

IDC's Record of Predicting Thrift or Bank Failures

IDC Financial Publishing, Inc.
800-525-5457

Since December 31, 1989, the FDIC and OTS closed 955 banks and thrifts that failed.

- Fraud was indicated in 7 failed financial institutions
- Nine small institutions, that failed, had less than \$5 million in assets
- Holding Company failures, NBC Bank in Texas (rank of 1 for 29 months), First City in Texas (rank of 1 for 17 months) and Bank of New England Corp. in Massachusetts (rank of 1 for 12 months) accounted for 30 subsidiary bank failures. These 3 holding companies were ranked 1 (lowest rank) in IDC's Bank Financial Quarterly many months prior to failure.

From the remaining 907 bank and thrift failures, ranks prior to failure as follows:

	<u>IDC Lowest Rating 1 to 74</u>	<u>IDC Below Avg. Rating 75 to 124</u>	<u>IDC Avg. Rating 125 to 164</u>	<u>IDC Excellent Rating 165 to 199</u>	<u>IDC Superior Rating 200 to 300</u>
Rank Published Prior to Failure (5 mos*)	897	9	1	0	0
Rank 1 Year Prior to Published Rank (17 mos*)	804	53	29	10	11
Rank 2 Years Prior to Published Rank (29 mos*)	625	148	55	44	35

* Months prior to failure date

Summary

From 1989, bank and thrift failures, excluding failed institutions due to fraud, small failed banks under \$5 million in assets, and bank holding company failures, totaled 907 financial institutions. Of this total, 99% were ranked less than 75 (lowest rating) up to 5 months prior to failure. Of the 907 financial institutions, 94% were ranked less than 125 (below average rating) up to 17 months prior to failure and 85% were ranked less than 125 up to 29 months prior to failure.

A complete listing of the 955 failed institutions and IDC rank prior to failure is available upon request.

