

Net interest income is affected by changes in the average interest rate generated on earning assets and the average interest rate paid on interest-bearing liabilities. In addition, net interest income is affected by changes in the volume of earning assets and interest-bearing liabilities. Table 2 sets forth the dollar amount of the increases and decreases in interest income and interest expense resulting from changes in the volume of earning assets and interest-bearing liabilities and from changes in yields and rates.

Table 2: Interest Variance Analysis

(In thousands)	Year Ended December 31					
	2002 vs. 2001			2001 vs. 2000		
	Increase (Decrease) ⁽²⁾	Change due to ⁽¹⁾		Increase (Decrease)	Change due to ⁽¹⁾	
		Volume	Yield/Rate		Volume	Yield/Rate
Interest Income:						
Consumer loans						
Domestic	\$ 1,164,006	\$ 1,236,218	\$ (108,991)	\$ 282,377	\$ 958,328	\$ (675,951)
Foreign	(24,861)	26,966	(53,424)	96,371	66,904	29,467
Total	1,139,145	1,244,377	(143,608)	378,748	999,726	(620,978)
Securities available for sale	46,219	65,981	(19,762)	41,634	50,678	(9,044)
Other						
Domestic	71,013	70,320	693	39,884	36,743	3,141
Foreign	3,240	(1,633)	4,873	6,984	5,984	1,000
Total	74,253	59,445	14,808	46,868	43,420	3,448
Total interest income	1,259,617	1,397,242	(176,001)	467,250	1,149,366	(682,116)
Interest Expense:						
Deposits						
Domestic	154,626	265,326	(110,700)	271,686	268,697	2,989
Foreign	16,793	18,734	(1,941)	44,776	44,422	354
Total	171,419	284,347	(112,928)	316,462	310,709	5,753
Senior notes	65,034	44,260	20,774	82,520	76,672	5,848
Other borrowings						
Domestic	80,890	135,364	(54,474)	2,961	33,938	(30,977)
Foreign	(26,696)	(20,282)	(6,414)	(31,953)	(28,072)	(3,881)
Total	54,194	120,762	(66,568)	(28,992)	6,708	(35,700)
Total interest expense	290,647	482,845	(192,198)	369,990	395,995	(26,005)
Net interest income	\$ 968,970	\$ 898,085	\$ 32,509	\$ 97,260	\$ 739,218	\$ (641,958)

⁽¹⁾ The change in interest due to both volume and rates has been allocated in proportion to the relationship of the absolute dollar amounts of the change in each.

The changes in income and expense are calculated independently for each line in the table. The totals for the volume and yield/rate columns are not the sum of the individual lines.

⁽²⁾ The change in interest income includes \$38.4 million related to the one-time impact of the change in recoveries assumption for the year ended December 31, 2002.