

The FDIC Quarterly Banking Profile

Donald E. Powell, Chairman

Fourth Quarter 2001

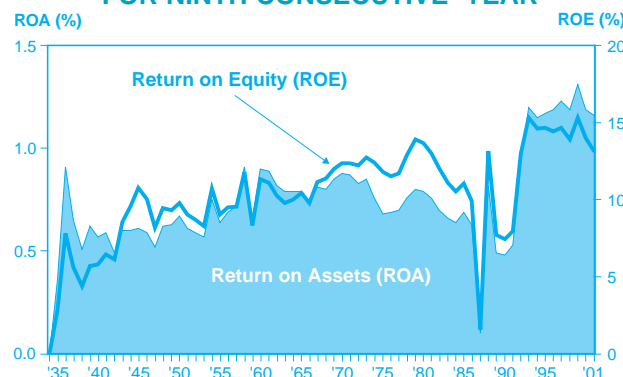
COMMERCIAL BANK PERFORMANCE — FOURTH QUARTER 2001

- *Best Fourth Quarter Ever Helps Full-Year Earnings To Record Level*
- *Lower Interest Rates Boost Securities Gains, Net Interest Income*
- *Rising Loss Provisions Mirror Declining Asset Quality Indicators*
- *Number And Assets Of "Problem" Banks Surge During The Quarter*
- *Deposit Growth Picks Up Momentum, As Loan Growth Continues To Slow*

Benefits of Lower Interest Rates Outweigh Credit-Quality Problems

Insured commercial banks registered their best fourth quarter earnings ever, reporting \$18.7 billion in net income in the final quarter of 2001, an increase of \$993 million (5.6 percent) from the fourth quarter of 2000. Key factors in the improvement in industry earnings included sharply lower funding costs and higher gains on sales of securities and other assets. The increase in profits was limited by rising provisions for loan losses and lackluster growth in noninterest revenues. More than half of all commercial banks — 58.4 percent — reported higher earnings than in the fourth quarter of 2000, and slightly over half — 51.3 percent — reported higher quarterly returns on assets (ROAs). The average ROA for the fourth quarter was 1.13 percent, down from 1.15 percent a year earlier. Full-year earnings of \$74.3 billion easily eclipsed the previous record of \$71.1 billion, set in 1999. Compared to 2000, 56.7 percent of all banks reported higher annual earnings in 2001.

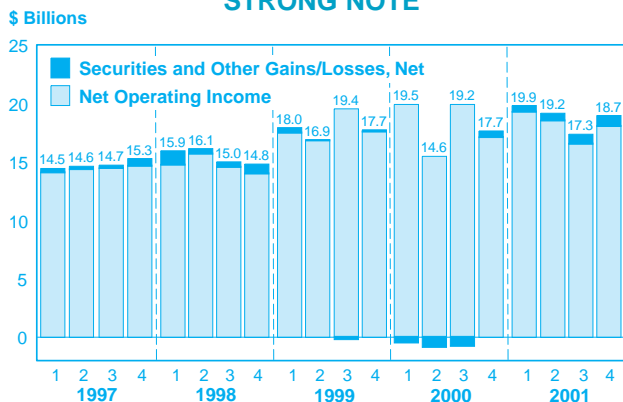
INDUSTRY ROA SURPASSES ONE PERCENT FOR NINTH CONSECUTIVE YEAR



Steeper Yield Curve Helps Net Interest Margins at Larger Banks

As was the case through much of 2001, lower interest rates continued to boost the values of banks' fixed-rate securities in the fourth quarter. Sales of securities yielded gains totaling \$1.2 billion in the fourth quarter, compared to \$207 million in gains a year earlier. Lower interest rates also helped produce a \$26.1-billion (43.0-percent) decline in total interest expense from the fourth quarter of 2000, which contributed to a \$6.3-billion (12.2 percent) improvement in net interest income. The improvement in net interest income was concentrated among large banks. The industry's average net interest margin rose to 4.15 percent in the fourth quarter, from 3.93 percent in the third quarter and 3.90 percent in the fourth quarter of 2000. Community banks were not a part of this trend, however. The average margin at banks with less than \$100 million in assets did not improve; at 4.26 percent, it was unchanged from the third quarter, and was 20 basis points below the level of a year earlier.

BANK EARNINGS FINISH THE YEAR ON A STRONG NOTE



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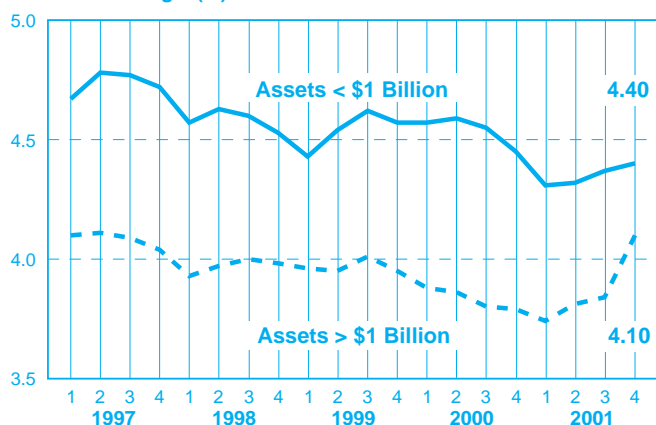
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1946-2002

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Also available on the Internet at www.fdic.gov. Comparable financial data for individual institutions can now be obtained from the FDIC's Institution Directory (I.D.) System on this Web site.

MARGINS IMPROVE IN FOURTH QUARTER

Net Interest Margin (%)



Rising Loss Provisions, Slowing Noninterest Income Limit Earnings Gains

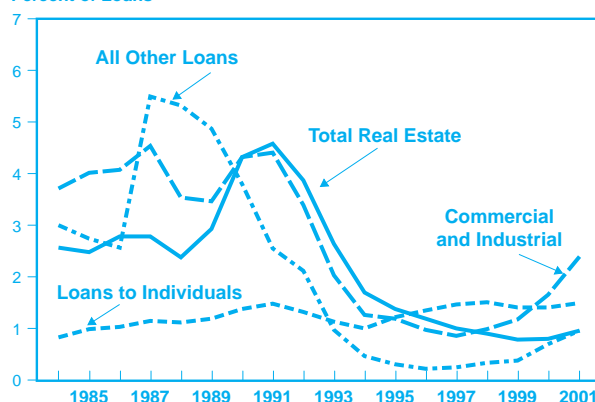
Not all income and expense trends were favorable. Loss provisions soared to a 14-year high as asset-quality problems continued to mount. Banks set aside \$15.2 billion in provisions for loan losses in the fourth quarter, an increase of \$5.0 billion (48.8 percent) from a year earlier. It was the industry's largest quarterly loss provision since the second quarter of 1987. A slowing rate of growth in noninterest revenues also limited the improvement in bank earnings. Noninterest income was only \$368 million (0.9 percent) higher than in the fourth quarter of 2000. Noninterest income provided 41.0 percent of banks' net operating revenue (net interest income plus noninterest income) in the fourth quarter, compared to 43.6 percent a year earlier. Net income from banks' overseas operations fell below \$1 billion for the first quarter since the fourth quarter of 1998. Income from international operations totaled \$988 million, compared to \$1.7 billion in the fourth quarter of 2000. The quarterly loan-loss provision for international operations rose to \$1.5 billion, from \$569 million a year ago.

Nonrecurring Gains Help Deliver New Annual Earnings Record

After a slight dip in 2000, full-year earnings returned to record levels in 2001. For the ninth consecutive year, the industry's ROA surpassed the 1-percent benchmark level. In an environment of falling short-term interest rates and an unfolding recession, the industry's record earnings in 2001 were made possible by \$4.5 billion in gains on sales of securities. Net operating income, which excludes these gains and other nonrecurring items, was \$1.1 billion (1.5 percent) lower than in 2000. Industry profits also received a boost from an \$11.2-billion (5.5-percent) increase in net interest income. Noninterest expenses increased by only 2.9 percent from the previous year, the smallest annual increase since 1942. However, noninterest income growth was also modest; banks reported \$157.2 billion in noninterest revenues in 2001, a \$3.7-billion (2.4-percent) improvement over 2000. Loan-loss provisions registered their largest annual increase in 12 years, increasing to \$43.1 billion from \$30.0 billion in 2000. The average ROA of 1.16 percent was down from 1.19 percent in 2000. More than half — 56.8 percent — of all commercial banks reported higher net income in 2001, but only 42.1 percent reported higher ROAs.

NONCURRENT RATES ROSE FOR MOST LOAN CATEGORIES IN 2001

Percent of Loans

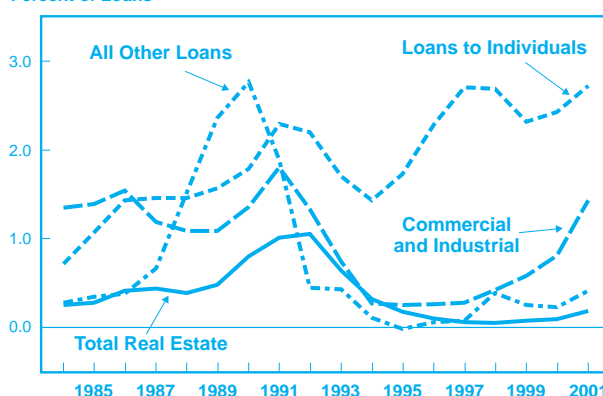


Large Banks' Commercial Loans, Credit Cards Lead Rise in Troubled Credits

Asset-quality indicators continued to worsen in the fourth quarter. Net charge-offs of \$12.7 billion were up by \$3.9 billion (44.2 percent) from a year ago, and represent the highest quarterly total ever reported by the industry. Charge-offs of commercial and industrial (C&I) loans totaled \$6.0 billion, accounting for 47.3 percent of all loans and leases charged-off in the fourth quarter. C&I charge-offs were \$2.6 billion (77.1 percent) higher than in the fourth quarter of 2000. Charge-offs of credit-card loans also rose in the fourth quarter. Banks charged-off \$3.5 billion in credit-card loans during the quarter, \$724 million (25.8 percent) more than a year earlier, as the net charge-off rate on the industry's credit-card portfolio rose to a record-high 6.26 percent. Higher charge-offs were also reported in leases (up \$198 million from a year earlier), commercial real estate loans (up \$191 million), construction and development loans (up \$74 million), home equity loans (up \$72 million), and residential mortgage loans (up \$67 million). As has been the case throughout the past two years of declining asset quality, the level of problems and the pace of deterioration continue to be significantly greater at large banks. During the fourth quarter, the overall net charge-off rate on all loans at banks with more than \$1 billion in assets was 1.46 percent, up from 1.03 percent a year earlier. At banks with less than \$1 billion in assets, the net charge-off rate was 0.57 percent, up from 0.45 percent in the fourth quarter of 2000.

C&I LOAN CHARGE-OFFS WERE SHARPLY HIGHER IN 2001

Percent of Loans



Rising Charge-offs Fail to Halt Increase in Noncurrent Loans

Even with the stepped-up rate of charge-off activity, the level of noncurrent loans (loans 90 days or more past due or in nonaccrual status) increased by \$3.3 billion (6.4 percent) during the quarter. During the 12 months ended December 31, commercial banks' noncurrent loans increased by \$12.1 billion (28.1 percent). Most of the increase in noncurrent loans during both the quarter and the entire year has occurred in large banks' C&I loan portfolios. Total noncurrent C&I loans increased by \$1.7 billion (7.6 percent) during the fourth quarter, and by \$6.1 billion (35.1 percent) for all of 2001. These increases represent slightly more than 51 percent of the increases in total noncurrent loans for the quarter and the year. The only other loan categories that showed sizable increases in noncurrent levels during the quarter were consumer loans other than credit cards, where noncurrents increased by \$596 million (15.4 percent), and residential mortgage loans, up \$671 million (9.4 percent). The percentage of loans that were noncurrent at year-end averaged 0.98 percent at banks with less than \$1 billion in assets, compared to 1.50 percent for banks with more than \$1 billion in assets.

C&I Loans Decline Further; MBSs, Commercial Real Estate Continue to Grow

Total assets of commercial banks increased by \$13.6 billion during the fourth quarter, the smallest increase since industry assets declined in the first quarter of 1999. The small increase in assets was caused primarily by the merger of two large affiliated banks. The merger produced a reduction of roughly \$125 billion in assets and liabilities representing transactions between the two banks that were netted-out when their accounts were consolidated¹. Commercial banks' holdings of C&I loans declined for the fourth consecutive quarter, falling by \$27.9 billion (2.8 percent). The decline was concentrated among large banks; more than 80 percent of the decline was attributable to 10 banks. More than half of all banks (51.4 percent) reported increases in their C&I loans during the fourth quarter. Banks' holdings of mortgage-backed securities (MBSs) grew by a record amount for the second consecutive quarter, rising by \$53.3 billion, after increasing by \$51.6 billion in the third quarter. Commercial real estate loans also continued to grow at a rapid rate, increasing by \$13.8 billion (2.8 percent).

Domestic Savings Deposits Show Strong Growth

On the funding side, domestic savings deposits posted a quarterly record increase of \$119.4 billion (6.7 percent). Domestic demand deposits registered a strong seasonal increase of \$76.8 billion. Commercial bank borrowings from Federal Home Loan Banks rose by \$7.1 billion. Deposits in foreign offices declined by \$51.2 billion, while time deposits in domestic offices fell by \$47.7 billion.

Asset Growth Slowed to 9-Year Low in 2001

For the year, asset growth slowed to 5.2 percent, the lowest annual rate since 1992. Loans increased by only 2.0 percent in 2001, after growing by 9.4 percent in 2000. C&I loans had a net decline for the first year since 1992, falling by \$68.6 billion (6.5 percent). Banks continued to reduce their holdings of U.S. Treasury securities, which declined by

\$30.7 billion (40.5 percent). In the past two years, banks have reduced their Treasury securities by \$68.0 billion (60.1 percent). In contrast, banks have been accumulating mortgage-backed securities, and the rate of accumulation jumped sharply in 2001. MBS portfolios increased by \$142.3 billion (30.2 percent) during 2001, after rising by \$16.8 billion (3.7 percent) in 2000.

Reserve Growth Keeps Pace With Growth in Noncurrent Loans

Banks increased their loss reserves by \$3.9 billion (5.7 percent) in the fourth quarter, lifting the industry's reserves-to-loans ratio from 1.77 percent to 1.85 percent. However, the continued strong growth in noncurrent loans meant that the industry's "coverage ratio" remained unchanged from the end of the third quarter, at \$1.32 in reserves for every \$1.00 of noncurrent loans. Before the fourth quarter, the coverage ratio had declined for 7 consecutive quarters.

Intangible Assets Lift Equity Capital

Equity capital increased by \$11.5 billion (1.9 percent) during the quarter, and the industry's equity-capital-to-assets ratio rose from 8.93 percent to 9.09 percent. Most of the increase in equity consisted of goodwill and other intangible assets. The industry's leverage capital ratio, which excludes intangibles, declined by one basis point during the quarter, from 7.81 percent to 7.80 percent.

"Problem" Banks Register Sharp Increase

The number of insured commercial banks reporting financial results declined from 8,149 to 8,080 during the quarter. There were 42 new banks added during the quarter, while 108 were absorbed by mergers. No commercial banks failed during the fourth quarter. However, the number of commercial banks on the FDIC's "Problem List" increased from 74 to 95, and total problem bank assets rose from \$14.4 billion to \$36.1 billion. This is the largest quarterly increase in problem banks since the third quarter of 1991, and the largest increase in problem-bank assets since the fourth quarter of 1991.

¹The Chase Manhattan Bank and Morgan Guaranty Trust Co., both subsidiaries of J.P. Morgan Chase & Co., merged during the fourth quarter to form JPMorgan Chase Bank.

MERGER, CHARTER ACTIVITY DROPPED OFF IN 2001

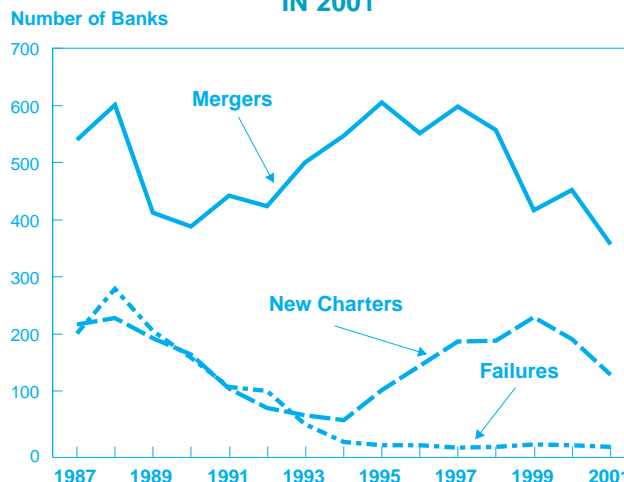


TABLE I-A. Selected Indicators, FDIC-Insured Commercial Banks

| | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 |
|---|-------|-------|-------|-------|-------|-------|-------|
| Return on assets (%)..... | 1.16 | 1.19 | 1.31 | 1.19 | 1.23 | 1.19 | 1.17 |
| Return on equity (%)..... | 13.10 | 14.02 | 15.31 | 13.93 | 14.68 | 14.45 | 14.66 |
| Core capital (leverage) ratio (%)..... | 7.79 | 7.70 | 7.79 | 7.54 | 7.56 | 7.64 | 7.61 |
| Noncurrent assets plus | | | | | | | |
| other real estate owned to assets (%)..... | 0.92 | 0.74 | 0.63 | 0.65 | 0.66 | 0.75 | 0.85 |
| Net charge-offs to loans (%)..... | 0.94 | 0.67 | 0.61 | 0.67 | 0.64 | 0.58 | 0.49 |
| Asset growth rate (%)..... | 5.20 | 8.88 | 5.38 | 8.53 | 9.54 | 6.16 | 7.53 |
| Net interest margin (%)..... | 3.90 | 3.95 | 4.07 | 4.07 | 4.21 | 4.27 | 4.29 |
| Net operating income growth (%)..... | -1.54 | 1.80 | 20.40 | 2.24 | 12.46 | 6.43 | 7.48 |
| Number of institutions reporting..... | 8,080 | 8,315 | 8,579 | 8,773 | 9,142 | 9,527 | 9,940 |
| Percentage of unprofitable institutions (%)..... | 7.54 | 7.34 | 7.51 | 6.11 | 4.85 | 4.28 | 3.55 |
| Number of problem institutions..... | 95 | 76 | 66 | 69 | 71 | 82 | 144 |
| Assets of problem institutions (in billions)..... | \$36 | \$17 | \$4 | \$5 | \$5 | \$5 | \$17 |
| Number of failed/assisted institutions..... | 3 | 6 | 7 | 3 | 1 | 5 | 6 |

TABLE II-A. Aggregate Condition and Income Data, FDIC-Insured Commercial Banks*(dollar figures in millions)*

| (dollar figures in millions) | Preliminary 4th Quarter 2001 | 3rd Quarter 2001 | 4th Quarter 2000 | %Change 00:4-01:4 | | |
|---|------------------------------------|---------------------|------------------------------------|----------------------|----------------------|-------|
| Number of institutions reporting..... | 8,080 | 8,149 | 8,315 | -2.8 | | |
| Total employees (full-time equivalent)..... | 1,704,931 | 1,671,162 | 1,670,857 | 2.0 | | |
| CONDITION DATA | | | | | | |
| Total assets..... | \$6,569,240 | \$6,555,671 | \$6,244,622 | 5.2 | | |
| Loans secured by real estate..... | 1,803,587 | 1,749,213 | 1,673,185 | 7.8 | | |
| Commercial & industrial loans..... | 982,480 | 1,010,372 | 1,051,060 | -6.5 | | |
| Loans to individuals..... | 631,160 | 607,557 | 606,664 | 4.0 | | |
| Farm loans..... | 47,762 | 48,280 | 48,099 | -0.7 | | |
| Other loans & leases..... | 433,476 | 448,059 | 443,469 | -2.3 | | |
| Less: Unearned income..... | 3,110 | 2,665 | 2,931 | 6.1 | | |
| Total loans & leases..... | 3,895,355 | 3,860,817 | 3,819,547 | 2.0 | | |
| Less: Reserve for losses..... | 72,110 | 68,215 | 64,137 | 12.4 | | |
| Net loans and leases..... | 3,823,246 | 3,792,601 | 3,755,409 | 1.8 | | |
| Securities..... | 1,179,562 | 1,106,817 | 1,078,981 | 9.3 | | |
| Other real estate owned..... | 3,568 | 3,457 | 2,912 | 22.5 | | |
| Goodwill and other intangibles..... | 122,415 | 111,689 | 103,781 | 18.0 | | |
| All other assets..... | 1,440,449 | 1,541,107 | 1,303,538 | 10.5 | | |
| Total liabilities and capital..... | 6,569,240 | 6,555,671 | 6,244,622 | 5.2 | | |
| Noninterest-bearing deposits..... | 873,671 | 777,646 | 756,561 | 15.5 | | |
| Interest-bearing deposits..... | 3,517,952 | 3,517,030 | 3,423,073 | 2.8 | | |
| Other borrowed funds..... | 1,129,752 | 1,167,113 | 1,108,777 | 1.9 | | |
| Subordinated debt..... | 95,317 | 92,442 | 87,043 | 9.5 | | |
| All other liabilities..... | 355,092 | 415,440 | 338,436 | 4.9 | | |
| Equity capital..... | 597,457 | 585,999 | 530,731 | 12.6 | | |
| Loans and leases 30-89 days past due..... | 53,294 | 52,561 | 47,953 | 11.1 | | |
| Noncurrent loans and leases..... | 55,028 | 51,697 | 42,941 | 28.1 | | |
| Restructured loans and leases..... | 1,030 | 1,063 | 1,312 | -21.5 | | |
| Direct and indirect investments in real estate..... | 265 | 253 | 297 | -10.9 | | |
| 1-4 Family residential mortgages..... | 966,299 | 931,451 | 917,657 | 5.3 | | |
| Mortgage-backed securities..... | 613,586 | 560,254 | 471,243 | 30.2 | | |
| Earning assets..... | 5,598,734 | 5,584,869 | 5,380,269 | 4.1 | | |
| Long-term assets (5+ years)..... | 1,341,749 | 1,264,512 | 1,187,694 | 13.0 | | |
| Volatile liabilities..... | 2,061,424 | 2,180,294 | 2,184,056 | -5.6 | | |
| Foreign office deposits..... | 629,681 | 680,900 | 706,666 | -10.9 | | |
| FHLB Advances (Source: FHFB, Call Reports)..... | 198,620 | 191,550 | 174,742 | 13.7 | | |
| Unused loan commitments..... | 4,872,474 | 4,763,651 | 4,469,121 | 9.0 | | |
| Derivatives..... | 45,518,038 | 50,324,021 | 40,760,447 | 11.7 | | |
| | Preliminary Full Year 2001 | Full Year 2000 | Preliminary 4th Quarter 2001 | 4th Quarter 2000 | %Change 00:4-01:4 | |
| INCOME DATA | | | | | | |
| Total interest income..... | \$402,915 | \$428,449 | -6.0 | \$92,746 | \$112,504 | -17.6 |
| Total interest expense..... | 187,713 | 224,488 | -16.4 | 34,558 | 60,636 | -43.0 |
| Net interest income..... | 215,202 | 203,962 | 5.5 | 58,188 | 51,868 | 12.2 |
| Provision for loan and lease losses..... | 43,074 | 30,001 | 43.6 | 15,195 | 10,211 | 48.8 |
| Total noninterest income..... | 157,172 | 153,452 | 2.4 | 40,450 | 40,082 | 0.9 |
| Total noninterest expense..... | 222,316 | 216,105 | 2.9 | 57,608 | 55,431 | 3.9 |
| Securities gains (losses)..... | 4,478 | -2,283 | N/M | 1,210 | 207 | 484.8 |
| Applicable income taxes..... | 36,904 | 37,983 | -2.8 | 8,392 | 8,790 | -4.5 |
| Extraordinary gains, net..... | -248 | -32 | N/M | 19 | -46 | N/M |
| Net income..... | 74,310 | 71,009 | 4.7 | 18,672 | 17,679 | 5.6 |
| Net charge-offs..... | 36,459 | 24,785 | 47.1 | 12,725 | 8,824 | 44.2 |
| Cash dividends..... | 54,085 | 53,844 | 0.5 | 15,070 | 18,636 | -19.1 |
| Net operating income..... | 71,480 | 72,598 | -1.5 | 17,803 | 17,217 | 3.4 |

N/M - Not meaningful

TABLE III-A. Full Year 2001, FDIC-Insured Commercial Banks

| FULL YEAR Preliminary (The way it is...) | All Institutions | Asset Size Distribution | | | | Geographic Distribution by Region | | | | | |
|--|---------------------|-------------------------------|------------------------------------|-----------------------------------|---------------------------------|-----------------------------------|----------------|-----------|--------------|----------------|---------|
| | | Less than \$100 Million | \$100 Million to \$1 Billion | \$1 Billion to \$10 Billion | Greater than \$10 Billion | East | | | West | | |
| | | | | | | North- east | South- east | Central | Mid- west | South- west | West |
| Number of institutions reporting..... | 8,080 | 4,486 | 3,194 | 320 | 80 | 651 | 1,392 | 1,721 | 2,094 | 1,342 | 880 |
| Total assets (in billions)..... | \$6,569.2 | \$221.6 | \$819.4 | \$915.4 | \$4,612.8 | \$2,259.3 | \$1,634.0 | \$1,321.6 | \$363.2 | \$276.7 | \$714.4 |
| Total deposits (in billions)..... | 4,391.6 | 187.7 | 668.4 | 625.0 | 2,910.5 | 1,432.7 | 1,127.4 | 860.7 | 253.9 | 226.1 | 491.0 |
| Net income (in millions)..... | 74,310 | 1,912 | 9,322 | 11,518 | 51,559 | 23,703 | 18,268 | 13,284 | 5,012 | 3,098 | 10,945 |
| % of unprofitable institutions..... | 7.5 | 11.2 | 3.0 | 3.1 | 1.3 | 10.6 | 12.3 | 5.6 | 4.2 | 5.4 | 12.7 |
| % of institutions with earnings gains..... | 56.7 | 49.5 | 65.5 | 69.1 | 62.5 | 66.4 | 56.0 | 60.4 | 55.2 | 50.6 | 56.7 |
| Performance ratios (%) | | | | | | | | | | | |
| Yield on earning assets..... | 7.29 | 7.83 | 7.90 | 7.76 | 7.06 | 6.96 | 7.20 | 7.31 | 8.03 | 7.62 | 8.05 |
| Cost of funding earning assets..... | 3.40 | 3.61 | 3.54 | 3.45 | 3.35 | 3.50 | 3.31 | 3.52 | 3.52 | 3.21 | 3.06 |
| Net interest margin..... | 3.90 | 4.23 | 4.37 | 4.31 | 3.71 | 3.46 | 3.89 | 3.79 | 4.52 | 4.41 | 4.99 |
| Noninterest income to earning assets..... | 2.85 | 1.11 | 1.71 | 2.62 | 3.19 | 3.66 | 2.45 | 2.05 | 2.88 | 1.58 | 3.22 |
| Noninterest expense to earning assets..... | 4.03 | 3.74 | 3.87 | 4.02 | 4.07 | 4.36 | 3.87 | 3.40 | 4.33 | 3.90 | 4.44 |
| Loan and lease loss provision to assets..... | 0.67 | 0.30 | 0.37 | 0.66 | 0.74 | 0.74 | 0.51 | 0.73 | 0.66 | 0.33 | 0.87 |
| Net operating income to assets..... | 1.11 | 0.89 | 1.16 | 1.26 | 1.08 | 1.01 | 1.09 | 0.99 | 1.46 | 1.11 | 1.56 |
| Pretax return on assets..... | 1.73 | 1.19 | 1.69 | 2.02 | 1.71 | 1.61 | 1.67 | 1.51 | 2.17 | 1.63 | 2.51 |
| Return on assets..... | 1.16 | 0.91 | 1.20 | 1.31 | 1.13 | 1.05 | 1.13 | 1.04 | 1.49 | 1.17 | 1.63 |
| Return on equity..... | 13.10 | 8.07 | 12.24 | 13.77 | 13.43 | 12.74 | 12.22 | 12.36 | 16.50 | 12.16 | 15.96 |
| Net charge-offs to loans and leases..... | 0.94 | 0.34 | 0.41 | 1.03 | 1.06 | 1.20 | 0.74 | 0.80 | 0.87 | 0.44 | 1.24 |
| Loan and lease loss provision to net charge-offs..... | 118.14 | 147.62 | 139.23 | 101.73 | 119.45 | 120.77 | 105.38 | 133.67 | 112.69 | 125.27 | 110.74 |
| Efficiency ratio..... | 57.72 | 69.59 | 62.84 | 55.75 | 56.83 | 59.37 | 58.65 | 56.08 | 57.60 | 63.34 | 52.11 |
| Condition Ratios (%) | | | | | | | | | | | |
| Earning assets to total assets..... | 85.23 | 91.39 | 91.15 | 89.49 | 83.03 | 82.09 | 84.28 | 88.11 | 90.42 | 89.41 | 87.71 |
| Loss allowance to: | | | | | | | | | | | |
| Loans and leases..... | 1.85 | 1.41 | 1.44 | 1.79 | 1.97 | 2.12 | 1.61 | 1.76 | 1.72 | 1.42 | 2.08 |
| Noncurrent loans and leases..... | 131.04 | 128.12 | 151.78 | 167.67 | 123.46 | 124.94 | 125.29 | 120.55 | 166.13 | 135.90 | 174.25 |
| Noncurrent assets plus other real estate owned to assets..... | 0.92 | 0.81 | 0.73 | 0.73 | 1.00 | 0.97 | 0.88 | 1.04 | 0.77 | 0.72 | 0.81 |
| Equity capital ratio..... | 9.09 | 10.90 | 9.68 | 9.76 | 8.77 | 8.60 | 9.73 | 8.45 | 8.93 | 9.49 | 10.34 |
| Core capital (leverage) ratio..... | 7.79 | 10.63 | 9.17 | 8.74 | 7.23 | 7.24 | 7.99 | 7.60 | 8.49 | 8.58 | 8.82 |
| Tier 1 risk-based capital ratio..... | 9.90 | 15.87 | 12.88 | 11.83 | 8.86 | 9.74 | 9.76 | 9.02 | 11.34 | 12.56 | 10.83 |
| Total risk-based capital ratio..... | 12.72 | 16.96 | 14.06 | 13.77 | 12.16 | 12.69 | 12.64 | 12.15 | 13.03 | 14.10 | 13.51 |
| Net loans and leases to deposits..... | 87.06 | 71.11 | 78.51 | 88.73 | 89.69 | 79.26 | 88.06 | 99.43 | 94.46 | 70.09 | 89.82 |
| Structural Changes | | | | | | | | | | | |
| New Charters..... | 129 | 123 | 5 | 0 | 1 | 18 | 37 | 19 | 14 | 8 | 33 |
| Banks absorbed by mergers..... | 357 | 159 | 164 | 25 | 9 | 36 | 73 | 97 | 60 | 44 | 47 |
| Failed banks..... | 3 | 3 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 1 | 0 |
| PRIOR FULL YEARS (The way it was...) | | | | | | | | | | | |
| Number of institutions.....2000 | 8,315 | 4,837 | 3,081 | 314 | 83 | 664 | 1,426 | 1,792 | 2,144 | 1,383 | 906 |
|1998 | 8,773 | 5,408 | 2,973 | 321 | 71 | 693 | 1,445 | 1,904 | 2,265 | 1,517 | 949 |
|1996 | 9,527 | 6,203 | 2,926 | 325 | 73 | 743 | 1,577 | 2,109 | 2,401 | 1,683 | 1,014 |
| Total assets (in billions).....2000 | \$6,244.6 | \$230.9 | \$773.6 | \$879.4 | \$4,360.7 | \$2,180.8 | \$1,611.9 | \$1,072.4 | \$419.0 | \$302.3 | \$658.2 |
|1998 | 5,442.5 | 252.3 | 726.8 | 921.8 | 3,541.6 | 1,922.3 | 1,211.4 | 889.3 | 376.5 | 304.7 | 738.3 |
|1996 | 4,578.3 | 280.0 | 713.5 | 1,002.4 | 2,582.5 | 1,730.7 | 805.4 | 716.8 | 297.2 | 334.4 | 693.8 |
| Return on assets (%).....2000 | 1.19 | 1.00 | 1.28 | 1.28 | 1.16 | 1.30 | 1.05 | 1.03 | 1.42 | 0.97 | 1.38 |
|1998 | 1.19 | 1.13 | 1.31 | 1.52 | 1.08 | 1.06 | 1.30 | 1.25 | 1.50 | 1.13 | 1.11 |
|1996 | 1.19 | 1.16 | 1.28 | 1.31 | 1.12 | 1.10 | 1.22 | 1.21 | 1.43 | 1.22 | 1.24 |
| Net charge-offs to loans & leases (%) | | | | | | | | | | | |
|2000 | 0.67 | 0.41 | 0.33 | 0.70 | 0.75 | 0.79 | 0.61 | 0.40 | 0.83 | 0.43 | 1.00 |
|1998 | 0.67 | 0.31 | 0.40 | 1.02 | 0.65 | 0.91 | 0.43 | 0.44 | 0.74 | 0.43 | 0.87 |
|1996 | 0.58 | 0.27 | 0.42 | 0.89 | 0.52 | 0.63 | 0.45 | 0.44 | 0.70 | 0.35 | 0.79 |
| Noncurrent assets plus OREO to assets (%).....2000 | 0.74 | 0.67 | 0.61 | 0.64 | 0.79 | 0.74 | 0.82 | 0.74 | 0.61 | 0.62 | 0.73 |
|1998 | 0.65 | 0.71 | 0.62 | 0.71 | 0.64 | 0.78 | 0.55 | 0.56 | 0.57 | 0.59 | 0.67 |
|1996 | 0.75 | 0.77 | 0.74 | 0.85 | 0.71 | 0.84 | 0.68 | 0.57 | 0.65 | 0.61 | 0.88 |
| Equity capital ratio (%).....2000 | 8.50 | 11.06 | 9.59 | 8.98 | 8.07 | 8.00 | 8.66 | 7.91 | 9.49 | 8.93 | 9.87 |
|1998 | 8.49 | 10.95 | 9.52 | 9.46 | 7.85 | 7.80 | 9.10 | 8.27 | 8.72 | 8.83 | 9.29 |
|1996 | 8.20 | 10.54 | 9.44 | 8.77 | 7.38 | 7.36 | 8.48 | 8.43 | 8.74 | 8.74 | 9.22 |

REGIONS: **Northeast** - Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, U.S. Virgin Islands
Southeast - Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia
Central - Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin
Midwest - Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota
Southwest - Arkansas, Louisiana, New Mexico, Oklahoma, Texas
West - Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, Oregon, Pacific Islands, Utah, Washington, Wyoming

TABLE IV-A. Fourth Quarter 2001, FDIC-Insured Commercial Banks

| FOURTH QUARTER Preliminary (The way it is...) | All Institutions | Asset Size Distribution | | | | Geographic Distribution by Region | | | | | |
|--|---------------------|-------------------------------|------------------------------------|-----------------------------------|---------------------------------|-----------------------------------|----------------|-----------|--------------|---------------|---------|
| | | Less than \$100 Million | \$100 Million to \$1 Billion | \$1 Billion to \$10 Billion | Greater than \$10 Billion | East | | | West | | |
| | | Million | \$1 Billion | \$10 Billion | Billion | North- east | South- east | Central | Mid- west | South west | West |
| Number of institutions reporting..... | 8,080 | 4,486 | 3,194 | 320 | 80 | 651 | 1,392 | 1,721 | 2,094 | 1,342 | 880 |
| Total assets (in billions)..... | \$6,569.2 | \$221.6 | \$819.4 | \$915.4 | \$4,612.8 | \$2,259.3 | \$1,634.0 | \$1,321.6 | \$363.2 | \$276.7 | \$714.4 |
| Total deposits (in billions)..... | 4,391.6 | 187.7 | 668.4 | 625.0 | 2,910.5 | 1,432.7 | 1,127.4 | 860.7 | 253.9 | 226.1 | 491.0 |
| Net income (in millions)..... | 18,672 | 417 | 2,345 | 3,025 | 12,885 | 4,321 | 5,811 | 3,357 | 1,464 | 773 | 2,946 |
| % of unprofitable institutions..... | 12.8 | 18.1 | 5.9 | 7.5 | 13.8 | 13.1 | 14.6 | 9.3 | 11.7 | 14.1 | 17.4 |
| % of institutions with earnings gains..... | 58.4 | 53.7 | 64.5 | 66.3 | 52.5 | 61.4 | 59.5 | 61.6 | 58.9 | 53.3 | 54.9 |
| Performance Ratios (annualized, %) | | | | | | | | | | | |
| Yield on earning assets..... | 6.62 | 7.35 | 7.37 | 7.00 | 6.35 | 5.98 | 6.81 | 6.53 | 7.94 | 6.98 | 7.50 |
| Cost of funding earning assets..... | 2.46 | 3.09 | 2.93 | 2.64 | 2.31 | 2.30 | 2.64 | 2.59 | 2.80 | 2.52 | 2.15 |
| Net interest margin..... | 4.15 | 4.26 | 4.44 | 4.36 | 4.04 | 3.68 | 4.16 | 3.94 | 5.14 | 4.46 | 5.35 |
| Noninterest income to earning assets..... | 2.89 | 1.19 | 1.84 | 2.76 | 3.20 | 3.64 | 2.71 | 2.12 | 2.98 | 1.63 | 2.86 |
| Noninterest expense to earning assets..... | 4.11 | 3.98 | 4.01 | 4.08 | 4.14 | 4.36 | 4.18 | 3.43 | 4.39 | 4.02 | 4.34 |
| Loan and lease loss provision to assets..... | 0.92 | 0.39 | 0.49 | 0.67 | 1.07 | 1.31 | 0.53 | 0.85 | 0.98 | 0.39 | 0.90 |
| Net operating income to assets..... | 1.08 | 0.72 | 1.13 | 1.30 | 1.05 | 0.72 | 1.31 | 1.02 | 1.65 | 1.02 | 1.60 |
| Pretax return on assets..... | 1.64 | 1.01 | 1.63 | 2.11 | 1.59 | 1.16 | 1.90 | 1.46 | 2.44 | 1.63 | 2.61 |
| Return on assets..... | 1.13 | 0.76 | 1.16 | 1.34 | 1.11 | 0.75 | 1.42 | 1.02 | 1.68 | 1.13 | 1.68 |
| Return on equity..... | 12.57 | 6.88 | 11.85 | 13.69 | 12.81 | 8.93 | 14.67 | 12.04 | 18.47 | 11.74 | 16.23 |
| Net charge-offs to loans and leases..... | 1.31 | 0.52 | 0.59 | 1.47 | 1.46 | 1.95 | 0.92 | 0.95 | 1.36 | 0.61 | 1.46 |
| Loan and lease loss provision to net charge-offs.... | 119.42 | 123.79 | 129.33 | 73.34 | 128.36 | 133.43 | 91.55 | 135.86 | 106.52 | 109.89 | 98.04 |
| Efficiency ratio..... | 56.36 | 72.54 | 62.91 | 55.41 | 54.84 | 57.83 | 58.10 | 54.52 | 53.21 | 64.37 | 50.83 |
| Structural Changes (QTR) | | | | | | | | | | | |
| New charters..... | 37 | 34 | 2 | 0 | 1 | 8 | 13 | 2 | 3 | 2 | 9 |
| Banks absorbed by mergers..... | 107 | 49 | 49 | 6 | 3 | 8 | 31 | 19 | 18 | 13 | 18 |
| Failed banks..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PRIOR FOURTH QUARTERS | | | | | | | | | | | |
| (The way it was...) | | | | | | | | | | | |
| Return on assets (%).....2000 | 1.15 | 0.76 | 1.18 | 1.07 | 1.18 | 1.32 | 1.05 | 0.95 | 1.38 | 0.70 | 1.23 |
|1998 | 1.10 | 0.83 | 1.20 | 1.35 | 1.04 | 1.01 | 1.36 | 1.09 | 1.46 | 0.99 | 0.80 |
|1996 | 1.21 | 0.97 | 1.28 | 1.42 | 1.14 | 1.17 | 1.26 | 1.28 | 1.39 | 1.20 | 1.12 |
| Net charge-offs to loans & leases (%) | | | | | | | | | | | |
|2000 | 0.93 | 0.45 | 0.46 | 0.90 | 1.05 | 0.92 | 1.16 | 0.55 | 0.92 | 0.66 | 1.15 |
|1998 | 0.73 | 0.48 | 0.56 | 1.11 | 0.67 | 0.95 | 0.52 | 0.57 | 0.81 | 0.56 | 0.81 |
|1996 | 0.64 | 0.42 | 0.56 | 1.01 | 0.52 | 0.67 | 0.53 | 0.53 | 0.84 | 0.48 | 0.79 |

TABLE V-A. Loan Performance, FDIC-Insured Commercial Banks

| December 31, 2001 | | Asset Size Distribution | | | | | Geographical Distribution by Region | | | | |
|--|-----------|-------------------------|-------------------------------|------------------------------------|-----------------------------------|---------------------------------|-------------------------------------|----------------|---------|--------------|----------------|
| | | All Institutions | Less than \$100 Million | \$100 Million to \$1 Billion | \$1 Billion to \$10 Billion | Greater than \$10 Billion | East | | | West | |
| | | | | | | | North- east | South- east | Central | Mid- west | South- west |
| Percent of Loans 30-89 Days Past Due | | | | | | | | | | | |
| All loans secured by real estate..... | 1.31 | 1.56 | 1.20 | 1.05 | 1.41 | 1.38 | 1.19 | 1.65 | 0.95 | 1.23 | 1.07 |
| Construction and development..... | 1.21 | 1.64 | 1.16 | 1.07 | 1.26 | 1.23 | 0.89 | 1.45 | 1.20 | 1.28 | 1.49 |
| Commercial real estate..... | 0.90 | 1.17 | 0.87 | 0.81 | 0.94 | 0.80 | 0.84 | 1.24 | 0.83 | 0.91 | 0.65 |
| Multifamily residential real estate..... | 0.69 | 0.77 | 0.61 | 0.48 | 0.78 | 0.51 | 0.75 | 1.08 | 0.40 | 0.60 | 0.32 |
| Home equity loans..... | 0.91 | 0.87 | 0.82 | 0.81 | 0.94 | 0.68 | 0.81 | 1.34 | 0.64 | 0.49 | 0.55 |
| Other 1-4 Family residential..... | 1.67 | 2.01 | 1.68 | 1.36 | 1.71 | 1.57 | 1.62 | 2.10 | 1.03 | 1.59 | 1.48 |
| Commercial and industrial loans..... | 1.02 | 1.85 | 1.38 | 1.27 | 0.91 | 0.91 | 0.71 | 1.29 | 1.40 | 1.17 | 1.30 |
| Loans to individuals..... | 2.47 | 2.88 | 2.60 | 2.40 | 2.45 | 2.70 | 2.36 | 2.81 | 1.77 | 2.16 | 2.10 |
| Credit card loans..... | 2.69 | 2.52 | 5.08 | 2.76 | 2.59 | 3.20 | 3.25 | 2.13 | 1.58 | 1.70 | 2.23 |
| Other loans to individuals..... | 2.34 | 2.89 | 2.26 | 2.19 | 2.35 | 2.30 | 2.15 | 2.92 | 2.02 | 2.17 | 1.87 |
| All other loans and leases (including farm)..... | 0.84 | 1.05 | 0.98 | 0.92 | 0.82 | 0.79 | 0.45 | 1.26 | 0.87 | 0.96 | 1.00 |
| Memo: Commercial RE loans not secured by RE..... | 1.02 | 0.47 | 0.24 | 1.02 | 1.05 | 0.27 | 1.44 | 0.79 | 2.14 | 1.38 | 1.18 |
| Percent of Loans Noncurrent* | | | | | | | | | | | |
| All real estate loans..... | 0.96 | 0.97 | 0.83 | 0.84 | 1.04 | 1.08 | 0.81 | 1.26 | 0.66 | 0.90 | 0.74 |
| Construction and development..... | 1.06 | 1.03 | 0.94 | 1.05 | 1.13 | 1.10 | 1.05 | 1.05 | 0.87 | 0.96 | 1.20 |
| Commercial real estate..... | 0.98 | 1.14 | 0.91 | 0.89 | 1.04 | 0.85 | 0.89 | 1.32 | 0.92 | 0.92 | 0.79 |
| Multifamily residential real estate..... | 0.43 | 0.62 | 0.50 | 0.45 | 0.39 | 0.26 | 0.41 | 0.58 | 0.47 | 0.60 | 0.41 |
| Home equity loans..... | 0.39 | 0.30 | 0.34 | 0.41 | 0.40 | 0.29 | 0.35 | 0.56 | 0.28 | 0.30 | 0.28 |
| Other 1-4 Family residential..... | 0.96 | 0.88 | 0.76 | 0.80 | 1.06 | 0.99 | 0.79 | 1.49 | 0.47 | 0.82 | 0.56 |
| Commercial and industrial loans..... | 2.40 | 1.62 | 1.35 | 1.68 | 2.67 | 2.82 | 2.39 | 2.25 | 1.22 | 1.62 | 2.18 |
| Loans to individuals..... | 1.50 | 1.00 | 0.97 | 1.22 | 1.65 | 2.07 | 0.84 | 1.16 | 1.68 | 0.65 | 1.35 |
| Credit card loans..... | 2.15 | 1.67 | 3.36 | 2.05 | 2.13 | 2.53 | 1.47 | 1.55 | 2.24 | 1.05 | 1.83 |
| Other loans to individuals..... | 1.12 | 0.99 | 0.64 | 0.72 | 1.31 | 1.70 | 0.69 | 1.10 | 0.90 | 0.63 | 0.50 |
| All other loans and leases (including farm)..... | 0.96 | 1.04 | 0.98 | 0.74 | 0.97 | 0.56 | 1.70 | 0.93 | 1.13 | 1.18 | 1.16 |
| Memo: Commercial RE loans not secured by RE..... | 1.56 | 0.47 | 0.08 | 0.54 | 1.70 | 0.26 | 3.34 | 0.54 | 1.01 | 0.38 | 0.20 |
| Percent of Loans Charged-off (net) | | | | | | | | | | | |
| All real estate loans..... | 0.19 | 0.08 | 0.08 | 0.13 | 0.24 | 0.11 | 0.27 | 0.25 | 0.06 | 0.07 | 0.08 |
| Construction and development..... | 0.13 | 0.10 | 0.13 | 0.18 | 0.12 | 0.10 | 0.13 | 0.16 | 0.10 | 0.06 | 0.16 |
| Commercial real estate..... | 0.13 | 0.10 | 0.08 | 0.11 | 0.18 | 0.11 | 0.14 | 0.22 | 0.08 | 0.07 | 0.06 |
| Multifamily residential real estate..... | 0.03 | 0.12 | 0.06 | 0.00 | 0.03 | 0.03 | 0.03 | 0.09 | -0.01 | 0.04 | -0.02 |
| Home equity loans..... | 0.27 | 0.04 | 0.09 | 0.17 | 0.32 | 0.06 | 0.29 | 0.44 | 0.16 | 0.21 | 0.12 |
| Other 1-4 Family residential..... | 0.22 | 0.07 | 0.08 | 0.13 | 0.29 | 0.10 | 0.39 | 0.27 | 0.05 | 0.07 | 0.05 |
| Commercial and industrial loans..... | 1.43 | 0.74 | 0.80 | 1.53 | 1.51 | 1.54 | 1.40 | 1.38 | 0.76 | 0.97 | 1.69 |
| Loans to individuals..... | 2.72 | 0.92 | 1.63 | 3.39 | 2.78 | 3.25 | 1.75 | 1.86 | 3.30 | 1.01 | 3.92 |
| Credit card loans..... | 5.12 | 2.93 | 6.92 | 6.72 | 4.70 | 5.25 | 3.62 | 4.99 | 6.20 | 2.68 | 5.33 |
| Other loans to individuals..... | 1.28 | 0.87 | 0.90 | 1.23 | 1.40 | 1.49 | 1.18 | 1.36 | 0.62 | 0.95 | 1.30 |
| All other loans and leases (including farm)..... | 0.41 | 0.36 | 0.46 | 0.53 | 0.40 | 0.25 | 0.31 | 0.70 | 0.44 | 0.38 | 0.77 |
| Memo: Commercial RE loans not secured by RE..... | 0.17 | 0.82 | 0.54 | 0.49 | 0.12 | 0.21 | 0.13 | 0.25 | 0.09 | 0.21 | 0.10 |
| Loans Outstanding (in billions) | | | | | | | | | | | |
| All real estate loans..... | \$1,803.6 | \$79.5 | \$352.3 | \$320.2 | \$1,051.6 | \$373.6 | \$538.2 | \$440.9 | \$118.0 | \$90.9 | \$242.0 |
| Construction and development..... | 193.2 | 7.5 | 43.6 | 41.9 | 100.3 | 20.4 | 68.5 | 48.4 | 10.6 | 14.1 | 31.3 |
| Commercial real estate..... | 507.6 | 23.1 | 134.9 | 113.2 | 236.4 | 83.4 | 154.4 | 121.6 | 31.3 | 33.8 | 83.1 |
| Multifamily residential real estate..... | 64.1 | 1.8 | 11.8 | 14.0 | 36.5 | 15.6 | 15.9 | 16.7 | 3.2 | 2.7 | 10.1 |
| Home equity loans..... | 154.3 | 2.2 | 15.4 | 19.6 | 117.1 | 31.1 | 49.3 | 48.9 | 5.4 | 1.6 | 17.9 |
| Other 1-4 Family residential..... | 812.0 | 34.9 | 132.0 | 127.0 | 518.0 | 188.4 | 240.2 | 196.4 | 56.7 | 34.7 | 95.6 |
| Commercial and industrial loans..... | 982.5 | 23.3 | 94.7 | 113.8 | 750.7 | 336.3 | 245.5 | 225.4 | 41.2 | 37.3 | 96.7 |
| Loans to individuals..... | 631.2 | 16.9 | 58.4 | 98.5 | 457.4 | 244.8 | 126.4 | 99.0 | 53.8 | 22.6 | 84.6 |
| Credit card loans..... | 232.4 | 0.4 | 7.0 | 37.0 | 188.0 | 108.3 | 23.9 | 13.9 | 31.3 | 0.7 | 54.4 |
| Other loans to individuals..... | 398.7 | 16.5 | 51.4 | 61.4 | 269.4 | 136.5 | 102.5 | 85.0 | 22.5 | 21.9 | 30.2 |
| All other loans and leases (including farm)..... | 481.2 | 15.9 | 27.7 | 32.8 | 404.8 | 207.0 | 99.6 | 106.1 | 31.0 | 10.1 | 27.4 |
| Memo: Commercial RE loans not secured by RE..... | 48.6 | 0.3 | 1.3 | 3.6 | 43.5 | 11.7 | 19.8 | 8.1 | 1.0 | 0.7 | 7.4 |
| Memo: Other Real Estate Owned (in millions) | | | | | | | | | | | |
| All other real estate owned..... | \$3,568.3 | \$309.8 | \$909.2 | \$537.0 | \$1,812.3 | \$592.0 | \$1,349.1 | \$686.2 | \$262.7 | \$297.2 | \$381.1 |
| Construction and development..... | 310.1 | 29.8 | 154.9 | 61.7 | 63.7 | 37.8 | 111.8 | 47.6 | 35.6 | 40.7 | 36.6 |
| Commercial real estate..... | 1,624.2 | 138.6 | 388.0 | 230.2 | 867.3 | 263.2 | 690.4 | 231.1 | 100.6 | 140.9 | 198.1 |
| Multifamily residential real estate..... | 64.0 | 8.7 | 33.0 | 7.3 | 15.1 | 8.5 | 14.9 | 15.8 | 12.4 | 4.7 | 7.6 |
| 1-4 Family residential..... | 1,377.0 | 108.8 | 291.1 | 231.9 | 745.2 | 167.9 | 516.6 | 380.6 | 94.0 | 89.4 | 128.6 |
| Farmland..... | 76.4 | 23.9 | 40.8 | 4.6 | 7.2 | 1.3 | 15.4 | 11.1 | 20.0 | 21.6 | 7.0 |
| Other real estate owned in foreign offices..... | 116.6 | 0.0 | 1.4 | 1.3 | 113.9 | 113.3 | 0.0 | 0.0 | 0.0 | 0.0 | 3.3 |

*Noncurrent loan rates represent the percentage of loans in each category that are past due 90 days or more or that are in nonaccrual status.

SAVINGS INSTITUTIONS PERFORMANCE—FOURTH QUARTER, 2001

- **Settlement Of A Large Thrift Failure Leads To Record Quarterly Earnings**
- **Full-Year Earnings Of \$13.3 Billion Sets New Record**
- **Net Charge-Offs And Noncurrent Loans Both Increase In The Quarter**
- **Failed Thrift Assets During 2001 Are The Highest Since 1993**

Record Earnings Driven by Settlement of Failed Thrift

FDIC-insured savings institutions reported their third consecutive quarterly earnings record in the fourth quarter, with net income of \$3.7 billion, for an average return on assets (ROA) of 1.16 percent. This was the highest quarterly ROA ever reported by the industry. Fourth-quarter earnings included proceeds from a settlement reached with the owners of a failed thrift plus proceeds from the sale of the institution's branches, which together resulted in \$514 million in noninterest income. The FDIC currently operates this institution as a conservatorship and the losses recognized when the institution failed were not included in industry earnings this year because they were not carried over in the earnings reported by the conservatorship. Without the proceeds of this resolution, the industry would have reported fourth-quarter earnings of \$3.3 billion, for an ROA of 1.02 percent.

THREE QUARTERLY RECORDS FOR EARNINGS SET THIS YEAR

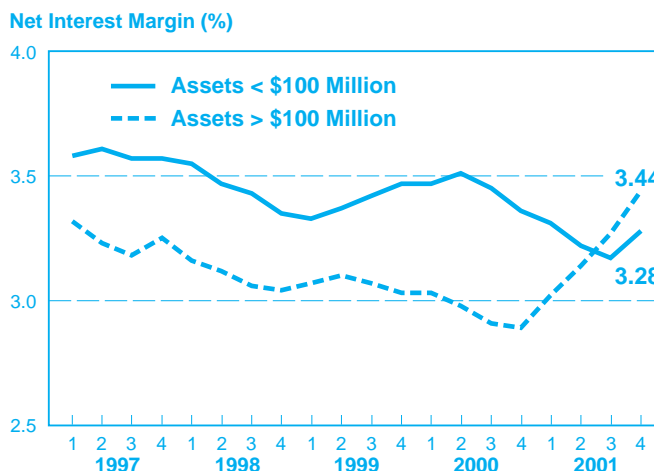


Industry Achieves Highest Annual Earnings Ever Reported

Full-year earnings of \$13.3 billion were the highest ever reported by the industry. The aggregate ROA of 1.08 percent was the highest since 1946. Annual earnings included the proceeds from the large failed thrift resolution, and omitted most of the thrift's losses. Without these distortions, the industry would

have earned a record \$12.9 billion for an ROA of 1.05 percent, which would still register as the highest earnings and the best ROA since 1946. Declining short-term interest rates resulted in improved net interest margins and net interest income growth in every quarter of the year. Full-year net interest income totaled \$36.6 billion which was \$4.8 billion (15 percent) higher than in 2000. Lower interest rates allowed thrifts to sell securities and mortgages for gains that amounted to \$4.2 billion during the year, over 5 times the gains of \$799 million realized in 2000. Provisions for loan losses were \$770 million (38 percent) higher this year than last year as the industry responded to deteriorating asset quality. Fourth-quarter provisions were the lowest of the year, but still higher than in any quarter in 2000. Full-year earnings were limited by slow growth in noninterest income, up \$336 million (3 percent), while operating expenses rose \$3.2 billion (13 percent). A large volume of refinancings led to a reduction in mortgage servicing rights and lowered noninterest income, while operating expenses rose as a result of the higher lending activity. Extraordinary losses of \$401 million for the year were primarily the result of losses at one large institution that exited an unprofitable business line in the fourth quarter. Over half (56 percent) of all savings institutions reported higher earnings this year compared to 2000.

NET INTEREST MARGIN IMPROVEMENT FINALLY ARRIVED FOR SMALL THRIFTS

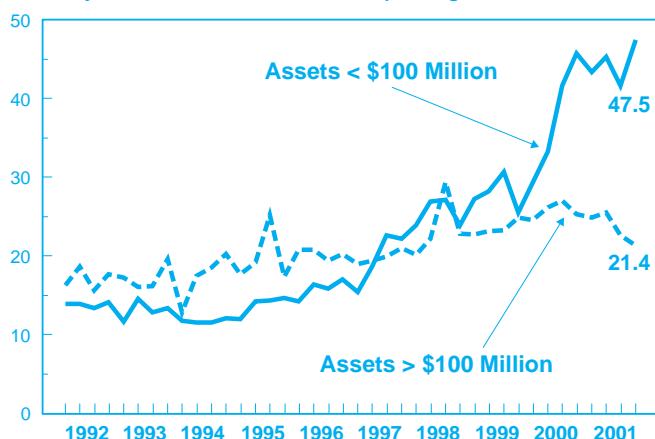


Net Interest Margins Improve In All Regions and All Size Groups

The industry's net interest margins responded to a yield curve that became steeper during the fourth quarter, rising 17 basis point to 3.44 percent. The cost of funding earning assets declined by 63 basis points, while the yield on earning assets declined by 46 basis points. Small thrifts, with assets of less than \$100 million, reported their first increase in margins since the middle of last year, up 11 basis points to 3.28 percent. Most small thrifts rely heavily on margins for profitability and the reversal of the decline in margins helped lift profitability for most of the institutions in this group.

FEE INCOME GENERATION DRIVES EARNINGS OF A FEW SPECIALTY THRIFTS

Quarterly Noninterest Income, % of Net Operating Revenue

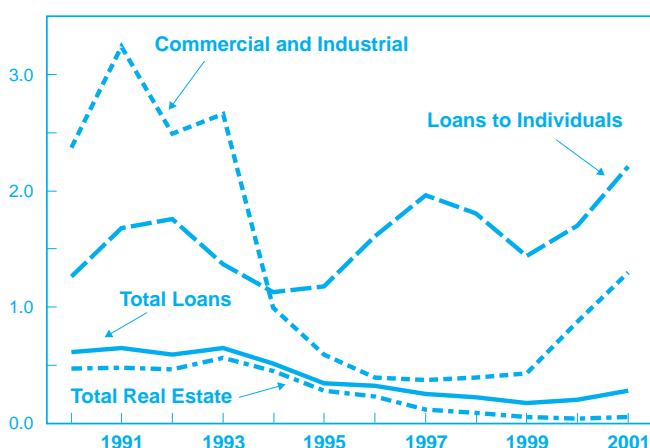


Small Thrift Earnings Decline Due to Higher Operating Expenses at a Few Thrifts

Profitability of small thrifts, those with assets of less than \$100 million, declined and the group reported a weighted average ROA of 0.44 percent for the fourth quarter, down from 0.73 percent in the third quarter and 0.63 percent in the fourth quarter of 2000. An increase in the proportion of operating expenses to earning assets to 5.34 percent from 4.29 percent led to the decline in profitability. While net interest margins improved, noninterest income did not rise as fast as operating expenses. This group generates almost 48 percent of its net operating revenues from fees that are a part of noninterest income. There were 15 specialty thrifts with less than \$100 million in assets that generated over 90 percent of their revenue from fees. Without these institutions the remaining thrifts showed improved profitability, primarily because of wider net interest margins, with an ROA of 0.45 percent, up 6 basis points from last quarter.

CREDIT CARD LOANS AND COMMERCIAL LOANS DRIVE NET CHARGE-OFF RATES HIGHER

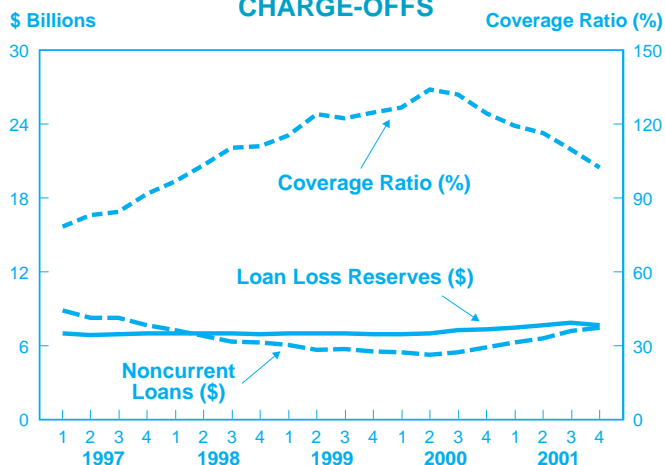
Percent of Loans



Net Charge-offs for the Year Were Almost Twice as Much as Last Year

Net charge-offs of \$725 million in the fourth quarter were the highest since the third quarter of 1994 and they lifted the annual total to \$2.3 billion, a \$762 million rise (49 percent) over the total for 2000. In the fourth quarter, net charge-offs on credit card plans accounted for 45 percent of all charge-offs and were an annualized 7.72 percent of credit card loans, the highest quarterly rate ever reported. The next highest quarterly rate for credit cards was reported in the third quarter of 1998 when it was an annualized 6.86 percent. For the full year the net charge-off rate on credit card plans was 5.50 percent, up from 3.96 percent in 2000. Commercial and industrial loan net charge-offs declined slightly in the fourth quarter to an annualized 1.15 percent from 1.40 percent in the third quarter. For the full year charge-offs for this category were 1.30 percent, up from 0.87 percent in 2000. Because the charge-off rate on real estate loans rose only 1 basis point to 0.05 percent, total charge-offs rose just 8 basis points to 0.28 percent for the full year.

NONCURRENT LOANS RISE DESPITE HIGHER CHARGE-OFFS



Loan Loss Reserves Declined With Lower Provisions in Fourth Quarter

Loan loss provisions, at \$601 million, were almost one-third (\$285 million) lower in the fourth quarter compared to the third quarter, but provisions for the year at \$2.8 billion were 38 percent higher than in 2000. Net charge-offs were \$135 million (23 percent) higher in the fourth quarter and at \$725 million they exceeded loan loss provisions for the first time since 1995. The combination of lower provisions and higher net charge-offs drew down loan loss reserves in the fourth quarter by \$212 million. Noncurrent loans increased by \$317 million during the quarter despite the aggressive charge-offs taken. As a result, the coverage ratio — loan loss reserves to noncurrent loans — declined to 102 percent from 110 percent last quarter.

Industry Asset Growth Was Strong for Fourth Year in a Row

Industry assets have grown by between 6 and 7 percent over each of the past four years after two years of virtually no growth. The assets of insured savings institutions, at \$1.3 trillion, grew by \$10.3 billion during the fourth quarter. Home equity loans ranked as the fastest growing asset category, rising 30 percent over the past year and up \$1.9 billion in the fourth quarter. Credit card plans also showed strong growth in the fourth quarter, up \$869 million (5 percent) to \$17.4 billion. Securities increased \$9.3 billion to \$285 billion, but their share of industry assets fell to its lowest level at year-end since 1982. U.S. government obligations increased by \$19.9 billion during the fourth quarter, while mortgage backed securities including collateralized mortgage obligations showed a decline.

Deposit Growth Funded Most Asset Growth

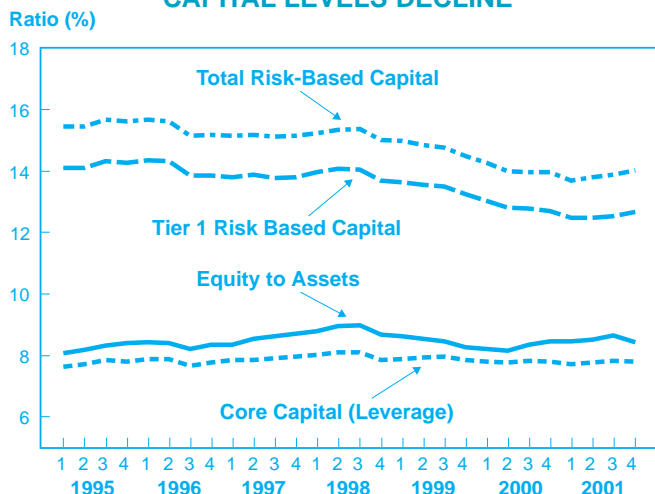
Asset growth was funded primarily with deposits, up \$8.1 billion in the fourth quarter. Deposits represent 67 percent of funding, up from a low of 66 percent last

year. This was the first time since 1991 that deposits funded a higher share of liabilities. Demand deposits declined by \$2.3 billion during the quarter, while large deposit accounts increased by \$5.7 billion. Other borrowed funds increased \$6.3 billion, but Federal Home Loan Bank advances fell \$1.3 billion as thrifts paid down some of their high cost borrowings. Equity capital declined by \$1.7 billion primarily because of a \$2-billion decline in the after-tax value of available-for-sale (AFS) securities. Capital was 8.44 percent of assets at year-end, down from 8.64 percent at the end of the third quarter. Core capital, which does not include changes in the value of AFS securities, was 7.80 percent of assets, down slightly from 7.82 percent because of asset growth.

New Charter Growth Slows

After three years of strong charter formation, 2001 ended with only 17 new charters, down from 32 in 2000. Two of these new charters were issued to absorb other charters, leaving just 15 de novo charters for the year including 4 that began operations in the fourth quarter. There were 6 mergers with other thrifts and commercial banks absorbed 12 thrifts by merger during the fourth quarter. Another 6 thrifts converted their charter to commercial bank charters in the fourth quarter. Assets of the 18 thrifts absorbed into the commercial banking industry totaled \$31 billion. As a result of these changes, there were 1,533 savings institutions that filed a report for the fourth quarter. Other structural changes included 9 mutual to stock ownership conversions involving \$2.2 billion in assets. There were no failures during the fourth quarter, but the 1 failed institution in the third quarter involved \$2.2 billion in assets. This was the highest annual total for failed thrift assets since 1993, when 10 thrifts with \$7.1 billion in assets failed. The number of "problem" thrifts declined to 19 with \$3.7 billion in assets from 20 with \$3.9 billion in assets. Assets of "problem" thrifts were at the lowest level since the third quarter of 1998 when they were \$2.9 billion.

CAPITAL LEVELS DECLINE



THE NUMBER OF NEW CHARTERS DROPS BY ALMOST HALF

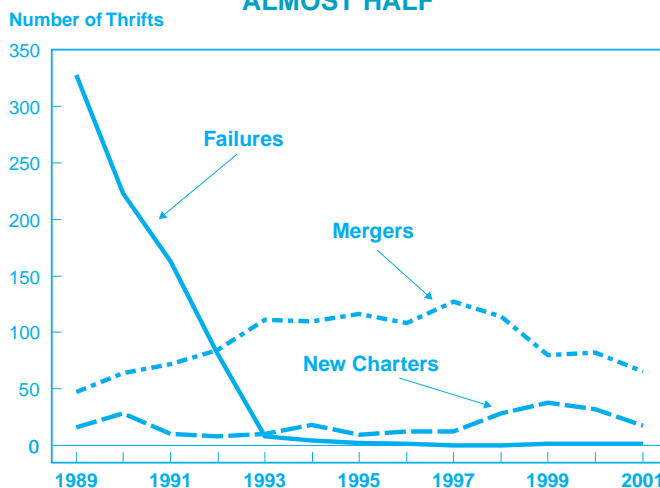


TABLE I-B. Selected Indicators, FDIC-Insured Savings Institutions*

| | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 |
|--|-------|-------|-------|-------|-------|--------|-------|
| Return on assets (%)..... | 1.08 | 0.92 | 1.00 | 1.01 | 0.93 | 0.70 | 0.77 |
| Return on equity (%)..... | 12.73 | 11.14 | 11.73 | 11.35 | 10.84 | 8.41 | 9.40 |
| Core capital (leverage) ratio (%)..... | 7.80 | 7.80 | 7.86 | 7.85 | 7.95 | 7.76 | 7.80 |
| Noncurrent assets plus other real estate owned to assets (%)..... | 0.66 | 0.56 | 0.58 | 0.72 | 0.95 | 1.09 | 1.20 |
| Net charge-offs to loans (%)..... | 0.28 | 0.20 | 0.17 | 0.22 | 0.25 | 0.32 | 0.34 |
| Asset growth rate (%)..... | 6.71 | 5.99 | 5.52 | 6.06 | -0.28 | 0.32 | 1.70 |
| Net interest margin..... | 3.23 | 2.96 | 3.10 | 3.10 | 3.23 | 3.22 | 3.09 |
| Net operating income growth (%)..... | 7.11 | 3.05 | 16.62 | 7.71 | 19.98 | -13.92 | 13.81 |
| Number of institutions reporting..... | 1,533 | 1,589 | 1,642 | 1,690 | 1,780 | 1,926 | 2,030 |
| Percentage of unprofitable institutions (%)..... | 8.22 | 8.56 | 8.28 | 5.27 | 4.10 | 12.05 | 5.86 |
| Number of problem institutions..... | 19 | 18 | 13 | 15 | 12 | 35 | 49 |
| Assets of problem institutions (in billions)..... | \$4 | \$7 | \$6 | \$6 | \$2 | \$7 | \$14 |
| Number of failed/assisted institutions..... | 1 | 1 | 1 | 0 | 0 | 1 | 2 |

TABLE II-B. Aggregate Condition and Income Data, FDIC-Insured Savings Institutions*(dollar figures in millions)*

| (dollar figures in millions) | Preliminary 4th Quarter 2001 | | 3rd Quarter 2001 | 4th Quarter 2000 | | %Change 00:4-01:4 |
|--|------------------------------------|-------------------|---------------------|------------------------------------|---------------------|----------------------|
| Number of institutions reporting..... | 1,533 | | 1,553 | 1,589 | | -3.5 |
| Total employees (full-time equivalent)..... | 262,438 | | 263,345 | 243,759 | | 7.7 |
| CONDITION DATA | | | | | | |
| Total assets..... | \$1,299,009 | | \$1,288,735 | \$1,217,345 | | 6.7 |
| Loans secured by real estate..... | 758,394 | | 758,549 | 722,859 | | 4.9 |
| 1-4 Family Residential..... | 597,867 | | 597,927 | 573,044 | | 4.3 |
| Multifamily residential property..... | 58,990 | | 58,968 | 56,574 | | 4.3 |
| Commercial real estate..... | 63,140 | | 63,955 | 58,871 | | 7.3 |
| Construction, development, and land..... | 38,397 | | 37,699 | 34,370 | | 11.7 |
| Commercial & industrial loans..... | 36,754 | | 37,612 | 33,966 | | 8.2 |
| Loans to individuals..... | 69,421 | | 68,836 | 65,193 | | 6.5 |
| Other loans & leases..... | 6,971 | | 6,560 | 5,996 | | 16.3 |
| Less: Unearned income & contra accounts..... | 163 | | 166 | 186 | | -12.3 |
| Total loans & leases..... | 871,377 | | 871,390 | 827,827 | | 5.3 |
| Less: Reserve for losses..... | 7,649 | | 7,862 | 7,292 | | 4.9 |
| Net loans & leases..... | 863,728 | | 863,529 | 820,535 | | 5.3 |
| Securities..... | 285,117 | | 275,848 | 281,984 | | 1.1 |
| Other real estate owned..... | 1,050 | | 1,049 | 995 | | 5.5 |
| Goodwill and other intangibles..... | 20,675 | | 22,510 | 16,988 | | 21.7 |
| All other assets..... | 128,439 | | 125,799 | 96,843 | | 32.6 |
| Total liabilities and capital..... | 1,299,009 | | 1,288,735 | 1,217,345 | | 6.7 |
| Deposits..... | 797,822 | | 789,754 | 735,193 | | 8.5 |
| Other borrowed funds..... | 365,411 | | 359,113 | 358,179 | | 2.0 |
| Subordinated debt..... | 3,910 | | 3,946 | 3,123 | | 25.2 |
| All other liabilities..... | 22,248 | | 24,567 | 17,929 | | 24.1 |
| Equity capital..... | 109,618 | | 111,354 | 102,921 | | 6.5 |
| Loans and leases 30-89 days past due..... | 9,508 | | 9,566 | 8,583 | | 10.8 |
| Noncurrent loans and leases..... | 7,474 | | 7,157 | 5,863 | | 27.5 |
| Restructured loans and leases..... | 1,644 | | 1,685 | 1,392 | | 18.1 |
| Direct and indirect investments in real estate..... | 423 | | 662 | 617 | | -31.4 |
| Mortgage-backed securities..... | 196,512 | | 206,678 | 212,653 | | -7.6 |
| Earning assets..... | 1,192,578 | | 1,181,677 | 1,126,842 | | 5.8 |
| FHLB Advances (Source: TFR, FHFB, Call Reports)..... | 254,271 | | 255,583 | 261,243 | | -2.8 |
| Unused loan commitments..... | 320,387 | | 299,464 | 246,840 | | 29.8 |
| | Preliminary Full Year 2001 | Full Year 2000 | %Change | Preliminary 4th Quarter 2001 | 4th Quarter 2000 | %Change 00:4-01:4 |
| INCOME DATA | | | | | | |
| Total interest income..... | \$83,899 | \$83,780 | 0.1 | \$20,146 | \$22,242 | -9.4 |
| Total interest expense..... | 47,312 | 52,017 | -9.1 | 10,066 | 14,155 | -28.9 |
| Net interest income..... | 36,587 | 31,762 | 15.2 | 10,081 | 8,087 | 24.7 |
| Provision for loan and lease losses..... | 2,802 | 2,033 | 37.9 | 601 | 576 | 4.3 |
| Total noninterest income..... | 11,721 | 11,385 | 3.0 | 2,886 | 2,863 | 0.8 |
| Total noninterest expense..... | 28,727 | 25,483 | 12.7 | 7,697 | 6,714 | 14.7 |
| Securities gains (losses)..... | 4,209 | 799 | 426.6 | 1,447 | 332 | 335.2 |
| Applicable income taxes..... | 7,291 | 5,723 | 27.4 | 1,983 | 1,418 | 39.9 |
| Extraordinary gains, net..... | -401 | -3 | N/M | -419 | 13 | N/M |
| Net income..... | 13,296 | 10,705 | 24.2 | 3,713 | 2,588 | 43.5 |
| Net charge-offs..... | 2,312 | 1,550 | 49.2 | 725 | 491 | 47.6 |
| Cash dividends..... | 6,477 | 5,861 | 10.5 | 2,464 | 1,450 | 69.9 |
| Net operating income..... | 10,920 | 10,195 | 7.1 | 3,196 | 2,372 | 34.8 |

* 1995 data do not include Resolution Trust Corporation conservatorships. Excludes one self-liquidating institution.

N/M - Not Meaningful

TABLE III-B. Full Year 2001, FDIC-Insured Savings Institutions

| FULL YEAR Preliminary (The way it is...) | All Institutions | Asset Size Distribution | | | | Geographic Distribution by Region | | | | | |
|---|---------------------|-------------------------------|------------------------------------|----------------------------------|--------------------------------|-----------------------------------|----------------|---------|--------------|----------------|---------|
| | | Less than \$100 Million | \$100 Million to \$1 Billion | \$1 Billion to \$5 Billion | Greater than \$5 Billion | East | | | West | | |
| | | | | | | North- east | South- east | Central | Mid- west | South- west | West |
| Number of institutions reporting..... | 1,533 | 576 | 812 | 101 | 44 | 611 | 201 | 387 | 122 | 107 | 105 |
| Total assets (in billions)..... | \$1,299.0 | \$29.5 | \$251.4 | \$191.1 | \$827.0 | \$443.6 | \$95.1 | \$170.3 | \$43.2 | \$73.4 | \$473.4 |
| Total deposits (in billions)..... | 797.8 | 23.5 | 190.4 | 132.2 | 451.7 | 293.8 | 66.5 | 120.5 | 26.7 | 42.1 | 248.2 |
| Net income (in millions)..... | 13,296 | 182 | 1,831 | 2,134 | 9,148 | 3,546 | 546 | 2,302 | 348 | 915 | 5,638 |
| % of unprofitable institutions..... | 8.2 | 16.1 | 3.3 | 5.0 | 2.3 | 7.0 | 9.0 | 9.6 | 11.5 | 7.5 | 5.7 |
| % of institutions with earnings gains..... | 55.7 | 46.0 | 59.1 | 72.3 | 81.8 | 49.8 | 58.2 | 56.8 | 59.0 | 57.9 | 75.2 |
| Performance ratios (%) | | | | | | | | | | | |
| Yield on earning assets..... | 7.41 | 7.32 | 7.37 | 7.37 | 7.44 | 7.17 | 7.58 | 7.92 | 7.42 | 7.58 | 7.39 |
| Cost of funding earning assets..... | 4.18 | 4.10 | 4.08 | 4.08 | 4.24 | 3.87 | 4.61 | 4.58 | 4.50 | 4.13 | 4.21 |
| Net interest margin..... | 3.23 | 3.21 | 3.29 | 3.29 | 3.20 | 3.30 | 2.97 | 3.34 | 2.91 | 3.45 | 3.18 |
| Noninterest income to earning assets..... | 1.04 | 2.67 | 0.84 | 1.27 | 0.98 | 0.95 | 1.69 | 1.87 | 0.95 | 1.34 | 0.65 |
| Noninterest expense to earning assets..... | 2.54 | 4.82 | 2.91 | 2.73 | 2.29 | 2.54 | 3.43 | 3.17 | 2.52 | 2.95 | 2.06 |
| Loan and lease loss provision to assets..... | 0.23 | 0.14 | 0.15 | 0.15 | 0.27 | 0.14 | 0.56 | 0.42 | 0.22 | 0.33 | 0.16 |
| Net operating income to assets..... | 0.89 | 0.48 | 0.67 | 1.10 | 0.92 | 0.91 | 0.37 | 1.04 | 0.67 | 1.14 | 0.90 |
| Pretax return on assets..... | 1.68 | 1.06 | 1.13 | 1.66 | 1.87 | 1.43 | 0.95 | 2.05 | 1.26 | 1.59 | 1.97 |
| Return on assets..... | 1.08 | 0.64 | 0.76 | 1.20 | 1.17 | 0.85 | 0.61 | 1.43 | 0.83 | 1.31 | 1.25 |
| Return on equity..... | 12.73 | 5.06 | 7.23 | 12.96 | 15.50 | 8.66 | 7.22 | 16.79 | 9.11 | 15.56 | 17.35 |
| Net charge-offs to loans and leases..... | 0.28 | 0.13 | 0.14 | 0.17 | 0.35 | 0.18 | 0.46 | 0.69 | 0.20 | 0.35 | 0.16 |
| Loan and lease loss provision to net charge-offs..... | 121.19 | 165.20 | 154.20 | 131.81 | 115.35 | 121.14 | 174.74 | 81.31 | 154.05 | 141.99 | 148.56 |
| Efficiency ratio..... | 57.79 | 81.22 | 69.57 | 58.53 | 52.70 | 57.44 | 72.80 | 60.04 | 63.78 | 60.74 | 52.22 |
| Condition Ratios (%) | | | | | | | | | | | |
| Earning assets to total assets..... | 91.81 | 93.82 | 93.39 | 91.86 | 91.24 | 92.16 | 93.34 | 91.34 | 92.51 | 93.24 | 91.06 |
| Loss allowance to: | | | | | | | | | | | |
| Loans and leases..... | 0.88 | 0.76 | 0.87 | 1.04 | 0.85 | 0.94 | 0.96 | 0.77 | 0.75 | 1.02 | 0.84 |
| Noncurrent loans and leases..... | 102.34 | 77.42 | 112.98 | 108.99 | 98.76 | 126.05 | 118.35 | 90.70 | 102.66 | 69.05 | 94.35 |
| Noncurrent assets plus | | | | | | | | | | | |
| other real estate owned to assets..... | 0.66 | 0.78 | 0.60 | 0.79 | 0.64 | 0.53 | 0.69 | 0.75 | 0.73 | 1.04 | 0.67 |
| Noncurrent RE loans to RE loans..... | 0.83 | 0.95 | 0.71 | 0.94 | 0.83 | 0.68 | 0.65 | 0.91 | 0.68 | 1.72 | 0.87 |
| Equity capital ratio..... | 8.44 | 12.47 | 10.44 | 9.32 | 7.48 | 9.53 | 8.45 | 8.82 | 8.92 | 8.53 | 7.22 |
| Core capital (leverage) ratio..... | 7.80 | 12.09 | 9.96 | 8.62 | 6.80 | 8.61 | 8.35 | 8.39 | 8.35 | 8.38 | 6.58 |
| Tier 1 risk-based capital ratio..... | 12.66 | 21.74 | 16.58 | 13.51 | 10.99 | 14.00 | 12.70 | 12.61 | 14.45 | 13.11 | 11.14 |
| Total risk-based capital ratio..... | 14.01 | 22.77 | 17.64 | 14.57 | 12.51 | 15.30 | 14.14 | 13.95 | 15.53 | 14.06 | 12.63 |
| Gross real estate assets to gross assets..... | 73.18 | 68.39 | 70.59 | 73.61 | 74.04 | 71.86 | 67.59 | 72.09 | 76.30 | 60.74 | 77.59 |
| Gross 1-4 family mortgages to gross assets..... | 45.75 | 47.64 | 43.04 | 38.00 | 48.30 | 41.12 | 41.94 | 49.88 | 45.96 | 26.96 | 52.27 |
| Net loans and leases to deposits..... | 108.26 | 82.94 | 87.65 | 96.42 | 121.73 | 94.11 | 100.72 | 104.28 | 111.17 | 109.18 | 128.49 |
| Structural Changes | | | | | | | | | | | |
| New Charters..... | 17 | 13 | 3 | 1 | 0 | 6 | 2 | 5 | 1 | 1 | 2 |
| Thriffs absorbed by mergers..... | 65 | 17 | 40 | 6 | 2 | 22 | 10 | 18 | 5 | 2 | 8 |
| Failed Thriffs..... | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| PRIOR FULL YEARS (The way it was...) | | | | | | | | | | | |
| Number of institutions.....2000 | 1,589 | 627 | 817 | 105 | 40 | 627 | 211 | 405 | 125 | 110 | 111 |
|1998 | 1,690 | 702 | 843 | 111 | 34 | 656 | 233 | 442 | 125 | 120 | 114 |
|1996 | 1,926 | 845 | 920 | 125 | 36 | 730 | 278 | 500 | 145 | 129 | 144 |
| Total assets (in billions).....2000 | \$1,217.3 | \$31.1 | \$244.9 | \$202.9 | \$738.4 | \$400.0 | \$85.9 | \$181.8 | \$42.9 | \$84.5 | \$422.2 |
|1998 | 1,088.4 | 36.3 | 245.0 | 220.5 | 586.7 | 360.2 | 66.4 | 176.1 | 36.7 | 70.6 | 378.5 |
|1996 | 1,029.0 | 43.7 | 270.8 | 258.3 | 456.2 | 345.4 | 63.2 | 175.8 | 50.3 | 78.3 | 316.0 |
| Return on assets (%).....2000 | 0.92 | 0.54 | 0.76 | 0.90 | 1.00 | 0.90 | 0.59 | 0.94 | 0.53 | 1.06 | 1.02 |
|1998 | 1.01 | 0.77 | 0.89 | 1.08 | 1.04 | 0.97 | 0.93 | 0.97 | 0.92 | 1.19 | 1.05 |
|1996 | 0.70 | 0.44 | 0.66 | 0.82 | 0.69 | 0.84 | 0.52 | 0.70 | 0.56 | 1.57 | 0.40 |
| Net charge-offs to loans & leases (%) | | | | | | | | | | | |
|2000 | 0.20 | 0.06 | 0.09 | 0.36 | 0.19 | 0.14 | 0.31 | 0.37 | 0.16 | 0.22 | 0.14 |
|1998 | 0.22 | 0.08 | 0.15 | 0.27 | 0.24 | 0.16 | 0.54 | 0.20 | 0.10 | 0.42 | 0.19 |
|1996 | 0.32 | 0.10 | 0.17 | 0.33 | 0.43 | 0.32 | 0.38 | 0.14 | 0.15 | 0.32 | 0.44 |
| Noncurrent assets plus | | | | | | | | | | | |
| OREO to assets (%).....2000 | 0.56 | 0.64 | 0.53 | 0.89 | 0.48 | 0.54 | 0.62 | 0.75 | 0.71 | 0.84 | 0.42 |
|1998 | 0.72 | 0.77 | 0.69 | 1.03 | 0.61 | 0.79 | 0.66 | 0.69 | 0.54 | 0.87 | 0.66 |
|1996 | 1.09 | 0.96 | 0.99 | 1.25 | 1.08 | 1.26 | 0.99 | 0.65 | 0.67 | 1.11 | 1.24 |
| Equity capital ratio (%).....2000 | 8.45 | 13.14 | 10.53 | 8.86 | 7.46 | 10.02 | 8.50 | 8.49 | 9.35 | 8.00 | 6.95 |
|1998 | 8.68 | 12.33 | 10.74 | 9.03 | 7.47 | 9.80 | 10.16 | 9.16 | 9.64 | 8.20 | 7.14 |
|1996 | 8.34 | 11.40 | 9.94 | 8.29 | 7.13 | 9.12 | 9.44 | 8.69 | 8.71 | 8.10 | 7.09 |

* Beginning with June 1996, TFR filers report noncurrent loans net of specific reserves. Accordingly, specific reserves have been subtracted from loan-loss reserves, beginning with June 1996, to make the ratio more closely comparable to prior periods.

TABLE IV-B. FOURTH Quarter 2001, FDIC-Insured Savings Institutions

| FOURTH QUARTER Preliminary (The way it is...) | All Institutions | Asset Size Distribution | | | | Geographic Distribution by Region | | | | | |
|---|---------------------|-------------------------------|------------------------------------|----------------------------------|--------------------------------|-----------------------------------|----------------|---------|--------------|---------------|---------|
| | | Less than \$100 Million | \$100 Million to \$1 Billion | \$1 Billion to \$5 Billion | Greater than \$5 Billion | East | | | West | | |
| | | Million | \$1 Billion | \$5 Billion | Billion | North- east | South- east | Central | Mid- west | South west | West |
| Number of institutions reporting..... | 1,533 | 576 | 812 | 101 | 44 | 611 | 201 | 387 | 122 | 107 | 105 |
| Total assets (in billions)..... | \$1,299.0 | \$29.5 | \$251.4 | \$191.1 | \$827.0 | \$443.6 | \$95.1 | \$170.3 | \$43.2 | \$73.4 | \$473.4 |
| Total deposits (in billions)..... | 797.8 | 23.5 | 190.4 | 132.2 | 451.7 | 293.8 | 66.5 | 120.5 | 26.7 | 42.1 | 248.2 |
| Net income (in millions)..... | 3,713 | 32 | 515 | 971 | 2,194 | 517 | 170 | 1,150 | 95 | 251 | 1,529 |
| % of unprofitable institutions..... | 10.2 | 18.1 | 5.7 | 5.9 | 2.3 | 10.0 | 12.4 | 11.6 | 12.3 | 7.5 | 2.9 |
| % of institutions with earnings gains..... | 65.6 | 58.7 | 68.7 | 71.3 | 84.1 | 61.4 | 69.2 | 66.4 | 63.9 | 67.3 | 80.0 |
| Performance Ratios (annualized, %) | | | | | | | | | | | |
| Yield on earning assets..... | 6.87 | 6.94 | 6.98 | 7.01 | 6.79 | 6.68 | 7.09 | 7.54 | 7.07 | 6.94 | 6.72 |
| Cost of funding earning assets..... | 3.43 | 3.66 | 3.58 | 3.53 | 3.35 | 3.31 | 3.99 | 4.04 | 3.88 | 3.23 | 3.20 |
| Net interest margin..... | 3.44 | 3.28 | 3.41 | 3.48 | 3.44 | 3.37 | 3.10 | 3.50 | 3.19 | 3.71 | 3.52 |
| Noninterest income to earning assets..... | 0.98 | 2.96 | 0.96 | 2.18 | 0.64 | 0.88 | 1.92 | 2.94 | 1.06 | 1.58 | 0.08 |
| Noninterest expense to earning assets..... | 2.62 | 5.34 | 3.03 | 2.84 | 2.35 | 2.43 | 3.62 | 3.30 | 2.80 | 3.40 | 2.22 |
| Loan and lease loss provision to assets..... | 0.19 | 0.19 | 0.18 | 0.15 | 0.20 | 0.13 | 0.62 | -0.04 | 0.23 | 0.36 | 0.21 |
| Net operating income to assets..... | 1.00 | 0.24 | 0.71 | 1.99 | 0.89 | 1.00 | 0.43 | 2.28 | 0.71 | 1.12 | 0.67 |
| Pretax return on assets..... | 1.78 | 0.91 | 1.23 | 2.58 | 1.80 | 1.11 | 1.13 | 3.64 | 1.35 | 1.77 | 1.92 |
| Return on assets..... | 1.16 | 0.44 | 0.83 | 2.08 | 1.08 | 0.47 | 0.73 | 2.74 | 0.88 | 1.40 | 1.32 |
| Return on equity..... | 13.60 | 3.49 | 7.89 | 22.51 | 14.13 | 4.89 | 8.52 | 31.66 | 9.85 | 16.36 | 17.81 |
| Net charge-offs to loans and leases..... | 0.34 | 0.18 | 0.15 | 0.17 | 0.44 | 0.20 | 0.55 | 0.99 | 0.21 | 0.37 | 0.16 |
| Loan and lease loss provision to net charge-offs..... | 82.89 | 160.90 | 173.39 | 132.50 | 67.58 | 104.04 | 161.84 | -5.63 | 155.64 | 149.89 | 190.90 |
| Efficiency ratio..... | 57.98 | 85.17 | 68.67 | 49.04 | 55.73 | 55.28 | 71.29 | 50.76 | 64.62 | 63.64 | 59.84 |
| Structural Changes (QTR) | | | | | | | | | | | |
| New charters..... | 4 | 3 | 1 | 0 | 0 | 1 | 1 | 1 | 1 | 0 | 0 |
| Thriffs absorbed by mergers..... | 18 | 4 | 12 | 1 | 1 | 2 | 4 | 6 | 1 | 1 | 4 |
| Failed Thriffs..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PRIOR FOURTH QUARTERS | | | | | | | | | | | |
| (The way it was...) | | | | | | | | | | | |
| Return on assets (%).....2000 | 0.86 | 0.63 | 0.66 | 0.83 | 0.94 | 0.80 | 0.51 | 0.89 | 0.11 | 1.12 | 1.00 |
|1998 | 0.76 | 0.64 | 0.79 | 1.03 | 0.65 | 0.82 | 0.55 | 0.83 | 0.93 | 1.16 | 0.62 |
|1996 | 0.84 | 0.81 | 0.91 | 1.08 | 0.67 | 0.98 | 0.85 | 1.06 | 0.63 | 1.02 | 0.57 |
| Net charge-offs to loans & leases (%) | | | | | | | | | | | |
|2000 | 0.24 | 0.11 | 0.13 | 0.40 | 0.24 | 0.18 | 0.39 | 0.47 | 0.17 | 0.21 | 0.16 |
|1998 | 0.23 | 0.10 | 0.17 | 0.27 | 0.25 | 0.16 | 0.18 | 0.24 | 0.15 | 0.41 | 0.26 |
|1996 | 0.36 | 0.12 | 0.21 | 0.37 | 0.45 | 0.38 | 0.43 | 0.15 | 0.17 | 0.32 | 0.47 |

REGIONS: **Northeast** - Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, U.S. Virgin Islands

Southeast - Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia

Central - Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin

Midwest - Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota

Southwest - Arkansas, Louisiana, New Mexico, Oklahoma, Texas

West - Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, Oregon, Pacific Islands, Utah, Washington, Wyoming

TABLE V-B. Loan Performance, FDIC-Insured Savings Institutions

| December 31, 2001 | All Institutions | Asset Size Distribution | | | | Geographical Distribution by Region | | | | | |
|---|---------------------|-------------------------------|------------------------------------|----------------------------------|--------------------------------|-------------------------------------|----------------|---------|--------------|----------------|---------|
| | | Less than \$100 Million | \$100 Million to \$1 Billion | \$1 Billion to \$5 Billion | Greater than \$5 Billion | East | | | West | | |
| | | | | | | North- east | South- east | Central | Mid- west | South- west | West |
| Percent of Loans 30-89 Days Past Due | | | | | | | | | | | |
| All loans secured by real estate..... | 0.99 | 1.88 | 1.20 | 0.94 | 0.90 | 0.77 | 1.05 | 1.31 | 1.39 | 1.54 | 0.94 |
| Construction, development, and land..... | 1.31 | 1.62 | 1.50 | 1.59 | 1.03 | 1.01 | 0.95 | 2.03 | 1.16 | 1.58 | 1.18 |
| Commercial real estate..... | 0.70 | 1.31 | 0.97 | 0.62 | 0.47 | 0.62 | 1.30 | 1.02 | 1.02 | 1.11 | 0.25 |
| Multifamily residential real estate..... | 0.24 | 0.79 | 0.58 | 0.28 | 0.15 | 0.21 | 0.91 | 0.55 | 1.37 | 0.54 | 0.13 |
| Home equity loans..... | 0.40 | 0.63 | 0.49 | 0.43 | 0.36 | 0.35 | 0.34 | 0.86 | 0.41 | 0.02 | 0.18 |
| Other 1-4 Family residential..... | 1.10 | 2.06 | 1.31 | 1.09 | 1.02 | 0.87 | 1.09 | 1.38 | 1.53 | 1.77 | 1.09 |
| Commercial and industrial loans..... | 1.59 | 2.31 | 1.93 | 1.42 | 1.50 | 1.28 | 2.11 | 2.70 | 1.80 | 1.13 | 1.61 |
| Loans to individuals..... | 2.05 | 2.77 | 2.14 | 1.69 | 2.08 | 2.07 | 2.82 | 1.32 | 1.95 | 1.03 | 3.13 |
| Credit card loans..... | 1.71 | 1.33 | 2.64 | 1.23 | 1.65 | 2.10 | 4.33 | 0.98 | 3.64 | 0.71 | 1.56 |
| Other loans to individuals..... | 2.18 | 2.88 | 2.10 | 1.72 | 2.30 | 2.08 | 2.28 | 1.51 | 1.82 | 1.40 | 3.34 |
| Percent of Loans Noncurrent* | | | | | | | | | | | |
| All real estate loans..... | 0.83 | 0.95 | 0.71 | 0.94 | 0.83 | 0.68 | 0.65 | 0.91 | 0.68 | 1.72 | 0.87 |
| Construction, development, and land..... | 1.39 | 1.27 | 0.85 | 1.52 | 1.65 | 0.74 | 1.04 | 1.37 | 0.94 | 1.48 | 2.19 |
| Commercial real estate..... | 1.37 | 1.20 | 0.92 | 1.41 | 1.78 | 1.04 | 0.92 | 1.30 | 1.08 | 2.75 | 2.00 |
| Multifamily residential real estate..... | 0.36 | 0.66 | 0.28 | 1.07 | 0.15 | 0.25 | 0.32 | 0.62 | 0.19 | 9.84 | 0.07 |
| Home equity loans..... | 0.17 | 0.20 | 0.20 | 0.31 | 0.12 | 0.20 | 0.16 | 0.30 | 0.11 | 0.01 | 0.07 |
| Other 1-4 Family residential..... | 0.81 | 0.91 | 0.73 | 0.77 | 0.84 | 0.68 | 0.60 | 0.90 | 0.64 | 1.18 | 0.89 |
| Commercial and industrial loans..... | 1.96 | 1.73 | 1.97 | 1.72 | 2.05 | 1.75 | 1.73 | 1.78 | 2.06 | 2.18 | 2.64 |
| Loans to individuals..... | 0.65 | 1.08 | 0.67 | 0.58 | 0.64 | 0.70 | 1.22 | 0.40 | 0.60 | 0.45 | 0.50 |
| Credit card loans..... | 1.12 | 0.61 | 0.90 | 0.62 | 1.16 | 1.71 | 3.10 | 0.32 | 1.44 | 0.60 | 0.72 |
| Other loans to individuals..... | 0.49 | 1.12 | 0.65 | 0.58 | 0.40 | 0.55 | 0.54 | 0.44 | 0.54 | 0.29 | 0.49 |
| Percent of Loans Charged-off (net) | | | | | | | | | | | |
| All real estate loans..... | 0.05 | 0.05 | 0.04 | 0.07 | 0.05 | 0.04 | 0.04 | 0.09 | 0.08 | 0.08 | 0.05 |
| Construction, development, and land..... | 0.12 | 0.29 | 0.05 | 0.17 | 0.12 | 0.04 | 0.07 | 0.10 | 0.26 | 0.17 | 0.16 |
| Commercial real estate..... | 0.13 | 0.04 | 0.06 | 0.15 | 0.18 | 0.08 | 0.09 | 0.04 | 0.33 | 0.16 | 0.26 |
| Multifamily residential real estate..... | 0.00 | -0.02 | -0.01 | 0.00 | 0.00 | 0.01 | 0.00 | 0.03 | -0.02 | 0.07 | -0.01 |
| Home equity loans..... | 0.05 | 0.06 | 0.05 | 0.07 | 0.05 | 0.04 | 0.16 | 0.07 | 0.08 | 0.07 | 0.02 |
| Other 1-4 Family residential..... | 0.05 | 0.04 | 0.05 | 0.06 | 0.05 | 0.04 | 0.03 | 0.10 | 0.03 | 0.03 | 0.04 |
| Commercial and industrial loans..... | 1.30 | 0.99 | 0.83 | 0.75 | 1.67 | 0.90 | 2.28 | 1.22 | 1.27 | 1.14 | 1.96 |
| Loans to individuals..... | 2.21 | 0.68 | 0.98 | 0.86 | 2.80 | 1.30 | 1.96 | 4.33 | 1.13 | 0.99 | 2.12 |
| Credit card loans..... | 5.50 | 1.20 | 3.12 | 2.38 | 5.78 | 3.88 | 5.95 | 9.56 | 7.01 | 1.46 | 3.08 |
| Other loans to individuals..... | 1.10 | 0.64 | 0.69 | 0.80 | 1.33 | 0.92 | 0.89 | 1.08 | 0.75 | 0.52 | 2.02 |
| Loans Outstanding (in billions) | | | | | | | | | | | |
| All real estate loans..... | \$758.4 | \$17.5 | \$149.9 | \$111.2 | \$479.8 | \$240.7 | \$51.4 | \$104.5 | \$26.5 | \$32.6 | \$302.7 |
| Construction, development, and land..... | 38.4 | 1.1 | 10.5 | 9.1 | 17.7 | 8.3 | 5.7 | 5.7 | 1.9 | 7.1 | 9.7 |
| Commercial real estate..... | 62.9 | 1.7 | 21.6 | 16.9 | 22.7 | 30.7 | 4.5 | 7.9 | 3.5 | 4.4 | 11.9 |
| Multifamily residential real estate..... | 59.0 | 0.4 | 8.8 | 12.1 | 37.6 | 18.0 | 1.1 | 5.4 | 1.2 | 1.1 | 32.1 |
| Home equity loans..... | 30.0 | 0.5 | 6.2 | 5.3 | 18.0 | 10.5 | 2.6 | 6.7 | 0.8 | 1.0 | 8.4 |
| Other 1-4 Family residential..... | 567.9 | 13.6 | 102.6 | 67.9 | 383.8 | 173.0 | 37.5 | 78.8 | 19.2 | 18.9 | 240.5 |
| Commercial and industrial loans..... | 36.8 | 0.8 | 7.5 | 7.4 | 21.1 | 17.4 | 4.1 | 4.0 | 1.1 | 3.5 | 6.7 |
| Loans to individuals..... | 69.4 | 1.3 | 10.5 | 8.9 | 48.7 | 18.2 | 11.8 | 15.9 | 2.1 | 9.9 | 11.5 |
| Credit card loans..... | 17.4 | 0.1 | 1.3 | 0.4 | 15.7 | 2.3 | 3.1 | 5.6 | 0.1 | 5.2 | 1.0 |
| Other loans to individuals..... | 51.6 | 1.2 | 9.1 | 8.5 | 32.8 | 15.7 | 8.6 | 10.3 | 2.0 | 4.7 | 10.3 |
| Memo: Other Real Estate Owned (in millions)** | | | | | | | | | | | |
| All other real estate owned..... | \$1,050.2 | \$35.7 | \$216.5 | \$285.6 | \$512.4 | \$263.1 | \$106.8 | \$188.7 | \$97.2 | \$79.6 | \$314.9 |
| Construction, development, and land..... | 151.7 | 3.3 | 28.6 | 23.6 | 96.2 | 8.8 | 45.7 | 9.6 | 47.2 | 13.6 | 26.8 |
| Commercial real estate..... | 274.2 | 6.1 | 53.5 | 158.8 | 55.8 | 132.7 | 12.0 | 32.0 | 21.6 | 30.7 | 45.2 |
| Multifamily residential real estate..... | 27.1 | 1.4 | 7.4 | 16.5 | 1.8 | 4.3 | 3.2 | 8.1 | 1.0 | 9.3 | 1.2 |
| 1-4 Family residential..... | 609.4 | 25.4 | 130.2 | 91.7 | 362.1 | 121.9 | 46.6 | 139.4 | 29.9 | 26.5 | 245.1 |
| Troubled Real Estate Asset Rates*** (% of total RE assets) | | | | | | | | | | | |
| All real estate loans..... | 0.96 | 1.15 | 0.86 | 1.19 | 0.94 | 0.79 | 0.86 | 1.08 | 1.05 | 1.96 | 0.97 |
| Construction, development, and land..... | 1.78 | 1.55 | 1.12 | 1.77 | 2.19 | 0.85 | 1.83 | 1.53 | 3.30 | 1.67 | 2.46 |
| Commercial real estate..... | 1.80 | 1.61 | 1.16 | 2.33 | 2.03 | 1.46 | 1.18 | 1.71 | 1.70 | 3.42 | 2.39 |
| Multifamily residential real estate..... | 0.41 | 0.97 | 0.36 | 1.21 | 0.16 | 0.27 | 0.62 | 0.77 | 0.27 | 10.59 | 0.07 |
| 1-4 family residential..... | 0.88 | 1.07 | 0.81 | 0.86 | 0.89 | 0.72 | 0.69 | 1.02 | 0.77 | 1.25 | 0.96 |

* Noncurrent loan rates represent the percentage of loans in each category that are past due 90 days or more or that are in nonaccrual status.

** TFR filers report "All other real estate owned" net of valuation allowances, while individual categories of OREO are reported gross.

*** Noncurrent real estate loans plus other real estate owned as a percent of total real estate loans plus OREO.

ALL FDIC-INSURED INSTITUTIONS

- ***BIF Reserve Ratio Falls 5 Basis Points To 1.27 Percent***
- ***SAIF Reserve Ratio Drops to 1.37 Percent***
- ***Full Year Insured Deposit Growth Second Fastest in Fifteen Years***

Deposits insured by the FDIC moved past \$3.2 trillion in 2001, despite the number of insured institutions (including IBAs) falling below the 9,700 mark for the first time. Insured deposits rose by 1 percent during the fourth quarter bringing the growth rate for the full year to 5.1 percent. Growth was slower than the 6.5 percent increase for 2000, however the annual growth rate for 2001 was still the second fastest in the past fifteen years. Insured deposits reported by the 9,631 FDIC member institutions rose by \$156 billion in 2001, including a \$40 billion increase (24 percent) in insured brokered deposits. Among institutions whose brokerage affiliates sweep cash management account balances into FDIC-insured accounts, insured brokered deposits increased by \$6.4 billion during the fourth quarter and by \$47.2 billion for full year 2001.

Deposits insured by the Bank Insurance Fund (BIF) grew by 0.2 percent during the fourth quarter and by 4.7 percent for the full year, reaching \$2.4 trillion at year-end. The BIF balance was \$30.6 billion (unaudited) at year-end 2001, down \$1.2 billion from the previous quarter. Most of the decrease is attributable to increased reserves for calendar year 2002 insurance losses. The reserve ratio for the Bank Insurance Fund for year-end 2001 was 1.27 percent, down from the previous quarter's 1.32 percent. This 5 basis-point drop in the BIF reserve ratio was largest quarterly decline since the fourth quarter of 1991. At the beginning of 2001, the BIF's reserve ratio was 1.35 percent.

The reserve ratio of the Savings Association Insurance Fund (SAIF) was 1.37 percent at year-end 2001, down from 1.43 percent at year-end 2000. The balance of the SAIF was \$11.0 billion (unaudited) on December 31, 2001. SAIF-insured deposits were \$802 billion at year-end, having

grown 3 percent during the fourth quarter and 6 percent for the year. The annual growth rate was the highest since the inception of SAIF in 1989. Despite the relatively rapid growth of insured deposits, insured institutions continued to rely increasingly on other funding alternatives. Measured as a percentage of domestic liabilities, insured deposits continued a steady ten-year decline, falling to 50.9 percent at the end of 2001, compared to 51.7 percent at the end of 2000. At year-end the ratio was 46 percent for institutions with total assets greater than \$1 billion, and 73 percent for smaller institutions.

There were no failures of FDIC insured institutions during the fourth quarter of 2001. For all of 2001, the 4 failures included 3 BIF members with total assets of \$54 million, and one SAIF member institution with total assets of \$2.2 billion. Losses for the four failures are estimated at \$375 million. In 2000, there were seven insured-institution failures, with total assets of \$408 million and estimated losses of \$40 million.

**QUARTERLY PERCENTAGE CHANGE IN
INSURANCE FUND BALANCES, 1999-2001**
Percent Change (not annualized)

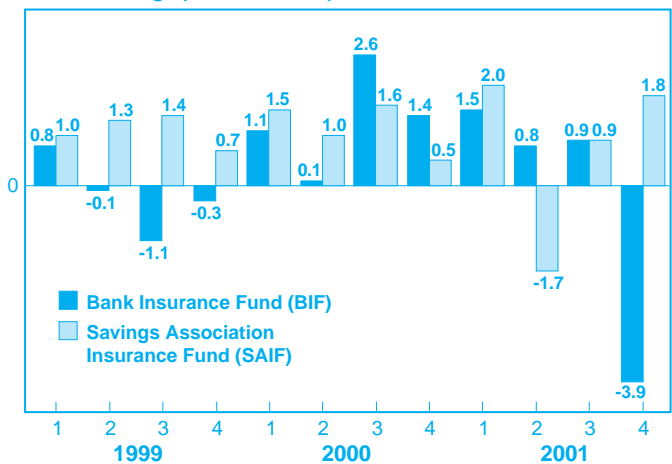


TABLE I-C. Selected Indicators, FDIC-Insured Institutions*

| <i>(dollar figures in millions)</i> | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Number of institutions reporting..... | 9,613 | 9,904 | 10,221 | 10,463 | 10,922 | 11,453 | 11,970 |
| Total assets..... | \$ 7,868,249 | \$ 7,461,966 | \$ 6,883,688 | \$ 6,530,951 | \$ 6,041,128 | \$ 5,607,333 | \$ 5,338,419 |
| Total deposits..... | 5,189,445 | 4,914,827 | 4,538,085 | 4,386,298 | 4,125,862 | 3,925,059 | 3,769,481 |
| Number of problem institutions..... | 114 | 94 | 79 | 84 | 92 | 117 | 193 |
| Assets of problem institutions (in billions)..... | \$40 | \$24 | \$10 | \$11 | \$6 | \$12 | \$31 |
| Number of failed/assisted institutions..... | 4 | 7 | 8 | 3 | 1 | 6 | 8 |
| Assets of failed/assisted institutions (in billions)..... | \$2 25 | \$0.41 | \$1.56 | \$0.37 | \$0.03 | \$0.22 | \$1.21 |

TABLE II-C. Aggregate Condition and Income Data, All FDIC-Insured Institutions*

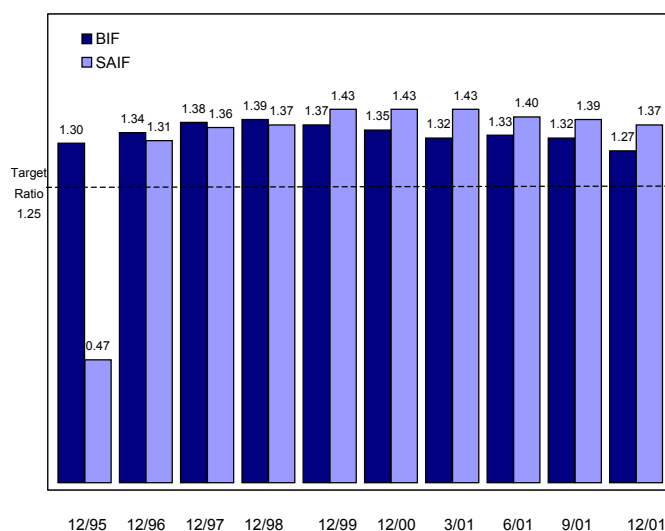
| (dollar figures in millions) | Preliminary | | | | | |
|--|---------------------|---------------------|---------------------|----------------------|-----------|-------|
| | 4th Quarter 2001 | 3rd Quarter 2001 | 4th Quarter 2000 | %Change 00:4-01:4 | | |
| Number of institutions reporting..... | 9,613 | 9,702 | 9,904 | -2.9 | | |
| Total employees (full-time equivalent)..... | 1,967,369 | 1,934,507 | 1,914,616 | 2.8 | | |
| CONDITION DATA | | | | | | |
| Total assets..... | \$7,868,249 | \$7,844,406 | \$7,461,966 | 5.4 | | |
| Loans secured by real estate..... | 2,561,981 | 2,507,761 | 2,396,044 | 6.9 | | |
| 1-4 Family residential..... | 1,564,167 | 1,529,378 | 1,490,702 | 4.9 | | |
| Home equity loans..... | 184,315 | 173,856 | 150,603 | 22.4 | | |
| Multifamily residential property..... | 123,131 | 122,467 | 116,975 | 5.3 | | |
| Commercial real estate..... | 570,490 | 557,381 | 525,000 | 8.7 | | |
| Construction, development, and land..... | 231,637 | 228,195 | 196,969 | 17.6 | | |
| Other real estate loans..... | 72,556 | 70,341 | 66,399 | 9.3 | | |
| Commercial & industrial loans..... | 1,019,234 | 1,047,984 | 1,085,026 | -6.1 | | |
| Loans to individuals..... | 700,582 | 676,392 | 671,857 | 4.3 | | |
| Credit cards & related plans..... | 249,829 | 234,942 | 265,931 | -6.1 | | |
| Other loans & leases..... | 488,209 | 502,900 | 497,563 | -1.9 | | |
| Less: Unearned income & contra accounts..... | 3,273 | 2,831 | 3,117 | 5.0 | | |
| Total loans & leases..... | 4,766,732 | 4,732,207 | 4,647,373 | 2.6 | | |
| Less: Reserve for losses..... | 79,759 | 76,077 | 71,429 | 11.7 | | |
| Net loans and leases..... | 4,686,973 | 4,656,130 | 4,575,944 | 2.4 | | |
| Securities..... | 1,464,679 | 1,382,665 | 1,360,965 | 7.6 | | |
| Other real estate owned..... | 4,619 | 4,505 | 3,908 | 18.2 | | |
| Goodwill and other intangibles..... | 143,089 | 134,200 | 120,769 | 18.5 | | |
| All other assets..... | 1,568,888 | 1,666,906 | 1,400,381 | 12.0 | | |
| Total liabilities and capital..... | 7,868,249 | 7,844,406 | 7,461,966 | 5.4 | | |
| Deposits..... | 5,189,445 | 5,084,431 | 4,914,827 | 5.6 | | |
| Other borrowed funds..... | 1,495,163 | 1,526,226 | 1,466,957 | 1.9 | | |
| Subordinated debt..... | 99,227 | 96,388 | 90,166 | 10.0 | | |
| All other liabilities..... | 377,340 | 440,007 | 356,365 | 5.9 | | |
| Equity capital..... | 707,074 | 697,353 | 633,653 | 11.6 | | |
| Loans and leases 30-89 days past due..... | 62,802 | 62,127 | 56,536 | 11.1 | | |
| Noncurrent loans and leases..... | 62,503 | 58,855 | 48,803 | 28.1 | | |
| Restructured loans and leases..... | 2,674 | 2,748 | 2,704 | -1.1 | | |
| Direct and indirect investments in real estate..... | 688 | 915 | 914 | -24.7 | | |
| Mortgage-backed securities..... | 810,098 | 766,932 | 683,896 | 18.5 | | |
| Earning assets..... | 6,791,312 | 6,766,546 | 6,507,112 | 4.4 | | |
| FHLB Advances (Source: TFR, FHFB, Call Reports)..... | 452,891 | 447,133 | 435,985 | 3.9 | | |
| Unused loan commitments..... | 5,192,860 | 5,063,115 | 4,715,961 | 10.1 | | |
| | Preliminary | | Preliminary | | | |
| | Full Year | Full Year | 4th Quarter | %Change | | |
| | 2001 | 2000 | 2001 | 00:4-01:4 | | |
| INCOME DATA | | | | | | |
| Total interest income..... | \$486,813 | \$512,229 | -5.0 | \$112,892 | \$134,746 | -16.2 |
| Total interest expense..... | 235,025 | 276,505 | -15.0 | 44,623 | 74,791 | -40.3 |
| Net interest income..... | 251,789 | 235,724 | 6.8 | 68,269 | 59,955 | 13.9 |
| Provision for loan and lease losses..... | 45,876 | 32,034 | 43.2 | 15,797 | 10,788 | 46.4 |
| Total noninterest income..... | 168,893 | 164,837 | 2.5 | 43,336 | 42,945 | 0.9 |
| Total noninterest expense..... | 251,043 | 241,588 | 3.9 | 65,305 | 62,145 | 5.1 |
| Securities gains (losses)..... | 8,687 | -1,484 | N/M | 2,657 | 539 | 392.6 |
| Applicable income taxes..... | 44,195 | 43,706 | 1.1 | 10,375 | 10,208 | 1.6 |
| Extraordinary gains, net..... | -649 | -35 | N/M | -400 | -32 | N/M |
| Net income..... | 87,606 | 81,714 | 7.2 | 22,385 | 20,266 | 10.5 |

* Excludes insured branches of foreign banks (IBAs) and institutions in RTC conservatorship (the last of which ended in 1995).

N/M - Not meaningful

TABLE III-C. Selected Insurance Fund Indicators*

| <i>(dollar figures in millions)</i> | Preliminary 4th Quarter 2001 | 3rd Quarter 2001 | 4th Quarter 2000 | %Change 00:4-01:4 |
|---|------------------------------------|---------------------|---------------------|----------------------|
| Bank Insurance Fund | | | | |
| Reserve ratio (%)..... | 1.27 | 1.32 | 1.35 | -6.3 |
| Fund balance (unaudited)..... | \$30,598 | \$31,834 | \$30,975 | -1.2 |
| Estimated insured deposits..... | 2,408,878 | 2,403,880 | 2,299,932 | 4.7 |
| SAIF-member Oakars..... | 65,670 | 63,181 | 58,839 | 11.6 |
| BIF-members..... | 2,343,208 | 2,340,699 | 2,241,093 | 4.6 |
| Assessment base..... | 3,584,610 | 3,476,199 | 3,325,581 | 7.8 |
| SAIF-member Oakars..... | 66,953 | 64,429 | 59,791 | 12.0 |
| BIF-members..... | 3,517,657 | 3,411,770 | 3,265,790 | 7.7 |
| Savings Association Insurance Fund | | | | |
| Reserve ratio (%)..... | 1.37 | 1.39 | 1.43 | -4.4 |
| Fund balance (unaudited)..... | \$11,008 | \$10,815 | \$10,759 | 2.3 |
| Estimated insured deposits..... | 801,849 | 778,880 | 755,156 | 6.2 |
| BIF-member Oakars..... | 346,234 | 321,360 | 310,279 | 11.6 |
| SAIF-member Sassadors..... | 73,516 | 72,314 | 68,432 | 7.4 |
| Other SAIF members..... | 382,099 | 385,206 | 376,445 | 1.5 |
| Assessment base..... | 897,278 | 874,802 | 823,824 | 8.9 |
| BIF-member Oakars..... | 348,391 | 322,499 | 311,127 | 12.0 |
| SAIF-member Sassadors..... | 92,432 | 90,239 | 82,948 | 11.4 |
| Other SAIF members..... | 456,455 | 462,064 | 429,749 | 6.2 |

Insurance Fund Reserve Ratios*
Percent of Insured Deposits**Fund Balances and Insured Deposits***
(\$Millions)

| | BIF Balance | BIF-Insured Deposits | SAIF Balance | SAIF-Insured Deposits |
|-------|----------------|-------------------------|-----------------|--------------------------|
| 12/95 | 25,454 | 1,951,693 | 3,358 | 711,897 |
| 12/96 | 26,854 | 2,007,042 | 8,888 | 683,403 |
| 12/97 | 28,293 | 2,056,558 | 9,368 | 689,915 |
| 12/98 | 29,612 | 2,134,425 | 9,840 | 716,029 |
| 12/99 | 29,414 | 2,151,454 | 10,281 | 717,591 |
| 12/00 | 30,975 | 2,299,932 | 10,759 | 755,156 |
| 3/01 | 31,426 | 2,372,090 | 10,973 | 767,677 |
| 6/01 | 31,681 | 2,382,801 | 10,792 | 772,091 |
| 9/01 | 31,834 | 2,403,880 | 10,815 | 778,880 |
| 12/01 | 30,598 | 2,408,878 | 11,008 | 801,849 |

* A reserve ratio is the fund balance as a percentage of estimated insured deposits. As with other Call Report items, prior periods may reflect adjustments. As a result, prior period reserve ratios may differ from previously reported values. Fund balances in 2001 are unaudited. BIF-insured deposit totals include U.S. branches of foreign banks.

TABLE IV-C. Closed/Assisted Institutions

| <i>(dollar figures in millions)</i> | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 |
|-------------------------------------|---------|-------|---------|-------|------|-------|-------|
| BIF Members | | | | | | | |
| Number of institutions..... | 3 | 6 | 7 | 3 | 1 | 5 | 6 |
| Total assets..... | \$54 | \$378 | \$1,490 | \$371 | \$27 | \$186 | \$758 |
| SAIF Members | | | | | | | |
| Number of institutions..... | 1 | 1 | 1 | 0 | 0 | 1 | 2 |
| Total assets..... | \$2,200 | \$30 | \$71 | \$0 | \$0 | \$34 | \$456 |

TABLE V-C. Selected Indicators, By Fund Membership*

| <i>(dollar figures in millions)</i> | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| BIF Members | | | | | | | |
| Number of institutions reporting..... | 8,326 | 8,571 | 8,834 | 9,031 | 9,404 | 9,823 | 10,243 |
| BIF-member Oakars..... | 754 | 743 | 744 | 745 | 778 | 793 | 807 |
| Other BIF-members..... | 7,572 | 7,828 | 8,090 | 8,286 | 8,626 | 9,030 | 9,436 |
| Total assets..... | \$ 6,856,416 | \$ 6,509,805 | \$ 5,980,156 | \$ 5,702,774 | \$ 5,285,403 | \$ 4,857,761 | \$ 4,577,898 |
| Total deposits..... | 4,567,604 | 4,337,727 | 3,987,382 | 3,843,816 | 3,611,453 | 3,404,204 | 3,225,650 |
| Net income..... | 76,968 | 73,644 | 73,970 | 64,335 | 61,459 | 54,483 | 50,780 |
| Return on assets (%)..... | 1.15 | 1.18 | 1.30 | 1.18 | 1.22 | 1.17 | 1.15 |
| Return on equity (%)..... | 12.98 | 13.90 | 15.11 | 13.81 | 14.44 | 14.14 | 14.32 |
| Noncurrent assets plus OREO to assets (%)..... | 0.90 | 0.72 | 0.62 | 0.64 | 0.67 | 0.77 | 0.89 |
| Number of problem institutions..... | 90 | 74 | 66 | 68 | 73 | 86 | 152 |
| Assets of problem institutions..... | \$31,881 | \$10,787 | \$4,450 | \$5,326 | \$4,598 | \$6,624 | \$20,166 |
| Number of failed/assisted institutions..... | 3 | 6 | 7 | 3 | 1 | 5 | 6 |
| Assets of failed/assisted institutions..... | \$54 | \$378 | \$1,490 | \$371 | \$27 | \$182 | \$753 |
| SAIF Members | | | | | | | |
| Number of institutions reporting..... | 1,287 | 1,333 | 1,387 | 1,432 | 1,518 | 1,629 | 1,727 |
| SAIF-member Oakars..... | 126 | 123 | 123 | 116 | 112 | 94 | 77 |
| Other SAIF-members..... | 1,161 | 1,210 | 1,264 | 1,316 | 1,406 | 1,535 | 1,650 |
| Total assets..... | \$ 1,011,833 | \$952,161 | \$903,532 | \$828,177 | \$755,724 | \$749,573 | \$760,521 |
| Total deposits..... | 621,840 | 577,100 | 550,703 | 542,481 | 514,409 | 520,855 | 543,831 |
| Net income..... | 10,638 | 8,070 | 8,450 | 7,598 | 6,486 | 4,892 | 5,584 |
| Return on assets (%)..... | 1.11 | 0.89 | 0.99 | 0.98 | 0.94 | 0.67 | 0.76 |
| Return on equity (%)..... | 13.48 | 11.12 | 11.97 | 11.34 | 11.13 | 8.08 | 9.47 |
| Noncurrent assets plus OREO to assets (%)..... | 0.75 | 0.65 | 0.64 | 0.80 | 0.98 | 1.07 | 1.12 |
| Number of problem institutions..... | 24 | 20 | 13 | 16 | 19 | 31 | 42 |
| Assets of problem institutions..... | \$7,923 | \$13,053 | \$5,524 | \$5,992 | \$1,662 | \$5,548 | \$10,864 |
| Number of failed/assisted institutions..... | 1 | 1 | 1 | 0 | 0 | 1 | 2 |
| Assets of failed/assisted institutions..... | \$2,200 | \$30 | \$71 | \$0 | \$0 | \$35 | \$426 |

* Excludes insured branches of foreign banks (IBAs) and institutions in RTC conservatorship (the last of which ended in 1995).

TABLE VI-C. Estimated FDIC-Insured Deposits by Fund Membership and Type of Institution

| <i>(dollar figures in millions)</i> | Number of Institutions | Total Assets | Domestic Deposits* | Estimated Insured Deposits | | |
|---|------------------------|------------------|--------------------|----------------------------|----------------|------------------|
| | | | | BIF | SAIF | Total |
| December 31, 2001 | | | | | | |
| Commercial Banks and Savings Institutions | | | | | | |
| FDIC-Insured Commercial Banks..... | 8,080 | 6,569,240 | 3,761,942 | 2,180,244 | 346,117 | 2,526,361 |
| BIF-member..... | 7,969 | 6,463,038 | 3,690,203 | 2,162,963 | 309,122 | 2,472,085 |
| SAIF-member..... | 111 | 106,201 | 71,739 | 17,281 | 36,995 | 54,276 |
| FDIC-Supervised..... | 4,971 | 1,231,113 | 914,978 | 609,819 | 70,764 | 680,584 |
| OCC-Supervised..... | 2,137 | 3,634,997 | 2,001,302 | 1,143,099 | 200,983 | 1,344,081 |
| Federal Reserve-Supervised..... | 972 | 1,703,130 | 845,662 | 427,326 | 74,369 | 501,696 |
| FDIC-Insured Savings Institutions..... | 1,533 | 1,299,009 | 797,822 | 227,460 | 455,732 | 683,193 |
| OTS-Supervised Savings Institutions..... | 1,020 | 987,512 | 579,573 | 99,087 | 395,281 | 494,367 |
| BIF-member..... | 40 | 140,451 | 72,239 | 52,855 | 13,182 | 66,037 |
| SAIF-member..... | 980 | 847,061 | 507,333 | 46,232 | 382,099 | 428,331 |
| FDIC-Supervised State Savings Banks..... | 513 | 311,497 | 218,249 | 128,373 | 60,452 | 188,825 |
| BIF-member..... | 317 | 252,927 | 175,551 | 126,216 | 23,930 | 150,146 |
| SAIF-member..... | 196 | 58,571 | 42,699 | 2,157 | 36,522 | 38,679 |
| Total Commercial Banks and Savings Institutions..... | 9,613 | 7,868,249 | 4,559,764 | 2,407,704 | 801,849 | 3,209,553 |
| BIF-member..... | 8,326 | 6,856,416 | 3,937,993 | 2,342,034 | 346,234 | 2,688,268 |
| SAIF-member..... | 1,287 | 1,011,833 | 621,771 | 65,670 | 455,615 | 521,285 |
| Other FDIC-Insured Institutions | | | | | | |
| U.S. Branches of Foreign Banks..... | 18 | 9,780 | 4,396 | 1,174 | 0 | 1,174 |
| Total FDIC-Insured Institutions..... | 9,631 | 7,878,029 | 4,564,160 | 2,408,878 | 801,849 | 3,210,727 |

* Excludes \$630 billion in foreign office deposits, which are uninsured.

TABLE VII-C. Assessment Base Distribution and Rate Schedules

BIF Assessment Base Distribution
Assessable Deposits in Millions as of December 31, 2001
Supervisory and Capital Ratings for First Semiannual Assessment Period, 2002

| Capital Group | Supervisory Risk Subgroup | | | | | |
|------------------------------|---------------------------|------|----------|-----|----------|-----|
| | A | | B | | C | |
| 1. Well-capitalized | | | | | | |
| Number of institutions..... | 7,722 | 92.5 | 387 | 4.6 | 62 | 0.7 |
| Assessable deposit base..... | \$3,466,743 | 96.7 | \$65,305 | 1.8 | \$20,530 | 0.6 |
| 2. Adequately capitalized | | | | | | |
| Number of institutions..... | 134 | 1.6 | 17 | 0.2 | 11 | 0.1 |
| Assessable deposit base..... | \$28,064 | 0.8 | \$1,248 | 0.0 | \$1,857 | 0.1 |
| 3. Undercapitalized | | | | | | |
| Number of institutions..... | 3 | 0.0 | 1 | 0.0 | 7 | 0.1 |
| Assessable deposit base..... | \$320 | 0.0 | \$96 | 0.0 | \$448 | 0.0 |

Note: "Number" reflects the number of BIF members; "Base" reflects the BIF-assessable deposits held by both BIF and SAIF members. Institutions are categorized based on capitalization and a supervisory subgroup rating, which is generally determined by on-site examinations.

SAIF Assessment Base Distribution
Assessable Deposits in Millions as of December 31, 2001
Supervisory and Capital Ratings for First Semiannual Assessment Period, 2002

| Capital Group | Supervisory Risk Subgroup | | | | | |
|------------------------------|---------------------------|------|----------|-----|---------|-----|
| | A | | B | | C | |
| 1. Well-capitalized | | | | | | |
| Number of institutions..... | 1,163 | 90.4 | 80 | 6.2 | 18 | 1.4 |
| Assessable deposit base..... | \$858,390 | 95.7 | \$29,733 | 3.3 | \$4,905 | 0.5 |
| 2. Adequately capitalized | | | | | | |
| Number of institutions..... | 11 | 0.9 | 9 | 0.7 | 3 | 0.2 |
| Assessable deposit base..... | \$1,348 | 0.2 | \$1,667 | 0.2 | \$965 | 0.1 |
| 3. Undercapitalized | | | | | | |
| Number of institutions..... | 0 | 0.0 | 1 | 0.1 | 2 | 0.2 |
| Assessable deposit base..... | \$0 | 0.0 | \$0 | 0.0 | \$270 | 0.0 |

Note: "Number" reflects the number of SAIF members; "Base" reflects the SAIF-assessable deposits held by both BIF and SAIF members. Institutions are categorized based on capitalization and a supervisory subgroup rating, which is generally determined by on-site examinations.

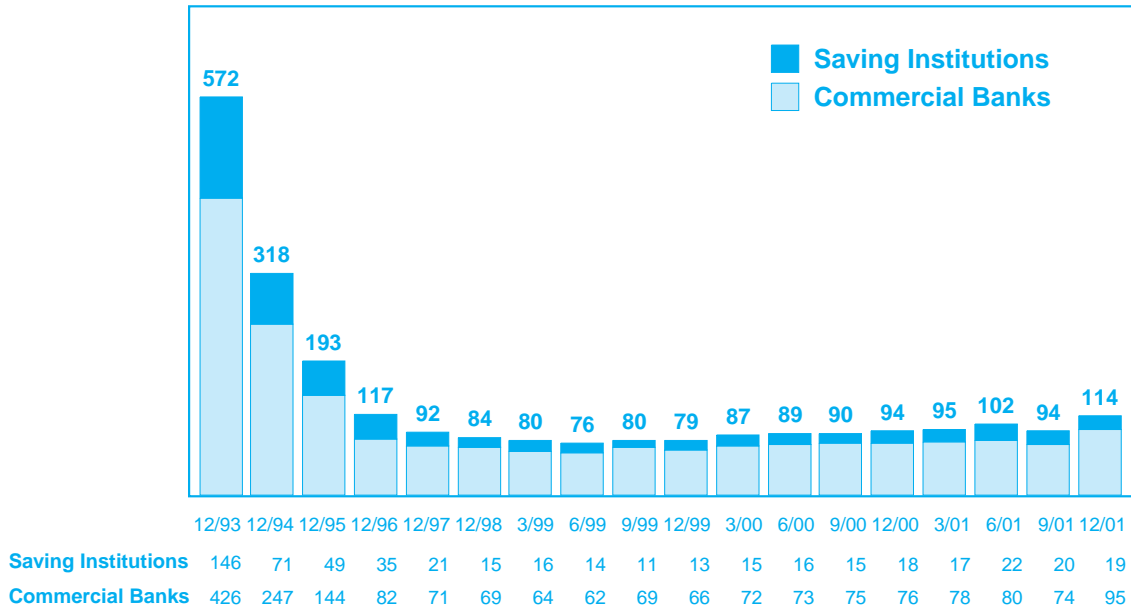
Assessment Rate Schedules
First Semiannual 2002 Assessment Period
Cents Per \$100 of Assessable Deposits

| Capital Group | Supervisory Risk Subgroup | | |
|--------------------------------|---------------------------|----|----|
| | A | B | C |
| 1. Well Capitalized..... | 0 | 3 | 17 |
| 2. Adequately Capitalized..... | 3 | 10 | 24 |
| 3. Undercapitalized..... | 10 | 24 | 27 |

Note: Rates for the BIF and the SAIF are set separately by the FDIC. Currently, the rate schedules are identical.

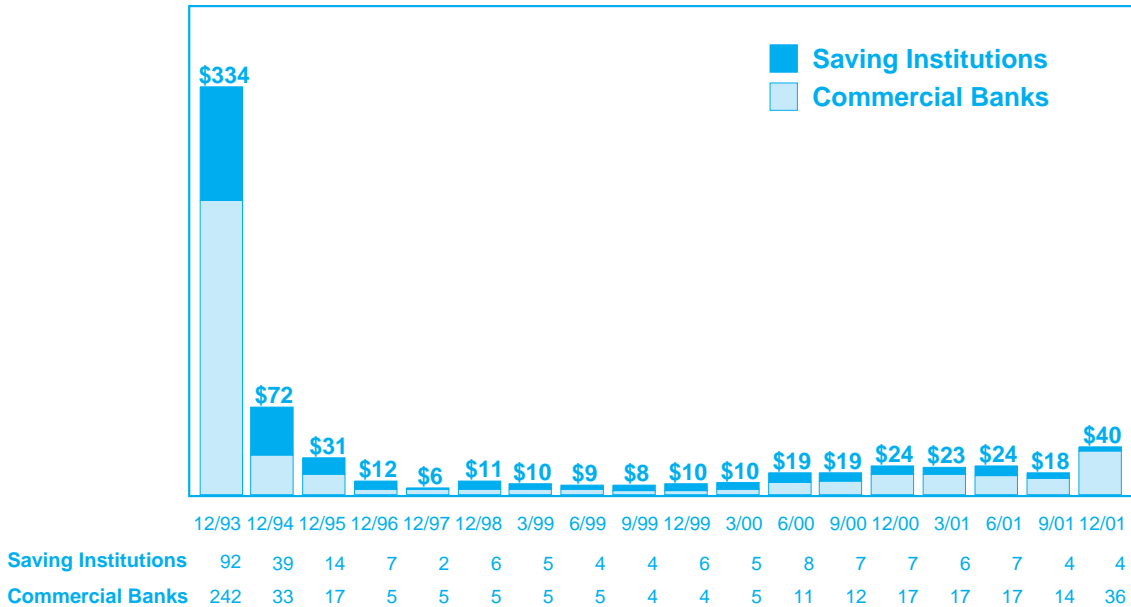
NUMBER OF FDIC-INSURED “PROBLEM” INSTITUTIONS, 1993–2001

Number of Institutions



ASSETS OF FDIC-INSURED “PROBLEM” INSTITUTIONS, 1993–2001

\$ Billions



NOTES TO USERS

This publication contains financial data and other information for depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). These notes are an integral part of this publication and provide information regarding the comparability of source data and reporting differences over time. The information presented in the FDIC *Quarterly Banking Profile* is divided into the following groups of institutions:

FDIC-Insured Commercial Banks (Tables I-A through V-A.)

This section covers commercial banks insured by the FDIC either through the Bank Insurance Fund (BIF) or through the Savings Association Insurance Fund (SAIF). These institutions are regulated by and submit financial reports to one of the three federal commercial bank regulators (the Board of Governors of the Federal Reserve System, the FDIC or the Office of the Comptroller of the Currency).

FDIC-Insured Savings Institutions (Tables I-B through V-B.)

This section covers savings institutions insured by either BIF or SAIF that operate under state or federal banking codes applicable to thrift institutions. Savings institutions in conservatorships are excluded from these tables while in conservatorship, where applicable. The institutions covered in this section are regulated by and submit financial reports to one of two Federal regulators — the FDIC or the Office of Thrift Supervision (OTS).

FDIC-Insured Institutions by Insurance Fund (Tables I-C through VII-C.)

Summary balance-sheet and earnings data are provided for commercial banks and savings institutions according to insurance fund membership. BIF-member institutions may acquire SAIF-insured deposits, resulting in institutions with some deposits covered by both insurance funds. Also, SAIF members may acquire BIF-insured deposits. The insurance fund membership does not necessarily reflect which fund insures the largest percentage of an institution's deposits. Therefore, the BIF-member and the SAIF-member tables each include deposits from both insurance funds. Depository institutions that are not insured by the FDIC through either the BIF or SAIF are not included in the FDIC *Quarterly Banking Profile*. U.S. branches of institutions headquartered in foreign countries and non-deposit trust companies are not included unless otherwise indicated. Efforts are made to obtain financial reports for all active institutions. However, in some cases, final financial reports are not available for institutions that have closed or converted their charter.

DATA SOURCES

The financial information appearing in this publication is obtained primarily from the Federal Financial Institutions Examination Council (FFIEC) *Call Reports* and the OTS *Thrift Financial Reports* submitted by all FDIC-insured depository institutions. This information is stored on and retrieved from the FDIC's Research Information System (RIS) data base.

COMPUTATION METHODOLOGY

Certain adjustments are made to the OTS *Thrift Financial Reports* to provide closer conformance with the reporting and accounting requirements of the FFIEC *Call Reports*. Parent institutions are required to file consolidated reports, while their subsidiary financial institutions are still required to

file separate reports. Data from subsidiary institution reports are included in the *Quarterly Banking Profile* tables, which can lead to double-counting. No adjustments are made for any double-counting of subsidiary data.

All asset and liability figures used in calculating performance ratios represent average amounts for the period (beginning-of-period amount plus end-of-period amount plus any interim periods, divided by the total number of periods). For "pooling-of-interest" mergers, the assets of the acquired institution(s) are included in average assets since the year-to-date income includes the results of all merged institutions. No adjustments are made for "purchase accounting" mergers. Growth rates represent the percentage change over a 12-month period in totals for institutions in the base period to totals for institutions in the current period.

All data are collected and presented based on the location of each reporting institution's main office. Reported data may include assets and liabilities located outside of the reporting institution's home state. In addition, institutions may change their charters, resulting in an inter-industry migration, e.g., savings institutions can convert to commercial banks or commercial banks may convert to savings institutions. These situations can affect state and regional statistics.

ACCOUNTING CHANGES

FASB Statement No. 133 *Accounting for Derivative Instruments and Hedging Activities* — establishes new accounting and reporting standards. Derivatives were previously off-balance sheet items, but beginning in 2001 all banks must recognize derivatives as either assets or liabilities on the balance sheet, measured at fair value. A derivative may be specifically designated as a "fair value hedge," a "cash flow hedge," or a hedge of a foreign currency exposure. The accounting for changes in the value of a derivative (gains and losses) depends on the intended use of the derivative, its resulting designation, and the effectiveness of the hedge. Derivatives held for purposes other than trading are reported as "other assets" (positive fair values) or "other liabilities" (negative fair values). For a fair value hedge, the gain or loss is recognized in earnings and "effectively" offsets loss or gain on the hedged item attributable to the risk being hedged. Any ineffectiveness of the hedge could result in a net gain or loss on the income statement. Accumulated net gains (losses) on cash flow hedges are recorded on the balance sheet as "accumulated other comprehensive income" and the periodic change in the accumulated net gains (losses) for cash flow hedges is reflected directly in equity as the value of the derivative changes.

Initial transition adjustments upon adoption of FAS 133 are reported as adjustments to net income in the income statement as extraordinary items. Upon implementing FAS 133, a bank may transfer any debt security categorized as held-to-maturity into the available-for-sale category or the trading category. Unrealized gains (losses) on transferred held-to-maturity debt securities on the date of initial application must be reflected as an adjustment to net income if transferred to the trading category or an adjustment to equity if transferred to the available-for-sale category.

Subchapter S Corporations — The Small Business Job Protection Act of 1996 changed the Internal Revenue Code to allow financial institutions to elect Subchapter S corporation status, beginning in 1997. A Subchapter S corporation is

treated as a pass-through entity, similar to a partnership, for federal income tax purposes. It is generally not subject to any federal income taxes at the corporate level. Its taxable income flows through to its shareholders in proportion to their stock ownership, and the shareholders generally pay federal income taxes on their share of this taxable income. This can have the effect of reducing institutions' reported taxes and increasing their after-tax earnings.

The election of Subchapter S status may result in an increase in shareholders' personal tax liability. Therefore, some S corporations may increase the amount of earnings distributed as dividends to compensate for higher personal taxes.

DEFINITIONS (in alphabetical order)

All other assets — total cash, balances due from depository institutions, premises, fixed assets, direct investments in real estate, investment in unconsolidated subsidiaries, customers' liability on acceptances outstanding, assets held in trading accounts, federal funds sold, securities purchased with agreements to resell, fair market value of derivatives, and other assets.

All other liabilities — bank's liability on acceptances, limited-life preferred stock, allowance for estimated off-balance sheet credit losses, fair market value of derivatives, and other liabilities.

Assessment base distribution — assessable deposits consist of BIF and SAIF deposits in banks' domestic offices with certain adjustments. Each institution's assessment depends on its assigned risk-based capital category and supervisory risk subgroup:

| (Percent) | Total Risk-Based Capital * | | Tier 1 Risk-Based Capital * | | Tier 1 Leverage | | Tangible Equity |
|-----------------------------------|----------------------------------|------------|-----------------------------------|------------|--------------------|------------|--------------------|
| Well-capitalized | ≥10 | and | ≥6 | and | ≥5 | | — |
| Adequately capitalized | ≥8 | and | ≥4 | and | ≥4 | | — |
| Undercapitalized | ≥6 | and | ≥3 | and | ≥3 | | — |
| Significantly undercapitalized | <6 | or | <3 | or | <3 | and | >2 |
| Critically undercapitalized | — | | — | | — | | ≤2 |

*As a percentage of risk-weighted assets.

For purpose of BIF and SAIF assessments, risk-based assessment rules combine the three lowest capital rating categories into a single "undercapitalized" group. Supervisory risk subgroup assignments are based on supervisory ratings. Generally, the strongest institutions (those rated 1 or 2) are in subgroup A, those rated 3 are in subgroup B, and those rated 4 or 5 are in subgroup C.

BIF-insured deposits (estimated) — the portion of estimated insured deposits that is insured by the BIF. For SAIF-member "Oakar" institutions, it represents the adjusted attributable amount acquired from BIF members.

Construction and development loans — includes loans for all property types under construction, as well as loans for land acquisition and development.

Core capital — common equity capital plus noncumulative perpetual preferred stock plus minority interest in consolidated subsidiaries, less goodwill and other ineligible intangible assets. The amount of eligible intangibles (including servicing rights) included in core capital is limited in accordance with supervisory capital regulations.

Cost of funding earning assets — total interest expense paid on deposits and other borrowed money as a percentage

of average earning assets.

Derivatives (notional amount) — represents the sum of the following: interest-rate contracts (defined as the "notional" value of interest-rate swap, futures, forward and option contracts), foreign-exchange-rate contracts, commodity contracts and equity contracts (defined similarly to interest-rate contracts).

Futures and forward contracts — a contract in which the buyer agrees to purchase and the seller agrees to sell, at a specified future date, a specific quantity of an underlying variable or index at a specified price or yield. These contracts exist for a variety of variables or indices, (traditional agricultural or physical commodities, as well as currencies and interest rates). Futures contracts are standardized and are traded on organized exchanges which set limits on counterparty credit exposure. Forward contracts do not have standardized terms and are traded over the counter.

Option contracts — a contract in which the buyer acquires the right to buy from or sell to another party some specified amount of an underlying variable or index at a stated price (strike price) during a period or on a specified future date, in return for compensation (such as a fee or premium). The seller is obligated to purchase or sell the variable or index at the discretion of the buyer of the contract.

Swaps — an obligation between two parties to exchange a series of cash flows at periodic intervals (settlement dates), for a specified period. The cash flows of a swap are either fixed, or determined for each settlement date by multiplying the quantity (notional principal) of the underlying variable or index by specified reference rates or prices. Except for currency swaps, the notional principal is used to calculate each payment but is not exchanged.

Direct and indirect investments in real estate — excludes loans secured by real estate and property acquired through foreclosure.

Earning assets — all loans and other investments that earn interest or dividend income.

Efficiency Ratio — Noninterest expense less amortization of intangible assets as a percent of net interest income plus noninterest income. This ratio measures the proportion of net operating revenues that are absorbed by overhead expenses, so that a lower value indicates greater efficiency.

Estimated insured deposits — in general, insured deposits are estimated to be total domestic deposits minus estimated uninsured deposits. The uninsured estimate is calculated as the sum of the excess amounts in accounts over \$100,000. Beginning June 30, 2000 the amount of estimated uninsured deposits is adjusted to consider a financial institution's estimate, where the institution reports that it has a better method or procedure for calculating uninsured deposits.

Failed/assisted institutions — an institution fails when regulators take control of the institution, placing the assets and liabilities into a bridge bank, conservatorship, receivership, or another healthy institution. This action may require the FDIC to provide funds to cover losses. An institution is defined as "assisted" when the institution remains open and receives some insurance funds in order to continue operating.

FHLB advances — all borrowings by FDIC insured institutions from the Federal Home Loan Bank System (FHLB), as reported by Call Report filers (or as furnished by the Federal Housing Finance Board (FHFB) for Call filers prior to 2001) and as reported by TFR filers.

Goodwill and other intangibles — intangible assets include servicing rights, purchased credit card relationships

and other identifiable intangible assets.

Loans secured by real estate — includes home equity loans, junior liens secured by 1-4 family residential properties and all other loans secured by real estate.

Loans to individuals — includes outstanding credit card balances and other secured and unsecured consumer loans.

Long-term assets (5+ years) — loans and debt securities with remaining maturities or repricing intervals of over five years.

Mortgage-backed securities — certificates of participation in pools of residential mortgages and collateralized mortgage obligations issued or guaranteed by government-sponsored or private enterprises. Also, see “Securities”, below.

Net charge-offs — total loans and leases charged off (removed from balance sheet because of uncollectibility), less amounts recovered on loans and leases previously charged off.

Net interest margin — the difference between interest and dividends earned on interest-bearing assets and interest paid to depositors and other creditors, expressed as a percentage of average earning assets. No adjustments are made for interest income that is tax exempt.

Net operating income — income excluding discretionary transactions such as gains (or losses) on the sale of investment securities and extraordinary items. Income taxes subtracted from operating income have been adjusted to exclude the portion applicable to securities gains (or losses).

Noncurrent assets — the sum of loans, leases, debt securities and other assets that are 90 days or more past due, or in nonaccrual status.

Noncurrent loans & leases — the sum of loans and leases 90 days or more past due, and loans and leases in nonaccrual status.

Number of institutions reporting — the number of institutions that actually filed a financial report.

Other borrowed funds — federal funds purchased, securities sold with agreements to repurchase, demand notes issued to the U.S. Treasury, FHLB advances, other borrowed money, mortgage indebtedness, obligations under capitalized leases and trading liabilities, less revaluation losses on assets held in trading accounts.

Other real estate owned — primarily foreclosed property. Direct and indirect investments in real estate ventures are excluded. The amount is reflected net of valuation allowances. For institutions that file a *Thrift Financial Report (TFR)*, the valuation allowance subtracted also includes allowances for other repossessed assets. Also, for *TFR* filers the components of other real estate owned are reported gross of valuation allowances.

Percent of institutions with earnings gains — the percent of institutions that increased their net income (or decreased their losses) compared to the same period a year earlier.

“Problem” institutions — federal regulators assign a composite rating to each financial institution, based upon an evaluation of financial and operational criteria. The rating is based on a scale of 1 to 5 in ascending order of supervisory concern. “Problem” institutions are those institutions with financial, operational, or managerial weaknesses that threaten their continued financial viability. Depending upon the degree of risk and supervisory concern, they are rated either

a “4” or “5”. For all BIF-member institutions, and for all SAIF-member institutions for which the FDIC is the primary federal regulator, FDIC composite ratings are used. For all SAIF-member institutions whose primary federal regulator is the OTS, the OTS composite rating is used.

Reserves for losses — the allowance for loan and lease losses on a consolidated basis. Prior to March 31, 2001 reserves for losses included the allocated transfer risk reserve, which is no longer included as part of the loss reserve, but netted from loans and leases.

Restructured loans and leases — loan and lease financing receivables with terms restructured from the original contract. Excludes restructured loans and leases that are not in compliance with the modified terms.

Return on assets — net income (including gains or losses on securities and extraordinary items) as a percentage of average total assets. The basic yardstick of bank profitability.

Return on equity — net income (including gains or losses on securities and extraordinary items) as a percentage of average total equity capital.

Risk-weighted assets — assets adjusted for risk-based capital definitions which include on-balance-sheet as well as off-balance-sheet items multiplied by risk-weights that range from zero to 100 percent. A conversion factor is used to assign a balance sheet equivalent amount for selected off-balance-sheet accounts.

SAIF-insured deposits (estimated) — the portion of estimated insured deposits that is insured by the SAIF. For BIF-member “Oakar” institutions, it represents the adjusted attributable amount acquired from SAIF members.

Securities — excludes securities held in trading accounts. Banks’ securities portfolios consist of securities designated as “held-to-maturity”, which are reported at amortized cost (book value), and securities designated as “available-for-sale”, reported at fair (market) value.

Securities gains (losses) — realized gains (losses) on held-to-maturity and available-for-sale securities, before adjustments for income taxes. Thrift Financial Report (TFR) filers also include gains (losses) on the sales of assets held for sale.

Troubled real estate asset rate — noncurrent real estate loans plus other real estate owned as a percent of total real estate loans and other real estate owned.

Unearned income & contra accounts — unearned income for Call Report filers only.

Unused loan commitments — includes credit card lines, home equity lines, commitments to make loans for construction, loans secured by commercial real estate, and unused commitments to originate or purchase loans.

Volatile liabilities — the sum of large-denomination time deposits, foreign-office deposits, federal funds purchased, securities sold under agreements to repurchase, and other borrowings.

Yield on earning assets — total interest, dividend and fee income earned on loans and investments as a percentage of average earning assets.