable, net	425.1	412.6	415.5	412.6	409.0	413.2	411.1	415.5	406.6	408.0
8 All other	113.9	149.0	150.6	149.0	145.5	139.4	146.5	150.6	155.0	156.6
9 **Total assets**	**539.0**	**561.6**	**566.1**	**561.6**	**554.5**	**552.6**	**557.6**	**566.1**	**561.6**	**564.6**
LIABILITIES AND CAPITAL										
10 Bank loans	31.0	42.3	37.6	42.3	38.0	37.8	38.1	37.6	34.1	29.5
11 Commercial paper	165.3	159.5	156.4	159.5	154.4	147.7	153.2	156.4	149.8	144.5
Debt										
12 Other short-term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Long-term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 Owed to parent	37.5	34.5	37.8	34.5	34.5	34.8	34.9	37.8	41.9	46.4
15 Not elsewhere classified	178.2	191.3	195.3	191.3	189.8	191.9	191.4	195.3	195.1	195.8
16 All other liabilities	63.9	69.0	71.2	69.0	72.0	73.4	73.7	71.2	74.2	81.3
17 Capital, surplus, and undivided profits	63.7	64.8	67.8	64.8	66.0	67.1	68.1	67.8	66.6	67.1
18 **Total liabilities and capital**	**539.6**	**561.2**	**566.1**	**561.2**	**554.6**	**552.7**	**559.4**	**566.1**	**561.7**	**564.6**

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are amounts carried on the balance sheets of finance companies; securitized pools are not shown, as they are not on the books.

2. Before deduction for unearned income and losses.

1.52 DOMESTIC FINANCE COMPANIES Consumer, Real Estate, and Business Credit[1]

Millions of dollars, amounts outstanding, end of period

Type of credit	1990	1991	1992	1993					
				May	June	July	Aug.	Sept.	Oct.
	Seasonally adjusted								
1 **Total**	**522,474**	**519,910**	**534,845**	**523,111**	**522,981**	**523,539**	**525,744**	**527,207**	**529,641**
2 Consumer	160,468	154,822	157,707	153,275	152,979	153,228	153,420	154,707	156,314
3 Real estate[2]	65,147	65,383	68,011	66,396	67,223	67,426	67,216	66,871	67,317
4 Business	296,858	299,705	309,127	303,440	302,778	302,885	305,109	305,629	306,010
	Not seasonally adjusted								
5 **Total**	**525,888**	**523,192**	**538,158**	**524,180**	**526,818**	**523,389**	**521,094**	**524,333**	**529,198**
6 Consumer	161,360	155,713	158,631	152,708	152,995	153,733	154,218	155,496	157,330
7 Motor vehicles	75,045	63,415	57,605	53,878	55,592	56,817	55,247	55,057	55,107
8 Other consumer[3]	58,213	58,522	59,522	55,433	55,737	56,259	56,616	57,588	58,113
9 Securitized motor vehicles[4]	19,837	23,166	29,775	33,174	31,642	30,787	32,856	33,549	35,212
10 Securitized other consumer[4]	8,265	10,610	11,729	10,223	10,023	9,870	9,498	9,302	8,898
11 Real estate[2]	65,509	65,760	68,410	66,150	67,230	67,649	67,565	67,212	67,755
12 Business	299,019	301,719	311,118	305,322	306,593	302,007	299,311	301,625	304,112
13 Motor vehicles	92,125	90,613	87,456	89,317	90,263	87,745	84,921	85,415	85,512
14 Retail[5]	26,454	22,957	19,303	16,513	16,995	17,561	17,264	17,761	15,968
15 Wholesale[6]	33,573	31,216	29,962	32,242	31,787	27,442	25,136	25,458	27,144
16 Leasing	32,098	36,440	38,191	40,562	41,481	42,743	42,520	42,196	42,400
17 Equipment	137,654	141,399	151,607	145,237	146,487	146,408	146,404	147,905	149,207
18 Retail	31,968	30,962	32,212	32,384	32,775	33,209	33,676	33,789	33,357
19 Wholesale[6]	11,101	9,671	8,669	8,556	8,482	8,224	8,059	8,113	8,091
20 Leasing	94,585	100,766	110,726	104,297	105,230	104,975	104,669	106,004	107,759
21 Other business[7]	63,773	60,900	57,464	54,487	53,987	53,243	53,536	53,861	54,117
22 Securitized business assets[4]	5,467	8,807	14,590	16,281	15,856	14,611	14,451	14,444	15,277
23 Retail	667	576	1,118	1,375	1,324	1,268	1,220	1,168	1,690
24 Wholesale	3,281	5,285	8,756	9,590	9,539	8,318	8,329	8,529	8,785
25 Leasing	1,519	2,946	4,716	5,316	4,993	5,025	4,902	4,747	4,802

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are before deductions for unearned income and losses. Data in this table also appear in the Board's G.20 (422) monthly statistical release. For ordering address, see inside front cover.

2. Includes all loans secured by liens on any type of real estate, for example, first and junior mortgages and home equity loans.

3. Includes personal cash loans, mobile home loans, and loans to purchase other types of consumer goods such as appliances, apparel, general merchandise, and recreation vehicles.

4. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

5. Passenger car fleets and commercial land vehicles for which licenses are required.

6. Credit arising from transactions between manufacturers and dealers, that is, floor plan financing.

7. Includes loans on commercial accounts receivable, factored commercial accounts, and receivable dealer capital; small loans used primarily for business or farm purposes; and wholesale and lease paper for mobile homes, campers, and travel trailers.

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1990	1991	1992	1993 May	1993 June	1993 July	1993 Aug.	1993 Sept.	1993 Oct.	1993 Nov.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	153.2	155.0	158.1	153.1	185.6	168.7	158.1	155.3	169.2	174.4
2 Amount of loan (thousands of dollars)	112.4	114.0	118.1	118.8	125.3	127.4	122.2	120.8	128.4	134.0
3 Loan-to-price ratio (percent)	74.8	75.0	76.6	79.5	75.3	77.8	78.4	78.5	78.0	79.1
4 Maturity (years)	27.3	26.8	25.6	26.9	25.4	26.2	26.4	26.5	26.7	26.9
5 Fees and charges (percent of loan amount)[2]	1.93	1.71	1.60	1.43	1.32	1.28	1.21	1.13	1.23	1.23
Yield (percent per year)										
6 Contract rate[1]	9.68	9.02	7.98	7.14	7.02	6.99	6.86	6.76	6.61	6.61
7 Effective rate[1,3]	10.01	9.30	8.25	7.37	7.23	7.20	7.05	6.95	6.80	6.80
8 Contract rate (HUD series)[4]	10.08	9.20	8.43	7.59	7.33	7.31	6.89	6.94	7.05	7.37
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	10.17	9.25	8.46	7.59	7.52	7.51	7.02	7.03	7.08	7.51
10 GNMA securities[6]	9.51	8.59	7.71	6.82	6.74	6.53	6.42	6.15	6.11	6.48
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	113,329	122,837	142,833	166,849	171,232	174,674	177,992	180,057	182,524	185,463
12 FHA/VA insured	21,028	21,702	22,168	22,691	22,656	22,761	22,834	22,810	22,978	23,334
13 Conventional	92,302	101,135	120,664	144,158	148,576	151,913	155,158	157,247	159,546	162,129
Mortgage transactions (during period)										
14 Purchases	23,959	37,202	75,905	7,526	9,131	7,854	8,176	8,866	8,780	8,979
Mortgage commitments (during period)										
15 Issued[7]	23,689	40,010	74,970	7,791	8,697	7,760	8,581	9,814	7,515	11,144
16 To sell[8]	5,270	7,608	10,493	30	323	458	2,585	0	0	0
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	20,419	24,131	29,959	39,960	42,477	43,119	44,396	46,858	50,108	52,933
18 FHA/VA insured	547	484	408	325	319	314	324	323	321	324
19 Conventional	19,871	23,283	29,552	39,635	42,158	42,805	44,072	46,536	49,787	52,610
Mortgage transactions (during period)										
20 Purchases	75,517	99,965	191,125	18,842	21,529	19,700	19,636	18,372	18,658	27,062
21 Sales	73,817	92,478	179,208	17,532	18,968	18,631	18,008	16,230	15,985r	24,028
Mortgage commitments (during period)[9]										
22 Contracted	102,401	114,031	261,637	18,908	28,831	21,722	17,085	16,495	24,614	39,977

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups for purchase of newly built homes; compiled by the Federal Housing Finance Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.
3. Average effective interest rate on loans closed for purchase of newly built homes, assuming prepayment at the end of ten years.
4. Average contract rate on new commitments for conventional first mortgages; from U.S. Department of Housing and Urban Development (HUD). Based on transactions on the first day of the subsequent month.
5. Average gross yield on thirty-year, minimum-downpayment first mortgages insured by the Federal Housing Administration (FHA) for immediate delivery in the private secondary market. Based on transactions on first day of subsequent month.
6. Average net yields to investors on fully modified pass-through securities backed by mortgages and guaranteed by the Government National Mortgage Association (GNMA), assuming prepayment in twelve years on pools of thirty-year mortgages insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs.
7. Does not include standby commitments issued, but includes standby commitments converted.
8. Includes participation loans as well as whole loans.
9. Includes conventional and government-underwritten loans. The Federal Home Loan Mortgage Corporation's mortgage commitments and mortgage transactions include activity under mortgage securities swap programs, whereas the corresponding data for FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder and property	1989	1990	1991	1992		1993		
				Q3	Q4	Q1	Q2	Q3[p]
1 **All holders**	**3,549,564[r]**	**3,761,525[r]**	**3,923,371[r]**	**4,020,556[r]**	**4,042,926[r]**	**4,059,200[r]**	**4,099,621[r]**	**4,160,167**
By type of property								
2 One- to four-family residences	2,408,402[r]	2,615,435[r]	2,778,803[r]	2,911,442[r]	2,953,527[r]	2,976,784[r]	3,026,924[r]	3,088,521
3 Multifamily residences	306,517[r]	309,369[r]	306,410[r]	301,975[r]	294,976[r]	293,578[r]	290,609[r]	290,857
4 Commercial	754,169[r]	758,313[r]	759,023[r]	726,562[r]	713,701[r]	708,086[r]	701,280[r]	699,926
5 Farm	80,476	78,408[r]	79,136[r]	80,577[r]	80,722[r]	80,752[r]	80,808[r]	80,863
By type of holder								
6 Major financial institutions	1,931,537	1,914,315	1,846,726	1,793,492	1,769,187[r]	1,753,045[r]	1,765,052[r]	1,770,274
7 Commercial banks[2]	767,069	844,826	876,100	891,445	894,513[r]	891,755[r]	910,944[r]	922,366
8 One- to four-family	389,632	455,931	483,623	502,075	507,780[r]	507,497[r]	526,800[r]	536,321
9 Multifamily	38,876	37,015	36,935	38,757	38,024[r]	37,425[r]	38,064[r]	38,370
10 Commercial	321,906	334,648	337,095	330,705	328,826[r]	326,853[r]	325,485[r]	326,859
11 Farm	16,656	17,231	18,447	19,908	19,882	19,980[r]	20,595[r]	20,815
12 Savings institutions[3]	910,254	801,628	705,367	648,178	627,972	617,163[r]	612,379[r]	610,081
13 One- to four-family	669,220	600,154	538,358	501,604	489,622	480,415[r]	480,636[r]	478,832
14 Multifamily	106,014	91,806	79,881	73,723	69,791	70,608[r]	68,325[r]	68,068
15 Commercial	134,370	109,168	86,741	72,517	68,235	65,808[r]	63,096[r]	62,860
16 Farm	650	500	388	334	324	332	322[r]	321
17 Life insurance companies	254,214	267,861	265,258	253,869	246,702	244,128	241,729[r]	237,826
18 One- to four-family	12,231	13,005	11,547	11,779	11,441	11,316	11,195[r]	11,008
19 Multifamily	26,907	28,979	29,562	28,591	27,770	27,466	27,174[r]	26,718
20 Commercial	205,472	215,121	214,105	204,132	198,269	196,100	194,012[r]	190,758
21 Farm	9,604	10,756	10,044	9,366	9,222	9,246	9,348[r]	9,343
22 Federal and related agencies	197,778	239,003	266,146	277,485	286,263[r]	287,182	299,214	310,825
23 Government National Mortgage Association	23	20	19	27	30	45	45	44
24 One- to four-family	23	20	19	27	30	37	38	37
25 Multifamily	0	0	0	0	0	8	7	7
26 Farmers Home Administration[4]	41,176	41,439	41,713	41,671	41,695	41,630	41,669	41,669
27 One- to four-family	18,422	18,527	18,496	17,292	16,912	18,149	18,313	18,313
28 Multifamily	9,054	9,640	10,141	10,468	10,575	10,235	10,197	10,197
29 Commercial	4,443	4,690	4,905	5,072	5,158	4,934	4,915	4,915
30 Farm	9,257	8,582	8,171	8,839	9,050	8,313	8,245	8,245
31 Federal Housing and Veterans' Administrations	6,087	8,801	10,733	11,768	12,581	13,027	12,945	12,797
32 One- to four-family	2,875	3,593	4,036	4,531	5,153	5,631	5,635	5,460
33 Multifamily	3,212	5,208	6,697	7,236	7,428	7,396	7,311	7,336
34 Resolution Trust Corporation	0	32,600	45,822	37,099	32,045	27,331	21,973	19,925
35 One- to four-family	0	15,800	14,535	12,614	12,960	11,375	8,955	8,381
36 Multifamily	0	8,064	15,018	11,130	9,621	8,070	6,743	6,002
37 Commercial	0	8,736	16,269	13,356	9,464	7,886	6,275	5,543
38 Farm	0	0	0	0	0	0	0	0
39 Federal National Mortgage Association	99,001	104,870	112,283	126,476	137,584	141,192	151,513	160,721
40 One- to four-family	90,575	94,323	100,387	113,407	124,016	127,252	137,340	146,009
41 Multifamily	8,426	10,547	11,896	13,069	13,568	13,940	14,173	14,712
42 Federal Land Banks	29,640	29,416	28,767	28,815	28,664[r]	28,536	28,592	28,810
43 One- to four-family	1,210	1,838	1,693	1,695	1,687[r]	1,679	1,682	1,695
44 Farm	28,430	27,577	27,074	27,119	26,977[r]	26,857	26,909	27,115
45 Federal Home Loan Mortgage Corporation	21,851	21,857	26,809	31,629	33,665	35,421	42,477	46,859
46 One- to four-family	18,248	19,185	24,125	29,039	31,032	32,831	39,905	44,315
47 Multifamily	3,603	2,672	2,684	2,591	2,633	2,589	2,572	2,544
48 Mortgage pools or trusts[5]	917,848	1,079,103	1,250,666	1,385,460	1,425,546	1,461,612	1,472,844	1,513,024
49 Government National Mortgage Association	368,367	403,613	425,295	422,255	419,516	421,514	413,166	415,076
50 One- to four-family	358,142	391,505	415,767	413,063	410,675	412,798	404,425	405,963
51 Multifamily	10,225	12,108	9,528	9,192	8,841	8,716	8,741	9,113
52 Federal Home Loan Mortgage Corporation	272,870	316,359	359,163	391,762	407,514	420,932	422,882	430,089
53 One- to four-family	266,060	308,369	351,906	385,400	401,525	415,279	417,646	425,154
54 Multifamily	6,810	7,990	7,257	6,362	5,989	5,654	5,236	4,935
55 Federal National Mortgage Association	228,232	299,833	371,984	429,935	444,979	457,316	465,220	481,880
56 One- to four-family	219,577	291,194	362,667	420,835	435,979	448,483	456,645	473,599
57 Multifamily	8,655	8,639	9,317	9,100	9,000	8,833	8,575	8,281
58 Farmers Home Administration[4]	80	66	47	41	38	44	45	45
59 One- to four-family	21	17	11	9	8	10	10	10
60 Multifamily	0	0	0	0	0	0	0	0
61 Commercial	26	24	19	18	17	18	19	19
62 Farm	33	26	17	14	13	16	16	16
63 Private mortgage conduits	48,299	59,232	94,177	141,468	153,499	161,805	171,532	185,933
64 One- to four-family	43,325	53,335	84,000	123,000	132,000	137,000	145,000	158,000
65 Multifamily	462	731	3,698	5,796	6,305	6,662	7,410	8,074
66 Commercial	4,512	5,166	6,479	12,673	15,194	18,143	19,121	19,859
67 Farm	0	0	0	0	0	0	0	0
68 Individuals and others[6]	502,401[r]	529,104[r]	559,833[r]	564,118[r]	561,930[r]	557,360[r]	562,511[r]	566,045
69 One- to four-family	318,842[r]	348,638[r]	367,633[r]	375,072[r]	372,708[r]	367,031[r]	372,699[r]	375,423
70 Multifamily	84,272[r]	85,969[r]	83,796[r]	85,960[r]	85,430[r]	85,977[r]	86,083[r]	86,500
71 Commercial	83,440[r]	80,761[r]	93,410[r]	88,090[r]	88,538[r]	88,344[r]	88,357[r]	89,113
72 Farm	15,846	13,737[r]	14,994[r]	14,996[r]	15,254[r]	16,008[r]	15,372[r]	15,008

1. Based on data from various institutional and governmental sources; figures for some quarters estimated in part by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.
2. Includes loans held by nondeposit trust companies but not loans held by bank trust departments.
3. Includes savings banks and savings and loan associations.
4. FmHA-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:Q4 because of accounting changes by the Farmers Home Administration.
5. Outstanding principal balances of mortgage-backed securities insured or guaranteed by the agency indicated.
6. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and finance companies.

SOURCES. Based on data from various institutional and government sources. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations, when required, are estimated mainly by the Federal Reserve. Line 64, from Inside Mortgage Securities.

1.55 CONSUMER INSTALLMENT CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1990	1991	1992	1993					
				May	June	July	Aug.	Sept.[r]	Oct.
	Seasonally adjusted								
1 **Total**	**738,765**	**733,510**	**741,093**	**750,293**	**752,428**	**757,465**	**762,503**	**768,599**	**776,707**
2 Automobile	284,739	260,898	259,627	264,007	265,388	267,468	268,784	270,676	274,616
3 Revolving	222,552	243,564	254,299	262,690	263,338	266,938	270,753	273,703	276,854
4 Other	231,474	229,048	227,167	223,596	223,701	223,058	222,967	224,220	225,238
	Not seasonally adjusted								
5 **Total**	**752,883**	**749,052**	**756,944**	**744,778**	**748,830**	**753,645**	**763,268**	**770,410**	**777,196**
By major holder									
6 Commercial banks	347,087	340,713	331,869	333,415	335,592	339,948	345,449	349,699	353,296
7 Finance companies	133,258	121,937	117,127	109,311	111,330	83,820[r]	82,249[r]	112,645	113,220
8 Credit unions	93,057	92,681	97,641	103,019	104,781	106,027	108,095	109,687	110,830
9 Retailers	43,464	39,832	42,079	38,681	38,813	39,043	39,688	39,842	40,310
10 Savings institutions	52,164	45,965	43,461	39,210	37,250	36,485	35,919	34,985	34,251
11 Gasoline companies	4,822	4,362	4,365	4,486	4,567	4,668	4,728	4,574	4,599
12 Pools of securitized assets[2]	79,030	103,562	120,402	116,656	116,497	114,398	117,525	118,978	120,690
By major type of credit[3]									
13 Automobile	284,903	261,219	259,964	262,860	265,345	267,646	270,495	273,317	276,681
14 Commercial banks	124,913	112,666	109,743	112,700	114,901	116,729	118,535	120,574	122,178
15 Finance companies	75,045	63,415	57,605	53,878	55,592	56,817	55,247	55,057	55,107
16 Pools of securitized assets[2]	24,620	28,915	33,878	36,431	34,701	33,673	35,569	36,149	37,630
17 Revolving	234,801	256,876	267,949	259,566	260,993	264,100	269,663	272,579	274,840
18 Commercial banks	133,385	138,005	132,582	130,871	129,921	132,984	135,466	136,738	137,835
19 Retailers	38,448	34,712	36,629	33,254	33,328	33,505	34,099	34,214	34,668
20 Gasoline companies	4,822	4,362	4,365	4,486	4,567	4,668	4,728	4,574	4,599
21 Pools of securitized assets[2]	45,637	63,595	74,243	69,054	70,842	69,935	71,562	72,646	73,296
22 Other	233,178	230,957	229,031	222,352	222,491	221,899	223,109	224,514	225,675
23 Commercial banks	88,789	90,042	89,544	89,844	90,770	90,235	91,448	92,387	93,283
24 Finance companies	58,213	58,522	59,522	55,433	55,737	56,259	56,616	57,588	58,113
25 Retailers	5,016	5,120	5,450	5,427	5,485	5,538	5,589	5,628	5,642
26 Pools of securitized assets[2]	8,773	11,052	12,281	11,171	10,954	10,790	10,394	10,183	9,764

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments.
Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

2. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

3. Totals include estimates for certain holders for which only consumer credit totals are available.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT[1]

Percent per year except as noted

Item	1990	1991	1992	1993						
				Apr.	May	June	July	Aug.	Sept.	Oct.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	11.78	11.14	9.29	n.a.	8.17	n.a.	n.a.	7.98	n.a.	
2 24-month personal	15.46	15.18	14.04	n.a.	13.63	n.a.	n.a.	13.45	n.a.	
3 120-month mobile home	14.02	13.70	12.67	n.a.	12.00	n.a.	n.a.	11.53	n.a.	
4 Credit card	18.17	18.23	17.78	n.a.	17.15	n.a.	n.a.	16.59	n.a.	
Auto finance companies										
5 New car	12.54	12.41	9.93	9.61	9.51	9.45	9.37	9.21	9.21	
6 Used car	15.99	15.60	13.80	12.74	12.61	12.55	12.46	12.48	12.52	
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.6	55.1	54.0	54.5	54.4	54.6	54.7	54.9	54.7	n.a.
8 Used car	46.0	47.2	47.9	48.9	48.9	49.0	49.0	49.0	48.8	
Loan-to-value ratio										
9 New car	87	88	89	90	91	91	91	91	91	
10 Used car	95	96	97	98	98	98	98	99	98	
Amount financed (dollars)										
11 New car	12,071	12,494	13,584	14,021	14,146	14,296	14,430	14,324	14,348	
12 Used car	8,289	8,884	9,119	9,731	9,829	9,912	9,996	10,104	9,808	

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

2. Data are available for only the second month of each quarter.

3. At auto finance companies.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS[1]

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1988	1989	1990	1991	1992	1991	1992				1993	
						Q4	Q1	Q2	Q3	Q4	Q1[r]	Q2[r]
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**752.6**	**723.0**	**631.0**	**475.5**	**582.4[r]**	**411.4**	**603.3[r]**	**586.2[r]**	**610.8[r]**	**529.1[r]**	**399.3**	**667.5**
By sector and instrument												
2 U.S. government	155.1	146.4	246.9	278.2	304.0	272.5	323.8	352.9	299.1	240.1	229.6	348.2
3 Treasury securities	137.7	144.7	238.7	292.0	303.8	268.7	335.0	352.5	290.1	237.4	226.4	344.1
4 Agency issues and mortgages	17.4	1.6	8.2	-13.8	.2	3.8	-11.2	.4	9.0	2.7	3.2	4.1
5 Private	597.5	576.6	384.1	197.3	278.4[r]	138.9	279.5[r]	233.4[r]	311.7[r]	289.0[r]	169.7	319.2
By instrument												
6 Tax-exempt obligations	53.7	65.3	57.3	69.6	65.7	77.6	68.0	76.6	75.8	42.4	62.4	67.2
7 Corporate bonds	103.1	73.8	47.1	78.8	67.3	60.2	76.3	77.8	61.3	53.7	75.0	64.9
8 Mortgages	279.6	269.1	188.7	165.1	121.1[r]	145.2	185.4[r]	69.8[r]	135.1[r]	93.9[r]	100.2	134.5
9 Home mortgages	219.6	212.5	177.2	166.0	176.0	176.5	216.5	111.6	203.3	172.8[r]	128.4	176.2
10 Multifamily residential	16.1	12.0	3.4	-2.5	-11.1	.2	11.6	-16.9[r]	-11.2[r]	-27.9[r]	-6.6	-12.8
11 Commercial	48.5	47.3	8.9	.9	-45.5	-28.6	-46.9	-25.7[r]	-57.7[r]	-51.6[r]	-21.7	-29.1
12 Farm	-4.6	-2.7	-.8	.7	1.6[r]	-2.9	4.2[r]	.8[r]	.8[r]	.6[r]	.1	.2
13 Consumer credit	50.1	49.5	13.4	-13.1	9.3	-10.7	-9.8	-14.7	13.5	48.2	19.2	22.9
14 Bank loans n.e.c.	44.7	36.4	4.2	-46.8	-5.6[r]	-53.7	-47.3[r]	27.7[r]	-24.1[r]	21.4[r]	-39.7	31.8
15 Commercial paper	11.9	21.4	9.7	-18.4	8.6	-5.0	2.5	-2.6	9.3	25.4	-24.2	34.8
16 Other loans	54.3	61.0	63.6	-37.8	12.0[r]	-74.9	4.5[r]	-1.1[r]	40.8[r]	3.9[r]	-23.0	-37.0
By borrowing sector												
17 Household	300.1	276.7	207.7	168.4	215.0[r]	193.8	199.2[r]	176.5[r]	217.7[r]	266.6[r]	137.4	215.8
18 Nonfinancial business	248.4	236.3	121.9	-33.4	4.0[r]	-129.0	18.2[r]	-10.1[r]	20.5[r]	-12.7[r]	-38.9	34.5
19 Farm	-10.0	.5	1.8	2.4	1.5[r]	-4.6	4.3[r]	3.6[r]	-.1[r]	-1.6[r]	-2.5	3.4
20 Nonfarm noncorporate	57.2	49.4	19.4	-24.5	-39.4[r]	-57.9	-21.8[r]	-47.4[r]	-37.3[r]	-51.0[r]	-36.7	-31.4
21 Corporate	201.3	186.5	100.7	-11.3	41.8[r]	-66.5	35.7[r]	33.7[r]	57.9[r]	39.9[r]	.3	62.5
22 State and local government	48.9	63.5	54.5	62.3	59.4	74.0	62.1	66.9	73.5	35.1	71.2	68.9
23 Foreign net borrowing in United States	6.4	10.2	23.9	13.9	24.2	34.3	1.9	57.7	37.8	-.6	50.3	26.8
24 Bonds	6.9	4.9	21.4	14.1	17.3	18.5	4.9	21.9	20.3	22.2	75.6	30.4
25 Bank loans n.e.c.	-1.8	-.1	-2.9	3.1	2.3	6.5	1.5	14.1	3.9	-10.3	1.6	6.5
26 Open market paper	8.7	13.1	12.3	6.4	5.2	14.9	-8.0	27.8	13.1	-12.1	-21.7	-.6
27 U.S. government loans	-7.5	-7.6	-7.0	-9.8	-.6	-5.6	3.6	-6.1	.5	-.4	-5.3	-9.5
28 **Total domestic plus foreign**	**759.0**	**733.1**	**654.9**	**489.4**	**606.6[r]**	**445.6**	**605.3[r]**	**644.0[r]**	**648.7[r]**	**528.5[r]**	**449.5**	**694.2**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**239.9**	**213.7**	**193.5**	**150.4**	**209.5[r]**	**190.5**	**167.6**	**206.3[r]**	**294.4[r]**	**169.6[r]**	**148.5**	**130.3**
By instrument												
30 U.S. government-related	119.8	149.5	167.4	145.7	155.8	150.4	126.8	195.2	169.3	131.8	165.8	62.7
31 Government-sponsored enterprises securities	44.9	25.2	17.1	9.2	40.3	32.6	11.5	48.3	67.7	33.6	32.2	68.8
32 Mortgage pool securities	74.9	124.3	150.3	136.6	115.6	117.9	115.3	146.9	101.6	98.4	133.6	-6.1
33 Loans from U.S. government	.0	.0	-.1	.0	.0	-.1	.0	.0	.0	-.1	.0	.0
34 Private	120.1	64.2	26.1	4.6	53.7[r]	40.1	40.8	11.0[r]	125.1[r]	37.8[r]	-17.3	67.6
35 Corporate bonds	49.0	37.3	40.8	56.8	58.4[r]	73.7	28.6	59.1	71.5[r]	74.2	59.9	55.5
36 Mortgages	.3	.5	.4	.8	.0	1.2	-.4	.1[r]	.3[r]	.1[r]	.9	2.7
37 Bank loans n.e.c.	-3.8	6.0	1.1	17.1	-4.8	3.8	22.0	-39.1	17.7[r]	-19.9[r]	-21.2	-5.9
38 Open market paper	54.8	31.3	8.6	-32.0	-.7	-9.9	1.1	-14.8	17.5	-6.5	-75.5	-18.4
39 Loans from Federal Home Loan Banks	19.7	-11.0	-24.7	-38.0	.8	-28.6	-10.4	5.8	18.1	-10.1	18.6	33.5
By borrowing sector												
40 Government sponsored enterprises	44.9	25.2	17.0	9.1	40.2	32.5	11.5	48.3	67.7	33.5	32.2	68.8
41 Federally related mortgage pools	74.9	124.3	150.3	136.6	115.6	117.9	115.3	146.9	101.6	98.4	133.6	-6.1
42 Private	120.1	64.2	26.1	4.6	53.7[r]	40.1	40.8	11.0[r]	125.1[r]	37.8[r]	-17.3	67.6
43 Commercial banks	-3.0	-1.4	-.7	-11.7	8.8	-9.5	3.2	5.5	12.1	14.5	5.4	10.1
44 Bank affiliates	5.2	6.2	-27.7	-2.5	2.3	7.0	10.9	-9.2	6.6	.8	21.1	1.3
45 Funding corporations	39.1	13.8	12.5	-13.6	1.6[r]	-14.0	16.1	29.2[r]	-7.7[r]	-31.1[r]	-54.2	7.2
46 Savings institutions	21.7	-15.1	-30.2	-44.5	-6.7	-34.0	-18.3	-5.4	11.2	-14.4	7.9	17.7
47 Credit unions	.0	.0	.0	.0	.0	.0	.0	.0	.0	.1	.0	.3
48 Life insurance companies	.0	.0	.0	.0	.0	.0	.0	.0	.2	-.2	.1	.6
49 Finance companies	23.9	27.4	24.0	18.6	-3.6	39.0	-35.6	-20.1	21.2	19.9	-33.1	-38.6
50 Mortgage companies	-6.2	3.0	-4.0	5.7	.1	1.9	27.5	-35.3	14.4	-6.4	-10.4	15.9
51 Real estate investment trusts (REITs)	1.8	1.3	1.0	1.6	.1	3.3	1.7	1.3[r]	2.0[r]	-4.7[r]	-1.4	2.5
52 Securitized credit obligation (SCO) issuers	37.6	28.9	51.1	51.0	51.1[r]	46.5	35.3	45.0	65.0[r]	59.2	47.2	50.5

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS[1]—Continued

Transaction category or sector	1988	1989	1990	1991	1992	1991	1992				1993	
						Q4	Q1	Q2	Q3	Q4	Q1[r]	Q2[r]
	All sectors											
53 **Total net borrowing, all sectors**	**998.8**	**946.8**	**848.4**	**639.8**	**816.0[r]**	**636.2**	**772.8[r]**	**850.2[r]**	**943.0[r]**	**698.1[r]**	**598.1**	**824.5**
54 U.S. government securities	274.9	295.8	414.4	424.0	459.8	423.0	450.6	548.1	468.5	372.0	395.3	410.9
55 *Tax-exempt securities*	53.7	65.3	57.3	69.6	65.7	77.6	68.0	76.6	75.8	42.4	62.4	67.2
56 Corporate and foreign bonds	159.0	116.0	109.2	149.6	143.0[r]	152.4	109.7[r]	158.8	153.2[r]	150.1	210.5	150.9
57 Mortgages	280.0	269.6	189.1	165.8	121.1[r]	146.5	185.0[r]	69.8[r]	135.4[r]	94.0[r]	101.0	137.3
58 Consumer credit	50.1	49.5	13.4	−13.1	9.3	−10.7	−9.8	−14.7	13.5	48.2	19.2	22.9
59 Bank loans n.e.c.	39.2	42.3	2.4	−26.6	−8.1[r]	−43.4	−23.9[r]	2.8[r]	−2.5[r]	−8.8[r]	−59.3	32.4
60 Open market paper	75.4	65.9	30.7	−44.0	13.1	.0	−4.5	10.3	39.9	6.8	−121.4	15.8
61 Other loans	66.6	42.4	31.8	−85.6	12.2[r]	−109.3	−2.4[r]	−1.4[r]	59.3[r]	−6.7[r]	−9.7	−13.0
	External corporate equity funds raised in United States											
62 **Total net share issues**	**−98.6**	**−59.6**	**22.2**	**210.6**	**282.5[r]**	**290.6**	**274.2[r]**	**264.1[r]**	**293.3[r]**	**298.4[r]**	**292.2**	**461.9**
63 Mutual funds	6.1	38.5	67.9	150.5	206.7[r]	208.9	174.4	199.5[r]	235.2[r]	217.7[r]	240.9	357.5
64 All other	−104.7	−98.1	−45.7	60.1	75.8[r]	81.7	99.9[r]	64.6[r]	58.1[r]	80.7[r]	51.2	104.4
65 Nonfinancial corporations	−129.5	−124.2	−63.0	18.3	26.8	48.0	46.0	36.0	11.0	14.0	9.0	26.0
66 Financial corporations	23.9	8.8	9.9	11.2	18.4[r]	10.0	24.8[r]	17.4[r]	12.3[r]	19.2[r]	10.3	28.1
67 Foreign shares purchased in United States	.9	17.2	7.4	30.7	30.6	23.7	29.1	11.2	34.8	47.5	31.9	50.3

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.2 through F.5. For ordering address, see inside front cover.

1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

Billions of dollars except as noted; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1988	1989	1990	1991	1992	1991	1992				1993	
						Q4	Q1	Q2	Q3	Q4	Q1[r]	Q2[r]
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**998.8**	**946.8**	**848.4**	**639.8**	**816.0[r]**	**636.2**	**772.8[r]**	**850.2[r]**	**943.0[r]**	**698.1[r]**	**598.1**	**824.5**
2 Private domestic nonfinancial sectors	196.1	122.6	162.8	−16.1	79.0[r]	−70.7	135.5[r]	150.9[r]	−62.3[r]	92.1[r]	−140.8	−118.1
3 Households	170.3	78.6	140.1	−49.7	50.2[r]	−123.3	118.2[r]	109.6[r]	−99.7[r]	72.5[r]	−124.7	−134.6
4 Nonfarm noncorporate business	3.1	−.7	−1.7	−4.2	−2.4	−2.6	−3.9	−2.7	−2.0	−1.0	−3.7	−3.0
5 Nonfinancial corporate business	5.7	13.6	−5.3	4.3	36.3	11.0	25.1	36.8	46.5	36.9	−1.8	14.3
6 State and local governments	17.1	31.1	29.6	33.5	−5.0	44.2	−3.9	7.2	−7.1	−16.3	−10.5	5.1
7 U.S. government	−10.6	−3.1	33.7	10.5	−11.9	−20.0	15.2	−23.0	−26.7	−13.1	−24.1	−27.8
8 Foreign	108.6	84.4	82.1	25.6	100.7[r]	41.3	96.5[r]	140.7[r]	78.1[r]	87.5[r]	73.2	89.5
9 Financial sectors	704.8	742.9	569.9	619.8	648.2[r]	685.6	525.6[r]	581.7[r]	953.9[r]	531.5[r]	689.8	880.9
10 Government sponsored enterprises	33.2	−4.1	16.4	14.2	69.0[r]	24.9	92.7	38.6	73.0	71.7[r]	14.6	144.1
11 Federally related mortgage pools	74.9	124.3	150.3	136.6	115.6	117.9	115.3	146.9	101.6	98.4	133.6	−6.1
12 Monetary authority	10.5	−7.3	8.1	31.1	27.9	16.9	28.5	19.0	15.7	48.3	44.5	32.6
13 Commercial banking	156.5	177.2	125.1	84.3	94.8	120.4	85.1	72.7	148.0	73.3	86.4	153.4
14 U.S. commercial banks	126.4	146.1	94.9	39.2	69.8	56.9	76.3	13.3	123.5	66.0	100.4	142.0
15 Foreign banking offices	29.4	26.7	28.4	48.5	16.5	64.9	−.5	56.7	5.2	4.8	−12.5	−.7
16 Bank holding companies	−.1	2.8	−2.8	−1.5	5.6	.0	7.1	−.4	16.4	−.6	−4.3	9.5
17 Banks in U.S. affiliated areas	.8	1.6	4.5	−1.9	2.9	−1.5	2.2	3.2	3.0	3.0	2.9	2.6
18 Private nonbank finance	429.7	452.9	270.0	353.7	341.0[r]	405.5	204.1[r]	304.5[r]	615.5[r]	239.9[r]	410.7	556.8
19 Thrift institutions	114.8	−86.6	−153.3	−123.0	−59.9	−56.7	−105.0[r]	−75.8[r]	−42.6[r]	−16.1[r]	−28.2	−17.1
20 Insurance	199.0	257.4	181.6	234.3	164.5[r]	199.3	97.2[r]	185.4[r]	217.8[r]	157.8	291.4	175.5
21 Life insurance companies	104.0	101.8	94.4	83.2	82.4	24.6	73.7	66.9	85.1	103.7	122.1	108.0
22 Other insurance companies	29.2	29.7	26.5	32.3	12.7	28.9	28.8	16.4	−2.8	8.3	8.9	10.6
23 Private pension funds	29.2	81.1	17.2	85.3	37.3[r]	135.0	−33.2[r]	74.1[r]	99.9[r]	8.4	118.0	11.1
24 State and local government retirement funds	36.6	44.7	43.5	33.5	32.2	10.8	27.8	28.0	35.6	37.4	42.4	45.9
25 Finance n.e.c.	115.9	282.2	241.7	242.3	236.3[r]	263.0	211.9[r]	194.9[r]	440.4[r]	98.2[r]	147.5	398.3
26 Finance companies	38.1	32.0	28.4	−12.1	1.7	−28.0	−5.3	−16.0	4.0	24.0	−34.0	−22.8
27 Mortgage companies	−7.4	6.1	−8.0	11.4	.1	3.9	23.0	−38.5	28.9	−12.8	−20.8	31.7
28 Mutual funds	11.9	23.8	41.4	90.3	123.7[r]	137.9	95.1	123.7[r]	156.9[r]	119.2[r]	130.2	193.4
29 Closed-end funds	19.8	6.3	.0	15.2	12.3	13.5	17.9	9.4	8.7	13.1	8.9	13.0
30 Money market funds	10.7	67.1	80.9	30.1	1.3	44.6	19.1	3.8[r]	8.5[r]	−26.1[r]	−65.0	51.8
31 Real estate investment trusts (REITs)	.9	.5	−.7	−1.0	.4[r]	−1.9	−.7[r]	2.6	−.3	−.1	2.9	.8
32 Brokers and dealers	−8.2	96.3	34.9	49.0	40.2	50.5	−2.4	73.0	180.3	−90.2	79.5	66.7
33 Asset-backed securities (ABSs)	35.9	27.7	49.9	49.0	48.6	44.2	33.0	45.2	62.6	53.6	46.7	49.4
34 Bank personal trusts	14.3	22.4	14.8	10.4	8.0	−1.8	32.2	−8.4	−9.3	17.3	−.9	14.4
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
35 **Net flows through credit markets**	**998.8**	**946.8**	**848.4**	**639.8**	**816.0[r]**	**636.2**	**772.8[r]**	**850.2[r]**	**943.0[r]**	**698.1[r]**	**598.1**	**824.5**
Other financial sources												
36 Official foreign exchange	4.0	24.8	2.0	−5.9	−1.6	−5.0	3.5	−6.5	−8.5	5.1	3.4	−3.5
37 Treasury currency and special drawing rights	.5	4.1	2.5	.0	−1.8	.5	.1	.3	.2	−7.7	.3	.4
38 Life insurance reserves	25.3	28.8	25.7	25.7	28.4	19.2	33.8	22.7	27.3	29.8	51.4	41.0
39 Pension fund reserves	140.1	309.7	158.1	358.8	214.8[r]	419.6	129.0[r]	194.4[r]	278.5[r]	257.4[r]	340.7	199.8
40 Interbank claims	2.9	−16.5	34.2	−3.7	49.0[r]	10.3	25.7[r]	36.9[r]	82.3[r]	51.1[r]	17.7	54.9
41 Deposits at financial institutions	278.6	284.8	98.1	48.2	9.3	48.5	−.7	6.3[r]	174.1[r]	−142.7[r]	−8.2	247.2
42 Checkable deposits and currency	43.2	6.1	44.2	75.8	122.8[r]	102.8	86.4	110.8[r]	200.4[r]	93.5[r]	25.0	232.2
43 Small time and savings deposits	121.6	100.4	59.0	16.7	−60.8	8.7	−40.1	−81.8	−83.6	−37.8[r]	−158.9	−54.2
44 Large time deposits	53.1	13.9	−65.7	−60.8	−80.0	−108.8	−72.9	−109.9	−52.9	−84.2	1.9	−17.5
45 Money market fund shares	21.9	90.1	70.3	41.2	3.9	30.5	44.4	26.7[r]	−22.4[r]	−32.9[r]	−37.7	66.8
46 Security repurchase agreements	23.7	77.8	−24.2	−16.5	33.6	23.8	8.1	103.7	89.6	−67.1	180.3	17.6
47 Foreign deposits	15.2	−3.6	14.6	−8.2	−10.2	−8.4	−26.6	−43.2	43.0	−14.2	−18.8	2.4
48 Mutual fund shares	6.1	38.5	67.9	150.5	206.7[r]	208.9	174.4	199.5[r]	235.2[r]	217.7[r]	240.9	357.5
49 Corporate equities	−104.7	−98.1	−45.7	60.1	75.8[r]	81.7	99.9[r]	64.6[r]	58.1[r]	80.7[r]	51.2	104.4
50 Security credit	3.0	15.6	3.5	51.4	4.2	118.0	−66.7	−4.9	82.8	5.5	39.7	38.3
51 Trade debt	89.6	59.4	32.1	−2.2	57.9	−16.3	79.8	56.5	57.8	37.5	27.3	42.5
52 Taxes payable	5.3	2.0	−4.5	−8.5	7.7	−3.3	8.5	6.1	6.5	9.9	9.6	11.3
53 Noncorporate proprietors' equity	−24.0	−31.1	−35.5	−12.5	−10.7[r]	12.9	−25.8[r]	12.3[r]	−33.2[r]	4.0[r]	3.6	−7.2
54 Investment in bank personal trusts	7.2	23.1	21.5	29.8	−7.5	10.8	40.2	20.2	−55.4	−35.2	−10.1	35.8
55 Miscellaneous	199.2	292.1	98.2	169.9	196.4[r]	256.4	93.1[r]	272.6[r]	209.0[r]	210.9[r]	233.2	355.1
56 **Total financial sources**	**1,632.0**	**1,883.8**	**1,306.5**	**1,501.3**	**1,644.7[r]**	**1,798.4**	**1,367.6[r]**	**1,731.2[r]**	**2,057.7[r]**	**1,422.3[r]**	**1,598.7**	**2,302.0**
Floats not included in assets (−)												
57 U.S. government checkable deposits	1.6	8.4	3.3	−13.1	.7	−88.2	11.3	−9.5	4.4	−3.6	.1	6.2
58 Other checkable deposits	.8	−3.2	2.5	2.0	1.6	−5.5	13.8	2.0	−11.7	2.3	−1.8	−1.4
59 Trade credit	−6.2	−1.9	2.5	8.1	21.5[r]	−14.1	25.0	11.3	44.0[r]	5.7	−21.8	8.7
Liabilities not identified as assets (−)												
60 Treasury currency	−.1	−.2	.2	−.6	−.2	−.1	−.3[r]	−.2[r]	−.2[r]	−.1	−.2	−.2
61 Interbank claims	−3.0	−4.4	1.6	26.2	−4.0	16.6	8.2	−18.2	−5.3	−.6	9.3	−.3
62 Security repurchase agreements	−29.6	32.4	−31.5	5.2	31.1	66.7	−26.7	84.1	43.5[r]	23.4[r]	155.2	25.4
63 Taxes payable	6.3	2.3	.5	.4	6.7	.5	−7.6	7.0	23.8	3.7	−11.2	23.2
64 Miscellaneous	47.3	−77.8	−23.6	−32.1	−15.4[r]	−7.6	−60.5[r]	−62.9[r]	11.9[r]	49.9[r]	29.5	−31.0
65 **Total identified to sectors as assets**	**1,614.8**	**1,928.2**	**1,351.0**	**1,505.2**	**1,602.7[r]**	**1,830.2**	**1,404.4[r]**	**1,717.6[r]**	**1,947.4[r]**	**1,341.6[r]**	**1,439.5**	**2,271.5**

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.6 and F.7. For ordering address, see inside front cover.

2. Excludes corporate equities and mutual fund shares.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

Transaction category or sector	1989	1990	1991	1992	1991	1992				1993[r]	
					Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**10,054.3**	**10,692.0**	**11,160.6**	**11,746.9[r]**	**11,160.6**	**11,289.2[r]**	**11,427.0[r]**	**11,580.3[r]**	**11,746.9[r]**	**11,823.0**	**11,979.2**
By lending sector and instrument											
2 U.S. government	2,251.2	2,498.1	2,776.4	3,080.3	2,776.4	2,859.7	2,923.3	2,998.9	3,080.3	3,140.2	3,201.2
3 Treasury securities	2,227.0	2,465.8	2,757.8	3,061.6	2,757.8	2,844.0	2,907.4	2,980.7	3,061.6	3,120.6	3,180.6
4 Agency issues and mortgages	24.2	32.4	18.6	18.8	18.6	15.8	15.9	18.1	18.8	19.6	20.6
5 Private	7,803.1	8,193.9	8,384.3	8,666.5[r]	8,384.3	8,429.4[r]	8,503.7[r]	8,581.5[r]	8,666.5[r]	8,682.9	8,777.9
By instrument											
6 Tax-exempt obligations	1,004.7	1,062.1	1,131.6	1,197.3	1,131.6	1,145.5	1,163.7	1,186.4	1,197.3	1,210.0	1,225.7
7 Corporate bonds	961.1	1,008.2	1,086.9	1,154.2	1,086.9	1,106.0	1,125.4	1,140.8	1,154.2	1,172.9	1,189.2
8 Mortgages	3,512.8	3,715.4	3,880.4	4,001.9[r]	3,880.4	3,918.1[r]	3,941.5[r]	3,979.7[r]	4,001.9[r]	4,017.9	4,057.6
9 Home mortgages	2,380.5	2,580.6	2,746.6	2,922.7[r]	2,746.6	2,791.8[r]	2,825.6[r]	2,880.8[r]	2,922.7[r]	2,945.8	2,996.0
10 Multifamily residential	304.3	305.5	303.0	291.9	303.0	305.9	301.7[r]	298.9[r]	291.9	290.3	287.1
11 Commercial	747.6	750.8	751.7	706.5[r]	751.7	740.3[r]	733.8	719.4	706.5[r]	701.1	693.8
12 Farm	80.5	78.4	79.1	80.7[r]	79.1	80.2[r]	80.4[r]	80.6[r]	80.7[r]	80.8	80.8
13 Consumer credit	799.5	813.0	799.9	809.2	799.9	777.6	776.9	784.5	809.2	793.7	802.3
14 Bank loans n.e.c.	750.8	747.8	701.0	695.6[r]	701.0	685.5[r]	694.0[r]	686.2[r]	695.6[r]	683.0	691.9
15 Commercial paper	107.1	116.9	98.5	107.1	98.5	110.4	112.0	108.2	107.1	114.6	125.0
16 Other loans	667.0	730.6	685.9	701.2[r]	685.9	686.2[r]	690.1[r]	695.8[r]	701.2[r]	690.8	686.2
By borrowing sector											
17 Household	3,371.4	3,594.8	3,762.7	3,978.0[r]	3,762.7	3,782.6	3,837.3[r]	3,900.0[r]	3,978.0[r]	3,982.2	4,046.8
18 Nonfinancial business	3,615.7	3,728.5	3,688.7	3,696.3[r]	3,688.7	3,701.5[r]	3,705.4[r]	3,698.3[r]	3,696.3[r]	3,693.6	3,708.0
19 Farm	134.4	134.9	134.8	136.3[r]	134.8	133.6[r]	137.0[r]	137.9[r]	136.3[r]	133.5	136.8
20 Nonfarm noncorporate	1,199.6	1,219.0	1,192.3	1,154.5[r]	1,192.3	1,187.6[r]	1,177.3[r]	1,165.1[r]	1,154.5[r]	1,144.2	1,138.3
21 Corporate	2,281.7	2,374.6	2,361.6	2,405.5[r]	2,361.6	2,380.3[r]	2,391.1[r]	2,395.3[r]	2,405.5[r]	2,415.9	2,432.9
22 State and local government	816.1	870.5	932.8	992.2	932.8	945.3	961.0	983.1	992.2	1,007.1	1,023.2
23 **Foreign credit market debt held in United States**	**261.2**	**285.1**	**298.9**	**313.8**	**298.9**	**288.7**	**304.7**	**312.9**	**313.8**	**324.8**	**333.1**
24 Bonds	94.1	115.4	129.5	146.9	129.5	130.8	136.2	141.3	146.9	165.8	173.4
25 Bank loans n.e.c.	21.4	18.5	21.6	23.9	21.6	22.0	25.5	26.5	23.9	24.3	25.9
26 Open market paper	63.0	75.3	81.8	77.7	81.8	70.5	77.4	80.7	77.7	72.3	72.1
27 U.S. government loans	82.7	75.8	66.0	65.4	66.0	65.5	65.6	64.4	65.4	62.5	61.7
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**10,315.5**	**10,977.1**	**11,459.5**	**12,060.7[r]**	**11,459.5**	**11,577.9[r]**	**11,731.8[r]**	**11,893.2[r]**	**12,060.7[r]**	**12,147.9**	**12,312.3**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**2,362.7**	**2,559.4**	**2,709.7**	**2,928.5[r]**	**2,709.7**	**2,751.2**	**2,805.7[r]**	**2,877.4[r]**	**2,928.5[r]**	**2,961.7**	**2,997.3**
By instrument											
30 U.S. government-related	1,247.8	1,418.4	1,564.2	1,720.0	1,564.2	1,590.3	1,641.6	1,683.5	1,720.0	1,755.8	1,774.5
31 Government-sponsored enterprises securities	373.3	393.7	402.9	443.1	402.9	405.7	417.8	434.7	443.1	451.2	468.4
32 Mortgage pool securities	869.5	1,019.9	1,156.5	1,272.0	1,156.5	1,179.8	1,219.0	1,244.0	1,272.0	1,299.8	1,301.3
33 Loans from U.S. government	5.0	4.9	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
34 Private	1,114.8	1,140.9	1,145.6	1,208.5[r]	1,145.6	1,160.9	1,164.1[r]	1,193.9[r]	1,208.5[r]	1,205.9	1,222.9
35 Corporate bonds	509.1	549.9	606.6	665.0[r]	606.6	613.8	628.6	646.4[r]	665.0[r]	680.0	693.9
36 Mortgages	4.0	4.3	5.1	5.1	5.1	5.0	5.0[r]	5.1[r]	5.1	5.4	6.0
37 Bank loans n.e.c.	50.9	52.0	69.1	64.2	69.1	72.7	63.1	67.5[r]	64.2	56.9	55.8
38 Open market paper	409.1	417.7	385.7	394.3	385.7	393.2	390.5	394.6	394.3	378.7	375.1
39 Loans from Federal Home Loan Banks	141.8	117.1	79.1	79.9	79.1	76.3	76.9	80.2	79.9	85.0	92.1
By borrowing sector											
40 Government-sponsored enterprises	378.3	398.5	407.7	447.9	407.7	410.5	422.6	439.5	447.9	456.0	473.2
41 Federally related mortgage pools	869.5	1,019.9	1,156.5	1,272.0	1,156.5	1,179.8	1,219.0	1,244.0	1,272.0	1,299.8	1,301.3
42 Private financial sectors	1,114.8	1,140.9	1,145.6	1,208.5[r]	1,145.6	1,160.9	1,164.1[r]	1,193.9[r]	1,208.5[r]	1,205.9	1,222.9
43 Commercial banks	77.4	76.7	65.0	73.8	65.0	63.8	66.2	69.0	73.8	73.1	76.6
44 Bank affiliates	142.5	114.8	112.3	114.6	112.3	115.0	112.7	114.4	114.6	119.9	120.2
45 Funding corporations	125.4	137.9	124.3	135.2[r]	124.3	137.6	144.9[r]	143.0[r]	135.2[r]	127.1	128.9
46 Savings institutions	169.2	139.1	94.6	87.8	94.6	89.8	87.6	89.2	87.8	90.3	93.4
47 Credit unions	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.1
48 Life insurance companies	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.2
49 Finance companies	350.4	374.4	393.0	389.4	393.0	382.2	377.4	382.7	389.4	379.1	369.8
50 Mortgage companies	11.3	7.3	13.0	13.0	13.0	19.8	11.0	14.6	13.0	10.4	14.4
51 Real estate investment trusts (REITs)	11.4	12.4	14.0	14.1	14.0	14.4	14.8[r]	15.3[r]	14.1	13.7	14.4
52 Securitized credit obligation (SCO) issuers	227.3	278.3	329.4	380.5[r]	329.4	338.2	349.5	365.7[r]	380.5[r]	392.3	404.9
	All sectors										
53 **Total credit market debt, domestic and foreign**	**12,678.2**	**13,536.5**	**14,169.3**	**14,989.2[r]**	**14,169.3**	**14,329.1[r]**	**14,537.5[r]**	**14,770.6[r]**	**14,989.2[r]**	**15,109.5**	**15,309.6**
54 U.S. government securities	3,494.1	3,911.7	4,335.7	4,795.5	4,335.7	4,445.2	4,560.1	4,677.6	4,795.5	4,891.2	4,970.9
55 Tax-exempt securities	1,004.7	1,062.1	1,131.6	1,197.3	1,131.6	1,145.5	1,163.7	1,186.4	1,197.3	1,210.0	1,225.7
56 Corporate and foreign bonds	1,564.3	1,673.5	1,823.1	1,966.1[r]	1,823.1	1,850.5	1,890.2	1,928.5[r]	1,966.1[r]	2,018.7	2,056.4
57 Mortgages	3,516.8	3,719.7	3,885.5	4,007.0[r]	3,885.5	3,923.2[r]	3,946.6[r]	3,984.8[r]	4,007.0[r]	4,023.3	4,063.7
58 Consumer credit	799.5	813.0	799.9	809.2	799.9	777.6	776.9	784.5	809.2	793.7	802.3
59 Bank loans n.e.c.	823.0	818.3	791.7	783.7[r]	791.7	780.2[r]	782.7[r]	780.2[r]	783.7[r]	764.3	773.6
60 Open market paper	579.2	609.9	565.9	579.0	565.9	574.1	579.9	583.6	579.0	565.5	572.2
61 Other loans	896.5	928.4	835.8	851.3[r]	835.8	832.8[r]	837.4[r]	845.1[r]	851.3[r]	843.0	844.8

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.2 through L.4. For ordering address, see inside front cover.

1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES[1]

Billions of dollars except as noted, end of period

Transaction category or sector	1989	1990	1991	1992	1991	1992				1993[r]	
					Q4	Q1	Q2	Q3	Q4	Q1	Q2
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**12,678.2**	**13,536.5**	**14,169.3**	**14,989.2[r]**	**14,169.3**	**14,329.1[r]**	**14,537.5[r]**	**14,770.6[r]**	**14,989.2[r]**	**15,109.5**	**15,309.6**
2 Private domestic nonfinancial sectors	2,096.4	2,246.8	2,205.8	2,290.7[r]	2,205.8	2,211.4[r]	2,233.1[r]	2,221.6[r]	2,290.7[r]	2,247.6	2,200.2
3 Households	1,326.8	1,454.6	1,380.0	1,436.0[r]	1,380.0	1,388.9[r]	1,395.2[r]	1,381.1[r]	1,436.0[r]	1,405.4	1,348.0
4 Nonfarm noncorporate business	56.5	54.9	50.7	48.3	50.7	49.3	48.7	48.1	48.3	47.0	46.3
5 Nonfinancial corporate business	181.2	175.8	180.1	216.4	180.1	180.0	192.6	199.5	216.4	208.6	216.3
6 State and local governments	531.9	561.5	595.1	590.0	595.1	593.3	596.6	592.9	590.0	586.5	589.6
7 U.S. government	205.4	239.1	247.0	235.1	247.0	251.2	246.3	239.2	235.1	229.5	223.4
8 Foreign	778.7	897.5	936.2	1,031.1[r]	936.2	960.4[r]	995.6[r]	1,015.1[r]	1,031.1[r]	1,040.9	1,063.3
9 Financial sectors	9,597.7	10,153.1	10,780.3	11,432.2[r]	10,780.3	10,906.0[r]	11,062.5[r]	11,294.7[r]	11,432.2[r]	11,591.6	11,822.8
10 Government-sponsored enterprises	355.4	371.8	397.7	466.7[r]	397.7	419.9	429.0	446.3	466.7[r]	464.1	499.2
11 Federally related mortgage pools	869.5	1,019.9	1,156.5	1,272.0	1,156.5	1,179.8	1,219.0	1,244.0	1,272.0	1,299.8	1,301.3
12 Monetary authority	233.3	241.4	272.5	300.4	272.5	271.8	282.6	285.2	300.4	303.6	318.2
13 Commercial banking	2,647.4	2,772.5	2,856.8	2,951.6	2,856.8	2,864.5	2,887.6	2,928.2	2,951.6	2,960.9	3,003.2
14 U.S. commercial banks	2,371.9	2,466.7	2,506.0	2,575.7	2,506.0	2,517.3	2,525.2	2,560.0	2,575.7	2,594.6	2,633.8
15 Foreign banking offices	242.3	270.8	319.2	335.8	319.2	313.3	328.2	328.9	335.8	326.7	327.1
16 Bank holding companies	16.2	13.4	11.9	17.5	11.9	13.6	13.1	17.5	17.5	16.4	18.4
17 Banks in U.S. affiliated areas	17.1	21.6	19.7	22.5	19.7	20.2	21.0	21.8	22.5	23.3	23.9
18 Private nonbank finance	5,491.9	5,747.4	6,096.7	6,441.5[r]	6,096.7	6,170.1[r]	6,244.3[r]	6,391.0[r]	6,441.5[r]	6,563.2	6,700.9
19 Thrift institutions	1,475.4	1,324.6	1,197.3	1,140.9[r]	1,197.3	1,172.0[r]	1,154.1[r]	1,145.1[r]	1,140.9[r]	1,131.2	1,128.0
20 Insurance	2,320.7	2,473.7	2,708.0	2,872.5[r]	2,708.0	2,736.6[r]	2,787.4[r]	2,841.7[r]	2,872.5[r]	2,950.2	2,999.2
21 Life insurance companies	1,022.0	1,116.5	1,199.6	1,282.0	1,199.6	1,222.3	1,243.6	1,264.7	1,282.0	1,317.3	1,349.5
22 Other insurance companies	317.5	344.0	376.3	389.0	376.3	383.5	387.6	386.9	389.0	391.2	393.8
23 Private pension funds	590.2	607.4	692.7	730.0[r]	692.7	684.4[r]	702.9[r]	727.9[r]	730.0[r]	759.5	762.2
24 State and local government retirement funds	390.9	405.9	439.4	471.6	439.4	446.3	453.3	462.2	471.6	482.2	493.7
25 Finance n.e.c.	1,695.9	1,949.1	2,191.5	2,428.0[r]	2,191.5	2,261.5	2,302.8[r]	2,404.1[r]	2,428.0[r]	2,481.8	2,573.6
26 Finance companies	468.6	497.0	484.9	486.6	484.9	479.5	480.5	477.8	486.6	473.7	473.5
27 Mortgage companies	22.6	14.6	25.9	26.1	25.9	31.7	22.1	29.3	26.1	20.9	28.8
28 Mutual funds	307.2	360.2	450.5	574.2[r]	450.5	478.8	510.2[r]	550.2[r]	574.2[r]	611.4	659.9
29 Closed-end funds	37.1	37.1	52.4	64.6	52.4	56.8	59.2	61.3	64.6	66.9	70.1
30 Money market funds	291.8	372.7	402.7	404.1	402.7	424.0	412.0[r]	408.2[r]	404.1	404.5	404.0
31 Real estate investment trusts (REITs)	8.4	7.7	6.8	7.4	6.8	6.8	7.5	7.4	7.4	8.1	8.3
32 Brokers and dealers	142.9	177.9	226.9	267.1	226.9	226.3	244.6	289.6	267.1	287.0	303.6
33 Asset-backed securities (ABSs)	219.3	269.1	318.1	366.7	318.1	326.3	337.6	353.3	366.7	378.4	390.7
34 Bank personal trusts	198.0	212.9	223.3	231.2	223.3	231.3	229.2	226.9	231.2	231.0	234.6
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
35 **Total credit market debt**	**12,678.2**	**13,536.5**	**14,169.3**	**14,989.2[r]**	**14,169.3**	**14,329.1[r]**	**14,537.5[r]**	**14,770.6[r]**	**14,989.2[r]**	**15,109.5**	**15,309.6**
Other liabilities											
36 Official foreign exchange	53.6	61.3	55.4	51.8	55.4	52.7	54.4	55.4	51.8	54.5	53.9
37 Treasury currency and special drawing rights certificates	23.8	26.3	26.3	24.5	26.3	26.3	26.4	26.5	24.5	24.6	24.7
38 Life insurance reserves	354.3	380.0	405.7	434.1	405.7	414.2	419.8	426.7	434.1	447.0	457.2
39 Pension fund reserves	3,356.1	3,400.3	4,056.5	4,369.8[r]	4,056.5	4,048.2[r]	4,105.0[r]	4,228.5[r]	4,369.8[r]	4,509.1	4,570.4
40 Interbank claims	32.4	64.0	65.2	114.0[r]	65.2	63.0[r]	68.5[r]	101.3[r]	114.0[r]	109.9	118.5
41 Deposits at financial institutions	4,736.7	4,836.8	4,885.2	4,892.1	4,885.2	4,878.6	4,870.6[r]	4,909.3[r]	4,892.1	4,885.9	4,934.2
42 Checkable deposits and currency	888.6	932.8	1,008.5	1,131.0	1,008.5	984.3	1,032.9[r]	1,072.0[r]	1,131.0	1,092.2	1,169.1
43 Small time and savings deposits	2,277.4	2,336.3	2,353.0	2,292.2	2,353.0	2,351.3	2,325.8	2,303.7	2,292.2	2,261.2	2,242.3
44 Large time deposits	603.4	537.7	476.9	397.2	476.9	459.2	427.5	418.4	397.2	398.3	389.9
45 Money market fund shares	428.1	498.4	539.6	543.6	539.6	572.0	556.9[r]	552.9[r]	543.6	556.6	549.9
46 Security repurchase agreements	396.5	372.3	355.8	389.4	355.8	367.0	393.5	417.6	389.4	443.5	448.3
47 Foreign deposits	142.8	159.4	151.3	138.8	151.3	144.7	133.9	144.6	138.8	134.1	134.7
48 Mutual fund shares	566.2	602.1	813.9	1,042.1[r]	813.9	860.4	924.4[r]	965.6[r]	1,042.1[r]	1,134.6	1,225.8
49 Security credit	133.9	137.4	188.9	217.3	188.9	194.6	193.3	214.5	217.3	225.1	234.7
50 Trade debt	904.2	936.4	926.7	984.7	926.7	938.0	950.0	970.5	984.7	982.3	991.2
51 Taxes payable	81.8	77.4	68.9	76.6	68.9	73.1	70.7	74.5	76.6	81.3	79.8
52 Investment in bank personal trusts	503.2	509.9	596.7	619.1	596.7	612.9	612.7	610.9	619.1	625.0	635.6
53 Miscellaneous	2,591.1	2,732.4	2,884.3	3,056.2[r]	2,884.3	2,899.7[r]	2,957.3[r]	3,027.6[r]	3,056.2[r]	3,082.3	3,149.3
54 **Total liabilities**	**26,015.5**	**27,300.7**	**29,143.0**	**30,871.4[r]**	**29,143.0**	**29,390.8[r]**	**29,790.7[r]**	**30,381.7[r]**	**30,871.4[r]**	**31,271.1**	**31,784.9**
Financial assets not included in liabilities (+)											
55 Gold and special drawing rights	21.0	22.0	22.3	19.6	22.3	22.0	22.7	23.2	19.6	19.8	20.0
56 Corporate equities	3,812.9	3,543.7	4,869.4	5,540.6	4,869.4	4,925.6	4,837.0	4,995.4	5,540.6	5,721.3	5,741.9
57 Household equity in noncorporate business	2,508.1	2,440.6	2,344.6	2,266.6[r]	2,344.6	2,351.4[r]	2,335.3[r]	2,313.9[r]	2,266.6[r]	2,237.6	2,237.4
Floats not included in assets (−)											
58 U.S. government checkable deposits	6.1	15.0	3.8	6.8	3.8	.9	1.4	4.0	6.8	3.4	3.5
59 Other checkable deposits	26.5	28.9	30.9	32.5	30.9	29.5	32.6	23.3	32.5	27.2	29.6
60 Trade credit	−148.6	−146.0	−144.1	−121.9[r]	−144.1	−142.7	−151.1	−144.2[r]	−121.9[r]	−132.1	−141.8
Liabilities not identified as assets (−)											
61 Treasury currency	−4.3	−4.1	−4.8	−4.9[r]	−4.8	−4.8[r]	−4.9	−4.9[r]	−4.9[r]	−5.0	−5.0
62 Interbank claims	−31.0	−32.0	−4.2	−8.4	−4.2	−1.8	−4.0	−4.3	−8.4	−5.2	−3.9
63 Security repurchase agreements	13.7	−17.7	−12.5	18.6	−12.5	−4.8	19.6	33.1[r]	18.6	71.8	82.4
64 Taxes payable	20.6	17.8	15.5	22.2[r]	15.5	7.3[r]	13.1[r]	18.1[r]	22.2[r]	12.4	21.9
65 Miscellaneous	−210.7	−213.4	−254.6	−251.3[r]	−254.6	−280.6[r]	−282.1[r]	−267.7[r]	−251.3[r]	−279.4	−274.6
66 **Total identified to sectors as assets**	**32,685.1**	**33,658.6**	**36,749.2**	**39,004.7[r]**	**36,749.2**	**37,086.8[r]**	**37,361.0[r]**	**38,056.8[r]**	**39,004.7[r]**	**39,556.7**	**40,072.2**

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.6 and L.7. For ordering address, see inside front cover.

2. Excludes corporate equities and mutual fund shares.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

Monthly data seasonally adjusted, and indexes 1987=100, except as noted

Measure	1990	1991	1992	1993 Mar.	Apr.	May	June	July	Aug.[r]	Sept.	Oct.	Nov.
1 **Industrial production**[1]	**106.0**	**104.1**	**106.5**	**110.1**	**110.4**	**110.2**	**110.5**	**110.8**	**111.0**	**111.4**	**112.2**	**113.2**
Market groupings												
2 Products, total	105.5	103.1	105.6	109.5	109.6	109.3	109.4	110.0	110.3	110.7	111.4[r]	112.4
3 Final, total	107.0	105.3	108.2	112.7	112.8	112.5	112.7	113.2	113.5	114.0[r]	115.0[r]	116.0
4 Consumer goods	103.4	102.8	105.2	108.6	108.1	107.3	107.3	107.7	107.8	107.9	109.1[r]	110.0
5 Equipment	112.1	108.9	112.7	118.7	119.7	119.9	120.4	121.2	121.6	122.8[r]	123.5[r]	124.8
6 Intermediate	101.2	96.5	97.6	99.6	100.0	99.7	99.4	100.4	100.6	100.4[r]	100.4[r]	101.2
7 Materials	106.8	105.5	107.9	110.9	111.5	111.6	112.1	112.0	112.2	112.6[r]	113.4[r]	114.3
Industry groupings												
8 Manufacturing	106.1	103.7	106.9	110.8	111.4	111.3	111.3	111.6	111.9	112.4[r]	113.2[r]	114.4
9 Capacity utilization, manufacturing (percent)[2]	81.1	77.8	78.8	80.6	80.9	80.7	80.6	80.7	80.8	81.1	81.5[r]	82.2
10 Construction contracts[3]	95.3	89.7	96.8[r]	94.0	94.0	91.0	104.0	98.0	99.0	101.0	103.0	105.0
11 Nonagricultural employment, total[4]	107.3	106.2	106.4	107.5	107.7	107.9	108.0	108.2	108.2	108.4	108.5	108.7
12 Goods-producing, total	101.2	96.6	94.9	93.3	93.1	93.2	93.0	93.0	92.8	92.8	92.9	93.2
13 Manufacturing, total	100.6	97.1	95.8	94.4	94.0	93.8	93.5	93.5	93.3	93.2	93.2	93.4
14 Manufacturing, production workers	100.2	96.3	95.3	94.4	94.0	93.8	93.5	93.5	93.2	93.2	93.4[r]	93.7
15 Service-producing	109.8	109.3	110.0	112.0	112.4	112.6	112.8	113.1	113.1	113.4[r]	113.5	113.7
16 Personal income, total	122.9	127.6	135.3	139.1	141.1	141.5	141.3	141.1[r]	142.9	143.1	144.1	145.0
17 Wages and salary disbursements	121.4	124.5	131.5	131.6	135.7	136.8	136.5	137.2[r]	138.2	138.0	138.7	139.2
18 Manufacturing	113.4	113.7	117.8	114.2	118.8	118.4	118.0	118.2	118.6	119.1	119.1	119.9
19 Disposable personal income[5]	123.1	128.6	136.8	140.8	142.5	142.8	142.6	142.3[r]	144.1	144.4[r]	145.4	146.4
20 Retail sales[6]	120.2	121.3	127.1	130.5	133.0	133.9	134.6	135.2	136.2	136.5[r]	139.0[r]	139.5
Prices[7]												
21 Consumer (1982–84=100)	130.7	136.2	140.3	143.6	144.0	144.2	144.4	144.4	144.8	145.1	145.7	145.8
22 Producer finished goods (1982=100)	119.2	121.7	123.2	124.7	125.5	125.8	125.5	125.3	124.3	123.9	124.7	124.4

1. A major revision of the industrial production index and the capacity utilization rates was released in April 1990. See "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.
2. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, DRI McGraw-Hill, U.S. Department of Commerce, and other sources.
3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F.W. Dodge Division.
4. Based on data from U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.
5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.
6. Based on data from U.S. Department of Commerce, *Survey of Current Business*.
7. Based on data not seasonally adjusted. Seasonally adjusted data for changes in the price indexes can be obtained from the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

NOTE. Basic data (not indexes) for series mentioned in notes 4, 5, and 6, and indexes for series mentioned in notes 3 and 7 can also be found in the *Survey of Current Business*.

Figures for industrial production for the latest month are preliminary, and many figures for the three months preceding the latest month have been revised. See "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411–35. See also "Industrial Production Capacity and Capacity Utilization since 1987," *Federal Reserve Bulletin*, vol. 79, (June 1993), pp. 590–605.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted except as noted

Category	1990	1991	1992	1993 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**189,686**	**191,329**	**193,142**	**194,618**	**194,767**	**194,933**	**195,104**	**195,275**	**195,453**	**195,626**	**195,791**
2 Labor force[1]	126,424	126,867	128,548	128,833	129,615	129,604	129,541	129,852	129,457	130,189	130,103
3 Civilian labor force	124,787	125,303	126,982	127,341	128,131	128,127	128,070	128,370	127,975	128,714	128,633
Employment											
4 Nonagricultural industries[2]	114,728	114,644	114,391	115,356	116,203	116,195	116,262	116,729	116,362	116,936	117,243
5 Agriculture	3,186	3,233	3,207	3,060	3,070	3,024	3,039	2,980	3,095	2,991	3,138
Unemployment											
6 Number	6,874	8,426	9,384	8,925	8,858	8,908	8,769	8,661	8,517	8,786	8,252
7 Rate (percent of civilian labor force)	5.5	6.7	7.4	7.0	6.9	7.0	6.8	6.7	6.7	6.8	6.4
8 Not in labor force	63,262	64,462	64,594	65,785	65,152	65,329	65,563	65,423	65,996	65,437	65,688
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**109,419**	**108,256**	**108,519**	**109,820**	**110,058**	**110,101**	**110,338**	**110,305**	**110,502**[r]	**110,649**[r]	**110,857**
10 Manufacturing	19,117	18,455	18,192	17,863	17,827	17,771	17,760	17,718	17,698[r]	17,710[r]	17,740
11 Mining	709	689	631	600	602	596	595	592	596	595[r]	594
12 Contract construction	5,120	4,650	4,471	4,517	4,577	4,574	4,593	4,593	4,592[r]	4,625	4,652
13 Transportation and public utilities	5,793	5,762	5,709	5,720	5,719	5,711	5,709	5,690	5,692[r]	5,693[r]	5,705
14 Trade	25,774	25,365	25,391	25,758	25,827	25,861	25,916	25,902	25,953[r]	25,959[r]	25,953
15 Finance	6,709	6,646	6,571	6,585	6,588	6,590	6,604	6,602	6,616[r]	6,634	6,661
16 Service	27,934	28,336	29,053	29,977	30,099	30,175	30,320	30,381	30,433[r]	30,529[r]	30,634
17 Government	18,304	18,402	18,653	18,800	18,819	18,823	18,841	18,827	18,922[r]	18,904[r]	18,918

1. Persons sixteen years of age and older, including Resident Armed Forces. Monthly figures are based on sample data collected during the calendar week that contains the twelfth day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures.
2. Includes self-employed, unpaid family, and domestic service workers.
3. Includes all full- and part-time employees who worked during, or received pay for, the pay period that includes the twelfth day of the month; excludes proprietors, self-employed persons, household and unpaid family workers, and members of the armed forces. Data are adjusted to the March 1984 benchmark, and only seasonally adjusted data are available at this time.

SOURCE. Based on data from U.S. Department of Labor, *Employment and Earnings*.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	1992	1993			1992	1993			1992	1993		
	Q4	Q1	Q2	Q3[r]	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3[r]
	Output (1987=100)				Capacity (percent of 1987 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**108.3**	**109.7**	**110.4**	**111.1**	**134.2**	**134.8**	**135.3**	**135.9**	**80.7**	**81.4**	**81.6**	**81.8**
2 Manufacturing	108.7	110.4	111.3	112.0	136.6	137.2	137.8	138.5	79.6	80.5	80.8	80.9
3 Primary processing[3]	104.7	106.4	107.2	107.8	126.6	126.8	127.1	127.4	82.7	83.9	84.3	84.6
4 Advanced processing[4]	110.6	112.3	113.2	114.0	141.3	142.1	142.9	143.7	78.3	79.0	79.2	79.3
5 Durable goods	110.8	113.6	114.8	116.0	142.6	143.4	144.1	144.9	77.7	79.2	79.7	80.1
6 Lumber and products	98.5	99.7	97.3	100.0	112.5	112.6	112.7	112.9	87.6	88.5	86.3	88.6
7 Primary metals	101.5	105.0	104.8	105.8	125.0	124.9	124.9	124.9	81.2	84.1	83.9	84.7
8 Iron and steel	105.0	109.1	109.1	111.7	129.9	129.8	130.0	130.1	80.8	84.1	84.0	85.8
9 Nonferrous	96.7	99.3	98.8	97.7	118.2	118.1	117.9	117.7	81.8	84.1	83.8	83.0
10 Nonelectrical machinery	132.4	137.1	144.2	150.1	162.1	163.7	165.5	167.3	81.7	83.8	87.1	89.7
11 Electrical machinery	124.0	127.1	129.6	133.7	152.6	154.1	155.7	157.3	81.2	82.5	83.2	85.0
12 Motor vehicles and parts	111.4	120.6	117.6	111.5	154.5	155.8	156.8	157.7	72.1	77.4	75.0	70.7
13 Aerospace and miscellaneous transportation equipment	97.7	95.7	93.2	91.3	135.8	135.7	135.5	135.4	72.0	70.5	68.8	67.5
14 Nondurable goods	106.1	106.5	107.0	107.0	129.1	129.6	130.1	130.6	82.1	82.2	82.3	82.0
15 Textile mill products	105.2	106.2	106.1	106.8	116.7	116.9	117.1	117.3	90.1	90.8	90.6	91.0
16 Paper and products	107.9	110.0	113.1	112.1	122.1	122.5	122.9	123.3	88.4	89.8	92.0	90.9
17 Chemicals and products	116.9	116.9	118.3	118.8	143.5	144.4	145.4	146.3	81.4	80.9	81.4	81.2
18 Plastics materials	106.6	111.7	113.1	111.9	128.8	129.5	130.5	131.5	82.8	86.2	86.7	85.1
19 Petroleum products	104.2	104.2	103.9	103.1	116.2	115.9	115.7	115.4	89.7	89.9	89.8	89.3
20 Mining	97.9	96.5	97.2	96.4	112.0	111.7	111.5	111.3	87.4	86.3	87.2	86.7
21 Utilities	114.7	116.0	113.8	116.7	131.8	132.2	132.5	132.9	87.1	87.8	85.9	87.8
22 Electric	114.3	115.2	114.7	117.4	128.5	129.0	129.4	129.9	89.0	89.3	88.6	90.4

Series	1973	1975	Previous cycle[2]		Latest cycle[3]		1992	1993					
	High	Low	High	Low	High	Low	Nov.	June	July	Aug.[r]	Sept.[r]	Oct.[r]	Nov.[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**99.0**	**82.7**	**87.3**	**71.8**	**84.8**	**78.3**	**80.8**	**81.5**	**81.7**	**81.7**	**81.9**	**82.4**	**83.0**
2 Manufacturing	99.0	82.7	87.3	70.0	85.1	76.6	79.7	80.6	80.7	80.8	81.1	81.5	82.2
3 Primary processing[3]	99.0	82.7	89.7	66.8	89.1	77.9	83.0	84.5	84.5	84.8	84.4	84.7	85.5
4 Advanced processing[4]	99.0	82.7	86.3	71.4	83.3	76.1	78.4	78.9	79.2	79.2	79.6	80.2	80.8
5 Durable goods	99.0	82.7	86.9	65.0	83.9	73.8	77.8	79.4	79.8	79.9	80.6	81.3	82.3
6 Lumber and products	99.0	82.7	87.6	60.9	93.3	76.8	88.7	85.5	87.8	88.6	89.3	90.7	91.7
7 Primary metals	99.0	82.7	102.4	46.8	92.9	74.3	81.2	84.6	84.3	85.0	84.7	84.9	85.1
8 Iron and steel	99.0	82.7	110.4	38.3	95.7	72.3	79.7	85.3	86.0	86.1	85.3	86.2	86.2
9 Nonferrous	99.0	82.7	90.5	62.2	88.9	75.9	83.5	83.6	81.8	83.3	83.8	83.0	83.5
10 Nonelectrical machinery	99.0	82.7	92.1	64.9	83.7	73.0	82.0	87.5	89.1	89.6	90.4	90.9	91.8
11 Electrical machinery	99.0	82.7	89.4	71.1	84.9	76.8	81.5	83.3	84.4	84.8	85.7	86.4	87.3
12 Motor vehicles and parts	99.0	82.7	93.0	44.5	84.5	57.9	71.1	72.7	70.0	69.7	72.3	78.1	83.2
13 Aerospace and miscellaneous transportation equipment	99.0	82.7	81.1	66.9	88.3	78.1	72.0	67.7	67.9	67.5	67.0	66.2	65.4
14 Nondurable goods	99.0	82.7	87.0	76.9	86.8	80.4	82.4	82.3	82.0	82.1	81.7	81.8	82.2
15 Textile mill products	99.0	82.7	91.7	73.8	92.1	78.7	90.8	91.4	91.8	91.5	89.8	90.6	91.4
16 Paper and products	99.0	82.7	94.2	82.0	94.9	86.0	88.6	92.8	90.9	91.7	90.2	90.3	92.2
17 Chemicals and products	99.0	82.7	85.1	70.1	85.9	78.5	82.1	81.7	81.3	81.4	80.8	80.5	80.5
18 Plastics materials	99.0	82.7	90.9	63.4	97.0	75.5	83.6	86.7	85.0	85.6	84.7	...	...
19 Petroleum products	99.0	82.7	89.5	68.2	88.5	84.2	89.4	89.9	88.7	88.7	90.4	92.7	94.1
20 Mining	99.0	82.7	96.6	80.6	87.0	86.8	87.4	87.9	86.5	85.8	87.7	88.1	88.0
21 Utilities	99.0	82.7	88.3	76.2	92.6	83.4	87.1	86.6	88.1	88.6	86.7	86.8	87.0
22 Electric	99.0	82.7	88.3	78.7	94.8	87.4	88.8	89.2	91.1	91.5	88.5	88.6	88.9

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For ordering address, see inside front cover. For a detailed description of the series, see "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411–35. See also "Industrial Production Capacity and Capacity Utilization Since 1987," *Federal Reserve Bulletin*, vol. 79, (June 1993), pp. 590–605.

2. Capacity utilization is calculated as the ratio of the Federal Reserve's seasonally adjusted index of industrial production to the corresponding index of capacity.

3. Primary processing includes textiles; lumber; paper; industrial chemicals; petroleum refining; rubber and plastics; stone, clay, and glass; and primary and fabricated metals.

4. Advanced processing includes food, tobacco, apparel, furniture, printing, chemical products such as drugs and toiletries, leather and products, machinery, transportation equipment, instruments, miscellaneous manufacturing, and ordnance.

5. Monthly highs, 1978 through 1980; monthly lows, 1982.

6. Monthly highs, 1988–89; monthly lows, 1990–91.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	1987 proportion	1992 avg.	1992 Nov.	1992 Dec.	1993 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.[r]	Nov.[p]
			Index (1987 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**106.5**	**108.4**	**108.9**	**109.3**	**109.9**	**110.1**	**110.4**	**110.2**	**110.5**	**110.8**	**111.0**	**111.4**	**112.2**	**113.2**
2 Products	60.8	105.6	107.8	108.2	108.5	109.2	109.5	109.6	109.3	109.4	110.0	110.3	110.7	111.4	112.4
3 Final products	46.0	108.2	111.0	111.5	111.9	112.4	112.7	112.8	112.5	112.7	113.2	113.5	114.0	115.0	116.0
4 Consumer goods, total	26.0	105.2	107.1	107.5	107.6	108.5	108.6	108.1	107.3	107.3	107.7	107.8	107.9	109.1	110.0
5 Durable consumer goods	5.6	102.5	105.7	107.9	110.9	111.3	111.5	112.2	110.8	107.9	108.6	107.9	109.3	113.6	116.9
6 Automotive products	2.5	99.4	104.1	108.7	112.7	111.9	111.2	112.1	109.7	105.3	103.3	103.0	105.6	112.9	119.2
7 Autos and trucks	1.5	96.9	102.9	111.7	116.8	114.6	113.4	114.3	110.1	105.0	100.3	99.2	104.1	114.9	124.9
8 Autos, consumer	.9	79.0	79.6	86.9	86.6	90.2	90.5	90.2	86.5	83.5	78.2	71.8	75.4	85.2	95.4
9 Trucks, consumer	.6	127.9	143.3	154.6	169.1	156.9	153.1	155.9	150.9	142.3	138.6	146.7	153.9	166.4	176.0
10 Auto parts and allied goods	1.0	103.7	106.0	103.8	105.8	107.4	107.5	108.5	109.1	105.8	108.4	109.3	108.1	109.7	109.6
11 Other	3.1	105.2	107.1	107.2	109.3	110.7	111.7	112.3	111.8	110.2	113.2	112.2	112.6	114.2	114.9
12 Appliances, A/C, and TV	.8	110.4	110.8	110.5	116.0	117.6	125.0	124.3	121.1	116.1	127.3	123.8	126.3	131.1	131.0
13 Carpeting and furniture	.9	99.9	103.7	105.4	105.5	106.7	104.5	106.2	108.9	109.1	109.9	108.3	107.3	108.9	109.7
14 Miscellaneous home goods	1.4	105.6	107.1	106.6	108.0	109.5	108.9	109.6	108.4	107.6	107.4	108.1	108.2	107.9	109.1
15 Nondurable consumer goods	20.4	105.9	107.5	107.4	106.7	107.7	107.7	106.9	106.3	107.2	107.4	107.8	107.5	107.8	108.0
16 Foods and tobacco	9.1	104.7	105.2	104.8	104.6	105.5	104.3	103.9	104.3	104.7	104.9	105.5	105.6	106.2	106.6
17 Clothing	2.6	95.0	95.9	96.0	95.7	95.0	94.6	94.9	94.2	94.6	93.6	93.3	92.5	92.3	92.1
18 Chemical products	3.5	118.7	123.3	121.7	122.4	121.1	123.7	123.1	122.6	123.0	124.0	123.8	124.0	123.0	122.7
19 Paper products	2.5	100.8	100.9	100.9	100.2	101.8	102.1	101.7	101.8	102.6	101.3	100.8	100.8	100.5	100.8
20 Energy	2.7	108.3	112.0	114.4	109.5	115.5	116.0	111.5	107.4	110.4	112.9	114.7	112.9	114.8	115.5
21 Fuels	.7	104.7	107.7	106.1	106.5	108.9	107.1	106.6	106.5	105.8	105.0	104.0	108.2	114.0	115.1
22 Residential utilities	2.0	109.6	113.6	117.5	110.7	118.0	119.5	113.4	107.7	112.2	116.0	118.9	114.7	115.2	115.6
23 Equipment	20.0	112.7	116.7	117.2	118.1	118.0	118.7	119.7	119.9	120.4	121.2	121.6	122.8	123.5	124.8
24 Business equipment	13.9	123.2	129.0	129.6	131.2	131.7	133.4	134.8	135.4	136.1	137.1	137.6	139.3	140.4	142.3
25 Information processing and related	5.6	134.7	142.9	143.2	144.4	146.1	149.1	150.6	153.5	155.7	158.2	158.8	161.2	161.6	163.8
26 Office and computing	1.9	168.3	184.5	186.4	192.0	198.0	203.3	209.5	216.5	221.0	226.5	232.0	236.4	241.0	247.0
27 Industrial	4.0	108.5	112.0	112.3	113.1	112.2	113.7	115.0	115.0	115.6	117.2	117.3	117.8	117.7	118.3
28 Transit	2.5	137.1	140.4	144.1	146.7	146.5	145.0	145.0	142.5	138.0	133.2	132.5	135.3	141.2	145.9
29 Autos and trucks	1.2	117.9	123.9	131.4	136.7	136.8	135.8	136.2	133.1	127.2	118.9	119.6	126.5	139.6	150.5
30 Other	1.9	104.7	110.7	109.2	112.6	113.4	114.9	117.5	116.2	117.6	119.6	121.9	122.9	123.8	124.3
31 Defense and space equipment	5.4	85.9	83.2	82.5	82.0	81.5	80.7	80.5	79.5	78.6	78.6	78.0	77.5	76.9	76.7
32 Oil and gas well drilling	.6	78.3	86.4	91.2	89.0	77.9	71.1	72.4	75.1	82.4	81.0	87.8	90.5	88.6	85.7
33 Manufactured homes	.2	99.7	118.5	128.6	129.4	127.1	116.2	114.9	112.1	113.6	118.5	116.2	120.6	127.7	...
34 Intermediate products, total	14.7	97.6	98.1	98.3	98.2	99.3	99.6	100.0	99.7	99.4	100.4	100.6	100.4	100.4	101.2
35 Construction supplies	6.0	93.8	95.1	94.5	94.8	97.5	96.4	96.4	97.7	96.8	98.4	98.7	99.3	99.6	100.8
36 Business supplies	8.7	100.1	100.0	100.8	100.5	100.5	101.8	102.5	101.0	101.1	101.7	101.8	101.2	101.0	101.5
37 Materials	39.2	107.9	109.3	110.0	110.4	110.9	110.9	111.5	111.6	112.1	112.0	112.2	112.6	113.4	114.3
38 Durable goods materials	19.4	108.9	111.1	111.9	113.3	114.2	114.1	114.9	114.8	114.9	115.4	115.8	117.0	118.0	119.4
39 Durable consumer parts	4.2	101.5	104.3	107.5	110.8	111.8	112.2	112.6	111.6	110.2	109.8	110.3	111.4	114.9	118.6
40 Equipment parts	7.3	116.5	119.3	119.7	120.4	121.0	121.3	122.7	123.5	124.1	124.9	126.2	128.0	129.5	130.6
41 Other	7.9	106.0	107.4	107.5	108.6	109.7	108.9	109.5	109.2	109.4	110.2	109.7	110.3	110.0	110.6
42 Basic metal materials	2.8	108.3	109.8	108.8	110.4	113.2	109.9	110.3	111.1	111.3	111.3	109.7	110.2	110.8	110.7
43 Nondurable goods materials	9.0	110.9	112.0	111.5	112.4	112.1	112.8	113.8	114.1	114.8	114.2	115.2	113.8	114.2	115.5
44 Textile materials	1.2	102.8	103.4	102.9	104.2	103.2	104.2	102.7	104.3	104.9	105.9	105.6	102.9	103.7	105.7
45 Pulp and paper materials	1.9	109.9	110.2	110.7	110.7	111.9	112.8	115.3	114.1	115.9	113.4	113.5	112.7	112.0	115.0
46 Chemical materials	3.8	114.2	115.6	114.6	114.9	114.6	115.6	116.1	117.2	118.6	117.3	119.5	118.0	118.4	119.1
47 Other	2.1	110.4	112.0	111.3	114.1	112.5	112.6	114.2	113.6	112.3	114.0	114.2	113.3	114.3	114.7
48 Energy materials	10.9	103.4	103.9	105.1	103.4	103.8	103.5	103.4	103.4	104.6	103.7	102.8	103.3	104.0	103.8
49 Primary energy	7.2	99.7	100.2	101.3	100.4	98.3	97.4	99.9	101.6	100.9	98.2	96.7	98.7	99.0	98.8
50 Converted fuel materials	3.7	110.6	111.1	112.4	109.1	114.6	115.4	110.3	106.8	111.7	114.5	114.9	112.4	113.6	113.7
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.3	106.6	108.4	108.6	108.9	109.5	109.7	110.1	110.0	110.4	110.9	111.1	111.4	111.9	112.6
52 Total excluding motor vehicles and parts	95.3	106.6	108.4	108.6	108.7	109.3	109.6	109.9	109.8	110.3	110.9	111.1	111.3	111.6	112.2
53 Total excluding office and computing machines	97.5	105.0	106.6	107.1	107.3	107.8	107.8	108.0	107.7	107.8	108.1	108.1	108.4	109.1	110.0
54 Consumer goods excluding autos and trucks	24.5	105.7	107.4	107.3	107.0	108.1	108.2	107.6	107.1	107.5	108.2	108.4	108.2	108.7	109.0
55 Consumer goods excluding energy	23.3	104.8	106.6	106.8	107.4	107.7	107.7	107.6	107.3	107.0	107.1	107.0	107.3	108.4	109.4
56 Business equipment excluding autos and trucks	12.7	123.7	129.5	129.5	130.7	131.3	133.2	134.6	135.6	136.8	138.7	139.1	140.4	140.5	141.6
57 Business equipment excluding office and computing equipment	12.0	115.7	119.7	120.1	121.0	120.6	121.6	122.2	121.8	121.8	122.1	121.7	122.9	123.5	124.7
58 Materials excluding energy	28.4	109.5	111.4	111.8	113.0	113.6	113.7	114.6	114.6	114.9	115.1	115.6	116.0	116.9	118.2

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]—Continued

Group	SIC code[2]	1987 proportion	1992 avg.	1992 Nov.	1992 Dec.	1993 Jan.	1993 Feb.	1993 Mar.	1993 Apr.	1993 May	1993 June	1993 July	1993 Aug.r	1993 Sept.r	1993 Oct.r	1993 Nov.p
				Index (1987 = 100)												
MAJOR INDUSTRIES																
59 ***Total index***	...	***100.0***	***106.5***	***108.4***	***108.9***	***109.3***	***109.9***	***110.1***	***110.4***	***110.2***	***110.5***	***110.8***	***111.0***	***111.4***	***112.2***	***113.2***
60 Manufacturing	...	84.3	106.9	108.9	109.2	109.9	110.5	110.8	111.4	111.3	111.3	111.6	111.9	112.4	113.2	114.4
61 Primary processing	...	27.1	103.8	105.1	105.0	105.8	106.9	106.4	107.1	107.1	107.5	107.6	108.0	107.6	108.1	109.2
62 Advanced processing	...	57.1	108.3	110.7	111.3	111.9	112.2	112.9	113.4	113.3	113.0	113.5	113.7	114.7	115.6	116.8
63 Durable goods	...	46.5	108.1	110.9	111.8	112.9	113.8	114.1	115.0	114.9	114.6	115.4	115.7	116.9	118.2	119.8
64 Lumber and products	24	2.1	96.4	99.8	98.0	99.3	101.8	98.0	98.1	97.4	96.5	99.1	99.9	100.9	102.4	103.7
65 Furniture and fixtures	25	1.5	99.0	102.3	103.9	105.2	106.0	107.3	108.8	108.4	109.5	111.1	111.1	111.3	111.4	112.4
66 Clay, glass, and stone products	32	2.4	96.0	97.6	98.0	97.0	98.9	98.6	99.8	99.6	100.5	100.8	100.9	102.4	101.3	102.6
67 Primary metals	33	3.3	101.1	101.6	102.4	102.8	108.0	104.2	104.4	104.2	105.7	105.3	106.2	105.8	106.1	106.3
68 Iron and steel	331,2	1.9	104.7	103.6	107.4	107.0	112.9	107.6	108.4	108.1	110.9	111.9	112.1	111.1	112.3	112.3
69 Raw steel	...	.1	101.2	102.8	104.6	103.4	105.9	102.0	102.6	105.1	106.8	108.2	106.2	105.3	106.7	...
70 Nonferrous	333–6,9	1.4	96.1	98.7	95.7	97.1	101.4	99.4	98.9	98.9	98.5	96.3	98.0	98.6	97.6	98.1
71 Fabricated metal products	34	5.4	96.7	97.6	97.8	99.8	99.7	100.3	101.4	100.6	100.1	101.2	101.0	101.1	101.6	102.2
72 Industrial and commercial machinery and computer equipment	35	8.5	124.8	132.8	133.8	135.0	136.7	139.6	142.8	144.2	145.4	148.5	149.9	151.8	153.1	155.2
73 Office and computing machines	357	2.3	168.3	184.5	186.4	192.0	198.0	203.3	209.5	216.5	221.0	226.5	232.0	236.4	241.0	247.0
74 Electrical machinery	36	6.9	119.8	124.4	124.8	125.8	127.1	128.5	129.0	129.7	130.1	132.3	133.5	135.4	136.9	138.7
75 Transportation equipment	37	9.9	102.6	103.6	106.3	108.4	107.8	106.9	106.9	105.5	102.6	100.8	100.4	102.1	106.1	109.5
76 Motor vehicles and parts	371	4.8	104.8	109.9	116.2	120.9	120.7	120.1	120.4	118.1	114.3	110.1	110.0	114.3	123.7	132.0
77 Autos and light trucks	...	2.2	101.4	105.4	114.4	118.2	117.8	116.9	117.5	113.1	108.2	102.8	104.0	109.2	120.8	131.7
78 Aerospace and miscellaneous transportation equipment	372–6,9	5.1	100.6	97.7	97.1	96.7	95.8	94.6	94.2	93.7	91.8	92.0	91.3	90.6	89.5	88.4
79 Instruments	38	5.1	104.2	103.6	103.3	103.0	102.2	103.3	102.6	102.5	102.5	102.8	101.3	101.8	101.2	100.5
80 Miscellaneous	39	1.3	109.7	111.4	111.8	110.9	111.9	112.6	114.3	113.1	112.1	112.3	112.5	114.3	113.6	114.3
81 Nondurable goods	...	37.8	105.4	106.4	106.0	106.4	106.4	106.6	106.9	106.9	107.2	107.0	107.3	106.9	107.1	107.7
82 Foods	20	8.8	106.0	106.4	106.2	105.9	106.9	106.7	106.7	106.7	107.1	107.2	107.8	107.7	108.3	108.6
83 Tobacco products	21	1.0	99.2	101.9	96.1	100.5	99.3	92.4	90.2	92.1	89.1	91.5	92.7	94.6	95.9	95.9
84 Textile mill products	22	1.8	104.7	106.0	106.0	106.9	106.2	105.4	104.2	106.9	107.1	107.7	107.4	105.4	106.4	107.4
85 Apparel products	23	2.3	92.3	92.9	92.7	93.1	92.5	92.1	92.0	91.2	91.1	90.7	90.6	89.5	89.1	88.9
86 Paper and products	26	3.6	108.2	108.2	108.3	108.6	110.4	111.1	113.1	112.1	114.2	112.0	113.1	111.3	111.6	114.0
87 Printing and publishing	27	6.5	95.0	94.2	94.7	94.7	94.0	94.7	95.6	94.7	94.5	93.8	93.4	93.7	93.6	93.9
88 Chemicals and products	28	8.8	115.0	117.7	116.7	116.8	116.2	117.6	117.8	118.1	119.1	118.7	119.1	118.5	118.4	118.6
89 Petroleum products	29	1.3	102.0	103.9	103.4	103.2	104.7	104.7	104.3	103.6	103.9	102.5	102.4	104.3	106.9	108.4
90 Rubber and plastic products	30	3.2	109.7	111.3	111.3	113.6	112.7	112.9	113.6	113.8	112.8	114.7	114.8	113.9	113.5	114.9
91 Leather and products	31	.3	92.6	96.6	96.7	97.1	99.0	99.1	100.1	98.2	97.0	96.8	97.0	98.2	98.8	98.8
92 Mining	...	8.0	97.6	97.8	98.2	98.3	95.9	95.3	96.4	97.3	98.0	96.4	95.5	97.5	98.0	97.7
93 Metal	10	.3	161.7	171.6	158.1	167.7	163.0	158.2	162.5	169.3	164.4	167.7	148.2	157.0	161.7	161.9
94 Coal	11,12	1.2	105.5	103.5	107.9	108.2	101.7	102.3	108.2	106.4	106.7	101.0	95.9	103.9	105.5	102.1
95 Oil and gas extraction	13	5.8	92.6	92.8	93.4	92.7	90.9	90.4	90.5	91.6	93.1	91.6	92.4	93.0	93.1	93.2
96 Stone and earth minerals	14	.7	93.8	94.4	92.6	93.8	95.2	93.4	92.3	94.0	91.7	93.2	94.7	95.0	94.4	96.2
97 Utilities	...	7.7	112.0	114.7	116.8	112.8	117.5	117.8	114.4	112.1	114.9	116.9	117.7	115.3	115.6	116.0
98 Electric	491,3PT	6.1	111.6	114.1	116.4	112.9	116.5	116.3	114.5	114.0	115.6	118.1	118.9	115.1	115.4	115.8
99 Gas	492,3PT	1.6	113.2	117.3	118.2	112.4	121.4	123.3	113.9	104.9	112.2	112.4	113.3	116.0	116.4	116.4
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	79.5	107.0	108.8	108.8	109.3	109.8	110.2	110.8	110.9	111.1	111.7	112.0	112.3	112.6	113.3
101 Manufacturing excluding office and computing machines	...	81.9	105.1	106.7	107.0	107.6	108.0	108.1	108.6	108.3	108.1	108.3	108.5	108.9	109.6	110.6
				Gross value (billions of 1987 dollars, annual rates)												
MAJOR MARKETS																
102 **Products, total**	...	***1,707.0***	***1,806.4***	***1,846.7***	***1,857.5***	***1,864.9***	***1,880.2***	***1,880.3***	***1,882.8***	***1,872.6***	***1,873.2***	***1,877.4***	***1,879.3***	***1,890.0***	***1,913.4***	***1,938.1***
103 Final	...	1,314.6	1,420.1	1,457.1	1,466.8	1,476.4	1,485.7	1,484.3	1,485.6	1,477.9	1,477.5	1,479.0	1,480.5	1,492.0	1,515.6	1,536.9
104 Consumer goods	...	866.6	913.0	931.6	936.3	940.0	949.4	946.1	943.6	936.1	935.5	935.5	935.6	940.1	957.1	970.0
105 Equipment	...	448.0	507.1	525.5	530.5	536.5	536.3	538.2	541.9	541.8	541.9	543.4	544.9	551.9	558.5	566.9
106 Intermediate	...	392.5	386.4	389.6	390.7	388.4	394.5	396.0	397.3	394.7	395.7	398.4	398.8	398.1	397.8	401.2

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For ordering address, see inside front cover.
A revision of the industrial production index and the capacity utilization rates was released in May 1993. See "Industrial Production, Capacity, and Capacity Utilization since 1987," *Federal Reserve Bulletin*, vol. 79 (June 1993), pp. 590–605.
2. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1990	1991	1992	1993 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,111	949	1,095	1,157	1,141	1,034	1,101	1,121	1,115	1,162	1,242	1,271	1,304
2 One-family	794	754	911	972	957	871	925	919	925	977	1,015	1,047	1,097
3 *Two-or-more-family*	317	195	184	185	184	163	176	202	190	185	227	224	207
4 Started	1,193	1,014	1,200	1,171	1,180	1,124	1,206	*1,248*	*1,248*	*1,232*	*1,328*	*1,371*	*1,378*
5 One-family	895	840	1,030	1,051	1,036	987	1,059	1,107	1,079	1,064	1,183	1,166	1,214
6 Two-or-more-family	298	174	169	120	144	137	147	141	169	168	145	205	164
7 Under construction at end of period[1]	*711*	*606*	*612*	*641*	*641*	*635*	*637*	*645*	*649*	*658*	662	679	687
8 One-family	449	434	473	506	508	502	506	515	517	527	534	544	554
9 Two-or-more-family	262	173	140	135	133	133	131	130	132	131	128	135	133
10 Completed	1,308	1,091	1,158	1,136	1,241	1,108	1,222	1,129	1,158	1,088	1,256	1,167	1,239
11 One-family	966	838	964	980	1,049	995	1,075	987	987	947	1,078	1,037	1,070
12 Two-or-more-family	342	253	194	156	192	113	147	142	171	141	178	130	169
13 Mobile homes shipped	188	171	210	267	262	247	241	230	237	241	245	251	261
Merchant builder activity in one-family units													
14 Number sold	535	507	610	603	597	602	689	629	641	647[r]	632	726	679
15 Number for sale at end of period[1]	321	284	265	266	268	270	271	274	274	276	288	290	297
Price of units sold (thousands of dollars)[2]													
16 Median	122.3	120.0	121.3	118.0	129.4	125.0	127.0	129.9	124.5	123.9[r]	126.6	128.0	121.0
17 Average	149.0	147.0	144.9	138.9	149.4	146.6	148.4	152.3	145.7	143.4[r]	148.6	148.1	145.5
EXISTING UNITS (one-family)													
18 Number sold	*3,211*	*3,219*	*3,520*	3,780	3,460	3,370	3,450	3,620	3,680	3,860	3,810	3,940	4,090
Price of units sold (thousands of dollars)[2]													
19 Median	95.2	99.7	103.6	103.1	103.6	105.1	105.8	106.5	109.3	108.5	109.0	107.2	106.6
20 Average	118.3	127.4	130.8	129.4	129.6	131.5	133.0	132.8	137.4	136.0	135.8	133.7	133.0
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 Total put in place	**442,142**	**403,439**	**436,043**	**451,271**	**453,820**	**454,465**	**449,054**	**453,256**	**460,680**	**465,294**	**467,140**	**474,071**	**485,847**
22 Private	334,681	293,536	317,256	335,484	334,801	336,972	328,150	332,231	335,028	336,714	339,839	343,382	350,346
23 Residential	182,856	157,837	187,820	207,214	205,730	205,519	197,317	198,380	200,496	203,869	205,654	208,137	214,568
24 Nonresidential	151,825	135,699	129,436	128,270	129,071	131,453	130,833	133,851	134,532	132,845	134,185	135,245	135,778
25 Industrial buildings	23,849	22,281	20,720	19,600	20,484	22,152	19,458	20,091	19,316	19,780	20,047	21,186	20,282
26 Commercial buildings	62,866	48,482	41,523	41,414	42,317	41,323	42,426	42,428	42,723	41,660	42,394	42,179	43,039
27 Other buildings	21,591	20,797	21,494	21,123	21,564	21,484	22,568	23,293	23,849	23,808	25,070	24,503	24,826
28 Public utilities and other	43,519	44,139	45,699	46,133	44,706	46,494	46,381	48,039	48,644	47,597	46,674	47,377	47,631
29 Public	107,461	109,900	118,784	115,786	119,019	117,493	120,904	121,025	125,652	128,581	127,302	130,689	135,501
30 Military	2,664	1,837	2,502	2,621	2,703	2,586	2,533	2,393	2,234	2,386	2,363	2,151	2,291
31 Highway	32,108	32,026	34,929	30,648	33,009	33,413	34,534	34,320	37,649	37,056	35,292	39,147	40,913
32 Conservation and development	4,557	4,861	5,918	5,732	6,688	7,112	5,875	6,019	6,103	6,017	5,865	5,894	6,716
33 Other	68,132	71,176	75,435	76,785	76,619	74,382	77,962	78,293	79,666	83,122	83,782	83,497	85,581

1. Not at annual rates.
2. *Not seasonally* adjusted.
3. Recent data on value of new construction may not be strictly comparable with data for previous periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes, see *Construction Reports* (C-30-76-5), issued by the Census Bureau in July 1976.

SOURCE. Bureau of the Census estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and *current figures are available from the originating agency.* Permit authorizations are those reported to the Census Bureau from 17,000 jurisdictions beginning in 1984.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (annual rate)				Change from 1 month earlier					Index level, Nov. 1993[1]
	1992 Nov.	1993 Nov.	1992	1993			1993[1]					
			Dec.	Mar.	June	Sept.	July	Aug.	Sept.	Oct.	Nov.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**3.0**	**2.7**	**3.2**	**4.0**	**2.2**	**1.4**	**.1**	**.3**	**.0**	**.4**	**.2**	**145.8**
2 Food	1.5	2.6	1.4	2.6	1.4	1.7	.0	.3	.1	.6	.4	141.9
3 Energy items	2.7	−.8	1.9	3.1	−3.8	−3.4	.0	−.5	−.4	1.9	−1.3	103.7
4 All items less food and energy	3.4	3.1	3.8	4.3	2.9	1.9	.1	.3	.1	.3	.3	153.9
5 Commodities	2.5	1.6	1.5	4.6	.6	−.3	.0	.3	−.4	.3	.2	136.4
6 Services	3.9	3.7	4.7	4.4	4.1	2.7	.2	.3	.2	.3	.3	163.9
PRODUCER PRICES (1982=100)												
7 Finished goods	1.4	.3	−.3	4.3	.0	−1.9	.0	−.6	.2	−.2	.0	124.4
8 Consumer foods	.3	2.7	3.3	−1.6	1.6	4.2	−.2	.5	.7	−.5	.8	126.7
9 Consumer energy	.4	−2.8	−10.2	16.6	−3.0	−7.4	−.9[r]	−1.0[r]	.0	1.3	−2.7	76.2
10 Other consumer goods	2.2	−.6	1.2	3.2	.6	−5.9	.1[r]	−1.6[r]	.0	−.5	.3	137.5
11 Capital equipment	1.8	1.8	.6	4.4	.3	2.2	.4[r]	.2	.0	−.4	.2	132.5
Intermediate materials												
12 Excluding foods and feeds	1.0	1.0	−2.1	5.7	.3	−.3	−.2	.0	.1	−.1	−.3	116.3
13 Excluding energy	1.1	1.5	−.3	4.7	.0	.6	.0	.2	.0	.0	.1	124.1
Crude materials												
14 Foods	1.3	6.5	5.1	1.9	−1.9	12.6	1.1[r]	1.8[r]	.1	−1.5	3.8	109.5
15 Energy	3.2	−9.8	−17.8	−10.1	17.5	−26.5	−7.3[r]	1.1[r]	−1.2	4.9	−3.8	75.6
16 Other	3.0	11.3	1.9	24.3	11.5	−8.5	.7[r]	−2.9[r]	.0	.9	1.7	141.4

1. Not seasonally adjusted.
2. Figures for consumer prices are for all urban consumers and reflect a rental-equivalence measure of homeownership.

SOURCE. U.S. Department of Labor, Bureau of Labor Statistics.

2.16 GROSS DOMESTIC PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

Account	1990	1991	1992	1992		1993		
				Q3	Q4	Q1	Q2	Q3[r]
GROSS DOMESTIC PRODUCT								
1 **Total**	**5,546.1**	**5,722.9**	**6,038.5**	**6,059.5**	**6,194.4**	**6,261.6**	**6,327.6**	**6,395.9**
By source								
2 Personal consumption expenditures	3,761.2	3,906.4	4,139.9	4,157.1	4,256.2	4,296.2	4,359.9	4,419.1
3 Durable goods	468.2	457.8	497.3	500.9	516.6	515.3	531.6	541.9
4 Nondurable goods	1,229.2	1,257.9	1,300.9	1,305.7	1,331.7	1,335.3	1,344.8	1,352.4
5 Services	2,063.8	2,190.7	2,341.6	2,350.5	2,407.9	2,445.5	2,483.4	2,524.8
6 Gross private domestic investment	808.9	736.9	796.5	802.2	833.3	874.1	874.1	884.0
7 Fixed investment	802.0	745.5	789.1	792.5	821.3	839.5	861.0	876.3
8 Nonresidential	586.7	555.9	565.5	569.2	579.5	594.7	619.1	624.9
9 Structures	201.6	182.6	172.6	170.8	171.1	172.4	177.6	179.1
10 Producers' durable equipment	385.1	373.3	392.9	398.4	408.3	422.2	441.6	445.8
11 Residential structures	215.3	189.6	223.6	223.3	241.8	244.9	241.9	251.3
12 Change in business inventories	6.9	−8.6	7.3	9.7	12.0	34.6	13.1	7.7
13 Nonfarm	3.8	−8.6	2.3	4.4	9.5	33.0	16.8	22.6
14 Net exports of goods and services	−71.4	−19.6	−29.6	−38.8	−38.8	−48.3	−65.1	−71.9
15 Exports	557.1	601.5	640.5	641.1	654.7	651.3	660.0	653.2
16 Imports	628.5	621.1	670.1	679.9	693.5	699.6	725.0	725.1
17 Government purchases of goods and services	1,047.4	1,099.3	1,131.8	1,139.1	1,143.8	1,139.7	1,158.6	1,164.8
18 Federal	426.5	445.9	448.8	452.8	452.4	442.7	447.5	443.6
19 State and local	620.9	653.4	683.0	686.2	691.4	697.0	711.1	721.2
By major type of product								
20 Final sales, total	5,539.3	5,731.6	6,031.2	6,049.9	6,182.5	6,227.1	6,314.5	6,388.2
21 Goods	2,178.4	2,227.0	2,305.5	2,308.6	2,365.6	2,362.9	2,395.0	2,401.7
22 Durable	933.6	934.3	975.8	978.4	1,008.3	1,003.5	1,037.8	1,032.9
23 Nondurable	1,244.8	1,292.8	1,329.6	1,330.2	1,357.3	1,359.3	1,357.1	1,368.8
24 Services	2,849.5	3,032.7	3,221.1	3,239.3	3,296.1	3,341.8	3,388.1	3,437.8
25 Structures	511.5	471.9	504.7	501.9	520.8	522.4	531.5	548.7
26 Change in business inventories	6.9	−8.6	7.3	9.7	12.0	34.6	13.1	7.7
27 Durable goods	−2.1	−12.9	2.1	5.7	−1.2	15.0	2.7	14.8
28 Nondurable goods	9.0	4.3	5.3	4.0	13.2	19.5	10.4	−7.2
MEMO								
29 **Total GDP in 1987 dollars**	**4,897.3**	**4,861.4**	**4,986.3**	**4,998.2**	**5,068.3**	**5,078.2**	**5,102.1**	**5,138.3**
NATIONAL INCOME								
30 **Total**	**4,491.0**	**4,598.3**	**4,836.6**	**4,800.8**	**4,975.8**	**5,038.9**	**5,104.0**	**5,143.2**
31 Compensation of employees	3,297.6	3,402.4	3,582.0	3,603.6	3,658.6	3,705.1	3,750.6	3,793.9
32 Wages and salaries	2,745.0	2,814.9	2,953.1	2,970.7	3,015.8	3,054.3	3,082.7	3,115.4
33 Government and government enterprises	516.0	545.3	567.5	569.7	574.2	584.1	586.3	592.8
34 Other	2,229.0	2,269.6	2,385.6	2,401.0	2,441.6	2,470.2	2,496.3	2,522.6
35 Supplement to wages and salaries	552.5	587.5	629.0	632.9	642.8	650.7	668.0	678.5
36 Employer contributions for social insurance	278.3	290.6	306.3	306.9	311.3	312.2	321.4	323.8
37 Other labor income	274.3	296.9	322.7	326.0	331.5	338.5	346.6	354.7
38 Proprietors' income[1]	363.3	376.4	414.3	408.1	431.2	444.1	439.4	422.5
39 Business and professional[1]	321.4	339.5	370.6	371.3	383.6	388.4	392.4	397.6
40 Farm[1]	41.9	36.8	43.7	36.8	47.6	55.7	47.0	24.8
41 Rental income of persons[2]	−14.2	−12.8	−8.9	−18.5	−1.2	7.5	12.7	13.7
42 Corporate profits[1]	380.6	369.5	407.2	367.5	439.5	432.1	458.1	468.5
43 Profits before tax[3]	365.7	362.3	395.4	357.9	409.9	419.8	445.6	443.8
44 Inventory valuation adjustment	−11.0	4.9	−5.3	−7.8	4.9	−12.7	−12.2	1.0
45 Capital consumption adjustment	25.9	2.2	17.1	17.4	24.7	25.1	24.7	23.8
46 Net interest	463.7	462.8	442.0	440.1	447.7	450.1	443.2	444.6

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.
3. For after-tax profits, dividends, and the like, see table 1.48.

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

2.17 PERSONAL INCOME AND SAVING

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

Account	1990	1991	1992	1992		1993		
				Q3	Q4	Q1	Q2	Q3[r]
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**4,673.8**	**4,850.9**	**5,144.9**	**5,139.8**	**5,328.3**	**5,254.7**	**5,373.2**	**5,412.7**
2 Wage and salary disbursements	2,745.0	2,815.0	2,973.1	2,970.7	3,095.8	2,974.3	3,082.7	3,115.4
3 Commodity-producing industries	745.7	738.1	756.5	751.6	783.3	740.7	765.1	769.4
4 Manufacturing	555.6	557.2	577.6	573.3	602.0	559.7	580.3	581.5
5 Distributive industries	635.1	648.0	682.0	682.5	709.9	682.9	709.1	714.4
6 Service industries	848.3	883.5	967.0	966.8	1,028.4	966.6	1,022.2	1,038.8
7 Government and government enterprises	515.9	545.4	567.5	569.7	574.2	584.1	586.3	592.8
8 Other labor income	274.3	296.9	322.7	326.0	331.5	338.5	346.6	354.7
9 Proprietors' income[1]	363.3	376.4	414.3	408.1	431.2	444.1	439.4	422.5
10 Business and professional[1]	321.4	339.5	370.6	371.3	383.6	388.4	392.4	397.6
11 Farm[1]	41.9	36.8	43.7	36.8	47.6	55.7	47.0	24.8
12 Rental income of persons[2]	−14.2	−12.8	−8.9	−18.5	−1.2	7.5	12.7	13.7
13 Dividends	144.4	127.9	140.4	144.9	152.3	157.0	157.8	159.0
14 Personal interest income	698.2	715.6	694.3	692.2	694.5	695.4	693.1	695.7
15 Transfer payments	687.6	769.9	858.4	866.1	877.4	894.4	905.5	918.5
16 Old-age survivors, disability, and health insurance benefits	352.0	382.3	413.9	416.6	420.8	433.1	435.0	439.4
17 LESS: Personal contributions for social insurance	224.9	237.8	249.3	249.8	253.3	256.6	264.5	266.8
18 EQUALS: Personal income	4,673.8	4,850.9	5,144.9	5,139.8	5,328.3	5,254.7	5,373.2	5,412.7
19 LESS: Personal tax and nontax payments	623.3	620.4	644.8	642.8	670.7	657.1	681.0	689.0
20 EQUALS: Disposable personal income	4,050.5	4,230.5	4,500.2	4,497.0	4,657.6	4,597.5	4,692.2	4,723.7
21 LESS: Personal outlays	3,880.6	4,029.0	4,261.5	4,277.3	4,377.9	4,419.7	4,483.6	4,544.0
22 EQUALS: Personal saving	170.0	201.5	238.7	219.6	279.7	177.9	208.7	179.7
MEMO								
Per capita (1987 dollars)								
23 Gross domestic product	19,593.0	19,237.9	19,518.0	19,536.7	19,754.1	19,744.4	19,785.4	19,868.8
24 Personal consumption expenditures	13,093.0	12,895.2	13,080.9	13,097.8	13,240.9	13,234.2	13,311.6	13,416.2
25 Disposable personal income	14,101.0	13,965.0	14,219.0	14,169.0	14,490.0	14,163.0	14,326.0	14,341.0
26 Saving rate (percent)	4.2	4.8	5.3	4.9	6.0	3.9	4.4	3.8
GROSS SAVING								
27 **Gross saving**	**722.7**	**733.7**	**717.8**	**727.0**	**718.8**	**762.0**	**766.7**	**774.3**
28 Gross private saving	861.1	929.9	986.9	1,016.5	969.4	1,024.8	988.3	988.7
29 Personal saving	170.0	201.5	238.7	219.6	279.7	177.9	208.7	179.7
30 Undistributed corporate profits[1]	88.5	102.3	110.4	82.3	121.7	103.7	116.3	129.3
31 Corporate inventory valuation adjustment	−11.0	4.9	−5.3	−7.8	4.9	−12.7	−12.2	1.0
Capital consumption allowances								
32 Corporate	368.2	383.2	396.6	410.3	396.5	402.2	405.2	414.0
33 Noncorporate	234.5	242.8	261.3	304.3	251.5	261.0	258.1	265.7
34 *Government surplus, or deficit (−), national income and product accounts*	−138.4	−196.2	−269.1	−289.5	−250.6	−262.8	−221.5	−214.4
35 Federal	−163.5	−203.4	−276.3	−290.7	−264.2	−263.5	−222.6	−212.7
36 State and local	25.1	7.3	7.2	1.2	13.5	.8	1.1	−1.7
37 **Gross investment**	**730.4**	**743.3**	**741.4**	**742.7**	**750.9**	**796.5**	**778.7**	**787.6**
38 Gross private domestic	808.9	736.9	796.5	802.2	833.3	874.1	874.1	884.0
39 Net foreign	−78.5	6.4	−55.1	−59.4	−82.4	−77.6	−95.4	−96.4
40 **Statistical discrepancy**	**7.8**	**9.6**	**23.6**	**15.7**	**32.1**	**34.4**	**12.0**	**13.3**

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data seasonally adjusted except as noted[1]

Item credits or debits	1990	1991	1992	1992		1993		
				Q3	Q4	Q1	Q2[r]	Q3[p]
1 Balance on current account	−91,861	−8,324	−66,400	−17,775	−23,687	−22,308	−27,172	−27,986
2 Merchandise trade balance[2]	−109,033	−73,802	−96,138	−27,612	−25,962	−29,309	−34,384	−36,279
3 Merchandise exports	389,303	416,937	440,138	109,493	113,992	111,530	113,118	111,912
4 Merchandise imports	−498,336	−490,739	−536,276	−137,105	−139,954	−140,839	−147,502	−148,191
5 Military transactions, net	−7,834	−5,851	−2,751	−617	−836	−145	−226	−341
6 Other service transactions, net	38,485	51,733	59,163	15,898	14,265	14,769	14,685	14,448
7 Investment income, net	20,348	13,021	6,222	1,703	−806	−37	47	1,748
8 U.S. government grants	−17,434	24,073	−14,688	−2,783	−5,883	−3,242	−2,730	−2,970
9 U.S. government pensions and other transfers	−2,934	−3,461	−3,735	−940	−846	−978	−979	−976
10 Private remittances and other transfers	−13,459	−14,037	−14,473	−3,424	−3,619	−3,366	−3,585	−3,616
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	2,307	2,905	−1,609	−305	−737	535	−275	−86
12 Change in U.S. official reserve assets (increase, −)	−2,158	5,763	3,901	1,952	1,542	−983	822	−545
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−192	−177	2,316	−173	2,829	−140	−166	−118
15 Reserve position in International Monetary Fund	731	−367	−2,692	−118	−2,685	−228	313	−48
16 Foreign currencies	−2,697	6,307	4,277	2,243	1,398	−615	675	−378
17 Change in U.S. private assets abroad (increase, −)	−44,280	−68,643	−53,253	−12,445	−31,243	−11,910	−29,888	−43,331
18 Bank-reported claims[3]	16,027	3,278	24,948	6,584	−3,481	28,055	5,317	7,547
19 Nonbank-reported claims	−4,433	1,932	4,551	−3,214	1,132	−4,774	443	...
20 U.S. purchases of foreign securities, net	−28,765	−44,740	−47,961	−13,787	−17,405	−26,889	−24,098	−45,290
21 U.S. direct investments abroad, net	−27,109	−29,113	−34,791	−2,028	−11,489	−8,302	−11,550	−5,588
22 Change in foreign official assets in United States (increase, +)	34,198	17,564	40,684	−7,378	5,931	10,929	17,699	19,646
23 U.S. Treasury securities	29,576	14,846	18,454	−323	−7,379	1,039	5,668	18,808
24 Other U.S. government obligations	667	1,301	3,949	912	874	710	1,082	1,545
25 Other U.S. government liabilities[4]	2,156	1,542	2,542	864	943	−395	396	1,322
26 Other U.S. liabilities reported by U.S. banks[3]	3,385	−1,484	16,427	−7,831	11,219	8,171	9,454	−2,213
27 Other foreign official assets[5]	−1,586	1,359	−688	−1,000	274	1,404	1,099	184
28 Change in foreign private assets in United States (increase, +)	70,976	65,875	88,895	33,828	32,914	14,789	24,681	46,806
29 U.S. bank-reported liabilities[3]	16,370	−11,371	18,609	23,647	−1,171	−18,862	−1,381	23,525
30 U.S. nonbank-reported liabilities	7,533	−699	741	1,553	−2,717	2,057	1,361	...
31 Foreign private purchases of U.S. Treasury securities, net	−2,534	18,826	36,893	4,870	21,232	13,599	−623	3,995
32 Foreign purchases of other U.S. securities, net	1,592	35,144	30,274	2,730	12,478	9,394	15,025	17,411
33 Foreign direct investments in United States, net	48,015	23,975	2,378	1,028	3,092	8,601	10,299	1,875
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	30,820	−15,140	−12,218	2,123	15,280	8,948	14,133	5,495
36 Due to seasonal adjustment	...	...	...	−6,754	1,222	5,814	681	−7,605
37 Before seasonal adjustment	30,820	−15,140	−12,218	8,877	14,058	3,134	13,452	13,100
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−2,158	5,763	3,901	1,952	1,542	−983	822	−544
39 Foreign official assets in United States, excluding line 25 (increase, +)	32,042	16,022	38,142	−8,242	4,988	11,324	17,303	18,324
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	1,707	−4,882	5,857	3,051	2,336	463	−916	−3,043

1. Seasonal factors are not calculated for lines 12–16, 18–20, 22–34, and 38–40.
2. Data are on an international accounts basis. The data differ from the Census basis data, shown in table 3.11, for reasons of coverage and timing. Military exports are excluded from merchandise trade data and are included in line 5.
3. Reporting banks include all types of depository institution as well as some brokers and dealers.
4. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*.

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1990	1991	1992	1993						
				Apr.	May	June	July	Aug.	Sept.[r]	Oct.[p]
1 Exports of domestic and foreign merchandise, excluding grant-aid shipments	393,592	421,730	448,164	38,479	38,930	37,639	37,109	38,050	38,885	40,110
2 General imports including merchandise for immediate consumption plus entries into bonded warehouses	495,311	488,453	532,665	48,660	47,306	49,698	47,534	48,097	49,506	50,566
3 **Trade balance**	**−101,718**	**−66,723**	**−84,501**	**−10,182**	**−8,376**	**−12,058**	**−10,425**	**−10,047**	**−10,621**	**−10,455**

1. Government and nongovernment shipments of merchandise between foreign countries and the fifty states, including the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and U.S. Foreign Trade Zones. Data exclude (1) shipments among the United States, Puerto Rico, the U.S. Virgin Islands, and other U.S. affiliated insular areas, (2) shipments to U.S. Armed Forces and diplomatic missions abroad for their own use, (3) U.S. goods returned to the United States by its Armed Forces, (4) personal and household effects of travelers, and (5) in-transit shipments. Data reflect the total arrival of merchandise from foreign countries that immediately entered consumption channels, warehouses, or U.S. Foreign Trade Zones (general imports). Import data are Customs value; export data are F.A.S. value. Since 1990, data for U.S. exports to Canada have been derived from import data compiled by Canada; similarly, in Canadian statistics, Canadian exports to the United States are derived from import data compiled by the United States. Since Jan. 1, 1987, merchandise trade data have been released forty-five days after the end of the month; the previous month is revised to reflect late documents.

Data in this table differ from figures for merchandise trade shown in the U.S. balance of payments accounts (table 3.10, lines 2 through 4) primarily for reasons of coverage. For both exports and imports, a large part of the difference is the treatment of military sales and purchases. The military sales to foreigners (exports) and purchases from foreigners (imports) that are included in this table as merchandise trade are shifted, in the balance of payments accounts, from "merchandise trade" into the broader category "military transactions."

SOURCE. (U.S. Department of Commerce, Bureau of the Census), FT900, *U.S. Merchandise Trade.*

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1990	1991	1992	1993						
				May	June	July	Aug.	Sept.	Oct.	Nov.[p]
1 **Total**	**83,316**	**77,719**	**71,323**	**76,711**	**73,968**	**74,139**	**75,231**	**75,835**	**74,550**	**74,042**
2 Gold stock, including Exchange Stabilization Fund[1]	11,058	11,057	11,056	11,053	11,057	11,057	11,057	11,057	11,056	11,054
3 Special drawing rights[2,3]	10,989	11,240	8,503	9,147	8,987	8,905	9,133	9,203	9,038	9,091
4 Reserve position in International Monetary Fund[2]	9,076	9,488	11,759	12,195	11,926	12,083	12,118	12,101	11,908	11,827
5 Foreign currencies[4]	52,193	45,934	40,005	44,316	41,998	42,094	42,923	43,474	42,548	42,070

1. Gold held "under earmark" at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13, line 3. Gold stock is valued at $42.22 per fine troy ounce.
2. Special drawing rights (SDRs) are valued according to a technique adopted by the International Monetary Fund (IMF) in July 1974. Values are based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, sixteen currencies were used; since January 1981, five currencies have been used. U.S. SDR holdings and reserve positions in the IMF also have been valued on this basis since July 1974.
3. Includes allocations of SDRs by the International Monetary Fund on Jan. 1 of the year indicated, as follows: 1970—$867 million; 1971—$717 million; 1972—$710 million; 1979—$1,139 million; 1980—$1,152 million; 1981—$1,093 million; plus net transactions in SDRs.
4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS[1]

Millions of dollars, end of period

Asset	1990	1991	1992	1993						
				May	June	July	Aug.	Sept.	Oct.	Nov.[p]
1 Deposits	369	968	205	193	286	284	357	501	390	596
Held in custody										
2 U.S. Treasury securities[2]	278,499	281,107	314,481	345,060	343,672	343,378	356,671	358,860	358,975	373,864
3 Earmarked gold[3]	13,387	13,303	13,686	12,854	12,829	12,756	12,686	12,562	12,464	12,381

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.
2. Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities payable at face value in dollars or foreign currencies.
3. Held in foreign and international accounts and valued at $42.22 per fine troy ounce; not included in the gold stock of the United States.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data[1]

Millions of dollars, end of period

Account	1990	1991	1992	1993 Apr.	1993 May	1993 June	1993 July	1993 Aug.	1993 Sept.	1993 Oct.
ASSETS	All foreign countries									
1 **Total payable in any currency**	***556,925***	***548,999***	***542,545***	***544,497***	***548,893***	***562,590***	***551,342***	***560,539***	***556,176***	***569,149***
2 Claims on United States	188,496	176,487	166,798	164,652	162,355	176,025	163,793	166,817	168,086	162,243
3 Parent bank	148,837	137,695	132,275	129,121	127,126	141,024	127,474	130,865	136,938	127,239
4 Other banks in United States	13,296	12,884	9,703	10,830	9,169	9,498	8,993	9,457	6,862	7,739
5 Nonbanks	26,363	25,908	24,820	24,701	26,060	25,503	27,326	26,495	24,286	27,265
6 Claims on foreigners	312,449	303,934	318,071	316,001	321,065	316,533	316,989	325,948	318,736	325,545
7 Other branches of parent bank	135,003	111,729	123,256	109,966	111,314	111,708	105,095	108,071	108,521	106,859
8 Banks	72,602	81,970	82,190	86,940	88,188	85,972	88,648	90,008	84,937	91,646
9 Public borrowers	17,555	18,652	20,756	18,577	18,251	18,183	17,687	18,364	17,797	17,875
10 Nonbank foreigners	87,289	91,583	91,869	100,518	103,312	100,670	105,559	109,505	107,481	109,165
11 Other assets	55,980	68,578	57,676	63,844	65,473	70,032	70,560	67,774	69,354	81,361
12 **Total payable in U.S. dollars**	**379,479**	**364,078**	**365,824**	**345,053**	**344,926**	**355,298**	**340,948**	**338,896**	**348,290**	**342,904**
13 Claims on United States	180,174	169,848	162,125	160,120	156,418	169,502	155,387	157,538	160,820	154,079
14 Parent bank	142,962	133,662	129,329	126,760	123,957	137,711	124,072	127,028	133,223	124,060
15 Other banks in United States	12,513	12,025	9,266	10,168	8,209	8,638	8,270	8,475	6,322	7,046
16 Nonbanks	24,699	24,161	23,530	23,192	24,252	23,153	23,045	22,035	21,275	22,973
17 Claims on foreigners	174,451	167,010	183,527	169,360	170,475	168,824	167,183	164,318	168,815	166,514
18 Other branches of parent bank	95,298	78,114	83,117	73,049	73,068	73,014	70,293	68,567	70,511	67,420
19 Banks	36,440	41,635	47,250	43,783	44,920	43,674	44,262	42,378	43,920	44,708
20 Public borrowers	12,298	13,685	14,313	12,537	12,244	12,049	11,951	11,999	11,580	11,506
21 Nonbank foreigners	30,415	33,576	38,847	39,991	40,243	40,087	40,677	41,374	42,804	42,880
22 Other assets	24,854	27,220	20,172	15,573	18,033	16,972	18,378	17,040	18,655	22,311
	United Kingdom									
23 **Total payable in any currency**	**184,818**	**175,599**	**165,850**	**163,193**	**165,044**	**173,158**	**167,046**	**172,710**	**173,057**	**178,748**
24 Claims on United States	45,560	35,257	36,403	33,353	31,239	37,038	34,032	35,491	34,053	30,865
25 Parent bank	42,413	31,931	33,460	29,605	27,523	33,059	29,184	30,612	30,776	26,458
26 Other banks in United States	792	1,267	1,298	757	747	1,006	808	877	631	1,010
27 Nonbanks	2,355	2,059	1,645	2,991	2,969	2,973	4,040	4,002	2,646	3,397
28 Claims on foreigners	115,536	109,692	111,623	108,963	111,830	109,528	107,799	114,150	115,203	116,809
29 Other branches of parent bank	46,367	35,735	46,165	39,450	41,458	40,130	37,164	39,778	40,613	40,545
30 Banks	31,604	36,394	33,399	37,823	37,282	36,848	38,543	40,332	40,277	44,103
31 Public borrowers	3,860	3,306	3,329	2,513	2,420	2,342	2,341	2,606	2,171	2,147
32 Nonbank foreigners	33,705	34,257	28,730	29,177	30,670	30,208	29,751	31,434	32,142	30,014
33 Other assets	23,722	30,650	17,824	20,877	21,975	26,592	25,215	23,069	23,801	31,074
34 **Total payable in U.S. dollars**	**116,762**	**105,974**	**109,493**	**95,612**	**97,431**	**100,422**	**96,200**	**93,739**	**97,841**	**95,196**
35 Claims on United States	41,259	32,418	34,508	31,233	28,634	34,110	30,573	31,753	31,160	27,731
36 Parent bank	39,609	30,370	32,186	28,420	25,996	31,265	27,580	28,938	29,130	24,756
37 Other banks in United States	334	822	1,022	393	326	533	300	308	328	430
38 Nonbanks	1,316	1,226	1,300	2,420	2,312	2,312	2,693	2,507	1,702	2,545
39 Claims on foreigners	63,701	58,791	66,335	60,180	61,742	60,479	58,944	56,603	59,725	59,385
40 Other branches of parent bank	37,142	28,667	34,124	29,388	30,753	30,287	27,814	27,713	28,306	27,478
41 Banks	13,135	15,219	17,089	16,903	17,073	16,658	17,590	15,466	17,967	18,910
42 Public borrowers	3,143	2,853	2,349	1,888	1,808	1,804	1,744	1,832	1,614	1,613
43 Nonbank foreigners	10,281	12,052	12,773	12,001	12,108	11,730	11,796	11,592	11,838	11,384
44 Other assets	11,802	14,765	8,650	4,637	7,055	5,833	6,683	5,383	6,956	8,080
	Bahamas and Cayman Islands									
45 **Total payable in any currency**	**162,316**	**168,512**	**147,422**	**144,654**	**142,872**	**148,982**	**140,580**	**140,172**	**147,385**	**146,834**
46 Claims on United States	112,989	115,430	96,280	97,469	94,894	102,109	93,736	93,661	98,873	98,100
47 Parent bank	77,873	81,706	66,608	67,830	66,170	74,023	66,363	67,055	74,040	72,185
48 Other banks in United States	11,869	10,907	7,828	9,279	7,184	7,651	7,477	7,360	5,489	5,710
49 Nonbanks	23,247	22,817	21,844	20,360	21,540	20,435	19,896	19,246	19,344	20,205
50 Claims on foreigners	41,356	45,229	44,509	40,596	41,378	40,437	39,609	39,588	41,814	40,028
51 Other branches of parent bank	13,416	11,098	7,293	6,873	6,999	7,009	6,772	7,226	8,958	8,024
52 Banks	16,310	20,174	21,212	17,816	18,527	18,117	17,688	16,863	17,090	16,228
53 Public borrowers	5,807	7,161	7,786	6,690	6,527	6,334	6,185	6,102	5,955	5,767
54 Nonbank foreigners	5,823	6,796	8,218	9,217	9,325	8,977	8,964	9,397	9,811	10,009
55 Other assets	7,971	7,853	6,633	6,589	6,600	6,436	7,235	6,923	6,698	8,706
56 **Total payable in U.S. dollars**	**158,390**	**163,957**	**142,861**	**140,146**	**138,202**	**143,900**	**136,025**	**135,698**	**142,831**	**142,273**

1. Since June 1984, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data[1]—Continued

Account	1990	1991	1992	1993 Apr.	May	June	July	Aug.	Sept.	Oct.
LIABILITIES	All foreign countries									
57 **Total payable in any currency**	**556,925**	**548,999**	**542,545**	**544,497**	**548,893**	**562,590**	**551,342**	**560,539**	**556,176**	**569,149**
58 Negotiable certificates of deposit (CDs)	18,060	16,284	10,032	13,748	14,348	14,154	14,568	14,604	12,666	12,166
59 To United States	189,412	198,307	189,444	176,747	175,442	186,374	174,089	172,074	180,247	173,444
60 Parent bank	138,748	136,431	134,339	119,752	117,207	129,486	120,953	118,724	121,821	114,944
61 Other banks in United States	7,463	13,260	12,182	11,952	14,062	13,514	10,440	9,561	11,662	10,699
62 Nonbanks	43,201	48,616	42,923	45,043	44,173	43,374	42,696	43,789	46,764	47,801
63 To foreigners	311,668	288,254	309,704	316,661	322,140	318,956	319,464	333,015	322,146	333,457
64 Other branches of parent bank	139,113	112,033	125,160	113,845	115,189	115,725	108,925	113,550	111,731	109,123
65 Banks	58,986	63,097	62,189	68,381	69,323	67,243	71,491	73,663	68,100	76,374
66 Official institutions	14,791	15,596	19,731	21,326	22,271	22,466	23,147	23,049	22,698	24,712
67 Nonbank foreigners	98,778	97,528	102,624	113,109	115,357	113,522	115,901	122,753	119,617	123,248
68 Other liabilities	37,785	46,154	33,365	37,341	36,963	43,106	43,221	40,846	41,117	50,082
69 **Total payable in U.S. dollars**	**383,522**	**370,710**	**368,773**	**344,532**	**344,319**	**357,116**	**342,287**	**339,344**	**347,387**	**343,930**
70 Negotiable CDs	14,094	11,909	6,238	7,062	7,248	8,138	7,958	7,370	6,131	5,886
71 To United States	175,654	185,472	178,674	164,380	162,328	172,708	160,499	157,841	167,272	160,048
72 Parent bank	130,510	129,669	127,948	112,736	110,161	121,922	113,313	110,881	114,170	107,630
73 Other banks in United States	6,052	11,707	11,512	11,282	13,126	12,862	9,789	8,842	11,092	9,927
74 Nonbanks	39,092	44,096	39,214	40,362	39,041	37,924	37,397	38,118	42,010	42,491
75 To foreigners	179,002	158,993	172,189	163,149	165,162	166,130	163,567	165,055	163,701	162,150
76 Other branches of parent bank	98,128	76,601	83,700	75,682	75,313	75,783	72,900	72,467	72,358	68,776
77 Banks	20,251	24,156	26,118	22,150	22,969	23,440	23,631	24,522	23,799	24,252
78 Official institutions	7,921	10,304	12,430	12,627	12,653	12,951	12,868	12,031	10,720	11,416
79 Nonbank foreigners	52,702	47,932	49,941	52,690	54,227	53,956	54,168	56,035	56,824	57,706
80 Other liabilities	14,772	14,336	11,672	9,941	9,581	10,140	10,263	9,078	10,283	15,846
	United Kingdom									
81 **Total payable in any currency**	**184,818**	**175,599**	**165,850**	**163,193**	**165,044**	**173,158**	**167,046**	**172,710**	**173,057**	**178,748**
82 Negotiable CDs	14,256	11,333	4,517	5,414	5,644	6,566	6,364	6,674	5,318	4,489
83 To United States	39,928	37,720	39,174	34,661	37,272	39,514	35,521	36,600	37,180	33,411
84 Parent bank	31,806	29,834	31,100	26,781	28,095	30,410	27,183	28,076	29,217	25,147
85 Other banks in United States	1,505	1,438	1,065	1,110	1,652	1,097	850	741	682	782
86 Nonbanks	6,617	6,448	7,009	6,770	7,525	8,007	7,488	7,783	7,281	7,482
87 To foreigners	108,531	98,167	107,176	108,670	106,834	106,725	105,949	112,121	112,534	117,614
88 Other branches of parent bank	36,709	30,054	35,983	33,545	31,437	32,275	28,408	30,534	31,578	31,921
89 Banks	25,126	25,541	25,231	26,082	27,184	25,848	28,504	29,039	28,064	31,183
90 Official institutions	8,361	9,670	12,090	12,342	11,752	12,139	11,885	11,575	12,425	13,269
91 Nonbank foreigners	38,335	32,902	33,872	36,701	36,461	36,463	37,152	40,973	40,467	41,241
92 Other liabilities	22,103	28,379	14,983	14,448	15,294	20,353	19,212	17,315	18,025	23,234
93 **Total payable in U.S. dollars**	**116,094**	**108,755**	**108,214**	**94,159**	**96,152**	**98,465**	**93,360**	**92,066**	**94,697**	**94,614**
94 Negotiable CDs	12,710	10,076	3,894	4,214	4,392	5,462	5,197	4,890	3,728	3,388
95 To United States	34,697	33,003	35,417	30,170	32,457	34,523	30,669	31,579	32,838	28,725
96 Parent bank	29,955	28,260	29,957	25,315	26,631	28,747	25,753	26,600	28,039	24,093
97 Other banks in United States	1,156	1,177	709	676	1,311	847	637	476	397	350
98 Nonbanks	3,586	3,566	4,751	4,179	4,515	4,929	4,279	4,503	4,402	4,282
99 To foreigners	60,014	56,626	62,048	54,407	54,576	53,282	52,336	51,256	52,608	54,211
100 Other branches of parent bank	25,957	20,800	22,026	18,958	17,449	17,691	16,198	16,063	16,859	16,108
101 Banks	9,488	11,069	12,540	8,327	9,065	8,305	8,347	7,666	8,877	9,967
102 Official institutions	4,692	7,156	8,847	8,803	8,210	8,812	8,720	8,042	7,195	7,399
103 Nonbank foreigners	19,877	17,601	18,635	18,319	19,852	18,474	19,071	19,485	19,677	20,737
104 Other liabilities	8,673	9,050	6,855	5,368	4,727	5,198	5,158	4,341	5,523	8,290
	Bahamas and Cayman Islands									
105 **Total payable in any currency**	**162,316**	**168,512**	**147,422**	**144,654**	**142,872**	**148,982**	**140,580**	**140,172**	**147,385**	**146,834**
106 Negotiable CDs	646	1,173	1,350	1,692	1,812	1,535	1,562	1,307	1,315	1,260
107 To United States	114,738	130,058	111,861	106,575	102,825	109,238	101,036	99,418	108,107	106,453
108 Parent bank	74,941	79,394	67,347	60,033	57,132	64,608	59,352	58,031	60,407	59,323
109 Other banks in United States	4,526	10,231	10,445	10,291	11,220	11,567	8,603	7,791	10,146	9,117
110 Nonbanks	35,271	40,433	34,069	36,251	34,473	33,063	33,081	33,596	37,554	38,013
111 To foreigners	44,444	35,200	32,556	34,888	36,220	36,621	35,973	37,808	36,449	35,291
112 Other branches of parent bank	24,715	17,388	15,169	17,500	18,652	18,944	18,164	19,103	18,609	17,451
113 Banks	5,588	5,662	6,422	6,288	6,159	6,417	6,996	7,766	6,347	6,272
114 Official institutions	622	572	805	913	1,064	1,031	902	836	881	770
115 Nonbank foreigners	13,519	11,578	10,160	10,187	10,345	10,229	9,911	10,103	10,612	10,798
116 Other liabilities	2,488	2,081	1,655	1,499	2,015	1,588	2,009	1,639	1,514	3,830
117 **Total payable in U.S. dollars**	**157,132**	**163,789**	**143,150**	**139,536**	**137,847**	**144,014**	**135,893**	**135,483**	**142,449**	**142,246**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1991	1992	1993						
			Apr.	May	June	July	Aug.	Sept.[r]	Oct.[p]
1 Total[1]	**360,530**	**398,672**	**413,661**	**424,298**	**427,380**	**426,726**	**436,909[r]**	**445,746**	**444,081**
By type									
2 Liabilities reported by banks in the United States[2]	38,396	54,823	62,814	69,199	72,533	67,154	68,767[r]	70,276	65,639
3 U.S. Treasury bills and certificates[3]	92,692	104,596	113,293	120,194	119,860	128,837	136,488	139,638	140,525
U.S. Treasury bonds and notes									
4 Marketable	203,677	210,553	205,302	201,878	201,118	196,238	196,962	200,143	201,766
5 Nonmarketable[4]	4,858	4,532	5,432	5,417	5,451	5,488	5,508	5,542	5,579
6 U.S. securities other than U.S. Treasury securities[5]	20,907	24,168	26,820	27,610	28,418	29,009	29,184	30,147	30,572
By area									
7 Europe[1]	171,317	191,708	187,899	193,673	193,378	188,930	191,890[r]	198,336	193,576
8 Canada	7,460	7,920	8,302	8,899	8,297	8,808	8,075	8,260	9,441
9 Latin America and Caribbean	33,554	40,015	49,146	48,130	48,524	53,764	55,283[r]	54,678	54,346
10 Asia	139,465	152,142	159,860	164,947	169,370	168,859	174,898[r]	177,161	178,887
11 Africa	2,092	3,565	3,782	3,782	3,621	2,844	3,109	3,888	3,665
12 Other countries[6]	6,640	3,320	4,670	4,865	4,188	3,519	3,652	3,421	4,164

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies; zero coupon bonds are included at current value.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

SOURCE. Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States and on the 1984 benchmark survey of foreign portfolio investment in the United States.

3.16 LIABILITIES TO, AND CLAIMS ON, FOREIGNERS Reported by Banks in the United States[1] Payable in Foreign Currencies

Millions of dollars, end of period

Item	1989	1990	1991	1992	1993		
				Dec.	Mar.	June	Sept.
1 Banks' liabilities	67,835	70,477	75,129	72,796	80,999	74,697	80,479
2 Banks' claims	65,127	66,796	73,195	62,789	64,057	55,161	58,884
3 Deposits	20,491	29,672	26,192	24,240	24,928	23,449	22,852
4 Other claims	44,636	37,124	47,003	38,549	39,129	31,712	36,032
5 Claims of banks' domestic customers[2]	3,507	6,309	3,398	4,432	2,625	3,234	2,640

1. Data on claims exclude foreign currencies held by U.S. monetary authorities.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of the domestic customers.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. dollars

Millions of dollars, end of period

Item	1990	1991	1992	1993						
				Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.[p]
HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**759,634**	**756,066**	**811,371**	**792,760**	**793,584**	**821,035**	**817,600**	**843,154**	**858,661**	**859,706**
2 Banks' own liabilities	577,229	575,374	607,556	582,931	574,822	597,715	588,994	606,529	614,511	609,852
3 Demand deposits	21,723	20,321	21,824	22,243	22,144	21,467	21,815	21,503	25,394	22,020
4 Time deposits[2]	168,017	159,649	160,476	148,064	147,923	152,169	151,393	152,976	153,672	158,928
5 Other[3]	65,822	66,305	93,824	101,148	104,513	107,394	106,590	116,406	113,063	129,498
6 Own foreign offices[4]	321,667	329,099	331,432	311,476	300,242	316,685	309,196	315,644	322,382	299,406
7 Banks' custodial liabilities[5]	182,405	180,692	203,815	209,829	218,762	223,320	228,606	236,625	244,150	249,854
8 U.S. Treasury bills and certificates[6]	96,796	110,734	127,644	138,014	144,129	144,059	153,359	161,827	165,146	164,365
9 Other negotiable and readily transferable instruments[7]	17,578	18,664	21,974	21,539	24,515	30,056	26,477	27,643	30,878	37,858
10 Other	68,031	51,294	54,197	50,276	50,118	49,205	48,770	47,155	48,126	47,631
11 Nonmonetary international and regional organizations[8]	5,918	8,981	9,350	10,731	8,934	9,330	9,387	12,365	11,358	10,984
12 Banks' own liabilities	4,540	6,827	6,951	5,834	6,481	6,270	6,197	8,671	7,944	6,780
13 Demand deposits	36	43	46	33	35	19	29	37	21	71
14 Time deposits[2]	1,050	2,714	3,214	1,687	2,989	3,607	2,920	2,882	4,062	2,968
15 Other[3]	3,455	4,070	3,691	4,114	3,457	2,644	3,248	5,752	3,861	3,741
16 Banks' custodial liabilities[5]	1,378	2,154	2,399	4,897	2,453	3,060	3,190	3,694	3,414	4,204
17 U.S. Treasury bills and certificates[6]	364	1,730	1,908	4,461	1,883	2,320	2,635	3,418	3,199	3,566
18 Other negotiable and readily transferable instruments[7]	1,014	424	486	433	564	740	549	276	215	638
19 Other	0	0	5	3	6	0	6	0	0	0
20 Official institutions[9]	119,303	131,088	159,419	176,107	189,393	192,393	195,991	205,255	209,914	206,164
21 Banks' own liabilities	34,910	34,411	51,058	59,393	63,575	62,791	61,752	62,195	63,675	60,966
22 Demand deposits	1,924	2,626	1,274	1,361	1,386	2,204	1,557	1,321	1,951	2,121
23 Time deposits[2]	14,359	16,504	17,823	19,166	21,682	19,408	18,626	18,050	20,537	14,885
24 Other[3]	18,628	15,281	31,961	38,866	40,507	41,179	41,569	42,824	41,187	43,960
25 Banks' custodial liabilities[5]	84,393	96,677	108,361	116,714	125,818	129,602	134,239	143,060	146,239	145,198
26 U.S. Treasury bills and certificates[6]	79,424	92,692	104,596	113,293	120,194	119,860	128,837	136,488	139,638	140,525
27 Other negotiable and readily transferable instruments[7]	4,766	3,879	3,726	3,284	5,480	9,602	5,297	6,514	6,149	4,491
28 Other	203	106	39	137	144	140	105	58	452	182
29 Banks[10]	540,805	522,265	547,988	512,921	503,421	525,237	517,363	528,549	540,690	536,095
30 Banks' own liabilities	458,470	459,335	476,785	446,694	436,547	459,341	450,359	462,796	470,030	461,035
31 Unaffiliated foreign banks	136,802	130,236	145,353	135,218	136,305	142,656	141,163	147,152	147,648	161,629
32 Demand deposits	10,053	8,648	10,168	10,883	11,386	9,918	10,675	10,478	12,808	9,951
33 Time deposits[2]	88,541	82,857	90,368	79,592	76,439	83,143	84,751	86,034	83,150	95,430
34 Other[3]	38,208	38,731	44,817	44,743	48,480	49,595	45,737	50,640	51,690	56,248
35 Own foreign offices[4]	321,667	329,099	331,432	311,476	300,242	316,685	309,196	315,644	322,382	299,406
36 Banks' custodial liabilities[5]	82,335	62,930	71,203	66,227	66,874	65,896	67,004	65,753	70,660	75,060
37 U.S. Treasury bills and certificates[6]	10,669	7,471	11,087	9,908	10,837	10,546	10,627	11,327	11,794	10,046
38 Other negotiable and readily transferable instruments[7]	5,341	5,694	7,555	7,349	7,397	7,741	9,049	8,760	12,688	19,402
39 Other	66,325	49,765	52,561	48,970	48,640	47,609	47,328	45,666	46,178	45,612
40 Other foreigners	93,608	93,732	94,614	93,001	91,836	94,075	94,859	96,985	96,699	106,463
41 Banks' own liabilities	79,309	74,801	72,762	71,010	68,219	69,313	70,686	72,867	72,862	81,071
42 Demand deposits	9,711	9,004	10,336	9,966	9,337	9,326	9,554	9,667	10,614	9,877
43 Time deposits[2]	64,067	57,574	49,071	47,619	46,813	46,011	45,096	46,010	45,923	45,645
44 Other[3]	5,530	8,223	13,355	13,425	12,069	13,976	16,036	17,190	16,325	25,549
45 Banks' custodial liabilities[5]	14,299	18,931	21,852	21,991	23,617	24,762	24,173	24,118	23,837	25,392
46 U.S. Treasury bills and certificates[6]	6,339	8,841	10,053	10,352	11,215	11,333	11,260	10,594	10,515	10,228
47 Other negotiable and readily transferable instruments[7]	6,457	8,667	10,207	10,473	11,074	11,973	11,582	12,093	11,826	13,327
48 Other	1,503	1,423	1,592	1,166	1,328	1,456	1,331	1,431	1,496	1,837
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	7,073	7,456	9,111	9,409	9,582	10,388	9,389	9,481	11,264	17,533

1. Reporting banks include all types of depository institution, as well as some brokers and dealers.
2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
3. Includes borrowing under repurchase agreements.
4. For U.S. banks, includes amounts owed to own foreign branches and foreign subsidiaries consolidated in Consolidated Report of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed to head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
8. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.
9. Foreign central banks, foreign central governments, and the Bank for International Settlements.
10. Excludes central banks, which are included in "Official institutions."

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]—Continued

Item	1990	1991	1992	1993						
				Apr.	May	June	July	Aug.[r]	Sept.	Oct.[p]
AREA										
1 **Total, all foreigners**	**759,634**	**756,066**	**811,371**	**792,760**	**793,584**	**821,035**	**817,600**	**843,154[r]**	**858,661[r]**	**859,706**
2 **Foreign countries**	**753,716**	**747,085**	**802,021**	**782,029**	**784,650**	**811,705**	**808,213**	**830,789[r]**	**847,303[r]**	**848,722**
3 Europe	254,452	249,097	308,423	298,984	313,834	324,229	320,954	335,460[r]	340,427[r]	357,905
4 Austria	1,229	1,193	1,611	1,497	1,525	1,496	1,415	1,614	1,672[r]	1,808
5 Belgium and Luxembourg	12,382	13,337	20,572	19,775	21,099	21,817	20,805	23,345	23,635[r]	24,641
6 Denmark	1,399	937	3,060	1,229	2,464	3,088	3,983	3,023	3,135	5,084
7 Finland	602	1,341	1,299	2,265	2,185	2,580	2,873	2,667[r]	2,347	2,712
8 France	30,946	31,808	41,459	31,087	33,825	33,744	33,963	36,517[r]	40,622	43,033
9 Germany	7,485	8,619	18,631	19,912	23,959	22,752	24,498	22,199	22,530	22,818
10 Greece	934	765	913	742	859	819	1,078	1,122	1,378	1,366
11 Italy	17,735	13,541	10,041	8,094	9,089	10,402	10,721	11,426	11,285[r]	10,623
12 Netherlands	5,350	7,161	7,372	11,502	13,903	11,271	10,465	10,854	11,429	13,370
13 Norway	2,357	1,866	3,319	2,355	2,690	2,840	2,757	2,833	2,901	2,796
14 Portugal	2,958	2,184	2,465	2,476	2,674	2,764	2,894	3,015	3,180	3,215
15 Russia	119	241	577	726	847	1,129	1,406	2,254	2,229	2,623
16 Spain	7,544	11,391	9,796	14,055	13,588	15,484	16,593	17,207[r]	20,495	20,179
17 Sweden	1,837	2,222	2,986	3,149	2,140	2,336	2,210	1,460	3,475[r]	2,355
18 Switzerland	36,690	37,238	39,440	39,703	41,775	41,270	40,494	40,987	41,908[r]	43,195
19 Turkey	1,169	1,598	2,666	2,664	2,761	2,497	2,882	2,618	2,553	2,897
20 United Kingdom	109,555	100,292	112,456	109,553	106,638	115,251	113,171	118,793	116,258[r]	130,946
21 Yugoslavia[11]	928	622	504	507	510	512	501	511	524	541
22 Other Europe and former U.S.S.R.[12]	13,234	12,741	29,256	27,693	31,303	32,177	28,245	33,015[r]	28,871[r]	23,703
23 Canada	20,349	21,605	22,746	22,303	21,331	20,051	22,264	23,917	25,142[r]	27,589
24 Latin America and Caribbean	332,997	345,529	317,236	317,876	303,630	312,692	311,963	313,275[r]	322,863[r]	310,128
25 Argentina	7,365	7,753	9,477	11,066	11,339	11,289	14,120	14,579	14,047	14,307
26 Bahamas	107,386	100,622	82,288	81,763	80,333	80,715	73,414	73,790	79,228[r]	75,754
27 Bermuda	2,822	3,178	7,079	6,135	5,297	6,074	6,969	6,931	7,169	8,016
28 Brazil	5,834	5,704	5,584	5,466	5,339	4,936	5,425	5,299	5,268[r]	5,044
29 British West Indies	147,321	163,620	153,035	148,628	138,996	147,753	147,618	146,425[r]	152,237[r]	142,746
30 Chile	3,145	3,283	3,035	3,480	3,520	3,552	3,934	3,596	3,867	3,949
31 Colombia	4,492	4,661	4,580	4,360	4,338	4,405	4,464	4,383	3,988	3,020
32 Cuba	11	2	3	2	2	3	5	5	6	7
33 Ecuador	1,379	1,232	993	923	956	924	889	860	819	861
34 Guatemala	1,541	1,594	1,377	1,352	1,323	1,397	1,304	1,315	1,253	1,301
35 Jamaica	257	231	371	293	289	341	341	364	375	376
36 Mexico	16,650	19,957	19,456	24,896	23,351	22,296	24,117	24,833[r]	24,414[r]	24,243
37 Netherlands Antilles	7,357	5,592	5,205	4,537	3,813	4,059	4,159	5,413	4,695[r]	5,281
38 Panama	4,574	4,695	4,177	4,135	4,054	3,749	3,747	3,657	3,743	3,547
39 Peru	1,294	1,249	1,080	1,070	977	979	891	898	903	869
40 Uruguay	2,520	2,096	1,955	1,775	1,742	1,775	1,775	1,822	1,734	1,714
41 Venezuela	12,271	13,181	11,387	11,517	11,644	12,242	12,373	12,782	12,868	12,851
42 Other	6,779	6,879	6,154	6,478	6,317	6,203	6,418	6,323	6,249	6,242
43 Asia	136,844	120,462	143,561	131,117	134,032	143,229	143,117	147,517[r]	147,648[r]	141,361
China										
44 People's Republic of China	2,421	2,626	3,202	3,527	3,008	2,885	2,728	3,292	3,261	3,280
45 Republic of China (Taiwan)	11,246	11,491	8,379	8,884	8,790	9,618	9,991	9,483[r]	9,969	9,799
46 Hong Kong	12,754	14,269	18,509	16,353	15,832	15,890	16,193	15,621	16,388[r]	16,387
47 India	1,233	2,418	1,396	989	1,341	1,315	1,053	1,211	1,288	1,254
48 Indonesia	1,238	1,463	1,480	1,464	1,861	2,132	1,688	1,582	1,715	1,507
49 Israel	2,767	2,015	3,775	3,765	3,163	2,764	2,790	2,729	3,241	5,424
50 Japan	67,076	47,069	58,466	51,204	54,462	62,784	62,226	67,999[r]	65,626[r]	60,194
51 Korea (South)	2,287	2,587	3,337	3,584	3,922	3,842	4,298	3,873	4,356[r]	3,892
52 Philippines	1,585	2,449	2,275	2,785	2,458	2,933	3,196	2,648	2,735	2,192
53 Thailand	1,443	2,252	5,582	4,967	5,377	5,233	5,830	6,058	5,846[r]	6,446
54 Middle Eastern oil-exporting countries[13]	15,829	15,752	21,446	19,687	19,272	20,327	18,409	19,141	17,255[r]	14,681
55 Other	16,965	16,071	15,714	13,908	14,546	13,506	14,715	13,880	15,968[r]	16,305
56 Africa	4,630	4,825	5,884	6,441	6,477	6,475	5,680	5,649	6,127	6,179
57 Egypt	1,425	1,621	2,472	2,938	2,922	2,784	1,880	2,018	2,457	2,220
58 Morocco	104	79	76	151	144	119	138	78	86	87
59 South Africa	228	228	190	246	198	265	172	233	275	367
60 Zaire	53	31	19	14	16	15	25	20	16	15
61 Oil-exporting countries[14]	1,110	1,082	1,346	1,294	1,368	1,332	1,417	1,279	1,281	1,271
62 Other	1,710	1,784	1,781	1,798	1,829	1,960	2,048	2,021	2,012	2,219
63 Other	4,444	5,567	4,171	5,308	5,346	5,029	4,235	4,971	5,096	5,560
64 Australia	3,807	4,464	3,047	4,056	4,449	4,078	3,253	3,890	4,045	4,434
65 Other	637	1,103	1,124	1,252	897	951	982	1,081	1,051	1,126
66 Nonmonetary international and regional organizations	5,918	8,981	9,350	10,731	8,934	9,330	9,387	12,365[r]	11,358[r]	10,984
67 International[15]	4,390	6,485	7,434	7,590	5,388	5,812	5,828	8,367[r]	7,628[r]	7,340
68 Latin American regional[16]	1,048	1,181	1,415	2,223	2,412	2,318	2,077	2,737	2,448	2,539
69 Other regional[17]	479	1,315	501	918	1,134	1,200	1,482	1,261	1,282	1,105

11. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
12. Includes the Bank for International Settlements and Eastern European countries not listed in line 23. Since December 1992, includes all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
Comprises Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.
13. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
14. Comprises Algeria, Gabon, Libya, and Nigeria.
15. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.
16. Principally the Inter-American Development Bank.
17. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1990	1991	1992	1993						
				Apr.	May	June	July	Aug.	Sept.[r]	Oct.[p]
1 **Total, all foreigners**	**511,543**	**514,339**	**500,511**	**471,288**	**461,179**	**482,944**	**471,863**	**461,191[r]**	**477,526**	**465,126**
2 **Foreign countries**	**506,750**	**508,056**	**495,429**	**468,871**	**459,497**	**480,864**	**470,556**	**459,239[r]**	**475,147**	**463,896**
3 Europe	113,093	114,310	123,999	120,313	118,213	122,297	124,429	116,836	124,529	124,605
4 Austria	362	327	331	1,013	941	1,080	587	691	457	573
5 Belgium and Luxembourg	5,473	6,158	6,404	6,177	5,513	5,955	6,127	6,515	6,539	5,494
6 Denmark	497	686	707	645	628	721	835	693	631	1,056
7 Finland	1,047	1,907	1,419	998	885	1,225	1,007	705	594	730
8 France	14,468	15,112	14,803	13,141	11,614	11,833	11,847	11,500	10,963	11,516
9 Germany	3,343	3,371	4,229	5,322	6,089	6,236	7,746	6,766	7,994	7,319
10 Greece	727	553	718	618	596	564	509	508	629	842
11 Italy	6,052	8,242	9,048	8,724	8,218	9,250	8,053	8,839	8,985	8,085
12 Netherlands	1,761	2,546	2,472	2,607	3,278	2,764	3,260	3,081	3,433	3,157
13 Norway	782	669	356	714	676	789	823	941	841	779
14 Portugal	292	344	325	513	593	670	710	803	787	826
15 Russia	530	1,970	3,147	2,889	3,080	3,045	2,799	2,591	2,547	2,585
16 Spain	2,668	1,881	2,772	3,642	3,441	3,607	5,117	4,184	3,652	4,746
17 Sweden	2,094	2,335	4,929	4,509	4,229	4,062	5,131	4,278	4,619	4,111
18 Switzerland	4,202	4,540	4,722	4,361	4,735	4,123	5,193	5,634	5,216	4,647
19 Turkey	1,405	1,063	962	1,285	1,508	1,584	1,492	1,549	1,418	1,650
20 United Kingdom	65,151	60,395	63,928	60,725	59,703	62,565	60,767	55,118	62,786	64,009
21 Yugoslavia[2]	1,142	825	569	551	550	548	547	547	542	535
22 Other Europe and former U.S.S.R.[3]	1,095	1,386	2,158	1,879	1,936	1,676	1,879	1,893	1,896	1,945
23 Canada	16,091	15,113	14,155	16,977	16,393	16,693	17,776	17,373	19,009	15,756
24 Latin America and Caribbean	231,506	246,137	218,133	202,149	197,039	212,620	208,231	207,554[r]	215,634	211,204
25 Argentina	6,967	5,869	4,958	3,931	3,942	4,066	4,841	4,740	4,715	4,396
26 Bahamas	76,525	87,138	60,868	59,418	56,188	59,979	56,833	56,276[r]	60,906	60,839
27 Bermuda	4,056	2,270	5,934	5,609	3,089	4,319	8,578	7,122	5,550	8,929
28 Brazil	17,995	11,894	10,774	10,815	10,710	12,319	10,842	10,927	11,294	11,671
29 British West Indies	88,565	107,846	101,523	88,975	89,853	97,306	91,566	93,116[r]	97,409	88,772
30 Chile	3,271	2,805	3,397	3,552	3,718	3,675	3,898	3,796	3,832	3,856
31 Colombia	2,587	2,425	2,750	2,786	2,876	2,847	2,886	2,916	2,921	2,953
32 Cuba	0	0	0	0	0	1	0	0	0	0
33 Ecuador	1,387	1,053	884	807	770	771	732	739	701	707
34 Guatemala	191	228	262	269	256	266	240	256	244	259
35 Jamaica	238	158	162	161	165	184	182	181	183	175
36 Mexico	14,851	16,567	14,997	15,534	14,967	15,279	15,685	15,652[r]	15,724	16,121
37 Netherlands Antilles	7,998	1,207	1,379	1,971	2,354	3,011	3,172	3,153	3,155	3,339
38 Panama	1,471	1,560	4,654	2,491	2,440	2,549	2,532	2,361	2,370	2,491
39 Peru	663	739	730	691	675	657	651	667	617	635
40 Uruguay	786	599	936	787	778	904	807	816	926	926
41 Venezuela	2,571	2,516	2,525	2,495	2,542	2,803	3,001	2,876	2,835	2,815
42 Other	1,384	1,263	1,400	1,857	1,716	1,684	1,785	1,960[r]	2,252	2,320
43 Asia	138,722	125,262	131,857	122,414	120,983	122,134	112,896	111,196[r]	109,098	105,499
China										
44 People's Republic of China	620	747	906	1,388	881	1,898	860	638	700	772
45 Republic of China (Taiwan)	1,952	2,087	2,046	1,670	1,561	1,840	1,549	1,585	1,593	1,674
46 Hong Kong	10,648	9,617	9,673	9,215	10,420	9,747	10,637	9,390	11,153	9,638
47 India	655	441	529	549	489	438	470	442[r]	573	621
48 Indonesia	933	952	1,189	1,432	1,386	1,503	1,282	1,289	1,329	1,268
49 Israel	774	860	820	1,057	814	777	733	775	747	752
50 Japan	90,699	84,807	79,189	71,681	71,908	71,327	62,501	64,890[r]	60,263	60,307
51 Korea (South)	5,766	6,048	6,180	7,048	7,152	7,428	7,587	7,245	7,098	7,123
52 Philippines	1,247	1,910	2,145	1,645	1,521	1,402	1,357	1,250	1,143	1,168
53 Thailand	1,573	1,713	1,867	1,794	1,763	1,865	2,006	2,018	2,146	2,151
54 Middle Eastern oil-exporting countries[4]	10,749	8,284	18,559	17,909	17,937	17,437	16,946	15,912	14,251	13,580
55 Other	13,106	7,796	8,754	7,026	5,151	6,472	6,968	5,762	8,102	6,445
56 Africa	5,445	4,928	4,279	3,767	3,661	3,812	3,856	3,902	4,023	3,911
57 Egypt	380	294	186	151	151	177	148	168	176	160
58 Morocco	513	575	441	396	420	416	437	443	454	433
59 South Africa	1,525	1,235	1,041	924	803	748	742	705	713	663
60 Zaire	16	4	4	3	3	3	4	4	3	3
61 Oil-exporting countries[5]	1,486	1,298	1,002	1,128	1,144	1,156	1,232	1,224	1,206	1,179
62 Other	1,525	1,522	1,605	1,165	1,140	1,312	1,293	1,358	1,471	1,473
63 Other	1,892	2,306	3,006	3,251	3,208	3,308	3,368	2,378	2,854	2,921
64 Australia	1,413	1,665	2,262	2,635	2,534	2,574	2,443	1,847	2,419	2,401
65 Other	479	641	744	616	674	734	925	531	435	520
66 Nonmonetary international and regional organizations[6]	4,793	6,283	5,082	2,417	1,682	2,080	1,307	1,952	2,379	1,230

1. Reporting banks include all types of depository institutions, as well as some brokers and dealers.
2. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
3. Includes the Bank for International Settlements and Eastern European countries not listed in line 23. Since December 1992, includes all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
Comprises Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

Claim	1990	1991	1992	1993						
				Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.[p]
1 **Total**	**579,044**	**579,683**	**560,549**	...	...	**532,827**	...	...	**518,807**	...
2 Banks' claims	511,543	514,339	500,511	471,288	461,179	482,944	471,863	461,191	477,526	465,126
3 Foreign public borrowers	41,900	37,126	31,376	30,390	29,601	29,409	32,579	30,287	31,926	31,329
4 Own foreign offices[2]	304,315	318,800	304,623	287,119	282,587	298,972	280,120	275,299	286,883	268,660
5 Unaffiliated foreign banks	117,272	116,602	109,643	97,747	94,727	93,965	92,865	94,018	96,167	92,373
6 Deposits	65,253	69,018	61,277	47,816	47,327	46,273	44,823	45,490	44,671	43,816
7 Other	52,019	47,584	48,366	49,931	47,400	47,692	48,042	48,528	51,496	48,557
8 All other foreigners	48,056	41,811	54,869	56,032	54,264	60,598	66,299	61,587	62,550	72,764
9 Claims of banks' domestic customers[3]	67,501	65,344	60,038	...	...	49,883	...	...	41,281	...
10 Deposits	14,375	15,280	15,452	...	...	12,960	...	...	9,343	...
11 Negotiable and readily transferable instruments[4]	41,333	37,125	31,454	...	...	23,488	...	...	18,475	...
12 Outstanding collections and other claims	11,792	12,939	13,132	...	...	13,435	...	...	13,463	...
MEMO										
13 Customer liability on acceptances	13,628	8,974	8,670	...	...	8,121	...	...	8,189	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	44,638	42,936	36,073	33,016	33,840	29,687	29,302[r]	28,345	24,443	n.a.

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are quarterly.
Reporting banks include all types of depository institution, as well as some brokers and dealers.
2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in Consolidated Report of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
3. Assets held by reporting banks in the accounts of their domestic customers.
4. Principally negotiable time certificates of deposit and bankers acceptances.
5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see *Federal Reserve Bulletin*, vol. 65 (July 1979), p. 550.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

Maturity, by borrower and area[2]	1989	1990	1991	1992	1993		
				Dec.	Mar.	June	Sept.[p]
1 **Total**	**238,123**	**206,903**	**195,302**	**195,560**	**182,873**	**183,236**	**189,870**
By borrower							
2 Maturity of one year or less	178,346	165,985	162,573	163,775	152,673	154,617	162,071
3 Foreign public borrowers	23,916	19,305	21,050	17,809	21,210	17,943	21,221
4 All other foreigners	154,430	146,680	141,523	145,966	131,463	136,674	140,850
5 Maturity of more than one year	59,776	40,918	32,729	31,785	30,200	28,619	27,799
6 Foreign public borrowers	36,014	22,269	15,859	13,279	12,220	11,252	10,498
7 All other foreigners	23,762	18,649	16,870	18,506	17,980	17,367	17,301
By area							
Maturity of one year or less							
8 Europe	53,913	49,184	51,835	53,707	55,292	54,357	57,229
9 Canada	5,910	5,450	6,444	6,096	7,890	8,013	9,809
10 Latin America and Caribbean	53,003	49,782	43,597	50,398	45,141	48,584	51,662
11 Asia	57,755	53,258	51,059	45,726	37,895	38,818	37,677
12 Africa	3,225	3,040	2,549	1,784	1,680	1,715	1,919
13 All other[3]	4,541	5,272	7,089	6,064	4,775	3,130	3,775
Maturity of more than one year							
14 Europe	4,121	3,859	3,878	5,367	4,896	4,561	4,433
15 Canada	2,353	3,290	3,595	3,282	3,117	2,875	2,573
16 Latin America and Caribbean	45,816	25,774	18,277	15,312	14,567	13,850	13,544
17 Asia	4,172	5,165	4,459	5,034	5,054	4,794	4,760
18 Africa	2,630	2,374	2,335	2,380	2,130	2,050	2,046
19 All other[3]	684	456	185	410	436	489	443

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.
2. Maturity is time remaining to maturity.
3. Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

	Area or country	1989	1990	1991		1992				1993		
				Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.[p]
1	**Total**	**340.9**	**320.1**	**338.4**	**343.6**	**351.7**	**359.4**	**346.0**	**347.6**	**363.0**	**377.6**	**389.0**
2	G-10 countries and Switzerland	152.9	132.2	135.0	137.6	130.9	136.2	137.4	133.9	143.6	149.8	153.0
3	Belgium and Luxembourg	6.3	5.9	5.8	6.0	5.3	6.2	6.2	5.6	6.1	7.0	7.1
4	France	11.7	10.4	11.1	11.0	10.0	11.9	15.3	15.3	13.6	14.0	12.3
5	Germany	10.5	10.6	9.7	8.3	8.4	8.8	10.9	9.3	9.9	10.8	12.4
6	Italy	7.4	5.0	4.5	5.6	5.4	8.0	6.4	6.5	6.7	7.6	8.0
7	Netherlands	3.1	3.0	3.0	4.7	4.3	3.3	3.7	2.8	3.7	3.7	3.7
8	Sweden	2.0	2.2	2.1	1.9	2.0	1.9	2.2	2.3	3.0	2.5	2.5
9	Switzerland	7.1	4.4	3.9	3.4	3.2	4.6	5.2	4.8	5.3	4.7	5.6
10	United Kingdom	67.2	60.9	65.6	68.5	64.8	65.9	61.8	61.3	66.3	73.5	74.9
11	Canada	5.4	5.9	5.8	5.8	6.5	6.7	6.7	6.6	8.6	8.1	9.7
12	Japan	32.3	24.0	23.5	22.6	21.1	18.7	18.9	19.3	20.4	17.9	16.9
13	Other industrialized countries	21.0	22.9	22.1	22.8	21.4	25.5	25.1	24.0	25.5	27.2	26.0
14	Austria	1.5	1.4	1.0	.6	.8	.8	.7	1.2	1.2	1.3	.6
15	Denmark	1.1	1.1	.9	.9	.8	1.3	1.5	.9	.8	1.0	1.1
16	Finland	1.0	.7	.6	.7	.8	.8	1.0	.7	.7	.9	.6
17	Greece	2.5	2.7	2.3	2.6	2.3	2.8	3.0	3.0	2.8	3.1	3.2
18	Norway	1.4	1.6	1.4	1.4	1.5	1.7	1.6	1.2	1.8	1.8	2.1
19	Portugal	.4	.6	.5	.6	.5	.5	.5	.4	.7	.9	1.0
20	Spain	7.1	8.3	8.3	8.3	7.7	10.1	9.8	9.0	9.5	10.5	9.3
21	Turkey	1.2	1.7	1.6	1.4	1.2	1.5	1.5	1.3	1.4	2.1	2.1
22	Other Western Europe	1.0	1.2	1.3	1.8	1.5	2.0	1.5	1.7	2.0	1.7	2.2
23	South Africa	2.0	1.8	1.6	1.9	1.8	1.7	1.7	1.7	1.6	1.3	1.2
24	Australia	1.6	1.8	2.4	2.7	2.3	2.3	2.3	2.9	2.9	2.5	2.8
25	OPEC[2]	17.1	12.8	15.6	14.5	15.8	16.2	15.9	16.1	16.8	15.9	14.9
26	Ecuador	1.3	1.0	.8	.7	.7	.7	.7	.6	.6	.6	.5
27	Venezuela	7.0	5.0	5.6	5.4	5.4	5.3	5.4	5.2	5.3	5.6	5.6
28	Indonesia	2.0	2.7	2.8	2.7	3.0	3.0	3.0	3.0	3.1	3.1	2.8
29	Middle East countries	5.0	2.5	5.0	4.2	5.3	5.9	5.4	6.2	6.6	5.4	4.9
30	African countries	1.7	1.7	1.5	1.5	1.4	1.4	1.4	1.1	1.1	1.1	1.1
31	Non-OPEC developing countries	77.5	65.4	64.7	63.9	69.7	68.1	72.8	72.1	74.3	76.5	76.9
	Latin America											
32	Argentina	6.3	5.0	4.5	4.8	5.0	5.1	6.2	6.6	7.0	6.6	7.2
33	Brazil	19.0	14.4	10.5	9.6	10.8	10.6	10.8	10.8	11.6	12.3	11.6
34	Chile	4.6	3.5	3.7	3.6	3.9	4.0	4.2	4.4	4.6	4.6	4.7
35	Colombia	1.8	1.8	1.6	1.7	1.6	1.6	1.7	1.8	1.9	1.9	2.0
36	Mexico	17.7	13.0	16.2	15.5	17.7	16.3	17.1	16.0	16.8	16.7	17.5
37	Peru	.6	.5	.4	.4	.4	.4	.5	.5	.4	.4	.3
38	Other	2.8	2.3	1.9	2.1	2.2	2.2	2.5	2.6	2.6	2.7	2.6
	Asia											
	China											
39	Peoples Republic of China	.3	.2	.4	.3	.3	.3	.3	.7	.6	1.6	.5
40	Republic of China (Taiwan)	4.5	3.5	4.1	4.1	4.8	4.6	5.0	5.2	5.3	5.9	6.4
41	India	3.1	3.3	2.8	3.0	3.6	3.8	3.6	3.2	3.1	3.1	2.9
42	Israel	.7	.5	.5	.5	.4	.4	.4	.4	.5	.4	.4
43	Korea (South)	5.9	6.2	6.5	6.8	6.9	6.9	7.4	6.6	6.5	6.9	6.5
44	Malaysia	1.7	1.9	2.3	2.3	2.5	2.7	3.0	3.1	3.3	3.7	4.1
45	Philippines	4.1	3.8	3.6	3.7	3.6	3.1	3.6	3.6	3.4	2.9	2.6
46	Thailand	1.3	1.5	1.9	1.7	1.7	1.9	2.2	2.2	2.2	2.4	2.8
47	Other Asia[3]	1.0	1.7	2.0	2.0	2.3	2.5	2.7	2.7	2.7	2.6	3.0
	Africa											
48	Egypt	.4	.4	.4	.4	.3	.5	.3	.2	.2	.2	.2
49	Morocco	.9	.8	.7	.7	.7	.7	.6	.6	.5	.6	.6
50	Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51	Other Africa[3]	1.0	1.0	.8	.7	.7	.6	.9	1.0	.8	.9	.8
52	Eastern Europe	3.5	2.3	1.8	2.4	2.9	3.0	3.1	3.1	2.9	3.2	3.0
53	Russia	.7	.2	.4	.9	1.4	1.7	1.8	1.9	1.7	1.9	1.7
54	Yugoslavia	1.6	1.2	.8	.9	.8	.7	.7	.6	.6	.6	.6
55	Other	1.3	.9	.7	.7	.6	.6	.7	.6	.7	.7	.7
56	Offshore banking centers	38.4	44.7	54.6	54.2	63.0	61.5	54.6	58.4	60.1	57.7	67.4
57	Bahamas	5.5	2.9	6.7	11.9	15.3	13.0	9.0	6.9	9.6	6.9	12.4
58	Bermuda	1.7	4.4	7.1	2.3	3.9	5.1	3.8	6.2	4.1	4.5	5.5
59	Cayman Islands and other British West Indies	9.0	11.7	13.8	15.8	18.6	19.3	16.9	21.8	17.6	15.6	15.1
60	Netherlands Antilles	2.3	7.9	3.9	1.2	1.0	.8	.7	1.1	1.6	2.5	2.8
61	Panama[4]	1.4	1.4	1.3	1.4	1.6	1.9	2.0	1.9	2.0	2.1	2.1
62	Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63	Hong Kong	11.3	9.7	14.0	14.4	14.0	15.0	15.2	13.8	16.7	16.8	19.0
64	Singapore	7.0	6.6	7.7	7.1	8.5	6.4	6.8	6.5	8.4	9.3	10.4
65	Other[5]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66	Miscellaneous and unallocated[6]	30.5	39.9	44.4	48.0	47.8	48.6	36.8	39.7	39.5	47.3	47.6

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. U.S. office data include other types of U.S.-owned depository institutions as well as some types of brokers and dealers. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

Since June 1984, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

2. Organization of Petroleum Exporting Countries, shown individually; other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates); and Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia.

4. Includes Canal Zone.

5. Foreign branch claims only.

6. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

	Type of liability and area or country	1989	1990	1991	1992				1993	
					Mar.	June	Sept.	Dec.	Mar.	June[p]
1	**Total**	**38,764**	**46,043**	**43,692**	**44,879**	**45,251**	**46,125**	**44,322**	**45,177**	**46,141**
2	Payable in dollars	33,973	40,786	38,117	39,243	38,480	37,499	36,623	37,064	36,602
3	Payable in foreign currencies	4,791	5,257	5,575	5,636	6,771	8,626	7,699	8,113	9,539
	By type									
4	Financial liabilities	17,879	21,066	22,055	22,813	22,823	24,061	22,804	23,071	24,219
5	Payable in dollars	14,035	16,979	17,760	18,407	17,503	17,092	16,178	16,348	16,262
6	Payable in foreign currencies	3,844	4,087	4,295	4,406	5,320	6,969	6,626	6,723	7,957
7	Commercial liabilities	20,885	24,977	21,637	22,066	22,428	22,064	21,518	22,106	21,922
8	Trade payables	8,070	10,683	8,699	9,164	9,769	9,727	9,437	9,945	9,692
9	Advance receipts and other liabilities	12,815	14,294	12,938	12,902	12,659	12,337	12,081	12,161	12,230
10	Payable in dollars	19,938	23,807	20,357	20,836	20,977	20,407	20,445	20,716	20,340
11	Payable in foreign currencies	947	1,170	1,280	1,230	1,451	1,657	1,073	1,390	1,582
	By area or country									
	Financial liabilities									
12	Europe	11,660	10,978	11,878	12,729	13,460	14,252	13,024	13,343	14,355
13	Belgium and Luxembourg	340	394	236	192	213	276	434	306	268
14	France	258	975	2,106	1,997	2,324	2,785	1,608	1,610	2,295
15	Germany	464	621	682	666	634	738	810	820	781
16	Netherlands	941	1,081	1,056	1,025	979	980	606	639	690
17	Switzerland	541	545	408	355	490	627	569	503	554
18	United Kingdom	8,818	6,357	6,383	7,588	7,933	8,044	8,327	8,911	9,112
19	Canada	610	229	292	308	362	345	516	576	492
20	Latin America and Caribbean	1,357	4,153	4,404	4,230	3,503	3,592	3,565	3,624	3,428
21	Bahamas	157	371	537	406	353	230	359	509	404
22	Bermuda	17	0	114	114	114	115	114	114	124
23	Brazil	0	0	6	8	10	18	19	18	18
24	British West Indies	724	3,160	3,144	3,088	2,352	2,528	2,382	2,307	2,202
25	Mexico	6	5	7	7	8	12	12	13	11
26	Venezuela	0	4	4	4	4	5	6	5	5
27	Asia	4,151	5,295	5,423	5,451	5,409	5,782	5,665	5,467	5,764
28	Japan	3,299	4,065	4,187	4,192	4,316	4,749	4,639	4,495	4,621
29	Middle East oil-exporting countries[2]	2	5	13	13	10	17	19	24	19
30	Africa	2	2	6	7	0	5	6	6	130
31	Oil-exporting countries[3]	0	0	4	6	0	0	0	0	123
32	All other[4]	100	409	52	88	89	85	28	55	50
	Commercial liabilities									
33	Europe	9,071	10,310	8,147	7,693	7,332	6,992	7,028	6,768	6,945
34	Belgium and Luxembourg	175	275	248	256	240	173	298	269	267
35	France	877	1,218	963	683	662	694	673	677	769
36	Germany	1,392	1,270	950	885	707	759	632	563	634
37	Netherlands	710	844	710	574	605	601	557	667	710
38	Switzerland	693	775	575	543	461	482	416	532	435
39	United Kingdom	2,620	2,792	2,311	2,446	2,405	2,282	2,478	2,157	2,186
40	Canada	1,124	1,261	1,014	1,115	1,109	1,114	923	998	933
41	Latin America and Caribbean	1,224	1,672	1,355	1,704	1,814	1,493	1,619	1,912	1,814
42	Bahamas	41	12	3	13	8	3	6	18	6
43	Bermuda	308	538	310	493	409	325	312	437	356
44	Brazil	100	145	219	230	218	121	211	238	225
45	British West Indies	27	30	107	108	73	85	57	87	16
46	Mexico	323	475	307	378	480	326	446	544	659
47	Venezuela	164	130	94	168	279	125	130	167	163
48	Asia	7,550	9,483	9,335	9,895	10,445	11,026	10,815	11,109	10,965
49	Japan	2,914	3,651	3,722	3,550	3,538	3,918	4,005	4,096	3,723
50	Middle Eastern oil-exporting countries[2,5]	1,632	2,016	1,498	1,592	1,778	1,813	1,793	1,775	1,771
51	Africa	886	844	715	646	777	675	559	590	603
52	Oil-exporting countries[3]	339	422	327	253	389	335	295	236	315
53	Other[4]	1,030	1,406	1,071	1,013	951	764	574	729	662

1. For a description of the changes in the international statistics tables, see *Federal Reserve Bulletin*, vol. 65, (July 1979), p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.
5. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

	Type, and area or country	1989	1990	1991	1992				1993	
					Mar.	June	Sept.	Dec.	Mar.	June[p]
1	**Total**	**33,173**	**35,348**	**44,799**	**44,689**	**46,068**	**45,755**	**40,755**	**45,134**	**40,849**
2	Payable in dollars	30,773	32,760	42,238	42,057	43,069	42,795	38,247	42,405	37,797
3	Payable in foreign currencies	2,400	2,589	2,561	2,632	2,999	2,960	2,508	2,729	3,052
	By type									
4	Financial claims	19,297	19,874	27,635	27,821	28,783	28,395	23,257	25,916	21,480
5	Deposits	12,353	13,577	19,856	19,969	19,679	19,405	14,991	16,520	11,598
6	Payable in dollars	11,364	12,552	18,981	18,770	18,324	18,268	14,202	15,464	10,682
7	Payable in foreign currencies	989	1,025	875	1,199	1,355	1,137	789	1,056	916
8	Other financial claims	6,944	6,297	7,779	7,852	9,104	8,990	8,266	9,396	9,882
9	Payable in dollars	6,190	5,280	6,899	7,130	8,397	7,983	7,520	8,670	8,985
10	Payable in foreign currencies	754	1,017	880	722	707	1,007	746	726	897
11	Commercial claims	13,876	15,475	17,164	16,868	17,285	17,360	17,498	19,218	19,369
12	Trade receivables	12,253	13,657	14,438	14,301	14,822	14,655	15,210	17,096	16,939
13	Advance payments and other claims	1,624	1,817	2,726	2,567	2,463	2,705	2,288	2,122	2,430
14	Payable in dollars	13,219	14,927	16,358	16,157	16,348	16,544	16,525	18,271	18,130
15	Payable in foreign currencies	657	548	806	711	937	816	973	947	1,239
	By area or country									
	Financial claims									
16	Europe	8,463	9,645	13,277	13,834	12,871	11,229	9,131	10,180	9,407
17	Belgium and Luxembourg	28	76	13	12	25	16	8	6	13
18	France	153	371	269	252	777	768	762	905	774
19	Germany	152	367	287	266	358	296	330	382	377
20	Netherlands	238	265	334	707	715	750	515	544	499
21	Switzerland	153	357	581	647	765	587	487	478	460
22	United Kingdom	7,496	7,971	11,366	11,580	8,692	8,002	6,054	6,833	6,350
23	Canada	1,904	2,934	2,642	2,694	2,545	2,281	1,704	2,107	1,758
24	Latin America and Caribbean	8,020	6,201	10,634	10,244	12,001	13,731	11,032	9,611	6,612
25	Bahamas	1,890	1,090	784	493	538	1,212	638	320	697
26	Bermuda	7	3	8	12	12	65	40	79	258
27	Brazil	224	68	351	346	331	589	686	592	590
28	British West Indies	5,486	4,635	9,016	8,965	10,699	11,422	9,196	8,159	4,558
29	Mexico	94	177	212	212	244	239	286	235	270
30	Venezuela	20	25	40	34	32	26	29	23	24
31	Asia	590	860	640	617	952	717	806	3,263	2,961
32	Japan	213	523	350	355	705	471	643	3,066	2,444
33	Middle East oil-exporting countries[2]	8	8	5	3	4	4	3	3	10
34	Africa	140	37	57	60	57	71	79	128	125
35	Oil-exporting countries[3]	12	0	1	0	0	1	9	1	1
36	All other[4]	180	195	385	372	357	366	505	627	617
	Commercial claims									
37	Europe	6,209	7,044	7,992	7,971	8,239	7,909	7,776	8,415	8,770
38	Belgium and Luxembourg	242	212	192	182	255	173	186	169	170
39	France	964	1,240	1,583	1,663	1,685	1,824	1,493	1,465	1,452
40	Germany	696	807	952	946	919	895	898	960	964
41	Netherlands	479	555	643	646	666	588	541	724	555
42	Switzerland	313	301	295	323	394	305	307	426	441
43	United Kingdom	1,575	1,775	2,084	2,085	2,172	2,004	1,941	2,312	2,506
44	Canada	1,091	1,074	1,111	1,121	1,063	1,138	1,213	1,259	1,285
45	Latin America and Caribbean	2,184	2,375	2,649	2,630	2,727	3,213	2,962	3,388	3,376
46	Bahamas	58	14	13	12	12	12	27	18	16
47	Bermuda	323	246	264	273	291	256	246	195	239
48	Brazil	297	326	425	372	447	406	348	821	780
49	British West Indies	36	40	41	45	32	43	38	17	42
50	Mexico	508	661	839	907	859	973	903	967	876
51	Venezuela	147	192	203	207	253	307	338	336	310
52	Asia	3,570	4,127	4,592	4,368	4,499	4,314	4,649	5,295	5,029
53	Japan	1,199	1,460	1,900	1,796	1,798	1,774	1,812	2,122	1,824
54	Middle Eastern oil-exporting countries[2]	518	460	621	635	609	513	679	756	659
55	Africa	429	488	427	424	428	439	549	454	507
56	Oil-exporting countries[3]	108	67	95	75	73	60	78	75	97
57	Other[4]	393	367	393	354	329	347	349	407	402

1. For a description of the changes in the international statistics tables, see *Federal Reserve Bulletin*, vol. 65, (July 1979), p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction and area or country	1991	1992	1993 Jan.–Oct.	1993 Apr.	May	June	July	Aug.	Sept.[r]	Oct.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	211,207	221,426	254,328	25,123	23,094	24,310	24,441	26,133[r]	23,891	32,326
2 Foreign sales	200,116	226,548	240,801	25,454	22,308	23,467	25,046	23,693	23,023	27,840
3 Net purchases or sales (−)	**11,091**	**−5,122**	**13,527**	**−331**	**786**	**843**	**−605**	**2,440[r]**	**868**	**4,486**
4 Foreign countries	**10,522**	**−5,155**	**13,349**	**−339**	**790**	**815**	**−652**	**2,413[r]**	**950**	**4,574**
5 Europe	53	−4,913	6,458	−650	−619	415	−185	670	433	3,095
6 France	9	−1,350	−209	−154	−86	−66	45	−9	−152	198
7 Germany	−63	−66	1,251	137	6	99	76	202	112	328
8 Netherlands	−227	−262	−19	32	35	−91	−452	133	69	134
9 Switzerland	−131	168	2,442	280	50	178	369	354	−260	409
10 United Kingdom	−352	−3,301	1,628	−1,140	−689	195	−73	−204	570	1,709
11 Canada	3,845	1,407	−3,138	91	−132	−532	−1,400	−128	−596	−324
12 Latin America and Caribbean	2,177	2,203	3,710	246	509	72	413	613[r]	139	1,245
13 Middle East[1]	−134	−88	−375	7	56	−22	−135	−44	10	−77
14 Other Asia	4,255	−3,943	6,633	2	910	1,073	632	1,204	977	602
15 Japan	1,179	−3,598	2,657	−530	452	230	626	860	1,016	349
16 Africa	153	10	37	−48	10	20	−49	63	3	5
17 Other countries	174	169	24	13	56	−211	72	35	−16	28
18 Nonmonetary international and regional organizations	**568**	**33**	**178**	**8**	**−4**	**28**	**47**	**27**	**−82**	**−88**
BONDS[2]										
19 Foreign purchases	153,096	214,922	227,175	20,817	19,325	24,091	22,738	22,288	24,844	28,465
20 Foreign sales	125,637	175,737	177,924	15,765	15,514	16,825	20,730	16,481[r]	16,294	19,032
21 Net purchases or sales (−)	**27,459**	**39,185**	**49,251**	**5,052**	**3,811**	**7,266**	**2,008**	**5,807[r]**	**8,550**	**9,433**
22 Foreign countries	**27,590**	**38,069**	**48,804**	**5,073**	**3,843**	**7,229**	**2,018**	**5,801[r]**	**7,864**	**9,294**
23 Europe	13,112	17,540	18,355	1,616	360	2,710	−1,001	2,102[r]	3,912	4,779
24 France	847	1,203	2,091	508	595	−12	−76	64	13	512
25 Germany	1,577	2,480	1,144	815	228	−241	2	−207	−419	881
26 Netherlands	482	540	−434	108	−7	−134	11	317	219	−518
27 Switzerland	656	−579	−576	−239	−219	−56	172	−327	−205	203
28 United Kingdom	8,931	12,526	15,052	975	−303	3,033	−1,214	1,847[r]	4,059	3,566
29 Canada	1,623	237	1,280	291	20	397	218	164	249	95
30 Latin America and Caribbean	2,672	9,300	10,162	632	1,262	1,770	901	1,678	846	1,727
31 Middle East[1]	1,787	3,166	2,442	463	115	202	147	158	171	375
32 Other Asia	8,459	7,545	15,346	2,082	2,062	2,089	1,382	1,432	2,373	2,256
33 Japan	5,767	−450	8,016	991	940	863	890	919	993	1,574
34 Africa	52	354	1,032	0	21	2	224	317	236	47
35 Other countries	−116	−73	187	−11	3	59	147	−50	77	15
36 Nonmonetary international and regional organizations	**−131**	**1,116**	**447**	**−21**	**−32**	**37**	**−10**	**6**	**686**	**139**
	Foreign securities									
37 Stocks, net purchases or sales (−)[3]	−31,967	−32,295	−54,443	−4,029	−3,793	−6,317	−7,964	−12,212[r]	−5,119	−6,517
38 Foreign purchases	120,598	150,037	186,143	19,297	16,465	18,523	19,620	20,745[r]	21,501	24,758
39 Foreign sales[3]	152,565	182,332	240,586	23,326	20,258	24,840	27,584	32,957[r]	26,620	31,275
40 Bonds, net purchases or sales (−)	−14,828	−19,585	−54,419	−2,913	−545	−7,528	−10,633	−1,046[r]	−9,908	−2,580
41 Foreign purchases	330,311	486,238	650,422	55,766	58,771	70,377	68,769	75,847[r]	80,177	75,992
42 Foreign sales	345,139	505,823	704,841	58,679	59,316	77,905	79,402	76,893[r]	90,085	78,572
43 Net purchases or sales (−), of stocks and bonds	**−46,795**	**−51,880**	**−108,862**	**−6,942**	**−4,338**	**−13,845**	**−18,597**	**−13,258[r]**	**−15,027**	**−9,097**
44 Foreign countries	**−46,711**	**−55,216**	**−108,987**	**−7,221**	**−4,671**	**−13,907**	**−18,707**	**−13,312[r]**	**−15,103**	**−9,446**
45 Europe	−34,452	−37,284	−80,656	−3,252	−5,382	−11,719	−15,488	−10,543[r]	−13,173	−4,853
46 Canada	−7,004	−6,635	−13,541	−818	11	−1,277	−2,557	1,635	−1,309	−1,003
47 Latin America and Caribbean	759	−3,881	−1,124	−2,551	1,092	421	−635	−1,127[r]	1,945	−557
48 Asia	−7,350	−6,654	−10,694	−531	−185	−780	121	−2,644[r]	−2,344	−2,006
49 Africa	−9	−2	−178	−18	−186	9	4	7	14	14
50 Other countries	1,345	−760	−2,794	−51	−21	−561	−152	−640	−236	−1,041
51 Nonmonetary international and regional organizations	**−84**	**3,336**	**125**	**279**	**333**	**62**	**110**	**54**	**76**	**349**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3. In a July 1989 merger, the former stockholders of a U.S. company received $5,453 million in shares of the new combined U.K. company. This transaction is not reflected in the data.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions

Millions of dollars

Country or area	1991	1992	1993 Jan.–Oct.	1993 Apr.	May	June	July	Aug.	Sept.	Oct.[p]
	Transactions, net purchases or sales (−) during period[1]									
1 **Estimated total**	**19,865**	**39,288**	**8,615**	**4,232**	**−1,159**	**−5,710**	**−1,531**	**13,980**	**−10,890[r]**	**3,946**
2 Foreign countries	19,687	37,935	8,837	4,393	−877	−5,955	−1,144	14,368	−10,748[r]	5,081
3 Europe	8,663	19,625	−1,973	1,518	−190	1,473	−1,539	3,547	−5,917	3,496
4 Belgium and Luxembourg	523	1,985	1,261	−387	647	86	505	−218	207	−205
5 Germany	−4,725	2,076	−9,798	−1,382	−3,396	−1,100	−2,918	305	1,209	1,176
6 Netherlands	−3,735	−2,959	−532	731	108	−393	524	−167	137	−506
7 Sweden	−663	−804	1,311	−100	649	673	32	293	53	47
8 Switzerland	1,007	488	−2,004	−719	108	888	−223	−74	−209	448
9 United Kingdom	6,218	24,184	8,574	2,659	2,948	2,147	1,455	3,787	−8,201	829
10 Other Europe and former U.S.S.R.	10,037	−5,345	−785	716	−1,254	−828	−914	−379	887	1,707
11 Canada	−3,019	562	9,048	1,386	522	133	2,270	324	−1,119	−342
12 Latin America and Caribbean	10,285	−3,222	−1,932	−2,020	−3,880	−1,419	−333	6,917	−3,311	3,701
13 Venezuela	10	539	314	74	152	5	2	−7	32	−102
14 Other Latin America and Caribbean	4,179	−1,956	−4,828	1,096	−1,863	711	510	1,178	−1,700	676
15 Netherlands Antilles	6,097	−1,805	2,582	−3,190	−2,169	−2,135	−845	5,746	−1,643	3,127
16 Asia	3,367	23,517	4,757	3,813	2,994	−5,687	−2,587	3,755	−574[r]	−2,009
17 Japan	−4,081	9,817	10,760	3,324	3,291	−301	−980	3,561	−1,809	156
18 Africa	689	1,103	1,006	67	−2	81	116	292	616	74
19 Other	−298	−3,650	−2,069	−371	−321	−536	929	−467	−443	161
20 Nonmonetary international and regional organizations	178	1,353	−222	−161	−282	245	−387	−388	−142[r]	−1,135
21 International	−358	1,018	−1,276	−228	−318	402	−321	−698	−99[r]	−879
22 Latin American regional	−72	533	615	16	−17	106	−21	30	18	−23
MEMO										
23 Foreign countries	19,687	37,935	8,837	4,393	−877	−5,955	−1,144	14,368	−10,748[r]	5,081
24 Official institutions	1,190	6,876	−8,787	2,709	−3,424	−760	−4,880	724	3,181[r]	1,623
25 Other foreign[2]	18,496	31,059	17,624	1,684	2,547	−5,195	3,736	13,644	−13,929[r]	3,458
Oil-exporting countries										
26 Middle East[2]	−6,822	4,317	−8,914	114	−1,070	−2,443	−1,261	−1,172	−980	−820
27 Africa[3]	239	11	4	−4	0	0	0	0	0	0

1. Official and private transactions in marketable U.S. Treasury securities having an original maturity of more than one year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

3. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS[1]

Percent per year

Country	Rate on Dec. 31, 1993		Country	Rate on Dec. 31, 1993		Country	Rate on Dec. 31, 1993	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	5.25	Nov. 1993	Germany	5.75	Oct. 1993	Norway	7.0	Oct. 1993
Belgium	5.25	Dec. 1993	Italy	8.0	Oct. 1993	Switzerland	4.0	Dec. 1993
Canada	4.11	Dec. 1993	Japan	1.75	Sept. 1993	United Kingdom	12.0	Sept. 1992
Denmark	6.50	Nov. 1993	Netherlands	5.0	Dec. 1993			
France[2]	6.20	Dec. 1993						

1. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood that the central bank transacts the largest proportion of its credit operations.

2. Since February 1981, the rate has been that at which the Bank of France discounts Treasury bills for seven to ten days.

3.27 FOREIGN SHORT-TERM INTEREST RATES[1]

Percent per year, averages of daily figures

Type or country	1991	1992	1993	1993						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Eurodollars	5.86	3.70	3.18	3.21	3.17	3.14	3.08	3.26	3.36	3.26
2 United Kingdom	11.47	9.56	5.88	5.83	5.88	5.79	5.88	5.74	5.52	5.28
3 Canada	9.07	6.76	5.14	4.91	4.48	4.58	4.90	4.76	4.34	4.09
4 Germany	9.15	9.42	7.17	7.51	7.12	6.49	6.52	6.53	6.20	5.99
5 Switzerland	8.01	7.67	4.79	4.99	4.62	4.56	4.61	4.44	4.44	4.10
6 Netherlands	9.19	9.25	6.74	6.64	6.45	6.27	6.26	6.20	5.85	5.51
7 France	9.49	10.14	8.31	7.19	7.72	7.45	7.07	6.85	6.56	6.39
8 Italy	12.04	13.91	10.10	10.18	9.42	9.20	9.05	8.69	8.94	8.57
9 Belgium	9.30	9.31	8.11	6.87	7.12	9.02	9.82	9.05	7.93	7.05
10 Japan	7.33	4.39	2.96	3.23	3.22	3.02	2.59	2.44	2.31	2.06

1. Rates are for three-month interbank loans, with the following exceptions: Canada, finance company paper; Belgium, three-month Treasury bills; and Japan, CD rate.

3.28 FOREIGN EXCHANGE RATES[1]

Currency units per dollar except as noted

Country/currency unit	1991	1992	1993	1993					
				July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Australia/dollar[2]	77.872	73.521	67.993	67.788	67.736	65.167	66.100	66.465	67.364
2 Austria/schilling	11.686	10.992	11.639	12.071	11.920	11.402	11.540	11.958	12.025
3 Belgium/franc	34.195	32.148	34.581	35.483	35.985	34.847	35.674	36.227	35.694
4 Canada/dollar	1.1460	1.2085	1.2902	1.2820	1.3080	1.3215	1.3263	1.3174	1.3308
5 China, P.R./yuan	5.3337	5.5206	5.7795	5.7756	5.7906	5.8015	5.8013	5.8086	5.8210
6 Denmark/krone	6.4038	6.0372	6.4863	6.6531	6.8976	6.6336	6.6379	6.7667	6.7042
7 Finland/markka	4.0521	4.4865	5.7251	5.7852	5.8315	5.7868	5.7554	5.8143	5.7602
8 France/franc	5.6468	5.2935	5.6669	5.8464	5.9298	5.6724	5.7541	5.9069	5.8477
9 Germany/deutsche mark	1.6610	1.5618	1.6545	1.7157	1.6944	1.6219	1.6405	1.7005	1.7105
10 Greece/drachma	182.63	190.81	229.64	234.77	237.64	232.56	237.93	243.43	245.51
11 Hong Kong/dollar	7.7712	7.7402	7.7357	7.7556	7.7515	7.7384	7.7307	7.7272	7.7245
12 India/rupee	22.712	28.156	31.291	31.600	31.612	31.578	31.505	31.434	31.440
13 Ireland/pound[2]	161.39	170.42	146.47	140.83	139.05	143.40	143.19	140.31	141.82
14 Italy/lira	1,241.28	1,232.17	1,573.41	1,586.02	1,603.75	1,569.10	1,600.93	1,666.31	1,687.17
15 Japan/yen	134.59	126.78	111.08	107.69	103.77	105.57	107.02	107.88	109.91
16 Malaysia/ringgit	2.7503	2.5463	2.5738	2.5672	2.5514	2.5475	2.5478	2.5548	2.5737
17 Netherlands/guilder	1.8720	1.7587	1.8585	1.9299	1.9062	1.8214	1.8438	1.9084	1.9162
18 New Zealand/dollar[2]	57.832	53.792	54.127	54.900	55.261	55.157	55.260	54.787	55.631
19 Norway/krone	6.4912	6.2142	7.0979	7.3179	7.3579	7.0829	7.1755	7.3882	7.4211
20 Portugal/escudo	144.77	135.07	161.08	167.87	173.27	166.28	169.60	173.93	174.58
21 Singapore/dollar	1.7283	1.6294	1.6158	1.6206	1.6100	1.5972	1.5735	1.5950	1.5975
22 South Africa/rand	2.7633	2.8524	3.2729	3.3518	3.3660	3.4135	3.3924	3.3680	3.3788
23 South Korea/won	736.73	784.58	805.75	809.58	811.94	811.84	813.45	809.79	812.57
24 Spain/peseta	104.01	102.38	127.48	134.93	138.51	130.54	132.18	137.27	140.42
25 Sri Lanka/rupee	41.200	44.013	48.205	48.643	48.750	48.854	48.954	49.187	49.322
26 Sweden/krona	6.0521	5.8258	7.7956	7.9802	8.0466	8.0170	8.0195	8.2660	8.3501
27 Switzerland/franc	1.4356	1.4064	1.4781	1.5147	1.4966	1.4182	1.4432	1.4969	1.4634
28 Taiwan/dollar	26.759	25.160	26.416	26.682	26.950	26.931	26.865	26.884	26.768
29 Thailand/baht	25.528	25.411	25.333	25.331	25.191	25.196	25.269	25.382	25.460
30 United Kingdom/pound[2]	176.74	176.63	150.16	149.55	149.14	152.48	150.23	148.08	149.13
MEMO									
31 United States/dollar[3]	89.84	86.61	93.18	94.59	94.32	92.07	93.29	95.47	95.73

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) monthly statistical release. For ordering address, see inside front cover.

2. Value in U.S. cents.

3. Index of weighted-average exchange value of U.S. dollar against the currencies of ten industrial countries. The weight for each of the ten countries is the 1972–76 average world trade of that country divided by the average world trade of all ten countries combined. Series revised as of August 1978 (see *Federal Reserve Bulletin*, vol. 64 (August 1978), p. 700).

Guide to Statistical Releases and Special Tables

STATISTICAL RELEASES—List Published Semiannually, with Latest Bulletin *Reference*

SPECIAL TABLES—Quarterly Data Published Irregularly, with Latest Bulletin *Reference*

4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities[1]
Consolidated Report of Condition, September 30, 1993

Millions of dollars except as noted

Item	Total	Banks with foreign offices[2]			Banks with domestic offices only[3]	
		Total	Foreign	Domestic	Over 100	Under 100
1 **Total assets[4]**	**3,605,757**	**2,015,148**	**476,587**	**1,629,957**	**1,244,739**	**345,870**
2 Cash and balances due from depository institutions	266,386	181,030	76,044	104,986	66,123	19,233
3 Cash items in process of collection, unposted debits, and currency and coin		79,322	2,155	77,168	36,200	
4 *Cash items in process of collection and unposted debits*		n.a.	n.a.	*60,031*	*23,901*	
5 Currency and coin		n.a.	n.a.	17,137	12,299	
6 Balances due from depository institutions in the United States	n.a.	26,224	18,063	8,161	15,772	n.a.
7 Balances due from banks in foreign countries and foreign central banks		58,278	54,806	3,472	2,871	
8 Balances due from Federal Reserve Banks		17,206	1,020	16,185	11,280	
MEMO						
9 Non-interest-bearing balances due from commercial banks in the United States (included in balances due from depository institutions in the United States)	n.a.	n.a.	n.a.	6,012	12,841	7,520
10 **Total securities, loans- and lease-financing receivables, net**	**2,987,563**	**1,555,350**	n.a.	n.a.	**1,119,162**	**313,051**
11 Total securities, book value	812,242	346,454	31,234	315,220	349,454	116,333
12 U.S. Treasury securities and U.S. government agency and corporation obligations	644,594	268,135	7,914	260,221	283,669	92,790
13 U.S. Treasury securities	n.a.	98,898	4,247	94,651	118,076	n.a.
14 U.S. government agency and corporation obligations	n.a.	169,237	3,667	165,570	165,593	n.a.
15 All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages	173,119	87,948	3,470	84,478	67,438	17,733
16 All other	n.a.	81,289	197	81,092	98,155	n.a.
17 Securities issued by states and political subdivisions in the United States	75,108	20,138	558	19,580	37,656	17,314
18 Other domestic debt securities	n.a.	28,794	123	28,671	22,060	n.a.
19 All holdings of private certificates of participation in pools of residential mortgages	4,581	2,407	0	2,407	2,038	136
20 All other domestic debt securities	50,972	26,387	123	26,264	20,022	4,564
21 Foreign debt securities	n.a.	23,086	21,578	1,508	328	n.a.
22 Equity securities	13,572	6,302	1,062	5,240	5,741	1,528
23 Marketable	5,786	1,683	294	1,389	3,104	999
24 Investments in mutual funds	3,713	851	10	841	1,972	890
25 Other	2,109	832	284	548	1,148	129
26 LESS: Net unrealized loss	36	1	0	0	16	19
27 Other equity securities	7,786	4,619	769	3,851	2,637	529
28 Federal funds sold and securities purchased under agreements to resell	146,177	85,119	752	84,368	45,643	15,415
29 Federal funds sold	122,045	64,083	n.a.	n.a.	42,685	15,277
30 Securities purchased under agreements to resell	24,132	21,036	n.a.	n.a.	2,958	138
31 Total loans- and lease-financing receivables, gross	2,089,676	1,160,797	211,956	948,842	743,257	185,622
32 LESS: Unearned income on loans	6,871	2,592	899	1,693	3,132	1,147
33 Total loans and leases (net of unearned income)	2,082,805	1,158,205	211,057	947,148	740,125	184,475
34 LESS: Allowance for loan and lease losses	53,231	34,002	n.a.	n.a.	16,058	3,171
35 LESS: Allocated transfer risk reserves	430	427	n.a.	n.a.	3	0
36 EQUALS: Total loans and leases, net	2,029,144	1,123,777	n.a.	n.a.	724,064	181,303
Total loans, gross, by category						
37 Loans secured by real estate	893,766	404,771	21,959	382,813	386,534	102,461
38 Construction and land development				34,560	27,170	6,276
39 Farmland				2,097	7,832	10,887
40 One- to four-family residential properties				222,672	212,806	55,701
41 Revolving, open-end loans, extended under lines of credit	n.a.	n.a.	n.a.	40,392	30,776	2,837
42 All other loans				182,279	182,031	52,864
43 Multifamily (five or more) residential properties				12,697	13,607	2,277
44 Nonfarm nonresidential properties				110,788	125,119	27,320
45 Loans to depository institutions	37,676	31,982	16,276	15,706	5,407	287
46 Commercial banks in the United States	n.a.	13,221	857	12,364	4,959	n.a.
47 Other depository institutions in the United States	n.a.	397	46	352	235	n.a.
48 Banks in foreign countries	n.a.	18,364	15,373	2,991	212	n.a.
49 Loans to finance agricultural production and other loans to farmers	37,279	5,165	182	4,983	12,252	19,862
50 Commercial and industrial loans	526,806	371,928	95,103	276,826	124,779	30,099
51 U.S. addressees (domicile)	n.a.	293,620	19,407	274,213	124,311	n.a.
52 Non-U.S. addressees (domicile)	n.a.	78,308	75,696	2,612	468	n.a.
53 Acceptances of other banks	1,851	1,390	867	524	358	102
54 U.S. banks	n.a.	388	8	380	n.a.	n.a.
55 Foreign banks	n.a.	1,003	859	144	n.a.	n.a.
56 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	400,556	181,678	21,732	159,946	188,855	30,022
57 Credit cards and related plans	142,041	73,066	n.a.	n.a.	67,308	1,668
58 Other (includes single payment and installment)	258,514	108,613	n.a.	n.a.	121,547	28,355
59 Obligations (other than securities) of states and political subdivisions in the United States (includes nonrated industrial development obligations)	22,657	12,293	332	11,961	9,199	1,165
60 Taxable	1,800	1,190	213	977	565	45
61 Tax-exempt	20,857	11,103	119	10,984	8,634	1,120
62 All other loans	133,375	122,891	52,144	70,747	9,360	1,124
63 Loans to foreign governments and official institutions	n.a.	24,345	22,520	1,825	49	n.a.
64 Other loans	n.a.	98,546	29,624	68,922	9,311	n.a.
65 Loans for purchasing and carrying securities	n.a.	n.a.	n.a.	20,653	2,186	n.a.
66 All other loans	n.a.	n.a.	n.a.	48,269	7,125	n.a.
67 Lease-financing receivables	35,709	28,697	3,361	25,336	6,513	499
68 Assets held in trading accounts	112,912	110,926	70,181	40,519	1,814	172
69 Premises and fixed assets (including capitalized leases)	54,691	29,657		n.a.	19,273	5,761
70 Other real estate owned	20,236	13,050		n.a.	5,861	1,325
71 Investments in unconsolidated subsidiaries and associated companies	3,246	2,839		n.a.	378	29
72 Customers' liability on acceptances outstanding	14,401	14,037	n.a.	n.a.	348	15
73 Net due from own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a.	n.a.		53,108	n.a.	n.a.
74 Intangible assets	16,630	9,903		n.a.	6,269	458
75 Other assets	129,692	98,356		n.a.	25,512	5,825

4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities[1]—Continued
Consolidated Report of Condition, September 30, 1993

Millions of dollars except as noted

Item	Total	Banks with foreign offices[2]			Banks with domestic offices only[3]	
		Total	Foreign	Domestic	Over 100	Under 100
76 **Total liabilities, limited-life preferred stock, and equity capital**	**3,605,757**	**2,015,148**	n.a.	n.a.	**1,244,739**	**345,870**
77 **Total liabilities**[5]	**3,319,152**	**1,868,431**	**476,581**	**1,483,246**	**1,138,960**	**311,761**
78 Limited-life preferred stock	4	0	n.a.	n.a.	1	2
79 Total deposits	2,675,745	1,363,716	322,561	1,041,156	1,008,724	303,306
80 Individuals, partnerships, and corporations			199,966	967,319	940,960	278,643
81 U.S. government				2,579	1,660	394
82 States and political subdivisions in the United States				30,799	46,086	19,741
83 Commercial banks in the United States	n.a.	n.a.	n.a.	18,921	8,126	1,166
84 Other depository institutions in the United States				3,252	4,561	1,353
85 Banks in foreign countries				5,886	219	n.a.
86 Foreign governments and official institutions		25,576	24,645	931	72	n.a.
87 Certified and official checks	21,376	12,370	902	11,468	7,039	1,966
88 All other[6]	n.a.	n.a.	97,048	n.a.	n.a.	42
89 Total transaction accounts				392,069	311,803	89,845
90 Individuals, partnerships, and corporations				337,878	278,695	79,369
91 U.S. government				2,248	1,282	282
92 States and political subdivisions in the United States				14,113	17,548	7,496
93 Commercial banks in the United States				17,748	5,836	542
94 Other depository institutions in the United States				2,303	1,179	161
95 Banks in foreign countries				5,584	186	n.a.
96 Foreign governments and official institutions				727	38	n.a.
97 Certified and official checks				11,468	7,039	1,966
98 All other				n.a.	n.a.	28
99 Demand deposits (included in total transaction accounts)				283,646	175,190	43,080
100 Individuals, partnerships, and corporations				235,047	153,188	38,263
101 U.S. government				2,007	1,240	268
102 States and political subdivisions in the United States				8,768	6,517	1,863
103 Commercial banks in the United States				17,748	5,814	538
104 Other depository institutions in the United States	n.a.	n.a.	n.a.	2,302	1,169	153
105 Banks in foreign countries				5,581	186	n.a.
106 Foreign governments and official institutions				725	38	n.a.
107 Certified and official checks				11,468	7,039	1,966
108 All other				n.a.	n.a.	28
109 Total nontransaction accounts				649,087	696,920	213,461
110 Individuals, partnerships, and corporations				629,441	662,265	199,274
111 U.S. government				331	378	112
112 States and political subdivisions in the United States				16,686	28,538	12,245
113 Commercial banks in the United States				1,173	2,290	624
114 *U.S. branches and agencies of foreign banks*				90	436	n.a.
115 Other commercial banks in the United States				1,083	1,853	n.a.
116 Other depository institutions in the United States				949	3,382	1,192
117 Banks in foreign countries				302	33	n.a.
118 Foreign branches of other U.S. banks				14	1	n.a.
119 Other banks in foreign countries				288	32	n.a.
120 Foreign governments and official institutions				204	35	n.a.
121 All other	n.a.	n.a.	n.a.	n.a.	n.a.	14
122 Federal funds purchased and securities sold under agreements to repurchase	277,928	202,041	824	201,217	72,357	3,530
123 Federal funds purchased	174,472	131,874	n.a.	n.a.	40,913	1,685
124 Securities sold under agreements to repurchase	103,456	70,167	n.a.	n.a.	31,444	1,844
125 Demand notes issued to the U.S. Treasury	n.a.	n.a.	n.a.	28,314	5,980	318
126 Other borrowed money	167,358	133,282	47,864	85,418	32,200	1,876
127 Banks' liability on acceptances executed and outstanding	14,461	14,097	3,839	10,258	348	15
128 Notes and debentures subordinated to deposits	36,756	34,306	n.a.	n.a.	2,413	38
129 Net owed to own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a.	n.a.	n.a.	38,289	n.a.	n.a.
130 All other liabilities	112,292	92,675	n.a.	n.a.	16,938	2,679
131 Total equity capital[7]	286,601	146,717	n.a.	n.a.	105,778	34,106
MEMO						
132 Holdings of commercial paper included in total loans, gross		614	170	444	588	n.a.
133 Total individual retirement (IRA) and Keogh plan accounts				62,648	66,445	17,249
134 Total brokered deposits				23,338	16,089	660
135 Total brokered retail deposits				16,420	13,482	632
136 Issued in denominations of $100,000 or less				982	3,211	566
137 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less				15,438	10,271	66
138 Money market deposit accounts (savings deposits; MMDAs)				239,046	176,460	37,975
139 Other savings deposits (excluding MMDAs)				129,616	136,921	40,076
140 Total time deposits of less than $100,000				190,831	296	108,931
141 Time certificates of deposit of $100,000 or more				76,356	84,505	25,564
142 Open-account time deposits of $100,000 or more				13,238	2,708	914
143 *All negotiable order of withdrawal (NOW) accounts (including Super NOWs)*				107,361	134,091	45,526
144 Total time and savings deposits	n.a.	n.a.	n.a.	757,509	833,533	260,226
Quarterly averages						
145 Total loans				907,595	723,203	180,883
146 Obligations (other than securities) of states and political subdivisions in the United States				12,455	9,046	n.a.
147 Transaction accounts in domestic offices (NOW accounts, automated transfer service (ATS) accounts, and telephone and preauthorized transfer accounts)				110,249	136,090	46,682
Nontransaction accounts in domestic offices						
148 Money market deposit accounts				243,775	176,892	37,757
149 Other savings deposits				129,639	135,770	39,580
150 Time certificates of deposit of $100,000 or more				81,452	83,323	25,047
151 All other time deposits				213,876	302,101	110,067
152 Number of banks	11,042	209	n.a.	n.a.	2,845	7,988

Footnotes appear at the end of table 4.22

4.21 DOMESTIC OFFICES Insured Commercial Banks with Assets of $100 Million or More or With Foreign Offices[1] Consolidated Report of Condition, September 30, 1993

Millions of dollars except as noted

Item	Total	Members			Non-members
		Total	National	State	
1 **Total assets[4]**	**2,874,696**	**2,252,286**	**1,733,493**	**518,793**	**622,410**
2 Cash and balances due from depository institutions	171,109	140,685	110,396	30,289	30,425
3 Cash items in process of collection and unposted debits	83,932	74,260	57,391	16,870	9,671
4 Currency and coin	29,436	24,080	19,550	4,530	5,356
5 *Balances due from depository institutions in the United States*	23,933	15,963	13,155	2,808	7,970
6 Balances due from banks in foreign countries and foreign central banks	6,343	4,735	4,163	571	1,608
7 Balances due from Federal Reserve Banks	27,466	21,646	16,137	5,510	5,819
8 **Total securities, loans and lease-financing receivables (net of unearned income)**	**2,481,958**	**1,920,270**	**1,506,868**	**413,402**	**561,688**
9 Total securities, book value	664,674	505,227	377,459	127,768	159,447
10 U.S. Treasury securities	212,726	156,539	121,101	35,438	56,188
11 *U.S. government agency and corporation obligations*	331,163	259,732	192,449	67,283	71,431
12 All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages	151,916	124,722	90,781	33,941	27,194
13 All other	179,248	135,010	101,668	33,342	44,238
14 Securities issued by states and political subdivisions in the United States	57,236	39,762	28,054	11,707	17,475
15 *Other domestic debt securities*	50,731	39,972	28,366	11,606	10,759
16 All holdings of private certificates of participation in pools of residential mortgages	4,445	3,673	2,854	818	772
17 All other domestic debt securities	46,286	36,299	25,512	10,787	9,987
18 Foreign debt securities	1,836	1,351	1,144	207	485
19 Equity securities	10,981	7,872	6,345	1,526	3,109
20 Marketable	4,493	2,117	1,788	330	2,376
21 Investments in mutual funds	2,813	1,331	1,176	156	1,482
22 Other	1,696	792	617	175	904
23 LESS: Net unrealized loss	16	6	5	1	10
24 Other equity securities	6,488	5,754	4,558	1,197	734
25 Federal funds sold and securities purchased under agreements to resell[8]	130,011	109,364	84,695	24,669	20,647
26 Federal funds sold	42,685	28,998	24,774	4,224	13,687
27 *Securities purchased under agreements to resell*	2,958	1,630	1,332	298	1,328
28 Total loans and lease-financing receivables, gross	1,692,098	1,308,816	1,047,035	261,782	383,282
29 LESS: Unearned income on loans	4,825	3,137	2,321	816	1,688
30 Total loans and leases (net of unearned income)	1,687,273	1,305,679	1,044,713	260,966	381,594
Total loans, gross, by category					
31 Loans secured by real estate	769,347	573,069	464,470	108,599	196,278
32 Construction and land development	61,730	46,053	37,237	8,816	15,677
33 Farmland	9,928	5,871	4,903	968	4,057
34 One- to four-family residential properties	435,478	333,449	271,071	62,378	102,029
35 Revolving, open-end and extended under lines of credit	71,168	55,269	44,785	10,483	15,899
36 All other loans	364,310	278,180	226,285	51,895	86,130
37 Multifamily (five or more) residential properties	26,304	18,555	14,961	3,593	7,749
38 *Nonfarm nonresidential properties*	235,907	169,142	136,298	32,844	66,765
39 Commercial banks in the United States	17,323	14,368	11,451	2,917	2,955
40 Other depository institutions in the United States	587	330	244	85	257
41 Banks in foreign countries	3,203	3,035	1,684	1,351	168
42 Loans to finance agricultural production and other loans to farmers	17,235	11,664	10,088	1,576	5,571
43 Commercial and industrial loans	401,605	328,598	263,297	65,301	73,007
44 U.S. addressees (domicile)	398,524	325,813	261,003	64,810	72,711
45 Non-U.S. addressees (domicile)	3,081	2,785	2,294	491	296
46 Acceptances of other banks[9]	881	632	476	156	249
47 U.S. banks	525	361	216	145	164
48 Foreign banks	271	237	233	4	34
49 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	348,802	258,605	211,916	46,688	90,197
50 Credit cards and related plans	67,308	46,502	42,568	3,934	20,806
51 Other (includes single-payment and installment loans)	121,547	75,103	59,304	15,800	46,444
52 Loans to foreign governments and official institutions	1,874	1,846	871	975	28
53 Obligations (other than securities) of states and political subdivisions in the United States (includes nonrated industrial development obligations)	21,160	17,219	12,649	4,570	3,941
54 Taxable	1,542	1,273	892	382	269
55 Tax-exempt	19,618	15,946	11,757	4,189	3,672
56 Other loans	78,233	72,800	48,490	24,309	5,434
57 Loans for purchasing and carrying securities	22,839	21,420	11,183	10,237	1,420
58 All other loans	55,394	51,380	37,308	14,072	4,014
59 Lease-financing receivables	31,849	26,650	21,398	5,252	5,198
60 Customers' liability on acceptances outstanding	10,479	9,857	7,169	2,688	621
61 Net due from own foreign offices, Edge Act and agreement subsidiaries, and IBFs	53,108	45,952	17,319	28,633	7,155
62 Remaining assets	211,150	181,474	109,061	72,414	29,675

4.21 DOMESTIC OFFICES Insured Commercial Banks with Assets of $100 Million or More or With Foreign Offices[1]—Continued
Consolidated Report of Condition, September 30, 1993

Millions of dollars except as noted

Item	Total	Members			Nonmembers
		Total	National	State	
63 **Total liabilities and equity capital**	**2,874,696**	**2,252,286**	**1,733,493**	**518,793**	**622,410**
64 **Total liabilities**[5]	**2,622,207**	**2,055,667**	**1,582,521**	**473,146**	**566,540**
65 Total deposits	2,049,879	1,577,842	1,247,391	330,451	472,038
66 Individuals, partnerships, and corporations	1,908,279	1,467,447	1,163,042	304,406	440,832
67 U.S. government	4,239	3,569	3,072	497	670
68 States and political subdivisions in the United States	76,885	56,309	43,876	12,433	20,576
69 Commercial banks in the United States	27,047	23,940	18,755	5,184	3,107
70 Other depository institutions in the United States	7,814	4,949	3,983	966	2,865
71 Banks in foreign countries	6,105	5,650	3,622	2,028	455
72 Foreign governments and official institutions	1,004	922	647	275	82
73 Certified and official checks	18,508	15,056	10,394	4,662	3,451
74 Total transaction accounts	703,872	561,120	439,472	121,648	142,752
75 Individuals, partnerships, and corporations	616,574	487,561	383,755	103,806	129,013
76 U.S. government	3,529	2,949	2,551	398	580
77 States and political subdivisions in the United States	31,661	24,423	18,965	5,458	7,238
78 Commercial banks in the United States	23,584	22,165	17,626	4,539	1,419
79 Other depository institutions in the United States	3,482	2,809	2,166	643	673
80 Banks in foreign countries	5,770	5,439	3,503	1,937	331
81 Foreign governments and official institutions	765	718	514	205	46
82 Certified and official checks	18,508	15,056	10,394	4,662	3,451
83 Demand deposits (included in total transaction accounts)	458,837	373,937	286,484	87,454	84,899
84 Individuals, partnerships, and corporations	388,234	312,418	240,561	71,857	75,816
85 U.S. government	3,247	2,684	2,304	380	563
86 States and political subdivisions in the United States	15,285	12,655	9,424	3,231	2,631
87 Commercial banks in the United States	23,562	22,164	17,625	4,539	1,397
88 Other depository institutions in the United States	3,471	2,804	2,161	643	667
89 Banks in foreign countries	5,767	5,439	3,503	1,936	328
90 Foreign governments and official institutions	763	717	513	205	46
91 Certified and official checks	18,508	15,056	10,394	4,662	3,451
92 Total nontransaction accounts	1,346,007	1,016,721	807,918	208,803	329,286
93 Individuals, partnerships, and corporations	1,291,706	979,886	779,286	200,600	311,819
94 U.S. government	709	620	521	99	90
95 States and political subdivisions in the United States	45,224	31,886	24,911	6,975	13,338
96 Commercial banks in the United States	3,463	1,775	1,130	645	1,688
97 U.S. branches and agencies of foreign banks	526	89	60	29	438
98 Other commercial banks in the United States	2,936	1,686	1,070	616	1,250
99 Other depository institutions in the United States	4,331	2,140	1,817	323	2,191
100 Banks in foreign countries	335	211	119	91	124
101 Foreign branches of other U.S. banks	15	15	15	0	0
102 Other banks in foreign countries	320	196	105	91	124
103 Foreign governments and official institutions	239	203	133	70	36
104 Federal funds purchased and securities sold under agreements to repurchase[10]	273,574	231,542	160,775	70,767	42,032
105 Federal funds purchased	40,913	30,535	25,738	4,797	10,378
106 Securities sold under agreements to repurchase	31,444	20,060	15,669	4,390	11,385
107 Demand notes issued to the U.S. Treasury	34,294	31,662	20,609	11,053	2,632
108 Other borrowed money	117,618	89,710	61,949	27,761	27,908
109 Banks liability on acceptances executed and outstanding	10,606	9,985	7,259	2,726	621
110 Notes and debentures subordinated to deposits	2,413	1,723	1,415	308	690
111 Net owed to own foreign offices, Edge Act and agreement subsidiaries, and IBFs	38,289	28,371	26,062	2,309	9,918
112 Remaining liabilities	133,822	113,203	83,122	30,081	20,618
113 **Total equity capital**[7]	**252,489**	**196,620**	**150,972**	**45,647**	**55,870**
MEMO					
114 Holdings of commercial paper included in total loans, gross	1,032	405	385	20	627
115 Total individual retirement (IRA) and Keogh plan accounts	129,093	100,172	80,846	19,327	28,921
116 Total brokered deposits	39,427	27,282	22,025	5,257	12,145
117 Total brokered retail deposits	29,902	20,534	16,985	3,549	9,368
118 Issued in denominations of $100,000 or less	4,193	2,883	2,649	234	1,310
119 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	25,709	17,651	14,336	3,315	8,058
120 Money market deposit accounts (savings deposits; MMDAs)	415,506	329,983	262,287	67,696	85,523
121 Other savings accounts	266,537	200,894	150,050	50,844	65,643
122 Total time deposits of less than $100,000	487,158	360,142	295,078	65,064	127,016
123 Time certificates of deposit of $100,000 or more	160,861	112,697	93,357	19,340	48,164
124 Open-account time deposits of $100,000 or more	15,946	13,006	7,146	5,859	2,940
125 All negotiable order of withdrawal (NOW) accounts (including Super NOWs)	241,452	185,110	151,238	33,871	56,343
126 Total time and savings deposits	1,591,043	1,203,904	960,907	242,997	387,138
Quarterly averages					
127 Total loans	1,630,798	1,257,292	1,005,927	251,365	373,506
128 Obligations (other than securities) of states and political subdivisions in the United States	21,501	17,612	12,814	4,798	3,889
129 Transaction accounts (NOW accounts, automated transfer service (ATS) accounts, and telephone preauthorized transfer accounts)	246,339	188,677	153,676	35,001	57,661
Nontransaction accounts					
130 Money market deposit accounts	420,667	334,365	263,531	70,834	86,302
131 Other savings deposits	265,410	200,281	148,896	51,386	65,128
132 Time certificates of deposits of $100,000 or more	164,775	117,447	97,453	19,994	47,328
133 All other time deposits	515,977	384,582	309,371	75,211	131,395
134 Number of banks	3,054	1,622	1,320	302	1,432

Footnotes appear at the end of table 4.22

4.22 DOMESTIC OFFICES Insured Commercial Bank Assets and Liabilities[1]
Consolidated Report of Condition, September 30, 1993

Millions of dollars except as noted

Item	Total	Members			Non-members
		Total	National	State	
1 **Total assets**[4]	**3,220,566**	**2,383,483**	**1,833,028**	**550,454**	**837,083**
2 Cash and balances due from depository institutions	190,342	148,311	116,316	31,995	42,032
3 Currency and coin	32,859	25,377	20,551	4,827	7,481
4 Non-interest-bearing balances due from commercial banks	26,373	15,220	12,240	2,980	11,153
5 Other	131,110	107,713	83,525	24,188	23,397
6 **Total securities, loans, and lease-financing receivables (net of unearned income)**	**2,798,181**	**2,039,811**	**1,597,356**	**442,455**	**758,370**
7 Total securities, book value	781,007	550,367	412,782	137,585	230,640
8 U.S. Treasury securities and U.S. government agency and corporation obligations	636,680	452,949	342,438	110,511	183,731
9 Securities issued by states and political subdivisions in the United States	74,551	45,849	32,701	13,148	28,701
10 Other debt securities	57,267	42,988	30,733	12,255	14,279
11 All holdings of private certificates of participation in pools of residential mortgages	4,582	3,740	2,903	837	841
12 All other	52,686	39,248	27,830	11,418	13,438
13 Equity securities	12,509	8,581	6,910	1,671	3,929
14 Marketable	5,492	2,512	2,119	393	2,980
15 Investments in mutual funds	3,703	1,697	1,486	211	2,006
16 Other	1,825	828	645	184	996
17 LESS: Net unrealized loss	35	13	11	2	22
18 Other equity securities	7,017	6,069	4,791	1,278	948
19 Federal funds sold and securities purchased under agreements to resell[8]	145,425	115,699	89,335	26,364	29,727
20 Federal funds sold	57,962	35,298	29,391	5,907	22,664
21 Securities purchased under agreements to resell	3,096	1,666	1,355	310	1,430
22 Total loans and lease financing receivables, gross	1,877,720	1,377,329	1,097,894	279,435	500,391
23 LESS: Unearned income on loans	5,972	3,584	2,655	929	2,388
24 Total loans and leases (net of unearned income)	1,871,748	1,373,745	1,095,239	278,506	498,003
Total loans, gross, by category					
25 Loans secured by real estate	871,808	610,735	492,250	118,485	261,073
26 Construction and land development	68,006	48,437	38,936	9,501	19,569
27 Farmland	20,816	9,271	7,537	1,734	11,545
28 One- to four-family residential properties	491,179	354,243	286,296	67,947	136,936
29 Revolving, open-end loans, and extended under lines of credit	74,005	56,424	45,553	10,871	17,581
30 All other loans	417,174	297,818	240,743	57,076	119,355
31 Multifamily (five or more) residential properties	28,580	19,415	15,612	3,803	9,166
32 Nonfarm nonresidential properties	263,227	179,369	143,869	35,500	83,858
33 Loans to depository institutions	21,400	17,940	13,544	4,396	3,460
34 Loans to finance agricultural production and other loans to farmers	37,097	18,179	15,126	3,053	18,918
35 Commercial and industrial loans	431,704	340,391	271,882	68,509	91,313
36 Acceptances of other banks	984	664	503	161	320
37 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	378,824	269,892	220,431	49,461	108,932
38 Credit cards and related plans	68,976	47,152	43,090	4,061	21,824
39 Other (includes single payment installment)	149,902	85,740	67,296	18,444	64,161
40 Obligations (other than securities) of states and political subdivisions in the United States	22,325	17,608	12,954	4,654	4,717
41 Taxable	1,587	1,290	902	387	297
42 Tax-exempt	20,738	16,318	12,051	4,267	4,420
43 All other loans	81,232	75,108	49,674	25,434	6,124
44 Lease-financing receivables	32,347	26,813	21,530	5,283	5,534
45 Customers' liability on acceptances outstanding	10,494	9,869	7,177	2,692	625
46 Net due from own foreign offices, Edge Act and agreement subsidiaries, and IBFs	53,108	45,952	17,319	28,633	7,155
47 Remaining assets	221,549	185,492	112,180	73,312	36,057
48 **Total liabilities and equity capital**	**3,220,566**	**2,383,483**	**1,833,028**	**550,454**	**837,083**
49 **Total liabilities**[5]	**2,933,968**	**2,174,145**	**1,672,381**	**501,764**	**759,823**
50 Total deposits	2,353,185	1,693,028	1,334,900	358,128	660,156
51 Individuals, partnerships, and corporations	2,186,923	1,573,702	1,243,908	329,794	613,221
52 U.S. government	4,632	3,736	3,205	531	896
53 States and political subdivisions in the United States	96,626	63,197	49,311	13,885	33,429
54 Commercial banks in the United States	28,213	24,592	18,948	5,644	3,621
55 Other depository institutions in the United States	9,167	5,331	4,240	1,091	3,836
56 Certified and official checks	20,474	15,881	11,015	4,866	4,593
57 All other	7,151	6,589	4,273	2,316	561
58 Total transaction accounts	793,717	596,516	466,571	129,946	197,201
59 Individuals, partnerships, and corporations	695,943	518,881	407,893	110,988	177,062
60 U.S. government	3,811	3,063	2,643	420	748
61 States and political subdivisions in the United States	39,157	27,012	21,096	5,917	12,144
62 Commercial banks in the United States	24,127	22,625	17,680	4,944	1,502
63 Other depository institutions in the United States	3,643	2,879	2,223	656	764
64 Certified and official checks	20,474	15,881	11,015	4,866	4,593
65 All other	6,563	6,174	4,021	2,154	388
66 Demand deposits (included in total transaction accounts)	501,916	391,470	299,530	91,940	110,447
67 Individuals, partnerships, and corporations	426,498	327,818	252,242	75,576	98,680
68 U.S. government	3,515	2,795	2,393	402	719
69 States and political subdivisions in the United States	17,148	13,308	9,967	3,341	3,840
70 Commercial banks in the United States	24,100	22,620	17,676	4,944	1,479
71 Other depository institutions in the United States	3,624	2,873	2,217	656	751
72 Certified and official checks	20,474	15,881	11,015	4,866	4,593
73 All other	6,558	6,173	4,020	2,153	385
74 Total nontransaction accounts	1,559,468	1,096,512	868,329	228,183	462,956
75 Individuals, partnerships, and corporations	1,490,980	1,054,821	836,015	218,806	436,159
76 U.S. government	821	673	562	111	148
77 States and political subdivisions in the United States	57,469	36,185	28,216	7,969	21,285
78 Commercial banks in the United States	4,086	1,967	1,267	700	2,119
79 Other depository institutions in the United States	5,524	2,451	2,017	435	3,072
80 All other	588	415	253	162	173

4.22 DOMESTIC OFFICES Insured Commercial Bank Assets and Liabilities[1]—Continued
Consolidated Report of Condition, September 30, 1993

Millions of dollars except as noted

Item	Total	Members			Non-members
		Total	National	State	
81 Federal funds purchased and securities sold under agreements to repurchase[10]	277,104	233,047	161,734	71,313	44,057
82 Federal funds purchased	42,598	31,273	26,131	5,141	11,325
83 Securities sold under agreements to repurchase	33,289	20,827	16,235	4,592	12,461
84 Demand notes issued to the U.S. Treasury	34,612	31,772	20,691	11,081	2,840
85 *Other borrowed money*	119,494	90,324	62,429	27,895	29,170
86 Banks liability on acceptances executed and outstanding	10,622	9,997	7,267	2,730	625
87 Notes and debentures subordinated to deposits	2,450	1,735	1,421	313	716
88 Net owed to own foreign offices, Edge Act and agreement subsidiaries, and IBFs	38,289	28,371	26,062	2,309	9,918
89 Remaining liabilities	136,501	114,242	83,939	30,303	22,259
90 ***Total equity capital***[7]	**286,598**	**209,338**	**160,647**	**48,691**	**77,260**
MEMO					
91 Assets held in trading accounts[11]	42,505	40,889	22,950	17,939	1,616
92 U.S. Treasury securities	20,786	20,363	10,166	10,197	423
93 U.S. government agency corporation obligations	5,753	5,554	4,489	1,065	198
94 Securities issued by states and political subdivisions in the United States	1,841	1,760	1,043	717	81
95 Other bonds, notes, and debentures	1,420	1,392	912	480	28
96 Certificates of deposit	1,633	1,483	1,033	450	150
97 *Commercial paper*	37	37	37	0	0
98 Bankers acceptances	2,880	2,713	1,643	1,070	167
99 Other	7,324	7,319	3,392	3,928	5
100 Total individual retirement (IRA) and Keogh plan accounts	146,342	106,465	85,663	20,802	39,877
101 Total brokered deposits	40,086	27,509	22,202	5,307	12,577
102 Total brokered retail deposits	30,534	20,749	17,155	3,595	9,785
103 Issued in denominations of $100,000 or less	4,759	3,076	2,800	276	1,682
104 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	25,775	17,673	14,354	3,319	8,102
Savings deposits					
105 Money market deposit accounts (savings deposits; MMDAs)	453,481	345,319	273,875	71,444	108,162
106 Other savings deposits	306,613	216,754	161,860	54,894	89,859
107 Total time deposits of less than $100,000	596,089	398,828	324,506	74,322	197,261
108 Time certificates of deposit of $100,000 or more	186,425	122,319	100,715	21,604	64,106
109 Open-account time deposits of $100,000 or more	16,860	13,292	7,374	5,918	3,568
110 All negotiable order of withdrawal (NOW) accounts (including Super NOWs)	286,978	202,523	164,983	37,540	84,455
111 Total time and savings deposits	1,851,268	1,301,558	1,035,370	266,188	549,710
Quarterly averages					
112 Total loans	1,811,681	1,324,026	1,055,444	268,582	487,655
113 Transaction accounts (NOW accounts, *automated transfer service (ATS) accounts, and* telephone and preauthorized transfer accounts)	293,021	206,472	167,687	38,786	86,549
Nontransaction accounts					
114 Money market deposit accounts	458,424	349,539	275,003	74,536	108,885
115 Other savings deposits	304,990	215,944	160,576	55,369	89,046
116 Time certificates of deposit of $100,000 or more	189,822	126,908	104,686	22,223	62,914
117 *All other time deposits*	626,044	423,445	338,907	84,537	202,600
118 Number of banks	11,042	4,351	3,384	967	6,691

1. Effective March 31, 1984, the report of condition for commercial banks was substantially revised. Some of the changes are as follows: (1) Previously, banks with international banking facilities (IBFs) that had no other foreign offices were considered domestic reporters. Beginning with the March 31, 1984, Call Report these banks are considered foreign and domestic reporters and must file the foreign and domestic report of condition. (2) Banks with assets of more than $1 billion report additional items. (3) The domestic offices of banks with foreign offices report far less detail. (4) Banks with assets of less than $25 million are excused from reporting certain detail items.

The notation "n.a." indicates the lesser detail available from banks that don't have foreign offices, the inapplicability of certain items to banks that have only domestic offices or the absence of detail on a fully consolidated basis for banks that have foreign offices.

All transactions between domestic and foreign offices of a bank are reported in "net due from" and "net due to" lines. All other lines represent transactions with parties other than the domestic and foreign offices of each bank. Because these intraoffice transactions are nullified by consolidation, total assets and total liabilities for the entire bank may not equal the sum of assets and liabilities respectively of the domestic and foreign offices.

2. Foreign offices include branches in foreign countries, Puerto Rico, and U.S. territories and possessions; subsidiaries in foreign countries; all offices of Edge Act and agreement corporations wherever located; and IBFs.

3. "Over 100" refers to banks whose assets, on June 30 of the preceding calendar year, were $100 million or more. (These banks file the FFIEC 032 or FFIEC 033 Call Report.) "Under 100" refers to banks whose assets, on June 30 of the preceding calendar year, were less than $100 million. (These banks file the FFIEC 034 Call Report.)

4. Because the domestic portion of allowances for loan and lease losses and allocated transfer risk reserves are not reported for banks with foreign offices, the components of total assets (domestic) do not sum to the actual total (domestic).

5. Because the foreign portion of demand notes issued to the U.S. Treasury is not reported for banks with foreign offices, the components of total liabilities (foreign) do not sum to the actual total (foreign).

6. The definition of "all other" varies by report form and therefore by column in this table.

7. Equity capital is not allocated between the domestic and foreign offices of banks with foreign offices.

8. Only the domestic portion of federal funds sold and securities purchased under agreements to resell are reported here; therefore, the components do not sum to totals.

9. Acceptances of other banks is not reported by domestic banks having less than $300 million in total assets; therefore the components do not sum to totals.

10. Only the domestic portion of federal funds purchased and securities sold under agreements to repurchase are reported here; therefore the components do not sum to totals.

11. Components are reported only for banks with total assets of $1 billion or more; therefore, components do not sum to totals.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 1–5, 1993[1]

Commercial and Industrial Loans

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[5]
			Days	Weighted average effective[3]	Standard error[4]				
ALL BANKS									
1 Overnight[6]	11,933,295	7,287	*	3.72	.23	8.2	56.1	3.7	Fed funds
2 One month or less (excluding overnight)	7,059,083	1,047	21	4.29	.22	27.9	74.1	9.3	Foreign
3 Fixed rate	4,500,684	1,242	19	4.05	.36	23.8	78.2	12.7	Other
4 Floating rate	2,558,400	820	23	4.72	.23	35.0	66.9	3.3	Foreign
5 More than one month and less than one year	9,045,033	176	155	5.15	.18	51.0	79.3	5.1	Prime
6 Fixed rate	3,845,564	183	132	4.49	.26	46.7	81.2	6.6	Other
7 Floating rate	5,199,469	171	172	5.64	.24	54.2	77.9	4.0	Prime
8 Demand[7]	16,267,448	322	*	5.22	.17	59.5	65.7	6.3	Prime
9 Fixed rate	4,714,349	880	*	4.01	.26	26.5	69.6	7.9	Domestic
10 Floating rate	11,553,099	256	*	5.71	.16	72.9	64.1	5.6	Prime
11 Total short-term	**44,304,860**	**402**	**56**	**4.65**	**.17**	**38.9**	**67.2**	**5.8**	**Prime**
12 Fixed rate (thousands of dollars)	24,993,440	792	30	3.95	.27	20.4	66.5	6.6	Other
13 1–99	358,081	14	144	8.08	.21	81.7	53.8	1.0	Other
14 100–499	455,367	206	92	6.38	.14	69.8	50.9	2.2	Other
15 500–999	378,164	680	45	5.09	.17	50.5	82.9	2.8	Other
16 1,000–4,999	3,644,673	2,390	38	4.46	.08	28.5	70.5	8.2	Other
17 5,000–9,999	3,844,537	6,631	27	4.07	.11	19.1	73.1	10.1	Other
18 10,000 or more	16,312,618	20,543	25	3.62	.07	15.4	64.4	5.7	Other
19 Floating rate (thousands of dollars)	19,311,420	245	123	5.56	.18	62.9	68.2	4.8	Prime
20 1–99	1,470,021	25	176	7.41	.02	84.5	86.0	1.5	Prime
21 100–499	3,061,160	198	178	6.94	.05	78.4	87.1	3.2	Prime
22 500–999	1,645,694	678	162	6.68	.14	70.3	81.4	12.1	Prime
23 1,000–4,999	4,180,317	2,041	154	5.88	.09	61.3	84.5	8.4	Prime
24 5,000–9,999	2,003,498	6,652	129	5.25	.28	48.5	69.6	5.4	Prime
25 10,000 or more	6,950,730	21,493	62	4.20	.24	54.7	42.8	2.3	Fed funds
			Months						
26 Total long-term	**6,034,383**	**246**	**43**	**5.60**	**.18**	**60.5**	**77.4**	**7.0**	**Prime**
27 Fixed rate (thousands of dollars)	2,025,966	160	45	5.38	.31	47.1	60.4	8.6	Other
28 1–99	233,108	20	40	8.33	.27	87.6	21.4	4.0	Other
29 100–499	162,734	216	58	7.50	.32	87.4	39.2	1.8	Prime
30 500–999	107,373	585	45	6.99	.48	72.2	27.9	1.3	Other
31 1,000 or more	1,522,751	6,072	45	4.59	.36	34.8	70.9	10.6	Other
32 Floating rate (thousands of dollars)	4,008,417	337	43	5.70	.19	67.2	86.0	6.2	Prime
33 1–99	236,546	29	38	7.60	.05	82.9	57.7	2.1	Prime
34 100–499	533,703	209	39	7.13	.08	82.7	73.6	5.7	Prime
35 500–999	368,387	675	32	6.53	.09	68.2	89.2	13.1	Prime
36 1,000 or more	2,869,782	4,379	45	5.18	.13	62.9	90.2	5.8	Prime
			Days	Loan rate (percent)					Prime rate[9]
				Effective[3]	Nominal[8]				
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	11,584,924	9,055	*	3.64	3.63	6.8	54.8	3.8	5.99
38 One month or less (excluding overnight)	6,324,463	4,037	21	3.93	3.92	26.0	73.5	9.9	6.01
39 More than one month and less than one year	5,658,182	895	141	4.00	3.98	35.8	83.9	4.8	6.07
40 Demand[7]	8,781,550	3,299	*	3.82	3.79	47.2	47.3	5.8	6.01
41 Total short-term	**32,349,119**	**2,734**	**40**	**3.81**	**3.79**	**26.6**	**61.5**	**5.7**	**6.01**
42 Fixed rate	23,384,896	3,587	27	3.74	3.73	17.6	66.1	6.9	6.01
43 Floating rate	8,964,223	1,687	95	3.99	3.96	50.0	49.5	2.5	6.04
			Months						
44 Total long-term	**3,050,093**	**808**	**43**	**4.21**	**4.18**	**43.8**	**83.0**	**6.1**	**6.08**
45 Fixed rate	1,410,961	505	36	4.30	4.27	29.7	71.8	11.5	6.11
46 Floating rate	1,639,132	1,668	48	4.13	4.09	56.0	92.6	1.5	6.05

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 1–5, 1993—Continued

Commercial and industrial loans—Continued

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[5]
			Days	Weighted average effective[3]	Standard error[4]				
LARGE BANKS									
1 Overnight[6]	9,196,233	6,870	*	3.80	.20	9.1	56.7	4.0	Other
2 One month or less (excluding overnight)	4,960,769	3,747	19	4.24	.16	21.7	83.0	11.4	Other
3 Fixed rate	3,785,442	5,879	19	4.01	.15	22.7	82.2	13.0	Domestic
4 Floating rate	1,175,327	1,728	18	4.99	.25	18.4	85.4	6.5	Prime
5 More than one month and less than one year	5,273,805	983	148	4.35	.14	38.6	86.4	4.0	Other
6 Fixed rate	2,683,479	3,452	129	3.88	.18	39.0	91.7	5.6	Other
7 Floating rate	2,590,326	564	168	4.84	.20	38.2	80.9	2.3	Prime
8 Demand[7]	11,378,666	649	*	4.88	.15	58.3	56.3	6.2	Prime
9 Fixed rate	3,812,506	3,061	*	3.93	.21	24.9	68.2	9.7	Domestic
10 Floating rate	7,566,161	464	*	5.36	.14	75.2	50.4	4.4	Prime
11 Total short-term	**30,809,474**	**1,205**	**46**	**4.36**	**.14**	**34.4**	**65.9**	**6.0**	**Fed funds**
12 Fixed rate (thousands of dollars)	19,477,660	4,863	27	3.88	.18	19.0	68.7	7.1	Other
13 1–99	25,479	31	69	6.75	.21	73.7	62.9	1.1	Prime
14 100–499	148,864	249	42	5.49	.18	62.2	76.2	1.5	Other
15 500–999	275,407	692	34	5.10	.19	51.3	85.1	3.8	Other
16 1,000–4,999	2,573,110	2,401	25	4.38	.07	25.3	75.9	6.0	Other
17 5,000–9,999	3,121,355	6,745	21	4.12	.11	17.5	72.6	10.6	Other
18 10,000 or more	13,333,445	20,255	29	3.68	.07	16.8	66.0	6.7	Other
19 Floating rate (thousands of dollars)	11,331,814	526	121	5.20	.16	60.8	61.0	4.1	Prime
20 1–99	427,264	33	164	7.22	.11	82.7	92.1	1.4	Prime
21 100–499	1,236,084	206	170	6.80	.07	74.7	92.2	4.3	Prime
22 500–999	677,470	675	164	6.40	.08	65.9	92.9	6.8	Prime
23 1,000–4,999	2,100,889	2,061	152	5.77	.14	54.9	81.8	4.7	Prime
24 5,000–9,999	1,521,589	6,898	148	5.38	.31	54.3	71.3	7.1	Prime
25 10,000 or more	5,368,518	22,813	77	4.25	.34	59.5	36.2	3.0	Fed funds
			Months						
26 Total long-term	**3,402,384**	**1,043**	**41**	**5.20**	**.15**	**50.4**	**89.0**	**9.4**	**Prime**
27 Fixed rate (thousands of dollars)	1,112,132	2,308	43	4.39	.26	39.3	83.4	14.2	Other
28 1–99	7,184	33	52	7.46	.15	90.8	46.9	1.3	Other
29 100–499	23,980	250	52	6.35	.45	77.5	65.3	6.2	Other
30 500–999	30,018	709	40	5.57	.36	32.7	64.2	.0	Other
31 1,000 or more	1,050,950	8,543	43	4.30	.30	38.3	84.7	14.8	Other
32 Floating rate (thousands of dollars)	2,290,251	824	40	5.59	.14	55.7	91.7	7.2	Prime
33 1–99	36,650	40	28	6.89	.11	80.4	89.3	5.1	Prime
34 100–499	263,352	237	32	6.85	.11	76.2	90.1	6.3	Prime
35 500–999	250,483	664	33	6.58	.12	65.9	86.3	12.8	Prime
36 1,000 or more	1,739,767	4,611	43	5.23	.26	50.6	92.8	6.5	Prime
			Days	Loan rate (percent)					Prime rate[9]
				Effective[3]	*Nominal*[8]				
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	8,849,116	8,559	*	3.71	3.69	7.4	55.0	4.2	5.99
38 One month or less (excluding overnight)	4,535,379	5,998	19	3.91	3.90	20.1	83.1	12.2	5.99
39 More than one month and less than one year	4,210,816	4,545	142	3.78	3.77	31.4	87.0	3.9	5.99
40 Demand[7]	7,227,232	5,381	*	3.77	3.74	52.7	39.2	6.8	6.00
41 Total short-term	**24,822,544**	**6,114**	**40**	**3.78**	**3.76**	**27.0**	**61.0**	**6.4**	**5.99**
42 Fixed rate	18,558,580	6,696	27	3.75	3.74	17.5	67.6	7.4	5.99
43 Floating rate	6,263,964	4,863	113	3.86	3.83	54.9	41.2	3.2	6.00
			Months						
44 Total long-term	**1,908,765**	**4,766**	**39**	**4.01**	**3.99**	**37.2**	**91.8**	**9.3**	**6.00**
45 Fixed rate	971,909	6,586	39	4.02	4.01	33.2	86.8	16.0	6.00
46 Floating rate	936,856	3,704	40	4.00	3.97	41.4	97.1	2.4	6.00

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 1–5, 1993[1]—Continued

Commercial and industrial loans—Continued

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)		Loans secured by collateral (percent)	Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate[5]
			Days	Weighted average effective[3]	Standard error[4]				
OTHER BANKS									
1 Overnight[6]	2,737,062	9,157	*	3.43	.45	4.9	54.0	2.4	Fed funds
2 One month or less (excluding overnight)	2,098,314	387	25	4.42	.26	42.4	53.1	4.2	Foreign
3 Fixed rate	715,242	240	21	4.28	.44	29.6	56.9	11.3	Foreign
4 Floating rate	1,383,072	567	27	4.49	.25	49.0	51.2	.5	Foreign
5 More than one month and less than one year	3,771,228	82	164	6.27	.20	68.5	69.4	6.7	Prime
6 Fixed rate	1,162,085	58	138	5.89	.30	64.6	57.0	8.8	Other
7 Floating rate	2,609,144	101	176	6.43	.27	70.2	74.9	5.7	Prime
8 Demand[7]	4,888,782	148	*	6.01	.18	62.1	87.6	6.4	Prime
9 Fixed rate	901,843	219	*	4.35	.31	33.4	75.6	.4	Other
10 Floating rate	3,986,939	138	*	6.38	.17	68.6	90.3	7.8	Prime
11 Total short-term	**13,495,386**	**159**	**78**	**5.31**	**.18**	**49.2**	**70.3**	**5.3**	**Prime**
12 Fixed rate (thousands of dollars)	5,515,780	200	39	4.21	.29	25.3	58.6	4.6	Other
13 1–99	332,602	13	147	8.18	.22	82.3	53.1	1.0	Other
14 100–499	306,503	190	109	6.81	.24	73.5	38.6	2.5	Other
15 500–999	102,757	651	78	5.07	.21	48.4	77.0	.0	Foreign
16 1,000–4,999	1,071,563	2,361	66	4.65	.18	36.3	57.6	13.7	Other
17 5,000–9,999	723,182	6,182	52	3.86	.45	25.6	75.2	8.3	Other
18 10,000 or more	2,979,173	21,944	7	3.40	.03	9.2	56.9	1.2	Fed funds
19 Floating rate (thousands of dollars)	7,979,606	140	124	6.07	.21	65.7	78.5	5.8	Prime
20 1–99	1,042,757	23	178	7.49	.05	85.2	83.5	1.6	Prime
21 100–499	1,825,076	194	180	7.03	.08	80.9	83.7	2.4	Prime
22 500–999	968,224	680	161	6.88	.17	73.5	73.3	15.8	Prime
23 1,000–4,999	2,079,428	2,020	155	5.99	.13	67.8	87.1	12.1	Prime
24 5,000–9,999	481,909	5,981	85	4.85	.45	30.2	64.1	.0	Prime
25 10,000 or more	1,582,212	17,966	43	4.02	.29	38.7	65.2	.0	Foreign
			Months						
26 Total long-term	**2,631,999**	**124**	**46**	**6.11**	**.18**	**73.5**	**62.4**	**3.9**	**Prime**
27 Fixed rate (thousands of dollars)	913,833	75	48	6.58	.31	56.6	32.3	1.9	Other
28 1–99	225,925	20	40	8.36	.29	87.5	20.6	4.1	Other
29 100–499	138,753	211	59	7.69	.32	89.2	34.7	1.0	Prime
30 500–999	77,355	548	46	7.54	.56	87.5	13.8	1.7	Other
31 1,000 or more	471,800	3,692	49	5.25	.52	27.2	40.2	1.2	Fed funds
32 Floating rate (thousands of dollars)	1,718,166	189	45	5.86	.20	82.5	78.3	5.0	Prime
33 1–99	199,896	28	40	7.73	.07	83.4	51.9	1.6	Prime
34 100–499	270,350	188	45	7.40	.12	89.1	57.6	5.1	Prime
35 500–999	117,904	699	31	6.41	.17	73.1	95.5	13.6	Prime
36 1,000 or more	1,130,015	4,065	48	5.10	.44	81.8	86.2	4.7	Foreign
			Days	Loan rate (percent) Effective[3]	Nominal[8]				Prime rate[9]
LOANS MADE BELOW PRIME[10]									
37 Overnight[6]	2,735,808	11,144	*	3.43	3.41	4.9	54.0	2.4	6.00
38 One month or less (excluding overnight)	1,789,084	2,208	25	3.99	3.96	41.0	49.4	3.9	6.07
39 More than one month and less than one year	1,447,366	268	137	4.65	4.61	48.5	74.9	7.5	6.28
40 Demand[7]	1,554,317	1,179	*	4.04	4.03	21.5	85.2	1.3	6.05
41 Total short-term	**7,526,575**	**968**	**41**	**3.92**	**3.90**	**25.3**	**63.4**	**3.5**	**6.08**
42 Fixed rate	4,826,316	1,288	27	3.72	3.69	17.9	60.3	4.9	6.05
43 Floating rate	2,700,259	671	71	4.30	4.27	38.5	68.9	1.1	6.12
			Months						
44 Total long-term	**1,141,328**	**338**	**48**	**4.55**	**4.49**	**54.8**	**68.2**	**.18**	**6.21**
45 Fixed rate	439,052	166	31	4.93	4.86	21.8	38.6	1.7	6.34
46 Floating rate	702,276	963	59	4.31	4.26	75.5	86.7	.2	6.12

Footnotes appear at the end of the table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 1–5, 1993—Continued

NOTES

1. The survey of terms of bank lending to business collects data on gross loan extensions made during the first full business week in the mid-month of each quarter by a sample of 340 commercial banks of all sizes. A sample of 250 banks reports loans to farmers. The sample data are blown up to estimate the lending terms at all insured commercial banks during that week. The estimated terms of bank lending are not intended for use in collecting the terms of loans extended over the entire quarter or residing in the portfolios of those banks. Construction and land development loans include both unsecure loans and loans secured by real estate. Thus, some of the construction and land development loans would be reported on the statement of condition as real estate loans and the remainder as business loans. Mortgage loans, purchased loans, foreign loans, and loans of less that $1,000 are excluded from the survey. As of September 30, assets of most of the large banks were at least $7.0 billion. For all insured banks, total assets averaged $275 million.

2. Average maturities are weighted by loan size; excludes demand loans.

3. Effective (compounded) annual interest rate calculated from the stated rate and other terms of the loans and weighted by loan size.

4. The chances are about two out of three that the average rate shown would differ by less than the amount of the standard error from the average rate that would be found by a complete survey of lending at all banks.

5. The rate used to price the largest dollar volume of loans. Base pricing rates include the *prime* rate (sometimes referred to as a bank's "basic" or "reference" rate); the *federal funds* rate; *domestic* money market rates other than the *federal funds* rate; *foreign* money market rates; and *other* base rates not included in the foregoing classifications.

6. Overnight loans mature on the following business day.

7. Demand loans have no stated date of maturity.

8. Nominal (not compounded) annual interest rate calculated from the stated rate and other terms of the loans and weighted by loan size.

9. Calculated by weighting the prime rate reported by each bank by the volume of loans reported by that bank, summing the results, and then averaging over all reporting banks.

10. The proportion of loans made at rates below the prime may vary substantially from the proportion of such loans outstanding in banks' portfolios.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1993[1]

Millions of dollars, except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
1 **Total assets**[4]	**682,830**	**299,987**	**520,854**	**238,155**	**73,124**	**33,838**	**53,768**	**20,349**
2 Claims on nonrelated parties	604,516	179,113	453,929	145,630	67,759	14,803	53,431	13,954
3 Cash and balances due from depository institutions	138,882	112,666	118,047	93,228	7,495	6,981	11,930	11,675
4 Cash items in process of collection and unposted debits	3,128	0	2,986	0	10	0	93	0
5 Currency and coin (U.S. and foreign)	24	n.a.	16	n.a.	2	n.a.	1	n.a.
6 Balances with depository institutions in United States	91,480	69,805	78,094	57,409	5,276	4,803	7,462	7,314
7 U.S. branches and agencies of other foreign banks (including IBFs)	85,973	67,415	73,179	55,123	4,995	4,722	7,334	7,304
8 Other depository institutions in United States (including IBFs)	5,508	2,390	4,915	2,286	281	81	128	10
9 Balances with banks in foreign countries and with foreign central banks	43,821	42,861	36,599	35,819	2,183	2,178	4,366	4,361
10 Foreign branches of U.S. banks	748	665	574	491	97	97	74	74
11 Other banks in foreign countries and foreign central banks	43,072	42,197	36,025	35,328	2,086	2,081	4,292	4,286
12 Balances with Federal Reserve Banks	429	n.a.	353	n.a.	25	n.a.	8	n.a.
13 **Total securities and loans**	**373,190**	**55,279**	**256,062**	**42,589**	**54,219**	**6,854**	**36,315**	**2,000**
14 Total securities, book value	87,859	13,885	80,594	12,762	3,894	662	2,868	441
15 U.S. Treasury	31,476	n.a.	30,761	n.a.	334	n.a.	318	n.a.
16 Obligations of U.S. government agencies and corporations	19,021	n.a.	18,260	n.a.	539	n.a.	122	n.a.
17 Other bonds, notes, debentures, and corporate stock (including state and local securities)	37,361	13,885	31,573	12,762	3,021	662	2,428	441
18 Federal funds sold and securities purchased under agreements to resell	41,814	5,153	39,721	4,636	1,058	482	649	0
19 U.S. branches and agencies of other foreign banks	13,985	3,381	12,534	3,064	718	282	517	0
20 Commercial banks in United States	4,564	45	4,326	45	44	0	31	0
21 Other	23,265	1,727	22,862	1,527	296	200	101	0
22 Total loans, gross	285,455	41,402	175,550	29,832	50,345	6,193	33,456	1,559
23 LESS: Unearned income on loans	123	7	81	5	20	1	10	0
24 EQUALS: Loans, net	285,332	41,395	175,469	29,827	50,325	6,192	33,446	1,559
Total loans, gross, by category								
25 Real estate loans	47,576	416	24,880	172	14,858	202	4,522	40
26 Loans to depository institutions	40,634	26,366	29,718	18,734	5,774	4,407	2,006	1,031
27 Commercial banks in United States (including IBFs)	17,385	8,617	11,918	5,552	3,663	2,427	1,495	609
28 U.S. branches and agencies of other foreign banks	14,622	8,393	9,943	5,380	3,528	2,389	978	609
29 Other commercial banks in United States	2,763	224	1,975	171	135	38	516	0
30 Other depository institutions in United States (including IBFs)	2	0	2	0	0	0	0	0
31 Banks in foreign countries	23,246	17,749	17,798	13,182	2,111	1,980	512	422
32 Foreign branches of U.S. banks	257	179	242	173	11	6	0	0
33 Other banks in foreign countries	22,989	17,570	17,556	13,009	2,101	1,974	512	422
34 Loans to other financial institutions	21,083	777	18,107	637	943	12	1,415	17
35 Commercial and industrial loans	158,744	10,510	88,504	7,481	28,189	1,468	24,197	428
36 U.S. addressees (domicile)	140,244	259	75,650	232	25,780	12	23,439	0
37 Non-U.S. addressees (domicile)	18,500	10,251	12,854	7,249	2,409	1,456	757	428
38 Acceptances of other banks	880	12	594	2	120	0	4	0
39 U.S. banks	368	0	328	0	8	0	0	0
40 Foreign banks	512	12	266	2	112	0	4	0
41 Loans to foreign governments and official institutions (including foreign central banks)	4,562	3,078	3,431	2,600	136	103	220	44
42 Loans for purchasing or carrying securities (secured and unsecured)	6,533	119	6,232	119	149	0	80	0
43 All other loans	5,444	124	4,083	86	176	0	1,013	0
44 All other assets	50,630	6,015	40,099	5,177	4,987	485	4,537	280
45 Customers' liabilities on acceptances outstanding	15,219	n.a.	10,622	n.a.	3,336	n.a.	788	n.a.
46 U.S. addressees (domicile)	11,207	n.a.	7,277	n.a.	2,974	n.a.	714	n.a.
47 Non-U.S. addressees (domicile)	4,012	n.a.	3,345	n.a.	362	n.a.	75	n.a.
48 Other assets including other claims on nonrelated parties	35,411	6,015	29,477	5,177	1,651	485	3,749	280
49 Net due from related depository institutions[5]	78,314	120,874	66,925	92,524	5,364	19,036	337	6,395
50 Net due from head office and other related depository institutions[5]	78,314	n.a.	66,925	n.a.	5,364	n.a.	337	n.a.
51 Net due from establishing entity, head offices, and other related depository institutions[5]	n.a.	120,874	n.a.	92,524	n.a.	19,036	n.a.	6,395
52 **Total liabilities**[4]	**682,830**	**299,987**	**520,854**	**238,155**	**73,124**	**33,838**	**53,768**	**20,349**
53 Liabilities to nonrelated parties	569,075	275,891	464,814	221,620	58,198	33,346	30,431	15,090

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1993[1]—Continued

Millions of dollars, except as noted

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs[3]	IBFs only[3]	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
54 Total deposits and credit balances	141,063	204,074	124,683	187,114	4,522	5,354	4,684	6,548
55 Individuals, partnerships, and corporations	101,051	11,896	86,730	7,583	4,185	433	3,919	16
56 U.S. addressees (domicile)	87,448	174	79,130	173	2,472	0	2,847	0
57 Non-U.S. addressees (domicile)	13,603	11,722	7,600	7,409	1,713	433	1,072	16
58 Commercial banks in United States (including IBFs)	23,574	62,357	22,468	57,742	80	2,039	674	2,299
59 U.S. branches and agencies of other foreign banks	12,795	56,125	12,246	51,956	43	1,874	471	2,068
60 Other commercial banks in United States	10,778	6,232	10,222	5,786	37	164	203	230
61 Banks in foreign countries	7,283	109,305	6,916	103,081	46	2,032	81	3,522
62 Foreign branches of U.S. banks	2,582	3,945	2,581	3,723	0	130	0	91
63 Other banks in foreign countries	4,700	105,361	4,335	99,357	46	1,901	81	3,431
64 Foreign governments and official institutions (including foreign central banks)	2,879	20,340	2,559	18,583	185	851	2	662
65 All other deposits and credit balances	5,563	175	5,347	125	6	0	1	50
66 Certified and official checks	713		663		20		7	
67 Transaction accounts and credit balances (excluding IBFs)	9,124		7,576		289		339	
68 Individuals, partnerships, and corporations	6,772		5,526		218		328	
69 U.S. addressees (domicile)	5,043		4,443		165		321	
70 Non-U.S. addressees (domicile)	1,729		1,083		52		7	
71 Commercial banks in United States (including IBFs)	159		154		2		0	
72 U.S. branches and agencies of other foreign banks	22		20		0		0	
73 Other commercial banks in United States	137		133		2		0	
74 Banks in foreign countries	990		816		37		1	
75 Foreign branches of U.S. banks	3		3		0		0	
76 Other banks in foreign countries	987		814		37		1	
77 Foreign governments and official institutions (including foreign central banks)	382		321		7		2	
78 All other deposits and credit balances	107		97		6		1	
79 Certified and official checks	713		663		20		7	
80 Demand deposits (included in transaction accounts and credit balances)	8,532		7,283		236		325	
81 Individuals, partnerships, and corporations	6,271		5,302		171		314	
82 U.S. addressees (domicile)	4,872		4,359		136		307	
83 Non-U.S. addressees (domicile)	1,399		944		35		7	
84 Commercial banks in United States (including IBFs)	154	n.a.	150	n.a.	1	n.a.	0	n.a.
85 U.S. branches and agencies of other foreign banks	18		16		0		0	
86 Other commercial banks in United States	136		133		1		0	
87 Banks in foreign countries	953		781		37		1	
88 Foreign branches of U.S. banks	3		3		0		0	
89 Other banks in foreign countries	950		779		37		1	
90 Foreign governments and official institutions (including foreign central banks)	356		306		7		2	
91 All other deposits and credit balances	85		81		0		1	
92 Certified and official checks	713		663		20		7	
93 Nontransaction accounts (including MMDAs, excluding IBFs)	131,939		117,107		4,233		4,345	
94 Individuals, partnerships, and corporations	94,279		81,204		3,967		3,591	
95 U.S. addressees (domicile)	82,406		74,687		2,306		2,526	
96 Non-U.S. addressees (domicile)	11,874		6,517		1,661		1,065	
97 Commercial banks in United States (including IBFs)	23,414		22,315		78		673	
98 U.S. branches and agencies of other foreign banks	12,773		12,226		43		471	
99 Other commercial banks in United States	10,641		10,089		35		203	
100 Banks in foreign countries	6,293		6,100		9		80	
101 Foreign branches of U.S. banks	2,580		2,579		0		0	
102 Other banks in foreign countries	3,713		3,521		9		80	
103 Foreign governments and official institutions (including foreign central banks)	2,496		2,238		179		0	
104 All other deposits and credit balances	5,456		5,250		0		1	
105 IBF deposit liabilities		204,074		187,114		5,354		6,548
106 Individuals, partnerships, and corporations		11,896		7,583		433		16
107 U.S. addressees (domicile)		174		173		0		0
108 Non-U.S. addressees (domicile)		11,722		7,409		433		16
109 Commercial banks in United States (including IBFs)		62,357		57,742		2,039		2,299
110 U.S. branches and agencies of other foreign banks	n.a.	56,125	n.a.	51,956	n.a.	1,874	n.a.	2,068
111 Other commercial banks in United States		6,232		5,786		164		230
112 Banks in foreign countries		109,305		103,081		2,032		3,522
113 Foreign branches of U.S. banks		3,945		3,723		130		91
114 Other banks in foreign countries		105,361		99,357		1,901		3,431
115 Foreign governments and official institutions (including foreign central banks)		20,340		18,583		851		662
116 All other deposits and credit balances		175		125		0		50

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1993[1]—Continued

Millions of dollars, except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
117 Federal funds purchased and securities sold under agreements to repurchase	66,116	11,716	53,833	7,480	7,933	2,468	3,948	1,629
118 U.S. branches and agencies of other foreign banks	14,915	3,526	9,768	1,234	3,630	1,718	1,442	543
119 Other commercial banks in United States	12,600	168	8,405	57	2,723	68	1,375	27
120 Other	38,600	8,023	35,661	6,189	1,581	681	1,132	1,060
121 Other borrowed money	112,126	55,006	63,125	22,616	35,986	25,053	10,784	6,732
122 Owed to nonrelated commercial banks in United States (including IBFs)	39,146	22,266	15,133	4,629	18,173	14,538	4,143	2,724
123 Owed to U.S. offices of nonrelated U.S. banks	9,333	2,237	5,697	1,051	1,914	901	1,278	265
124 Owed to U.S. branches and agencies of nonrelated foreign banks	29,813	20,028	9,436	3,578	16,260	13,637	2,865	2,459
125 Owed to nonrelated banks in foreign countries	32,185	30,274	17,600	15,844	10,376	10,270	3,929	3,929
126 Owed to foreign branches of nonrelated U.S. banks	1,422	1,371	706	685	603	598	83	83
127 Owed to foreign offices of nonrelated foreign banks	30,764	28,902	16,895	15,159	9,773	9,672	3,846	3,846
128 Owed to others	40,794	2,466	30,392	2,143	7,436	245	2,712	79
129 All other liabilities	45,697	5,094	36,059	4,410	4,402	472	4,466	181
130 Branch or agency liability on acceptances executed and outstanding	15,916	n.a.	11,258	n.a.	3,337	n.a.	804	n.a.
131 Other liabilities to nonrelated parties	29,781	5,094	24,801	4,410	1,066	472	3,662	181
132 Net due to related depository institutions[5]	113,754	24,096	56,040	16,535	14,926	492	23,337	5,260
133 Net owed to head office and other related depository institutions[5]	113,754	n.a.	56,040	n.a.	14,926	n.a.	23,337	n.a.
134 Net owed to establishing entity, head office, and other related depository institutions[5]	n.a.	24,096	n.a.	16,535	n.a.	492	n.a.	5,260
MEMO								
135 Non-interest-bearing balances with commercial banks in United States	1,452	13	1,202	13	106	0	46	0
136 Holding of commercial paper included in total loans	669		629		4		26	
137 Holding of own acceptances included in commercial and industrial loans	2,478		1,776		476		53	
138 Commercial and industrial loans with remaining maturity of one year or less	94,939		50,918		17,209		15,345	
139 Predetermined interest rates	59,987	n.a.	31,288	n.a.	10,656	n.a.	11,567	n.a.
140 Floating interest rates	34,952		19,630		6,552		3,778	
141 Commercial and industrial loans with remaining maturity of more than one year	63,804		37,586		10,981		8,852	
142 Predetermined interest rates	21,643		12,738		4,107		3,626	
143 Floating interest rates	42,161		24,848		6,874		5,226	

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1993[1]—Continued

Millions of dollars, except as noted

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs[3]	IBFs only[3]	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
144 Components of total nontransaction accounts, included in total deposits and credit balances of nontransaction accounts, including IBFs	137,141	↑	123,025	↑	4,871	↑	4,521	↑
145 Time CDs in denominations of $100,000 or more	99,425		89,668		2,960		2,740	
146 Other time deposits in denominations of $100,000 or more	27,219	n.a.	24,363	n.a.	876	n.a.	1,395	n.a.
147 Time CDs in denominations of $100,000 or more with remaining maturity of more than 12 months	10,497	↓	8,994	↓	1,036	↓	386	↓
	All states[2]		New York		California		Illinois	
	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
148 Market value of securities held	89,086	13,973	81,525	12,822	3,991	679	2,896	447
149 Immediately available funds with a maturity greater than one day included in other borrowed money	68,424	n.a.	33,068	n.a.	27,538	n.a.	6,057	n.a.
150 Number of reports filed[6]	562	0	264	0	129	0	51	0

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." The form was first used for reporting data as of June 30, 1980, and was revised as of December 31, 1985. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items. IBF, international banking facility.

2. Includes the District of Columbia.

3. Effective December 1981, the Federal Reserve Board amended Regulations D and Q to permit banking offices located in the United States to operate international banking facilities (IBFs). Since December 31, 1985, data for IBFs have been reported in a separate column. These data are either included in or excluded from the total columns as indicated in the headings. The notation "n.a." indicates that no IBF data have been reported for that item, either because the item is not an eligible IBF asset or liability or because that level of detail is not reported for IBFs. From December 1981 through September 1985, IBF data were included in all applicable items reported.

4. Total assets and total liabilities include *net* balances, if any, due from or owed to related banking institutions in the United States and in foreign countries (see note 5). On the former monthly branch and agency report, available through the G.11 statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.

5. Related depository institutions includes the foreign head office and other U.S. and foreign branches and agencies of a bank, a bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly).

6. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

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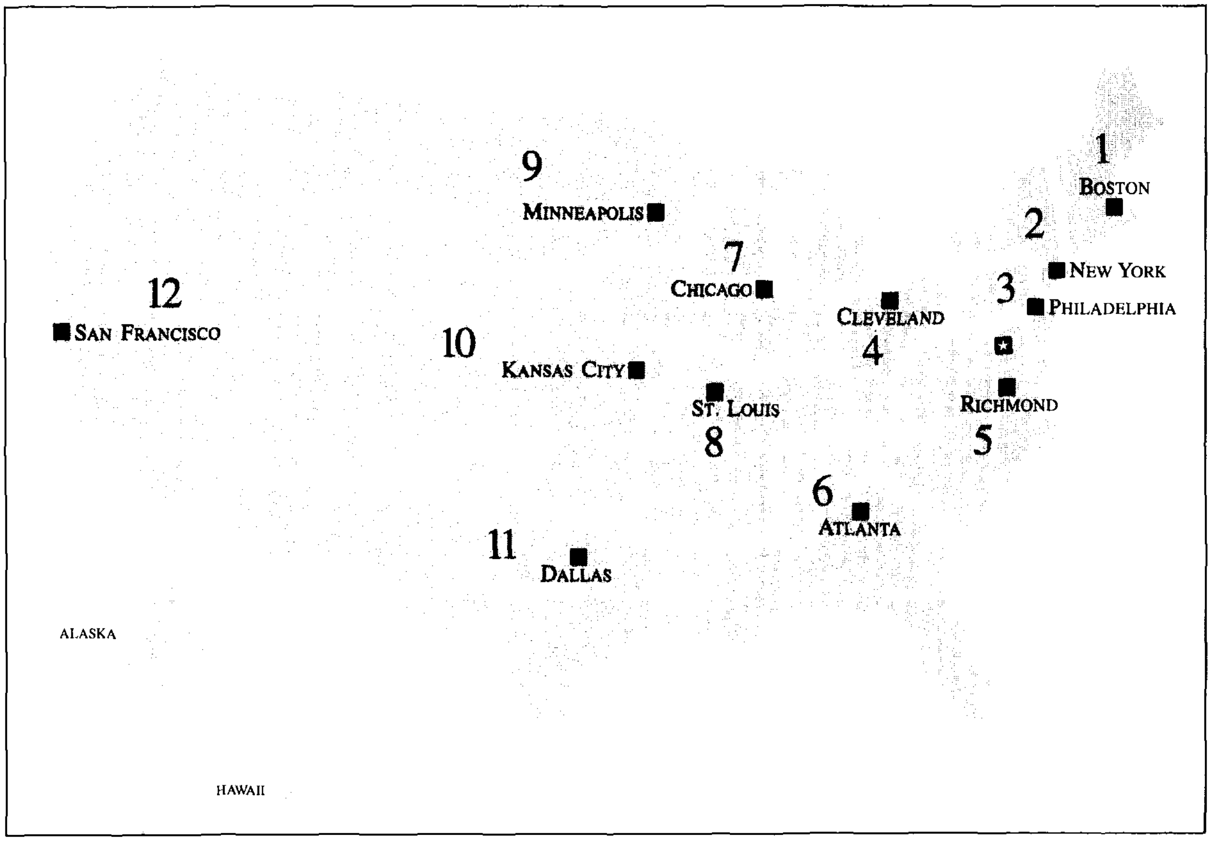

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Both pages

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Facing page

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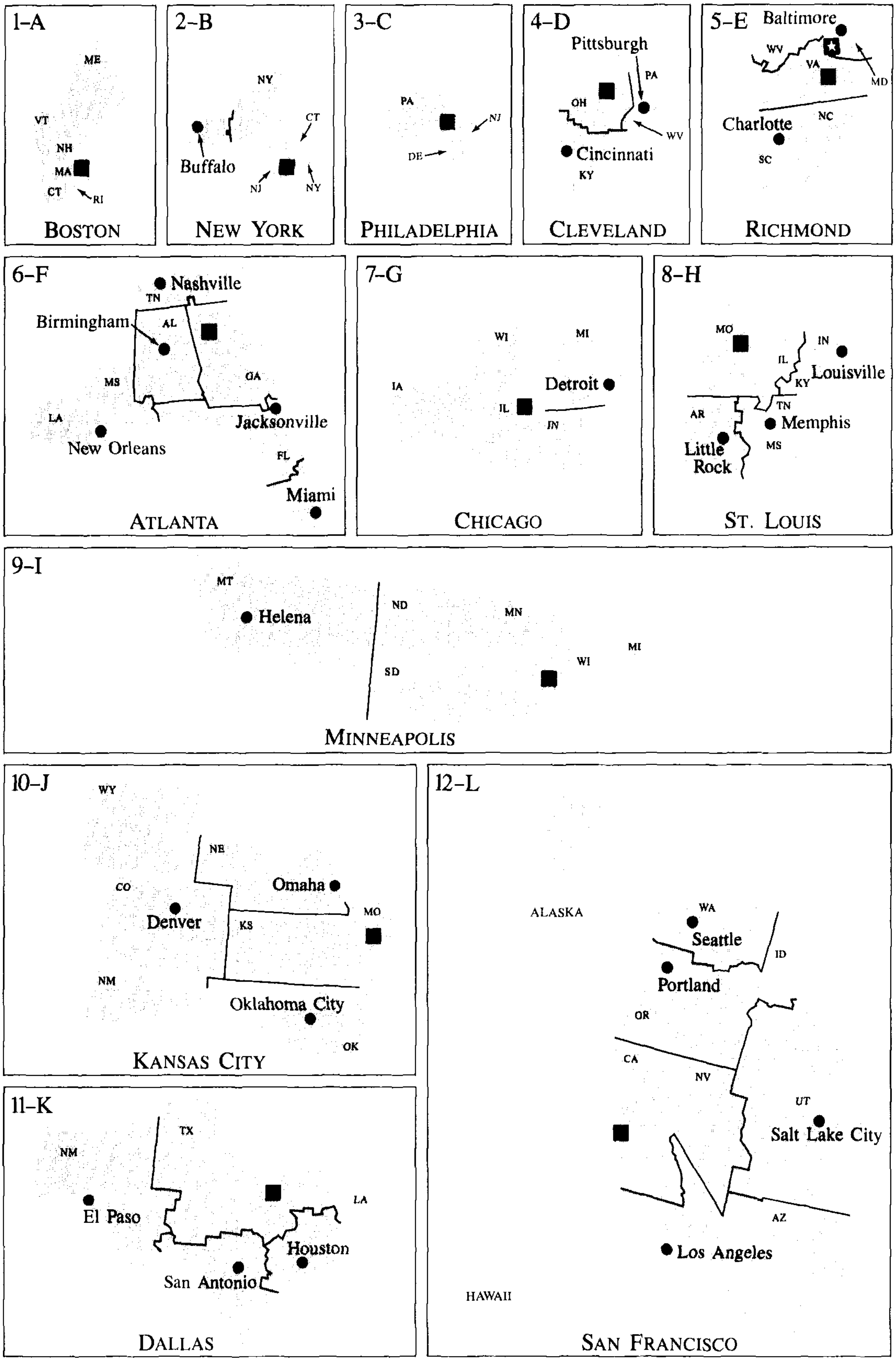
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