

The FDIC Quarterly Banking Profile

Donald E. Powell, Chairman

Second Quarter 2001

COMMERCIAL BANK PERFORMANCE — SECOND QUARTER 2001

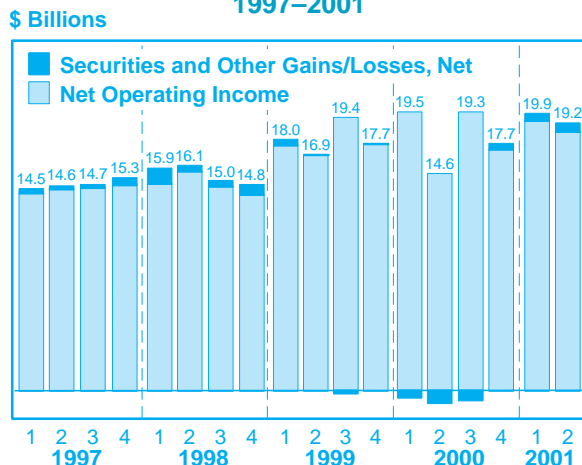
- **Commercial Banks Earn \$19.2 Billion In Second Quarter**
- **Gains On Securities Sales Buoy Profits**
- **Margin Woes Continue To Erode Community Banks' Profitability**
- **Problems Worsen In Large Banks' Commercial Loans**
- **Charge-Offs Increase In Credit-Card Portfolios**

Insured commercial banks earned \$19.2 billion in the second quarter of 2001, a 31-percent (\$4.5 billion) improvement over the second quarter of 2000. A year ago, sizable restructuring and credit-related charges at a few large banks depressed industry earnings. The absence of comparable charges in the second quarter accounted for almost all of the improvement in net income. Lower interest rates allowed banks to realize gains on sales of securities, which also boosted net income. But slower growth and narrower net interest margins meant lower earnings for many community banks. More than one out of every ten banks with assets less than \$100 million (11.6 percent) were unprofitable in the quarter. Fewer than half of all commercial banks—49.4 percent—reported higher quarterly earnings than a year ago.

The industry's return on assets (ROA) was 1.21 percent, down from 1.27 percent in the first quarter, but up from 0.99 percent a year ago. A majority of banks reported lower ROAs compared to a year ago. Through the first six months of 2001, industry earnings totaled a record \$39.0 billion, \$4.8-billion (14.1 percent) more than in the first half of 2000. The industry's ROA was 1.24 percent, compared to 1.16 percent for the first six months of last year.

Noninterest income was \$3.6 billion (10.0 percent) higher than in the second quarter of 2000, despite lower revenue from trading and trust activities. Trading revenues were \$209 million (6.9 percent) lower, while fiduciary (trust) income fell by \$364 million (6.8 percent). One area of noninterest income improvement was service charges on deposit accounts, which rose by \$922 million (15.8 percent).¹ Declining interest rates boosted the market values of banks' fixed-rate securities during the quarter. Securities sales yielded gains totaling \$861 million in the second quarter; a year ago, sales produced a \$1.0-billion net loss for the industry. Loan-loss provisions continued to grow in the second quarter. Banks set aside \$8.8 billion for future loan losses during the quarter, an increase of \$1.6 billion (22.3 percent) from the second quarter of 2000. Quarterly loss provisions absorbed 9.6 percent of the industry's net operating revenues (noninterest income plus net interest

QUARTERLY NET INCOME,
1997–2001



¹ Changes in the reporting of banks' noninterest income that became effective in 2001 make year-to-year comparisons of other noninterest income components problematic.



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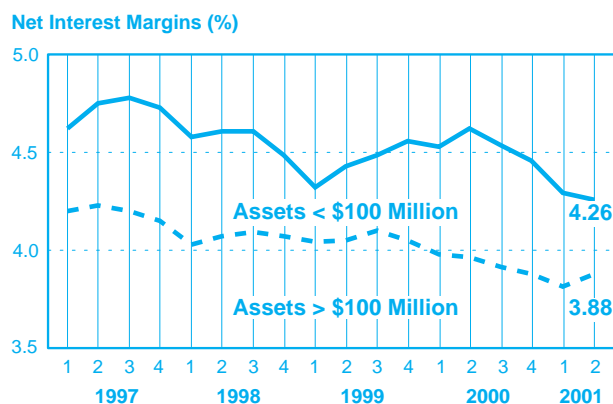
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income), up from 8.3 percent a year earlier. Noninterest expenses were only \$76 million (0.1 percent) higher than a year ago, when restructuring charges at a few large banks inflated the industry total.

Net interest income was \$2.2 billion (4.3 percent) higher in the second quarter than a year ago. Interest-earning assets were \$297 billion (5.7 percent) higher at mid-year than they were 12 months earlier, but lower net interest margins limited the growth in net interest income. The industry's net interest margin remained 9 basis points lower compared to a year earlier, although it rose 7 basis points from its level in the first quarter, ending a stretch of six consecutive quarterly declines. Banks with less than \$100 million in assets were the only asset-size group to report a margin decline during the second quarter; their margin fell by 3 basis points to 4.26 percent, 36 basis points lower than a year ago.

QUARTERLY NET INTEREST MARGINS, 1997–2001

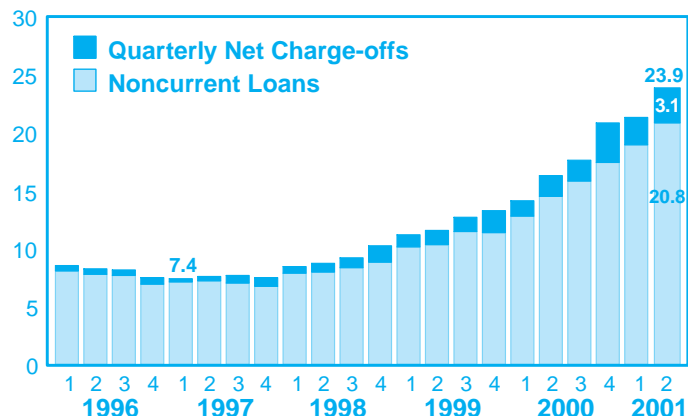


Loan charge-offs and noncurrent loans (loans 90 days or more past due or in nonaccrual status) continued to increase during the second quarter. Banks charged-off \$7.9 billion in bad loans during the quarter, an increase of \$2.6 billion (50.0 percent) from the level of the second quarter of 2000. As has been the case in recent quarters, the greatest deterioration in credit quality occurred in commercial and industrial (C&I) loan portfolios at larger banks. Although C&I loans represent only 26.6 percent of commercial banks' loans, they have generated more than half of the increase in all noncurrent loans in every quarter since the first quarter of 1998, and more than half of the increase in charged-off loans in every quarter since the fourth quarter of 1999. C&I loan charge-offs totaled \$3.1 billion, up \$1.4 billion (76.7 percent) from a year ago. They accounted for 39.3 percent of all loan charge-offs in the second quarter, and 51.1 percent of the increase in total charge-offs from a year earlier. Credit-card loans also registered increased charge-

offs. Banks charged-off \$2.8 billion in credit-card loans during the quarter, an increase of \$592 million (26.5 percent) compared to the second quarter of 2000. Net charge-offs on leases were up by \$108 million (94.7 percent), and the quarterly charge-off rate of 0.53 percent was the highest since the end of 1992. Residential mortgage loan charge-offs rose in the second quarter to \$292 million, a \$106-million (57.0-percent) increase from a year earlier.

CREDIT QUALITY OF COMMERCIAL BANKS' COMMERCIAL & INDUSTRIAL LOANS, 1996–2001

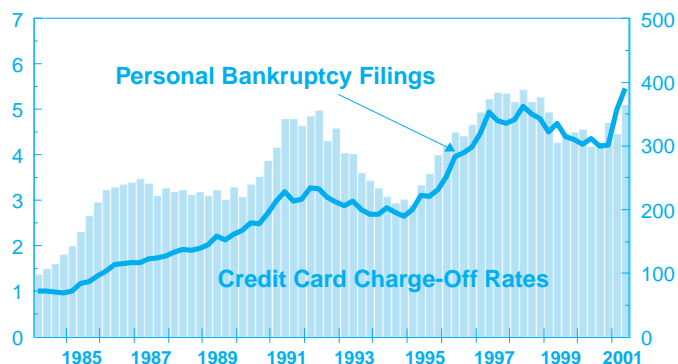
\$ Billions



Despite the rising level of charge-off activity, noncurrent loans remaining in banks' loan portfolios continued to increase as well. Total noncurrent loans increased by \$2.7 billion (5.8 percent) during the quarter. During the past 12 months, noncurrent loans have increased by \$12.1 billion (33.1 percent). At mid-year, 1.26 percent of commercial banks' loans were noncurrent, the highest level in six years. C&I loans accounted for two-thirds (\$1.8 billion) of the increase in noncurrent loans during the quarter. More than 2 percent of C&I loans were noncurrent at the end of the quarter, the first time since the end of 1993 that the noncurrent rate has been this high. Only one out of

CREDIT CARD LOSS RATES AND PERSONAL BANKRUPTCY FILINGS, 1984–2001

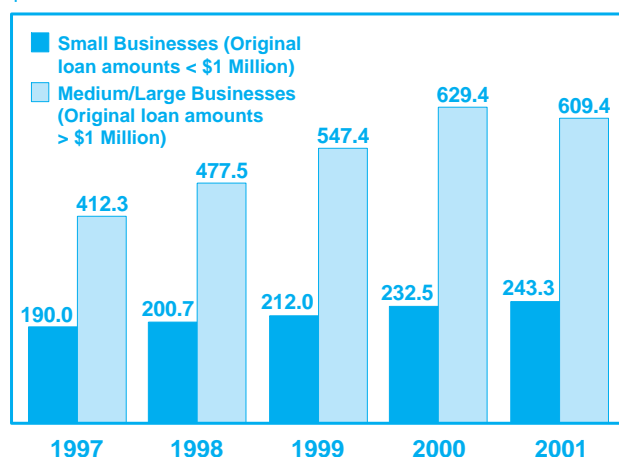
Net Charge-Off Rate (%) Number of Bankruptcy Filings (Thousands)



COMMERCIAL AND INDUSTRIAL LOANS TO SMALL BUSINESSES, 1997–2001

(As of June 30)

\$ Billions



every three commercial banks had an increase in its noncurrent C&I loan rate during the quarter, but the banks that experienced deterioration held three-fourths of the banking industry's C&I loans.

Noncurrent rates increased in several other loan categories during the quarter, although not to the extent seen in C&I loans. The percentage of real estate loans secured by farmland that were noncurrent rose from 1.44 percent to 1.66 percent during the quarter. The noncurrent rate for leases rose from 0.79 percent to 0.93 percent, while the rate for loans secured by commercial real estate properties increased from 0.79 percent to 0.87 percent, and the percentage of agricultural production loans that were noncurrent rose from 1.44 percent to 1.52 percent.

Commercial banks' asset growth slowed for the third consecutive quarter. Industry assets grew by \$44.8 billion during the quarter, after increasing by \$71.7 billion in the first quarter and \$138.0 billion in the second quarter of last year. Loans increased by only \$27.8 billion (0.7 percent). Growth in mortgage-backed securities (up \$23.7 billion, or 4.8 percent) accounted for more than half of the total increase in commercial bank assets in the second quarter. Real estate construction and development loans continued to exhibit strong growth, rising by \$10.4 billion (5.9 percent). Banks' C&I loans declined by \$19.9 billion (1.9 percent), the largest quarterly decline ever reported by the industry.

The trend in C&I lending over the past 12 months suggests that most of this decline has been in loans to larger commercial borrowers. Data reported annually each June 30 show that C&I loans with original amounts of less than \$1 million have increased over the past year by \$10.8 billion (4.6 percent), while larger C&I loans to U.S. borrowers have declined by \$20.0 billion (3.2 percent).

Deposit growth kept pace with overall asset growth during the quarter. Growth in savings deposits remained strong, despite a marked slowdown in the growth of brokered money-market deposit accounts (MMDAs). Demand deposits increased by \$14.5 billion, while retail (< \$100,000) time deposits fell by \$18.6 billion. Federal Home Loan Bank (FHLB) advances increased by \$4.5 billion.

Reserves increased by \$1.0 billion, as loan-loss provisions exceeded net charge-offs by \$911 million. The growth in reserves, combined with modest loan growth, produced a slight increase in the industry's reserve ratio, from 1.69 percent to 1.70 percent. However, the relatively larger increase in noncurrent loans meant that the industry's "coverage ratio" fell for the sixth consecutive quarter. At the end of June, commercial banks held \$1.35 in reserves for every \$1.00 of noncurrent loans, the lowest level since the first quarter of 1994.

Equity capital increased by \$10.8 billion during the quarter, lifting the industry's equity-to-assets ratio from 8.65 percent to 8.76 percent. However, \$3.5 billion of the increase in equity consisted of goodwill; tangible capital rose by only \$6.7 billion. The industry's core capital "leverage" ratio increased from 7.68 percent to 7.73 percent. Most of the improvement in capital levels occurred at larger banks.

The number of insured commercial banks reporting financial results declined by 60 institutions during the quarter, from 8,238 to 8,178. There were 31 new banks reporting, while 89 banks were absorbed by mergers during the quarter, and one insured commercial bank failed. At midyear, the FDIC's "Problem List" contained 80 commercial banks with combined assets of \$16.5 billion, representing an increase of two banks and a decline of \$1 billion in assets during the quarter.

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

	2001*	2000*	2000	1999	1998	1997	1996
Return on assets (%).....	1.24	1.16	1.19	1.31	1.19	1.23	1.19
Return on equity (%).....	14.31	13.87	14.04	15.31	13.93	14.68	14.45
Core capital (leverage) ratio (%).....	7.73	7.73	7.70	7.79	7.54	7.56	7.64
Noncurrent assets plus other real estate owned to assets (%).....	0.82	0.67	0.74	0.63	0.65	0.66	0.75
Net charge-offs to loans (%).....	0.78	0.57	0.67	0.61	0.67	0.64	0.58
Asset growth rate (%).....	6.30	9.42	8.87	5.38	8.53	9.54	6.16
Net interest margin (%).....	3.86	3.99	3.95	4.07	4.07	4.21	4.27
Net operating income growth (%).....	6.93	2.92	1.89	20.41	2.24	12.46	6.43
Number of institutions reporting.....	8,178	8,477	8,315	8,579	8,773	9,142	9,527
Percentage of unprofitable institutions (%).....	7.10	6.69	7.29	7.50	6.11	4.85	4.28
Number of problem institutions.....	80	73	76	66	69	71	82
Assets of problem institutions (in billions).....	\$17	\$11	\$17	\$4	\$5	\$5	\$5
Number of failed/assisted institutions.....	2	2	6	7	3	1	5

* Through June 30, ratios annualized where appropriate. Asset growth rates are for 12 months ending June 30.

TABLE II-A. Aggregate Condition and Income Data, FDIC-Insured Commercial Banks

<i>(dollar figures in millions)</i>	2nd Quarter 2001	1st Quarter 2001	2nd Quarter 2000	%Change 00:2-01:2		
Number of institutions reporting.....	8,178	8,238	8,477	-3.5		
Total employees (full-time equivalent).....	1,690,393	1,682,974	1,661,933	1.7		
CONDITION DATA						
Total assets.....	\$6,360,162	\$6,315,321	\$5,983,472	6.3		
Loans secured by real estate.....	1,737,715	1,702,166	1,627,250	6.8		
Commercial & industrial loans.....	1,025,888	1,045,772	1,033,497	-0.7		
Loans to individuals.....	610,629	597,506	569,279	7.3		
Farm loans.....	48,927	46,228	47,014	4.1		
Other loans & leases.....	438,664	442,384	430,860	1.8		
Less: Unearned income.....	2,764	2,790	3,205	-13.7		
Total loans & leases.....	3,859,060	3,831,266	3,704,696	4.2		
Less: Reserve for losses.....	65,749	64,726	61,957	6.1		
Net loans and leases.....	3,793,311	3,766,540	3,642,739	4.1		
Securities.....	1,056,247	1,049,048	1,046,678	0.9		
Other real estate owned.....	3,203	3,066	2,781	15.2		
Goodwill and other intangibles.....	107,623	103,572	102,295	5.2		
All other assets.....	1,399,780	1,393,096	1,188,979	17.7		
Total liabilities and capital.....	6,360,162	6,315,321	5,983,472	6.3		
Noninterest-bearing deposits.....	753,219	722,021	723,425	4.1		
Interest-bearing deposits.....	3,491,517	3,464,452	3,250,758	7.4		
Other borrowed funds.....	1,135,904	1,144,616	1,128,649	0.6		
Subordinated debt.....	89,580	90,525	82,216	9.0		
All other liabilities.....	332,571	347,130	295,045	12.7		
Equity capital.....	557,373	546,578	503,378	10.7		
Loans and leases 30-89 days past due.....	46,917	47,281	39,413	19.0		
Noncurrent loans and leases.....	48,809	46,113	36,675	33.1		
Restructured loans and leases.....	1,006	1,185	1,114	-9.7		
Direct and indirect investments in real estate.....	267	277	320	-16.6		
1-4 Family residential mortgages.....	943,563	926,958	903,959	4.4		
Mortgage-backed securities.....	518,338	494,604	452,705	14.5		
Earning assets.....	5,478,115	5,446,905	5,181,080	5.7		
Long-term assets (5+ years).....	1,241,914	1,160,805	1,209,597	2.7		
Volatile liabilities.....	2,155,384	2,152,985	2,145,980	0.4		
Foreign office deposits.....	679,732	671,096	685,411	-0.8		
FHLB Advances (Source: FHFB, Call Reports).....	184,098	179,625	178,636	3.1		
Unused loan commitments.....	4,671,772	4,551,259	4,174,970	11.9		
Derivatives.....	48,212,925	44,332,066	38,918,854	23.9		
	Preliminary First Half 2001	First Half 2000	%Change	Preliminary 2nd Quarter 2001	2nd Quarter 2000	%Change 00:2-01:2
INCOME DATA						
Total interest income.....	\$213,521	\$206,288	3.5	\$104,329	\$105,826	-1.4
Total interest expense.....	108,698	105,185	3.3	51,118	54,822	-6.8
Net interest income.....	104,823	101,103	3.7	53,211	51,004	4.3
Provision for loan and lease losses.....	16,775	13,046	28.6	8,837	7,227	22.3
Total noninterest income.....	79,231	74,097	6.9	39,184	35,622	10.0
Total noninterest expense.....	110,032	107,207	2.6	55,250	55,174	0.1
Securities gains (losses).....	2,030	-1,772	N/M	861	-1,044	N/M
Applicable income taxes.....	19,946	19,037	4.8	9,988	8,541	16.9
Extraordinary gains, net.....	-352	13	N/M	-17	-4	N/M
Net income.....	38,980	34,150	14.1	19,164	14,636	30.9
Net charge-offs.....	14,880	10,329	44.1	7,926	5,284	50.0
Cash dividends.....	25,892	22,774	13.7	12,518	11,267	11.1
Net operating income.....	37,931	35,473	6.9	18,612	15,498	20.1

N/M - Not meaningful

TABLE III-A. First Half 2001, FDIC-Insured Commercial Banks

FIRST HALF 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.....	8,178	4,685	3,101	313	79	654	1,412	1,744	2,118	1,356	894
Total assets (in billions).....	\$6,360.2	\$228.0	\$789.8	\$899.6	\$4,442.8	\$2,233.9	\$1,612.4	\$1,144.2	\$406.9	\$264.2	\$698.6
Total deposits (in billions).....	4,244.7	192.5	644.4	624.2	2,783.7	1,403.1	1,093.9	756.3	291.0	216.3	484.1
Net income (in millions).....	38,980	1,091	4,814	5,925	27,150	13,187	9,733	5,949	2,733	1,534	5,844
% of unprofitable institutions.....	7.1	10.7	2.4	2.6	0.0	10.6	11.6	6.0	4.1	5.0	10.0
% of institutions with earnings gains.....	51.1	45.3	58.3	65.5	62.0	59.3	49.1	53.6	46.9	48.2	58.3
Performance ratios (annualized, %)											
Yield on earning assets.....	7.86	8.21	8.25	8.27	7.67	7.60	7.77	7.73	8.33	8.04	8.72
Cost of funding earning assets.....	4.00	3.95	3.92	3.93	4.03	4.16	3.89	4.11	3.93	3.65	3.73
Net interest margin.....	3.86	4.26	4.33	4.35	3.64	3.44	3.88	3.62	4.40	4.39	4.98
Noninterest income to earning assets.....	2.92	1.15	1.71	2.61	3.31	3.75	2.47	1.94	2.87	1.57	3.59
Noninterest expense to earning assets.....	4.05	3.76	3.83	4.08	4.10	4.45	3.74	3.31	4.36	3.88	4.68
Loan and lease loss provision to assets.....	0.53	0.25	0.30	0.63	0.57	0.51	0.42	0.52	0.72	0.28	0.88
Net operating income to assets.....	1.20	0.96	1.21	1.27	1.20	1.16	1.19	1.02	1.28	1.14	1.65
Return on assets.....	1.24	0.98	1.24	1.32	1.23	1.19	1.21	1.05	1.32	1.18	1.73
Return on equity.....	14.31	8.75	12.75	14.29	15.02	14.75	13.59	13.22	13.58	12.28	17.33
Net charge-offs to loans and leases.....	0.78	0.24	0.33	0.84	0.88	0.92	0.59	0.60	0.94	0.36	1.21
Loan and lease loss provision to net charge-offs..	112.74	176.20	142.09	116.78	108.89	108.28	107.63	127.57	110.90	132.48	113.55
Efficiency ratio.....	57.80	68.87	62.56	56.19	56.88	60.00	56.68	57.45	58.06	63.28	52.69
Condition Ratios (%)											
Earning assets to total assets.....	86.13	91.79	91.45	89.52	84.21	83.18	86.40	88.89	89.60	89.87	87.01
Loss allowance to:											
Loans and leases.....	1.70	1.39	1.42	1.88	1.74	1.86	1.52	1.58	1.60	1.41	2.13
Noncurrent loans and leases.....	134.71	128.77	157.43	178.22	124.83	122.77	124.40	130.71	165.15	138.15	194.25
Noncurrent assets plus other real estate owned to assets.....	0.82	0.79	0.69	0.73	0.87	0.81	0.88	0.86	0.75	0.70	0.76
Equity capital ratio.....	8.76	11.14	9.80	9.50	8.31	8.16	9.13	8.10	9.84	9.69	9.99
Core capital (leverage) ratio.....	7.73	10.87	9.35	8.45	7.14	7.33	7.72	7.56	8.34	8.60	8.66
Tier 1 risk-based capital ratio.....	9.68	16.04	13.03	11.30	8.59	9.64	9.26	8.93	10.75	12.63	10.50
Total risk-based capital ratio.....	12.41	17.14	14.19	13.17	11.80	12.54	12.05	11.87	12.89	14.08	13.06
Net loans and leases to deposits.....	89.37	72.42	79.01	90.30	92.72	79.51	96.05	100.18	97.89	71.06	88.99
Structural Changes (YTD)											
New Charters.....	64	61	3	0	0	10	14	14	9	3	14
Banks absorbed by mergers.....	193	82	92	15	4	20	32	64	31	26	20
Failed banks.....	2	2	0	0	0	1	0	1	0	0	0
PRIOR FIRST HALVES (The way it was...)											
Number of institutions.....2000	8,477	5,037	3,059	299	82	670	1,435	1,834	2,180	1,429	929
.....1998	8,982	5,645	2,963	310	64	704	1,474	1,961	2,306	1,570	967
.....1996	9,690	6,470	2,816	331	73	765	1,592	2,137	2,454	1,722	1,020
Total assets (in billions).....2000	\$5,983.5	\$237.2	\$766.7	\$863.5	\$4,116.0	\$2,042.8	\$1,605.3	\$1,012.3	\$417.4	\$317.1	\$588.6
.....1998	5,181.4	259.0	734.0	927.7	3,260.7	1,907.1	1,102.8	845.2	338.9	302.6	684.8
.....1996	4,397.0	290.2	681.0	1,001.3	2,424.5	1,667.1	767.7	697.2	284.0	325.9	655.1
Return on assets (%).....2000	1.16	1.19	1.30	1.29	1.11	1.28	0.91	1.06	1.45	1.08	1.48
.....1998	1.25	1.24	1.37	1.56	1.14	1.16	1.21	1.31	1.48	1.17	1.43
.....1996	1.18	1.22	1.29	1.30	1.10	1.06	1.24	1.19	1.44	1.23	1.30
Net charge-offs to loans & leases (%)											
.....2000	0.57	0.24	0.32	0.60	0.64	0.75	0.41	0.33	0.81	0.35	0.90
.....1998	0.62	0.21	0.33	1.02	0.60	0.86	0.40	0.39	0.72	0.39	0.78
.....1996	0.56	0.19	0.37	0.82	0.53	0.67	0.42	0.40	0.63	0.29	0.71
Noncurrent assets plus OREO to assets (%).....2000	0.67	0.69	0.59	0.58	0.70	0.73	0.64	0.62	0.58	0.65	0.68
.....1998	0.65	0.77	0.65	0.73	0.62	0.74	0.57	0.56	0.64	0.59	0.69
.....1996	0.82	0.84	0.80	0.84	0.81	0.95	0.65	0.63	0.70	0.64	1.00
Equity capital ratio (%).....2000	8.41	10.94	9.30	8.62	8.06	8.01	8.26	7.97	9.27	8.75	10.22
.....1998	8.60	10.99	9.71	9.76	7.84	7.49	9.42	8.58	9.20	9.16	9.88
.....1996	8.30	10.42	9.41	9.02	7.43	7.45	8.45	8.50	8.89	8.82	9.56

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. Second Quarter 2001, FDIC-Insured Commercial Banks

SECOND 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.....	8,178	4,685	3,101	313	79	654	1,412	1,744	2,118	1,356	894
Total assets (in billions).....	\$6,360.2	\$228.0	\$789.8	\$899.6	\$4,442.8	\$2,233.9	\$1,612.4	\$1,144.2	\$406.9	\$264.2	\$698.6
Total deposits (in billions).....	4,244.7	192.5	644.4	624.2	2,783.7	1,403.1	1,093.9	756.3	291.0	216.3	484.1
Net income (in millions).....	19,164	537	2,423	2,869	13,334	6,597	5,084	2,901	1,423	775	2,383
% of unprofitable institutions.....	8.0	11.6	3.1	3.5	1.3	10.4	13.2	6.1	5.6	6.0	10.4
% of institutions with earnings gains.....	49.4	43.5	56.6	64.2	63.3	59.3	46.5	52.0	46.8	45.7	53.6
Performance Ratios (annualized, %)											
Yield on earning assets.....	7.64	8.12	8.12	8.07	7.43	7.30	7.67	7.52	8.16	7.86	8.44
Cost of funding earning assets.....	3.74	3.86	3.78	3.70	3.74	3.84	3.70	3.86	3.67	3.46	3.49
Net interest margin.....	3.90	4.26	4.34	4.37	3.69	3.45	3.97	3.65	4.49	4.40	4.95
Noninterest income to earning assets.....	2.87	1.17	1.72	2.66	3.23	3.63	2.55	2.03	2.96	1.58	3.11
Noninterest expense to earning assets.....	4.05	3.77	3.85	4.15	4.08	4.34	3.80	3.41	4.35	3.87	4.68
Credit loss provision to assets.....	0.56	0.28	0.33	0.71	0.58	0.53	0.44	0.58	0.75	0.29	0.88
Net operating income to assets.....	1.17	0.94	1.20	1.23	1.17	1.14	1.25	1.00	1.36	1.16	1.29
Return on assets.....	1.21	0.95	1.24	1.28	1.20	1.18	1.27	1.02	1.39	1.18	1.39
Return on equity.....	13.88	8.51	12.66	13.60	14.58	14.60	13.99	12.71	14.06	12.21	13.86
Net charge-offs to loans and leases.....	0.82	0.27	0.37	0.95	0.91	0.97	0.62	0.63	1.02	0.39	1.31
Credit loss provision to net charge-offs.....	111.50	174.02	135.72	116.62	107.47	107.82	106.85	134.55	106.25	126.08	105.49
Efficiency ratio.....	57.67	68.90	62.60	55.93	56.73	59.38	55.95	57.14	56.46	62.87	55.98
Structural Changes (QTR)											
New charters.....	31	29	2	0	0	5	7	7	3	2	7
Banks absorbed by mergers.....	89	41	43	4	1	9	14	31	15	12	8
Failed banks.....	1	1	0	0	0	0	0	1	0	0	0
PRIOR SECOND QUARTERS (The way it was...)											
Return on assets (%).....2000	0.99	1.20	1.32	1.12	0.89	1.17	0.47	0.92	1.52	1.04	1.51
.....1998	1.25	1.23	1.37	1.41	1.18	1.15	1.24	1.30	1.48	1.12	1.45
.....1996	1.27	1.24	1.31	1.37	1.23	1.25	1.30	1.20	1.51	1.21	1.31
Net charge-offs to loans & leases (%).....2000	0.58	0.30	0.33	0.62	0.64	0.74	0.43	0.32	0.80	0.36	0.95
.....1998	0.62	0.24	0.35	1.04	0.59	0.83	0.43	0.41	0.72	0.42	0.79
.....1996	0.57	0.23	0.40	0.88	0.51	0.68	0.42	0.41	0.62	0.34	0.74

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

June 30, 2001	All Institutions	Asset Size Distribution				Geographical 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
Percent of Loans 30-89 Days Past Due											
All loans secured by real estate.....	1.20	1.46	1.09	0.94	1.30	1.11	1.29	1.36	1.01	1.20	0.98
Construction and development.....	1.19	1.39	1.25	1.51	1.02	0.97	0.81	1.29	1.48	1.35	1.81
Commercial real estate.....	0.78	1.23	0.86	0.72	0.72	0.69	0.67	1.05	0.93	1.04	0.52
Multifamily residential real estate.....	0.54	0.58	0.63	0.75	0.43	0.28	0.49	0.77	0.45	1.35	0.50
Home equity loans.....	0.82	0.99	0.79	0.88	0.81	0.60	0.71	1.10	0.81	0.64	0.84
Other 1-4 Family residential.....	1.53	1.79	1.35	0.96	1.70	1.26	1.88	1.69	1.01	1.31	1.17
Commercial and industrial loans.....	0.93	1.89	1.51	1.47	0.74	0.53	0.60	1.46	1.77	1.35	1.32
Loans to individuals.....	2.19	2.52	2.29	2.22	2.15	2.45	2.02	2.06	2.21	1.81	1.96
Credit card loans.....	2.61	2.69	5.24	2.71	2.48	2.86	2.66	2.29	2.52	1.56	2.14
Other loans to individuals.....	1.94	2.52	1.88	1.92	1.92	2.07	1.80	2.04	1.99	1.82	1.64
All other loans and leases (including farm).....	0.65	0.95	0.89	0.93	0.60	0.55	0.40	0.87	1.19	0.94	0.71
Memo: Commercial RE loans not secured by RE.....	0.98	0.77	0.22	0.82	1.02	0.36	1.05	1.37	1.48	0.87	1.46
Percent of Loans Noncurrent*											
All real estate loans.....	0.91	0.93	0.76	0.79	1.00	1.01	0.94	1.02	0.68	0.84	0.68
Construction and development.....	0.90	0.89	0.93	0.91	0.88	1.05	0.86	0.84	1.12	0.86	0.88
Commercial real estate.....	0.87	1.03	0.80	0.83	0.92	0.83	0.82	1.12	0.73	0.86	0.76
Multifamily residential real estate.....	0.42	0.58	0.45	0.45	0.39	0.24	0.49	0.52	0.42	0.34	0.46
Home equity loans.....	0.42	0.32	0.37	0.57	0.41	0.31	0.33	0.68	0.33	0.29	0.33
Other 1-4 Family residential.....	0.96	0.81	0.69	0.77	1.09	0.99	1.13	1.09	0.51	0.78	0.51
Commercial and industrial loans.....	2.03	1.66	1.35	1.63	2.19	2.10	2.34	1.89	1.30	1.62	1.88
Loans to individuals.....	1.39	0.93	0.92	1.21	1.51	2.11	0.85	0.71	1.17	0.64	1.29
Credit card loans.....	2.11	2.06	3.32	2.20	2.05	2.57	1.71	1.36	1.58	0.99	1.77
Other loans to individuals.....	0.96	0.90	0.58	0.61	1.13	1.70	0.56	0.64	0.86	0.63	0.45
All other loans and leases (including farm).....	0.75	1.12	0.99	0.89	0.71	0.72	0.43	0.88	1.17	1.20	0.92
Memo: Commercial RE loans not secured by RE.....	0.98	0.38	0.29	0.74	1.02	0.47	1.68	0.52	0.17	0.31	0.10
Percent of Loans Charged-off (net, YTD)											
All real estate loans.....	0.12	0.05	0.05	0.12	0.15	0.09	0.12	0.19	0.14	0.04	0.07
Construction and development.....	0.08	0.06	0.04	0.13	0.08	0.06	0.10	0.10	0.12	0.04	0.03
Commercial real estate.....	0.09	0.06	0.05	0.07	0.13	0.06	0.09	0.17	0.11	0.03	0.07
Multifamily residential real estate.....	0.02	0.06	0.03	0.02	0.02	0.04	0.02	0.04	0.07	0.02	-0.05
Home equity loans.....	0.24	0.07	0.11	0.38	0.23	0.20	0.29	0.26	0.25	0.26	0.08
Other 1-4 Family residential.....	0.12	0.05	0.06	0.12	0.15	0.07	0.12	0.22	0.15	0.05	0.09
Commercial and industrial loans.....	1.05	0.48	0.58	0.96	1.14	0.83	1.09	1.02	1.56	0.76	1.53
Loans to individuals.....	2.48	0.75	1.46	3.00	2.57	2.97	1.81	1.38	2.72	0.87	3.64
Credit card loans.....	4.69	2.84	6.31	5.81	4.37	4.82	4.02	4.66	4.64	2.35	4.89
Other loans to individuals.....	1.12	0.68	0.73	1.16	1.23	1.25	1.09	1.02	1.03	0.82	1.30
All other loans and leases (including farm).....	0.36	0.20	0.31	0.44	0.36	0.21	0.22	0.51	0.38	0.34	1.16
Memo: Commercial RE loans not secured by RE.....	0.19	0.96	0.57	0.19	0.17	0.34	0.13	0.20	0.14	0.29	0.06
Loans Outstanding (in billions)											
All real estate loans.....	\$1,737.7	\$81.4	\$335.1	\$312.6	\$1,008.7	\$363.3	\$559.6	\$372.4	\$136.6	\$86.2	\$219.5
Construction and development.....	184.6	7.7	39.9	41.3	95.9	18.2	67.3	39.8	14.7	13.4	31.2
Commercial real estate.....	479.0	23.0	125.9	107.7	222.4	80.8	145.2	105.5	37.7	31.6	78.2
Multifamily residential real estate.....	60.6	1.8	11.3	12.6	34.8	15.2	15.3	14.4	4.1	2.4	9.2
Home equity loans.....	135.2	2.1	14.2	18.5	100.3	27.2	45.9	38.5	7.8	1.4	14.4
Other 1-4 Family residential.....	808.4	36.4	129.9	127.8	514.2	189.6	275.8	165.4	61.6	33.5	82.4
Commercial and industrial loans.....	1,025.9	24.7	94.0	126.1	781.0	344.5	264.1	213.8	64.1	37.1	102.4
Loans to individuals.....	610.6	18.3	60.3	101.2	430.9	232.2	136.1	87.6	47.9	22.7	84.1
Credit card loans.....	226.3	0.5	7.3	38.1	180.3	109.8	34.1	7.9	20.4	0.6	53.5
Other loans to individuals.....	384.3	17.8	53.0	63.0	250.5	122.4	102.1	79.7	27.5	22.0	30.7
All other loans and leases (including farm).....	487.6	17.1	27.7	35.3	407.5	198.0	107.7	96.3	40.9	10.1	34.5
Memo: Commercial RE loans not secured by RE.....	47.3	0.3	1.4	3.6	42.0	11.6	22.1	4.9	2.3	0.5	6.0
Memo: Other Real Estate Owned (in millions)											
All other real estate owned.....	\$3,202.6	\$270.5	\$778.9	\$450.2	\$1,703.0	\$711.3	\$1,145.0	\$474.2	\$256.9	\$251.9	\$363.2
Construction and development.....	288.5	29.5	142.3	55.1	61.7	33.0	115.8	41.0	36.1	29.4	33.1
Commercial real estate.....	1,452.9	120.6	333.8	209.4	789.1	327.2	565.4	158.1	98.1	118.4	185.7
Multifamily residential real estate.....	66.2	4.6	22.9	10.0	28.8	9.5	15.5	12.8	4.2	3.2	21.0
1-4 Family residential.....	1,149.4	89.0	246.0	170.1	644.3	182.1	437.2	254.7	82.3	80.1	113.0
Farmland.....	85.1	26.9	33.7	4.6	19.9	1.2	11.2	7.6	36.1	20.9	8.2
Other real estate owned in foreign offices.....	160.5	0.0	0.2	1.1	159.2	158.3	0.0	0.0	0.0	0.0	2.2

* 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.

N/A - Not Available

SAVINGS INSTITUTION PERFORMANCE—SECOND QUARTER, 2001

- **Earnings Of \$3.4 Billion Set New Quarterly Record**
- **Higher Margins At Larger Thrifts Help Lift Industry Earnings**
- **Deposits Grow By \$13.5 Billion In The Quarter**
- **Noncurrent Home Mortgages Rise**

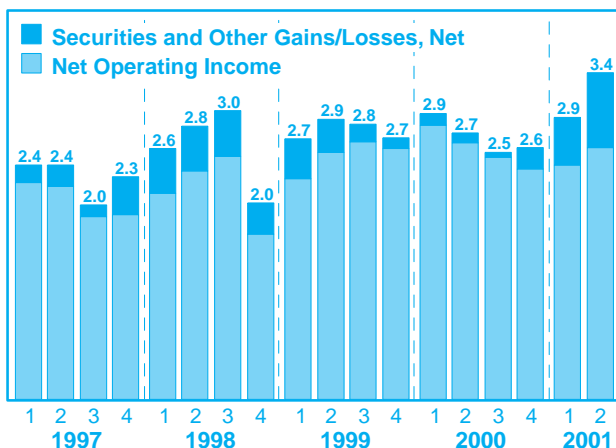
FDIC-insured savings institutions reported record quarterly earnings of \$3.4 billion for the second quarter, beating the previous record of \$3.0 billion in the third quarter of 1998. Earnings improved by \$456 million over first-quarter earnings and were \$608 million (22 percent) higher than a year ago. The average return on assets (ROA) for the second quarter was 1.06 percent, 11 basis points higher than the 0.95 percent in both the first quarter and a year ago. Declining short-term interest rates led to favorable conditions for net interest income, which was \$565 million (7 percent) higher than in the first quarter and over \$1 billion (13 percent) higher than a year ago. Conditions were also favorable for sales of fixed-rate assets, such as securities and mortgages. Gains on these sales amounted to over \$1 billion this quarter, an increase of \$242 million (30 percent) over the first quarter and an \$886-million (560-percent) improvement over the gains from a year ago. Noninterest income also improved by \$307 million (10 percent) over the first quarter and was up \$359 million (12 percent) from a year ago. Industry earnings were strong enough to absorb

the fifth consecutive quarterly increase in non-interest expenses, which increased by \$382 million (5 percent) compared with the first quarter and by \$1.1 billion (18 percent) compared with the second quarter of last year. Fewer than half (46 percent) of savings institutions reported earnings gains over year-ago levels, and almost two out of three institutions with assets of less than \$100 million reported lower earnings.

With the decline in short-term interest rates, net interest margins improved at large thrifts. The industry's net interest margin jumped 12 basis points during the second quarter, to 3.15 percent. The cost of funding earning assets declined 40 basis points in the quarter, while the yield on earning assets fell 28 basis points. Smaller thrifts, those with less than \$100 million in assets, reported a decline in margins; their margins decreased 10 basis points to 3.21 percent. These thrifts reported a 15-basis-point decline in the cost of funding earning assets, while their yield on earning assets fell 25 basis points. All other size groups reported increases in net interest margins. Margin improvement was greatest at large institutions, with assets of over \$5 billion, which

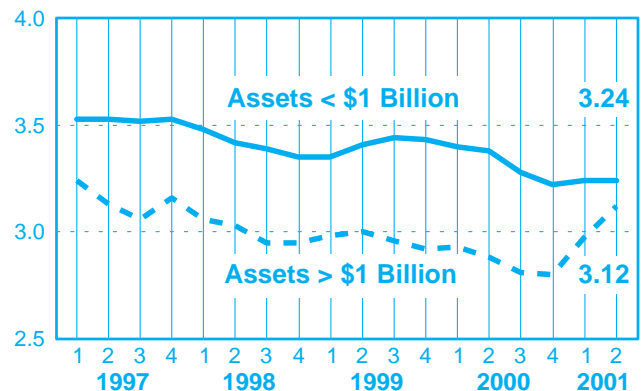
QUARTERLY NET INCOME, 1997–2001

\$ Billions



QUARTERLY NET INTEREST MARGINS, 1997–2001

Net Interest Margin (%)



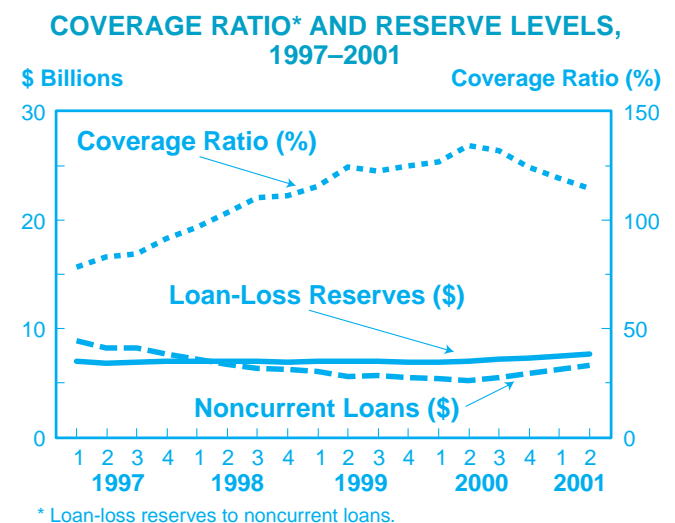
reported a 17 basis point increase to 3.10 percent. The gap in net interest margins between small thrifts and large thrifts was 11 basis points this quarter, down from 38 basis points last quarter and 74 basis points a year ago. Small thrifts have historically enjoyed a net interest margin advantage of about 60 basis points; in the middle of 1989 this advantage reached a peak of 125 basis points. The second quarter's gap was the smallest ever reported.

The industry earned \$6.2 billion in the first half of 2001, for an average ROA of 1.01 percent. For the first half of 2000 the industry reported \$5.6 billion in earnings for an ROA of 0.99 percent. The improvement resulted from higher gains on sales of assets and wider net interest margins. Gains on sales of assets, at \$1.8 billion, were 5.6 times the amount reported in the first half of 2000. With a favorable interest-rate environment producing higher net interest margins, net interest income was 10 percent higher in 2001, up by \$1.7 billion. The earnings increase was moderated by a 50-percent increase in provisions for loan losses, to \$1.4 billion from \$930 million.

The average ROA for small thrifts with assets of less than \$100 million rose to 0.67 percent in the first half from 0.61 percent last year. Contributions to earnings from noninterest income rose for this group by almost a full percentage point, to 2.60 percent of earning assets, from 1.61 percent last year. A few specialty thrifts with high levels of noninterest income were responsible for this improvement. Without these specialty thrifts, the average first half ROA for the remaining small thrifts declined to 0.40 percent from 0.49 percent last year. The decline in net interest margins has significantly impacted the earnings of small savings institutions.

Credit quality deteriorated slightly in the second quarter. The average annualized net charge-off rate was 0.25 percent in the second quarter, up from 0.18 percent last year. Net charge-offs on construction and land loans were 0.15 percent of this loan category, up from 0.05 percent a year ago. While the amount of net charge-offs in the second quarter was over 50 percent higher than a year ago, they are still low by the industry's historical standards.

Noncurrent loans increased by \$393 million during the second quarter, while reserves for loan losses improved by only \$159 million. As a result, the industry's coverage ratio declined for the fourth consecutive quarter in a row. The coverage ratio fell to \$1.15 in reserves for each dollar of noncurrent loans, down from \$1.19 last quarter. The noncurrent rate on total loans rose 3 basis points to 0.77 percent. The noncurrent rate for construction and land loans rose 8 basis points to 1.28 percent, and for home mortgages it rose by 5 basis points to 0.71 percent. While the home mortgages noncurrent rate registered a smaller increase, these loans account for 69 percent of all loans at savings institutions. This increase was primarily responsible for the increase in the overall noncurrent loan rate.



Industry assets rose by \$19.4 billion in the second quarter. Home mortgages increased by \$8.3 billion (1 percent). Goodwill and intangible assets, which includes mortgage-servicing assets, increased \$3.8 billion (20 percent). One institution¹ accounted for 91 percent of the increase in intangible assets. Commercial & industrial loans increased by \$2.3 billion (7 percent), but their share of industry assets remained at about 3 percent.

Deposits grew for the seventh consecutive quarter, increasing by \$13.5 billion during the second

¹ Washington Mutual Bank FA of Stockton, California reported a \$3.4 billion increase in mortgage servicing assets, attributable to the purchase of mortgage servicing operations.

quarter. Other borrowed funds showed a \$2.6 billion increase, but Federal Home Loan Bank advances did not contribute to the increase. FHLB advances declined by \$4.5 billion during the quarter as thrifts increased their reliance on other borrowed funds. Equity capital improved by \$2.1 billion to 8.51 percent of assets, from 8.47 percent at the beginning of the quarter. Core capital rose by a comparable amount, from 7.72 percent to 7.76 percent of average assets.

At mid-year, 1,569 institutions filed a quarterly financial report, a decline of 15 from the previous quarter. A dozen mergers with thrift institutions accounted for most of the decline in the number of thrifts. Commercial banks absorbed a half-dozen

institutions. One thrift institution converted its charter to a commercial banking charter during the quarter. Additions to the industry include three thrifts that began operations during the second quarter and a commercial bank that converted to a thrift charter. No thrifts failed in the second quarter.² Organizational changes from mutual to stock ownership occurred at 4 institutions with \$679 million in assets. At the beginning of the quarter there were 17 thrifts, with assets of \$6.1 billion, considered “problem” institutions. At the end of the quarter there were 22 “problem” thrifts with \$7.2 billion in assets.

² Superior Bank FSB, Hinsdale, Illinois failed early in the third quarter on July 27, 2001.

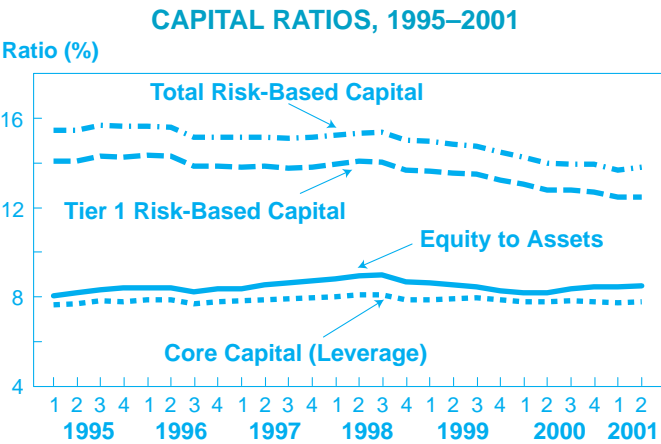


TABLE I-B. Selected Indicators, FDIC-Insured Savings Institutions

	2001*	2000*	2000	1999	1998	1997	1996
Return on assets (%).....	1.01	0.99	0.92	1.00	1.01	0.93	0.70
Return on equity (%).....	11.90	12.01	11.15	11.73	11.35	10.84	8.41
Core capital (leverage) ratio (%).....	7.76	7.77	7.80	7.86	7.85	7.95	7.76
Noncurrent assets plus other real estate owned to assets (%).....	0.60	0.54	0.56	0.58	0.72	0.95	1.09
Net charge-offs to loans (%).....	0.25	0.18	0.20	0.17	0.22	0.25	0.32
Asset growth rate (%).....	8.12	4.70	5.99	5.52	6.06	-0.28	0.32
Net interest margin.....	3.10	3.02	2.96	3.10	3.10	3.23	3.22
Net operating income growth (%).....	-7.94	12.44	3.08	16.62	7.71	19.98	-13.92
Number of institutions reporting.....	1,569	1,624	1,588	1,642	1,690	1,780	1,926
Percentage of unprofitable institutions (%).....	10.07	8.00	8.50	8.28	5.27	4.10	12.05
Number of problem institutions.....	22	16	18	13	15	12	35
Assets of problem institutions (in billions).....	\$7	\$8	\$7	\$6	\$6	\$2	\$7
Number of failed/assisted institutions.....	0	1	1	1	0	0	1

* Through June 30, ratios annualized where appropriate. Asset growth rates are for 12 months ending June 30.

TABLE II-B. Aggregate Condition and Income Data, FDIC-Insured Savings Institutions

<i>(dollar figures in millions)</i>	2nd Quarter 2001	1st Quarter 2001	2nd Quarter 2000	%Change 00:2-01:2		
Number of institutions reporting.....	1,569	1,584	1,624	-3.4		
Total employees (full-time equivalent).....	263,831	250,548	242,682	8.7		
CONDITION DATA						
Total assets.....	\$1,274,664	\$1,255,276	\$1,178,917	8.1		
Loans secured by real estate.....	751,659	740,498	701,305	7.2		
1-4 Family Residential.....	593,601	585,270	558,268	6.3		
Multifamily residential property.....	58,257	57,927	54,936	6.0		
Commercial real estate.....	63,051	61,423	56,670	11.3		
Construction, development, and land.....	36,750	35,877	31,431	16.9		
Commercial & industrial loans.....	37,666	35,337	31,124	21.0		
Loans to individuals.....	65,031	65,611	61,637	5.5		
Other loans & leases.....	6,591	6,402	4,864	35.5		
Less: Unearned income & contra accounts.....	177	179	206	-14.3		
Total loans & leases.....	860,770	847,669	798,725	7.8		
Less: Reserve for losses.....	7,626	7,467	7,003	8.9		
Net loans & leases.....	853,144	840,201	791,722	7.8		
Securities.....	279,256	279,513	278,739	0.2		
Other real estate owned.....	1,031	998	1,110	-7.1		
Goodwill and other intangibles.....	22,936	19,155	15,781	45.3		
All other assets.....	118,296	115,409	91,565	29.2		
Total liabilities and capital.....	1,274,664	1,255,276	1,178,917	8.1		
Deposits.....	775,696	762,217	715,726	8.4		
Other borrowed funds.....	364,972	362,381	348,524	4.7		
Subordinated debt.....	3,896	3,166	2,834	37.5		
All other liabilities.....	21,651	21,188	15,675	38.1		
Equity capital.....	108,449	106,323	96,158	12.8		
Loans and leases 30-89 days past due.....	8,272	8,351	6,310	31.1		
Noncurrent loans and leases.....	6,657	6,264	5,221	27.5		
Restructured loans and leases.....	1,519	1,388	1,559	-2.6		
Direct and indirect investments in real estate.....	614	625	677	-9.4		
Mortgage-backed securities.....	207,929	211,451	210,751	-1.3		
Earning assets.....	1,170,065	1,157,758	1,090,268	7.3		
FHLB Advances (Source: TFR, FHFB, Call Reports).....	254,116	258,604	250,028	1.6		
Unused loan commitments.....	288,560	275,299	208,775	38.2		
	Preliminary First Half 2001	First Half 2000	%Change	Preliminary 2nd Quarter 2001	2nd Quarter 2000	%Change 00:2-01:2
INCOME DATA						
Total interest income.....	\$44,391	\$40,520	9.6	\$22,116	\$20,774	6.5
Total interest expense.....	26,706	24,519	8.9	12,977	12,714	2.1
Net interest income.....	17,685	16,002	10.5	9,140	8,060	13.4
Provision for loan and lease losses**.....	1,396	930	50.1	715	513	39.5
Total noninterest income.....	6,189	5,498	12.6	3,251	2,893	12.4
Total noninterest expense.....	14,514	12,359	17.4	7,462	6,327	17.9
Securities gains (losses).....	1,847	327	464.2	1,045	158	559.7
Applicable income taxes.....	3,515	2,897	21.3	1,890	1,528	23.7
Extraordinary gains, net.....	-47	8	N/M	-15	2	N/M
Net income.....	6,250	5,649	10.6	3,354	2,746	22.1
Net charge-offs.....	1,050	693	51.6	542	355	52.8
Cash dividends.....	2,906	3,175	-8.5	1,752	1,706	2.7
Net operating income.....	4,994	5,425	-7.9	2,593	2,645	-2.0

**For TFR filers, includes only loan and lease loss provisions.

N/M - Not Meaningful

TABLE III-B. First Half 2001, FDIC-Insured Savings Institutions

FIRST HALF 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.....	1,569	603	822	102	42	617	208	401	123	109	111
Total assets (in billions).....	\$1,274.7	\$30.6	\$254.1	\$197.6	\$792.3	\$421.7	\$91.0	\$189.6	\$42.0	\$69.3	\$461.1
Total deposits (in billions).....	775.7	24.2	192.6	135.6	423.3	282.6	63.3	130.7	26.8	40.9	231.4
Net income (in millions).....	6,250	99	879	758	4,513	2,042	240	660	165	422	2,721
% of unprofitable institutions.....	10.1	18.2	4.6	7.8	4.8	7.8	14.4	12.5	12.2	7.3	6.3
% of institutions with earnings gains.....	46.1	37.0	48.1	69.6	83.3	42.8	44.7	44.9	51.2	51.4	61.3
Performance ratios (annualized, %)											
Yield on earning assets.....	7.77	7.61	7.60	7.78	7.83	7.50	7.88	8.12	7.62	8.03	7.83
Cost of funding earning assets.....	4.67	4.35	4.37	4.63	4.80	4.22	4.99	4.97	4.87	4.72	4.88
Net interest margin.....	3.10	3.26	3.23	3.15	3.03	3.28	2.89	3.15	2.75	3.32	2.95
Noninterest income to earning assets.....	1.08	2.60	0.79	0.94	1.16	0.98	1.66	1.25	0.91	1.24	0.98
Noninterest expense to earning assets.....	2.54	4.80	2.87	2.65	2.31	2.60	3.34	3.32	2.40	2.75	1.99
Loan and lease loss provision to assets.....	0.23	0.13	0.12	0.20	0.27	0.14	0.54	0.52	0.17	0.31	0.11
Net operating income to assets.....	0.81	0.54	0.63	0.73	0.89	0.90	0.37	0.16	0.66	1.13	1.04
Return on assets.....	1.01	0.67	0.71	0.79	1.17	1.00	0.54	0.71	0.80	1.23	1.22
Return on equity.....	11.90	5.09	6.71	8.92	15.57	10.09	6.37	8.31	8.61	14.76	17.21
Net charge-offs to loans and leases.....	0.25	0.11	0.11	0.24	0.31	0.17	0.38	0.54	0.18	0.34	0.15
Loan and lease loss provision to net charge-offs..	132.92	171.24	170.17	121.13	130.44	129.67	200.81	128.79	129.45	137.55	106.61
Efficiency ratio.....	58.87	81.39	70.64	63.24	52.80	58.28	72.65	73.53	63.98	59.50	48.92
Condition Ratios (%)											
Earning assets to total assets.....	91.79	93.85	93.47	92.20	91.08	1.00	93.29	90.78	92.84	93.16	91.40
Loss allowance to:											
Loans and leases.....	0.89	0.73	0.85	1.02	0.87	0.97	0.91	0.94	0.67	0.95	0.80
Noncurrent loans and leases.....	114.55	82.78	124.03	103.35	116.91	129.96	130.03	104.63	94.86	67.95	118.70
Noncurrent assets plus											
other real estate owned to assets.....	0.60	0.69	0.55	0.83	0.56	0.54	0.61	0.77	0.72	1.03	0.52
Noncurrent RE loans to RE loans.....	0.74	0.84	0.66	0.98	0.70	0.72	0.61	0.83	0.68	1.62	0.64
Equity capital ratio.....	8.51	12.99	10.55	8.77	7.61	9.80	8.67	8.54	9.19	8.48	7.22
Core capital (leverage) ratio.....	7.76	12.63	10.05	8.17	6.74	8.77	8.32	7.95	8.51	8.35	6.51
Tier 1 risk-based capital ratio.....	12.47	22.85	16.74	12.81	10.71	13.99	13.02	12.37	14.69	12.78	10.73
Total risk-based capital ratio.....	13.80	23.90	17.81	13.87	12.21	15.34	14.47	13.66	15.52	13.69	12.17
Gross real estate assets to gross assets.....	74.95	68.33	70.79	74.80	76.58	71.26	69.67	72.42	76.28	61.96	82.25
Gross 1-4 family mortgages to gross assets.....	46.29	48.17	44.82	38.34	48.67	41.20	43.63	51.20	48.86	28.11	51.94
Net loans and leases to deposits.....	109.98	84.09	89.56	98.03	124.59	93.77	99.70	106.49	111.26	110.51	134.32
Structural Changes (YTD)											
New Charters.....	9	8	1	0	0	2	1	3	0	1	2
Thriffs absorbed by mergers.....	29	8	18	2	1	12	2	7	3	1	4
Failed Thriffs.....	0	0	0	0	0	0	0	0	0	0	0
PRIOR FIRST HALVES (The way it was...)											
Number of institutions.....2000	1,624	644	834	111	35	636	218	415	127	114	114
.....1998	1,730	727	849	119	35	673	238	450	128	119	122
.....1996	1,980	880	942	121	37	741	297	508	150	130	154
Total assets (in billions).....2000	\$1,178.9	\$31.9	\$245.9	\$225.0	\$676.2	\$395.2	\$78.9	\$181.0	\$43.8	\$80.9	\$399.2
.....1998	1,045.0	37.9	248.1	231.0	528.1	348.0	65.9	171.3	33.8	64.1	361.9
.....1996	1,023.0	45.7	276.3	246.4	454.7	355.2	69.3	171.4	51.8	78.3	297.1
Return on assets (%).....2000	0.99	0.61	0.82	0.98	1.07	0.97	0.69	0.99	0.84	1.00	1.08
.....1998	1.05	0.77	0.99	0.98	1.13	1.01	0.83	0.97	0.93	1.24	1.16
.....1996	1.01	0.73	0.90	0.96	1.12	0.98	0.88	0.99	0.92	2.49	0.72
Net charge-offs to loans & leases (%)											
.....2000	0.18	0.06	0.08	0.37	0.16	0.11	0.24	0.29	0.14	0.24	0.17
.....1998	0.20	0.09	0.10	0.31	0.22	0.17	0.39	0.20	0.17	0.42	0.17
.....1996	0.32	0.10	0.18	0.29	0.43	0.29	0.34	0.12	0.15	0.33	0.46
Noncurrent assets plus											
OREO to assets (%).....2000	0.54	0.64	0.49	0.86	0.44	0.56	0.55	0.64	0.53	0.78	0.42
.....1998	0.81	0.79	0.70	1.12	0.73	0.93	0.73	0.65	0.57	1.02	0.79
.....1996	1.16	1.01	1.03	1.29	1.20	1.33	1.31	0.59	0.62	1.00	1.40
Equity capital ratio (%).....2000	8.16	12.76	10.27	8.46	7.07	9.52	8.74	8.47	9.31	8.06	6.45
.....1998	8.94	12.05	10.64	9.17	7.81	9.88	10.12	9.34	9.51	8.74	7.61
.....1996	8.40	11.16	9.88	8.24	7.31	8.96	9.39	9.03	8.60	7.88	7.23

* 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. SECOND Quarter 2001, FDIC-Insured Savings Institutions

SECOND 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.....	1,569	603	822	102	42	617	208	401	123	109	111
Total assets (in billions).....	\$1,274.7	\$30.6	\$254.1	\$197.6	\$792.3	\$421.7	\$91.0	\$189.6	\$42.0	\$69.3	\$461.1
Total deposits (in billions).....	775.7	24.2	192.6	135.6	423.3	282.6	63.3	130.7	26.8	40.9	231.4
Net income (in millions).....	3,354	53	443	414	2,444	1,078	119	343	87	227	1,498
% of unprofitable institutions.....	10.1	17.9	5.2	5.9	2.4	7.5	12.0	13.2	13.8	9.2	6.3
% of institutions with earnings gains.....	46.1	35.0	49.1	68.6	90.5	42.9	46.6	42.1	54.5	50.5	63.1
Performance Ratios (annualized, %)											
Yield on earning assets.....	7.61	7.49	7.52	7.65	7.64	7.39	7.72	8.01	7.53	7.80	7.61
Cost of funding earning assets.....	4.47	4.27	4.27	4.46	4.54	4.11	4.82	4.85	4.73	4.43	4.54
Net interest margin.....	3.15	3.21	3.25	3.18	3.10	3.28	2.90	3.16	2.80	3.36	3.07
Noninterest income to earning assets.....	1.12	2.66	0.83	0.99	1.18	1.03	1.74	1.21	1.01	1.29	1.02
Noninterest expense to earning assets.....	2.57	4.74	2.95	2.66	2.33	2.58	3.46	3.39	2.45	2.78	2.02
Credit loss provision to assets.....	0.23	0.14	0.14	0.24	0.26	0.15	0.46	0.55	0.21	0.32	0.10
Net operating income to assets.....	0.82	0.56	0.61	0.75	0.92	0.94	0.40	0.00	0.70	1.16	1.10
Return on assets.....	1.06	0.70	0.71	0.85	1.24	1.04	0.53	0.73	0.84	1.31	1.31
Return on equity.....	12.51	5.37	6.67	9.62	16.43	10.52	6.17	8.55	9.10	15.69	18.27
Net charge-offs to loans and leases.....	0.25	0.15	0.11	0.23	0.31	0.14	0.44	0.53	0.25	0.43	0.16
Credit loss provision to net charge-offs*	131.95	141.44	182.43	152.46	122.16	162.91	147.96	141.87	116.87	112.21	95.23
Efficiency ratio.....	58.34	80.20	71.46	62.16	52.13	57.13	73.84	75.91	62.83	59.01	47.83
Structural Changes (QTR)											
New charters.....	3	3	0	0	0	1	0	2	0	0	0
Thriffs absorbed by mergers.....	18	5	13	0	0	8	2	6	0	0	2
Failed Thriffs.....	0	0	0	0	0	0	0	0	0	0	0
PRIOR SECOND QUARTERS (The way it was...)											
Return on assets (%).....2000	0.95	0.67	0.82	0.95	1.01	0.92	0.63	1.00	0.83	1.02	1.00
.....1998	1.09	0.73	0.96	0.93	1.24	1.00	0.77	0.96	0.86	1.12	1.30
.....1996	1.03	0.75	0.93	0.96	1.16	1.02	0.88	1.06	0.93	2.33	0.75
Net charge-offs to loans & leases (%)											
.....2000	0.18	0.05	0.08	0.35	0.17	0.13	0.27	0.25	0.17	0.21	0.17
.....1998	0.20	0.08	0.12	0.30	0.21	0.19	0.40	0.22	0.16	0.41	0.13
.....1996	0.33	0.12	0.18	0.31	0.46	0.32	0.34	0.13	0.18	0.41	0.46

* For TFR filers, includes only loan and lease loss provisions.

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

June 30, 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.....	0.87	1.71	1.01	0.76	0.82	0.69	0.94	1.12	1.38	1.50	0.80
Construction, development, and land.....	1.27	1.64	1.45	1.15	1.19	0.95	1.40	1.36	1.40	1.79	0.93
Commercial real estate.....	0.61	1.39	0.85	0.63	0.33	0.52	0.60	0.98	1.33	0.98	0.31
Multifamily residential real estate.....	0.23	1.11	0.39	0.34	0.14	0.16	1.01	0.60	0.20	1.48	0.14
Home equity loans.....	0.37	0.68	0.51	0.37	0.31	0.39	0.24	0.69	0.46	0.05	0.13
Other 1-4 Family residential.....	0.97	1.81	1.08	0.84	0.92	0.78	0.95	1.18	1.48	1.56	0.93
Commercial and industrial loans.....	1.33	2.20	1.76	1.24	1.18	1.21	1.65	1.84	1.53	0.73	1.29
Loans to individuals.....	1.82	2.28	1.65	1.37	1.94	1.71	2.70	1.78	1.51	0.76	2.38
Credit card loans.....	2.09	0.79	2.14	2.01	2.10	1.89	4.59	2.73	3.42	0.58	1.65
Other loans to individuals.....	1.74	2.43	1.61	1.36	1.87	1.70	2.23	1.22	1.37	0.95	2.51
Percent of Loans Noncurrent*											
All real estate loans.....	0.74	0.84	0.66	0.98	0.70	0.72	0.61	0.83	0.68	1.62	0.64
Construction, development, and land.....	1.28	1.02	1.09	1.21	1.45	0.86	0.87	1.12	2.12	1.63	1.53
Commercial real estate.....	1.03	1.13	0.87	1.57	0.80	0.90	0.87	1.09	0.98	1.92	1.10
Multifamily residential real estate.....	0.34	0.88	0.28	0.79	0.16	0.27	0.30	0.38	0.13	7.87	0.10
Home equity loans.....	0.18	0.25	0.18	0.29	0.14	0.20	0.07	0.29	0.20	0.02	0.08
Other 1-4 Family residential.....	0.73	0.80	0.64	0.89	0.73	0.75	0.58	0.85	0.55	1.21	0.67
Commercial and industrial loans.....	1.66	1.60	1.34	1.83	1.71	1.35	1.23	2.18	1.83	1.97	2.04
Loans to individuals.....	0.74	0.97	0.57	0.53	0.81	0.59	1.00	1.12	0.48	0.50	0.44
Credit card loans.....	1.66	0.43	0.68	0.94	1.77	1.55	3.12	2.24	0.97	0.71	0.74
Other loans to individuals.....	0.44	1.02	0.56	0.52	0.34	0.47	0.47	0.45	0.45	0.28	0.41
Percent of Loans Charged-off (net, YTD)											
All real estate loans.....	0.05	0.03	0.03	0.10	0.05	0.04	0.04	0.08	0.07	0.05	0.05
Construction, development, and land.....	0.10	0.31	0.05	0.20	0.06	0.02	0.07	0.09	0.31	0.16	0.10
Commercial real estate.....	0.11	0.04	0.06	0.17	0.12	0.07	0.12	0.05	0.23	0.07	0.22
Multifamily residential real estate.....	-0.01	-0.07	-0.03	0.00	-0.01	-0.01	0.00	0.01	-0.05	0.00	-0.01
Home equity loans.....	0.06	0.02	0.04	0.12	0.05	0.05	0.19	0.07	0.11	0.03	0.00
Other 1-4 Family residential.....	0.05	0.02	0.02	0.09	0.05	0.04	0.02	0.09	0.04	0.01	0.05
Commercial and industrial loans.....	1.23	1.02	0.78	0.89	1.52	0.87	2.36	0.88	1.40	1.26	1.81
Loans to individuals.....	1.92	0.61	0.79	1.45	2.33	1.13	1.66	3.69	0.93	0.96	1.81
Credit card loans.....	4.70	1.26	2.89	3.70	4.88	3.63	5.35	7.62	5.53	1.44	3.62
Other loans to individuals.....	0.98	0.55	0.54	1.38	1.02	0.75	0.81	1.21	0.65	0.48	1.59
Loans Outstanding (in billions)											
All real estate loans.....	\$751.7	\$18.2	\$155.1	\$116.5	\$461.8	\$229.9	\$50.7	\$116.9	\$26.7	\$32.2	\$295.3
Construction, development, and land.....	36.8	1.1	10.3	9.3	16.1	7.6	5.5	5.8	1.7	7.2	8.9
Commercial real estate.....	62.7	1.7	21.1	16.4	23.5	30.3	4.3	7.8	3.2	4.1	13.0
Multifamily residential real estate.....	58.3	0.5	9.0	14.5	34.3	17.1	0.9	5.5	1.2	1.2	32.4
Home equity loans.....	25.5	0.5	6.0	4.2	14.8	8.7	2.4	6.4	0.6	0.9	6.6
Other 1-4 Family residential.....	568.1	14.3	108.6	72.1	373.1	166.2	37.6	91.4	20.0	18.7	234.2
Commercial and industrial loans.....	37.7	0.8	7.5	7.5	21.9	17.0	3.6	5.4	1.1	3.3	7.3
Loans to individuals.....	65.0	1.5	10.9	9.2	43.5	18.0	9.0	15.9	2.1	9.9	10.1
Credit card loans.....	16.0	0.1	1.3	0.3	14.4	2.1	1.8	6.0	0.1	5.0	1.0
Other loans to individuals.....	48.6	1.3	9.5	8.8	29.0	15.8	7.2	10.0	2.0	4.8	8.9
Memo: Other Real Estate Owned (in millions)**											
All other real estate owned.....	\$1,031.1	\$29.4	\$197.2	\$319.6	\$484.9	\$276.5	\$107.0	\$191.0	\$91.1	\$76.5	\$289.0
Construction, development, and land.....	158.1	3.1	22.7	32.1	100.3	7.7	51.4	12.8	43.7	14.6	27.9
Commercial real estate.....	250.8	4.7	56.4	146.7	43.0	128.8	11.7	24.4	22.1	30.1	33.8
Multifamily residential real estate.....	32.9	0.7	10.1	19.6	2.5	6.7	0.7	10.5	0.2	10.2	4.7
1-4 Family residential.....	603.6	21.2	111.0	127.9	343.4	138.8	44.4	144.3	27.5	21.9	226.7
Troubled Real Estate Asset Rates*** (% of total RE assets)											
All real estate loans.....	0.87	1.00	0.79	1.25	0.80	0.84	0.82	0.99	1.02	1.85	0.74
Construction, development, and land.....	1.70	1.29	1.30	1.55	2.06	0.96	1.79	1.33	4.52	1.83	1.84
Commercial real estate.....	1.44	1.50	1.14	2.47	0.99	1.33	1.14	1.41	1.67	2.67	1.36
Multifamily residential real estate.....	0.39	1.01	0.39	0.92	0.16	0.30	0.37	0.57	0.15	8.65	0.11
1-4 family residential.....	0.81	0.92	0.71	1.02	0.79	0.80	0.66	0.96	0.68	1.26	0.75

* 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

- **Insured Deposit Growth Slows in Second Quarter**
- **BIF Reserve Ratio Rises To 1.33 Percent**
- **Loss Provision Causes SAIF Reserve Ratio to Decline 3 Basis Points**
- **One Small BIF-Member Institution Fails During Second Quarter**

FDIC-insured deposits increased by .5 percent during the second quarter, the slowest rate of growth since the third quarter of 1999. Deposits insured by the Bank Insurance Fund (BIF) increased .5 percent (\$11.1 billion) during the second quarter, following a first quarter increase of 3.1 percent. Deposits insured by the Savings Association Insurance Fund (SAIF) rose by .7 percent (\$5.2 billion), following a 1.7 percent rise in the first quarter.

“Sweeps” of cash management funds to FDIC-insured accounts slowed during the quarter, but continued to be a driving force behind insured deposit growth. Sweeps of cash management funds increased BIF-insured deposits by an estimated \$8 billion (72 percent of insured deposit growth) during the second quarter. These sweeps also increased SAIF-insured deposits by an estimated \$1.2 billion (23 percent of insured deposit growth). Since the end of March 2000 these sweep accounts have added an estimated \$66 billion to BIF-insured deposits and \$3.5 billion to SAIF-insured deposits.

The BIF grew by .8 percent (\$255 million) during the second quarter of 2001, ending the quarter with a balance of \$31.68 billion (unaudited). The growth of the BIF more than offset the increase in BIF-insured deposits, and the reserve ratio (fund balance as a percent of insured deposits) rose from 1.32 percent on March 31 to 1.33 percent on June 30. Sweeps of cash management funds limited the increase in the BIF reserve ratio by less than half a basis point (.0044 percent) during the quarter.

The SAIF shrank during the second quarter of 2001 by \$181 million (1.6 percent) to \$10.79 billion (unaudited). The decline of the fund balance was mainly caused by a \$310 million provision for insurance losses. The shrinkage of SAIF plus the

quarterly increase in SAIF-insured deposits reduced the SAIF reserve ratio from 1.43 on March 31 to 1.40 on June 30. This was the largest drop (3 basis points) since the recapitalization of SAIF in 1996. The SAIF reserve ratio is now at its lowest level since the fourth quarter of 1998. Sweeps of cash management funds lowered the SAIF reserve ratio by slightly more than half a basis point (.0063 percent) during the second quarter.

Only one insured institution failed during the second quarter of 2001, a BIF-member commercial bank with assets of \$9.5 million. The estimated cost to the BIF for this failure is \$80 thousand. For the first six months of 2001 two BIF-member institutions have failed with combined assets of \$26 million at an estimated cost of \$200 thousand. During the same period no SAIF member institutions failed.¹

¹ Superior Bank FSB, Hinsdale, Illinois failed early in the third quarter on July 27, 2001.

QUARTERLY PERCENTAGE CHANGE IN INSURANCE FUND BALANCES, 1999–2001

Percent Change (not annualized)

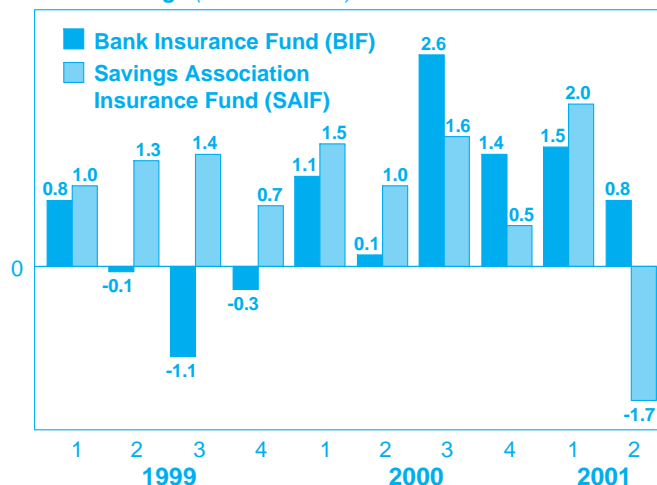


TABLE I-C. Selected Indicators, FDIC-Insured Institutions*

(dollar figures in millions)	2001**	2000**	2000	1999	1998	1997	1996
Number of institutions reporting.....	9,747	10,101	9,903	10,221	10,463	10,922	11,453
Total assets.....	\$ 7,634,826	\$7,162,389	\$7,460,869	\$6,883,687	\$6,530,950	\$6,041,128	\$5,607,333
Total deposits.....	5,020,429	4,689,910	4,914,767	4,538,085	4,386,298	4,125,862	3,925,059
Number of problem institutions.....	102	89	94	79	84	92	117
Assets of problem institutions (in billions).....	\$24	\$19	\$24	\$10	\$11	\$6	\$12
Number of failed/assisted institutions.....	2	3	7	8	3	1	6
Assets of failed/assisted institutions (in billions).....	\$0.03	\$0.16	\$0.41	\$1.56	\$0.37	\$0.03	\$0.22

** As of June 30.

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

(dollar figures in millions)	2nd Quarter 2001	1st Quarter 2001	2nd Quarter 2000	%Change 00:2-01:2		
Number of institutions reporting.....	9,747	9,822	10,101	-3.5		
Total employees (full-time equivalent).....	1,954,224	1,933,522	1,904,615	2.6		
CONDITION DATA						
Total assets.....	\$7,634,826	\$7,570,597	\$7,162,389	6.6		
Loans secured by real estate.....	2,489,374	2,442,663	2,328,555	6.9		
1-4 Family residential.....	1,537,164	1,512,229	1,462,226	5.1		
Home equity loans.....	160,723	154,234	136,530	17.7		
Multifamily residential property.....	118,852	119,088	114,628	3.7		
Commercial real estate.....	541,787	531,460	503,770	7.5		
Construction, development, and land.....	221,361	210,134	181,842	21.7		
Other real estate loans.....	70,210	69,753	66,088	6.2		
Commercial & industrial loans.....	1,063,554	1,081,109	1,064,622	-0.1		
Loans to individuals.....	675,660	663,117	630,916	7.1		
Credit cards & related plans.....	242,341	232,943	234,490	3.3		
Other loans & leases.....	494,182	495,014	482,738	2.4		
Less: Unearned income & contra accounts.....	2,941	2,969	3,411	-13.8		
Total loans & leases.....	4,719,830	4,678,935	4,503,420	4.8		
Less: Reserve for losses.....	73,375	72,193	68,960	6.4		
Net loans and leases.....	4,646,455	4,606,741	4,434,461	4.8		
Securities.....	1,335,503	1,328,561	1,325,417	0.8		
Other real estate owned.....	4,234	4,064	3,891	8.8		
Goodwill and other intangibles.....	130,558	122,727	118,076	10.6		
All other assets.....	1,518,076	1,508,505	1,280,544	18.5		
Total liabilities and capital.....	7,634,826	7,570,597	7,162,389	6.6		
Deposits.....	5,020,429	4,948,689	4,689,910	7.0		
Other borrowed funds.....	1,500,876	1,506,997	1,477,173	1.6		
Subordinated debt.....	93,476	93,692	85,050	9.9		
All other liabilities.....	354,222	368,318	310,720	14.0		
Equity capital.....	665,822	652,901	599,536	11.1		
Loans and leases 30-89 days past due.....	55,190	55,632	45,722	20.7		
Noncurrent loans and leases.....	55,466	52,378	41,896	32.4		
Restructured loans and leases.....	2,525	2,573	2,673	-5.5		
Direct and indirect investments in real estate.....	881	902	998	-11.7		
Mortgage-backed securities.....	726,267	706,055	663,456	9.5		
Earning assets.....	6,648,179	6,604,663	6,271,347	6.0		
FHLB Advances (Source: TFR, FHFB, Call Reports).....	438,214	438,229	428,665	2.2		
Unused loan commitments.....	4,960,332	4,826,558	4,383,746	13.2		
	Preliminary		Preliminary			
	First Half	First Half	2nd Quarter	2nd Quarter		
	2001	2000	2001	2000		
			%Change	%Change		
				00:2-01:2		
INCOME DATA						
Total interest income.....	\$257,912	\$246,809	4.5	\$126,445	\$126,600	-0.1
Total interest expense.....	135,404	129,704	4.4	64,095	67,535	-5.1
Net interest income.....	122,509	117,104	4.6	62,351	59,064	5.6
Provision for loan and lease losses.....	18,171	13,976	30.0	9,552	7,740	23.4
Total noninterest income.....	85,420	79,595	7.3	42,435	38,515	10.2
Total noninterest expense.....	124,546	119,567	4.2	62,712	61,500	2.0
Securities gains (losses).....	3,877	-1,445	N/M	1,906	-885	N/M
Applicable income taxes.....	23,461	21,933	7.0	11,878	10,069	18.0
Extraordinary gains, net.....	-399	21	N/M	-31	-2	N/M
Net income.....	45,230	39,799	13.6	22,518	17,382	29.5

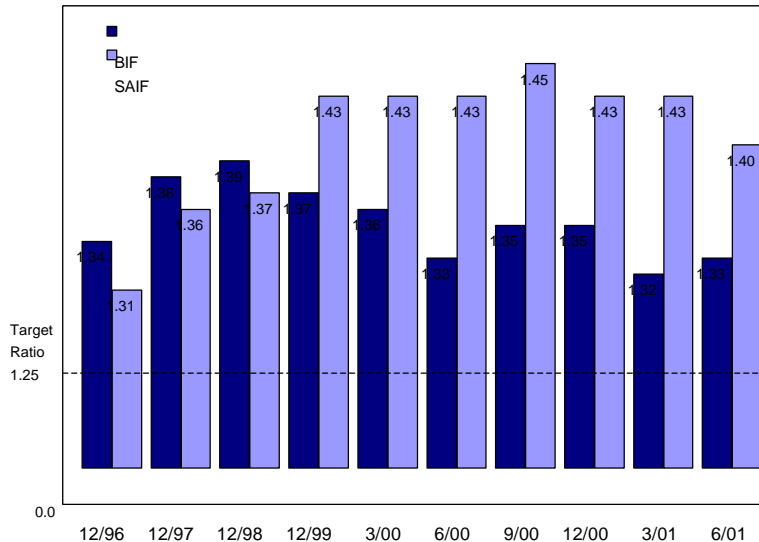
* Excludes insured branches of foreign banks (IBAs).

N/M - Not meaningful

TABLE III-C. Selected Insurance Fund Indicators*

<i>(dollar figures in millions)</i>	Preliminary 2nd Quarter 2001	1st Quarter 2001	2nd Quarter 2000	%Change 00:2-01:2
Bank Insurance Fund				
Reserve ratio (%).....	1.33	1.32	1.33	0.0
Fund balance (unaudited).....	\$31,681	\$31,426	\$29,780	6.4
Estimated insured deposits.....	2,383,235	2,372,090	2,239,060	6.4
SAIF-member Oakars.....	61,462	60,692	52,135	17.9
BIF-members.....	2,321,773	2,311,399	2,186,925	6.2
Assessment base.....	3,418,402	3,364,031	3,136,237	9.0
SAIF-member Oakars.....	62,533	61,605	53,040	17.9
BIF-members.....	3,355,870	3,302,426	3,083,196	8.8
Savings Association Insurance Fund				
Reserve ratio (%).....	1.40	1.43	1.43	-2.1
Fund balance (unaudited).....	\$10,792	\$10,973	\$10,538	2.4
Estimated insured deposits.....	772,896	767,677	738,186	4.7
BIF-member Oakars.....	317,223	312,355	289,334	9.6
SAIF-member Ssassers.....	72,628	70,454	72,311	0.4
Other SAIF members.....	383,045	384,868	376,541	1.7
Assessment base.....	860,669	846,157	795,897	8.1
BIF-member Oakars.....	318,279	312,957	290,023	9.7
SAIF-member Ssassers.....	88,367	86,561	84,606	4.4
Other SAIF members.....	454,024	446,640	421,268	7.8

Insurance Fund Reserve Ratio*
Percent of Insured Deposits



Fund Balances and Insured Deposits
(\$Millions)

	BIF Balance	BIF-Insured Deposits	SAIF Balance	SAIF-Insured Deposits
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
3/00	29,739	2,191,733	10,435	727,695
6/00	29,780	2,239,060	10,538	738,186
9/00	30,555	2,269,166	10,706	740,165
12/00	30,975	2,300,470	10,759	754,633
3/01	31,426	2,372,090	10,973	767,677
6/01	31,681	2,383,235	10,792	772,896

* 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 2000 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**	2000	1999	1998	1997	1996
BIF Members							
Number of institutions.....	2	2	6	7	3	1	5
Total assets.....	\$28	\$124	\$378	\$1,490	\$371	\$27	\$186
SAIF Members							
Number of institutions.....	0	1	1	1	0	0	1
Total assets.....	\$0	\$34	\$30	\$71	\$0	\$0	\$34

** Through June 30.

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

<i>(dollar figures in millions)</i>	2001**	2000**	2000	1999	1998	1997	1996
BIF Members							
Number of institutions reporting.....	8,448	8,752	8,571	8,834	9,031	9,404	9,823
BIF-member Oakars.....	778	753	756	744	745	778	793
Other BIF-members.....	7,670	7,999	7,815	8,090	8,286	8,626	9,030
Total assets.....	\$ 6,641,237	\$ 6,232,597	\$ 6,508,709	\$ 5,980,156	\$ 5,702,773	\$ 5,285,403	\$ 4,857,761
Total deposits.....	4,411,911	4,126,410	4,337,668	3,987,382	3,843,816	3,611,453	3,404,204
Net income.....	40,587	35,303	73,706	73,972	64,334	61,459	54,483
Return on assets (%).....	1.23	1.16	1.18	1.30	1.18	1.22	1.17
Return on equity (%).....	14.24	13.72	13.92	15.11	13.81	14.44	14.14
Noncurrent assets plus OREO to assets (%).....	0.80	0.65	0.72	0.62	0.64	0.67	0.77
Number of problem institutions.....	76	73	74	66	68	73	86
Assets of problem institutions.....	\$12,152	\$11,136	\$10,787	\$4,450	\$5,326	\$4,598	\$6,624
Number of failed/assisted institutions.....	2	2	6	7	3	1	5
Assets of failed/assisted institutions.....	\$28	\$124	\$378	\$1,490	\$371	\$27	\$182
SAIF Members							
Number of institutions reporting.....	1,317	1,368	1,333	1,387	1,432	1,518	1,629
SAIF-member Oakars.....	130	123	123	123	116	112	94
Other SAIF-members.....	1,187	1,245	1,210	1,264	1,316	1,406	1,535
Total assets.....	\$993,589	\$929,792	\$952,160	\$903,531	\$828,177	\$755,724	\$749,573
Total deposits.....	608,518	563,499	577,100	550,703	542,481	514,409	520,855
Net income.....	4,643	4,495	8,069	8,450	7,598	6,486	4,892
Return on assets (%).....	0.96	0.99	0.89	0.99	0.98	0.94	0.67
Return on equity (%).....	11.63	12.50	11.12	11.97	11.34	11.13	8.08
Noncurrent assets plus OREO to assets (%).....	0.69	0.60	0.65	0.64	0.80	0.98	1.07
Number of problem institutions.....	26	16	20	13	16	19	31
Assets of problem institutions.....	\$11,537	\$7,647	\$13,053	\$5,524	\$5,992	\$1,662	\$5,548
Number of failed/assisted institutions.....	0	1	1	1	0	0	1
Assets of failed/assisted institutions.....	\$0	\$34	\$30	\$71	\$0	\$0	\$35

* Excludes insured branches of foreign banks (IBAs).

** Through June 30, ratios annualized where appropriate.

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
June 30, 2001						
Commercial Banks and Savings Institutions						
FDIC-Insured Commercial Banks.....	8,178	6,360,162	3,565,001	2,163,430	319,580	2,483,010
BIF-member.....	8,069	6,262,668	3,496,683	2,146,139	283,056	2,429,195
SAIF-member.....	109	97,494	68,318	17,291	36,524	53,815
FDIC-Supervised.....	5,027	1,218,080	905,487	603,409	77,998	681,407
OCC-Supervised.....	2,176	3,448,292	1,890,053	1,143,626	175,563	1,319,189
Federal Reserve-Supervised.....	975	1,693,791	769,460	416,395	66,019	482,414
FDIC-Insured Savings Institutions.....	1,569	1,274,664	775,696	218,574	453,316	671,890
OTS-Supervised Savings Institutions.....	1,049	970,449	565,157	90,903	395,499	486,402
BIF-member.....	40	132,627	66,872	48,933	12,454	61,387
SAIF-member.....	1,009	837,822	498,285	41,971	383,045	425,016
FDIC-Supervised State Savings Banks.....	520	304,215	210,540	127,671	57,817	185,488
BIF-member.....	321	245,942	168,673	125,470	21,713	147,183
SAIF-member.....	199	58,273	41,866	2,201	36,104	38,305
Total Commercial Banks and Savings Institutions.....	9,747	7,634,826	4,340,697	2,382,004	772,896	3,154,900
BIF-member.....	8,430	6,641,237	3,732,228	2,320,541	317,223	2,637,764
SAIF-member.....	1,317	993,589	608,469	61,462	455,673	517,135
Other FDIC-Insured Institutions						
U.S. Branches of Foreign Banks.....	18	8,839	4,083	1,232	0	1,232
Total FDIC-Insured Institutions.....	9,765	7,643,666	4,344,780	2,383,235	772,896	3,156,131

* Excludes \$680 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 June 30, 2001
Supervisory and Capital Ratings for Second Semiannual Assessment Period, 2001

Capital Group	Supervisory Risk Subgroup					
	A		B		C	
1. Well-capitalized						
Number of institutions.....	7,828	92.7	394	4.7	52	0.6
Assessable deposit base.....	\$3,292,354	96.3	\$84,402	2.5	\$5,472	0.2
2. Adequately capitalized						
Number of institutions.....	140	1.7	21	0.2	7	0.1
Assessable deposit base.....	\$31,477	0.9	\$2,126	0.1	\$1,858	0.1
3. Undercapitalized						
Number of institutions.....	1	0.0	0	0.0	5	0.1
Assessable deposit base.....	\$216	0.0	\$0	0.0	\$497	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 June 30, 2001
Supervisory and Capital Ratings for Second Semiannual Assessment Period, 2001

Capital Group	Supervisory Risk Subgroup					
	A		B		C	
1. Well-capitalized						
Number of institutions.....	1,167	88.6	105	8.0	13	1.0
Assessable deposit base.....	\$813,002	94.5	\$29,661	3.4	\$2,108	0.2
2. Adequately capitalized						
Number of institutions.....	12	0.9	8	0.6	8	0.6
Assessable deposit base.....	\$6,256	0.7	\$2,660	0.3	\$5,022	0.6
3. Undercapitalized						
Number of institutions.....	1	0.1	1	0.1	2	0.2
Assessable deposit base.....	\$60	0.0	\$31	0.0	\$1,871	0.2

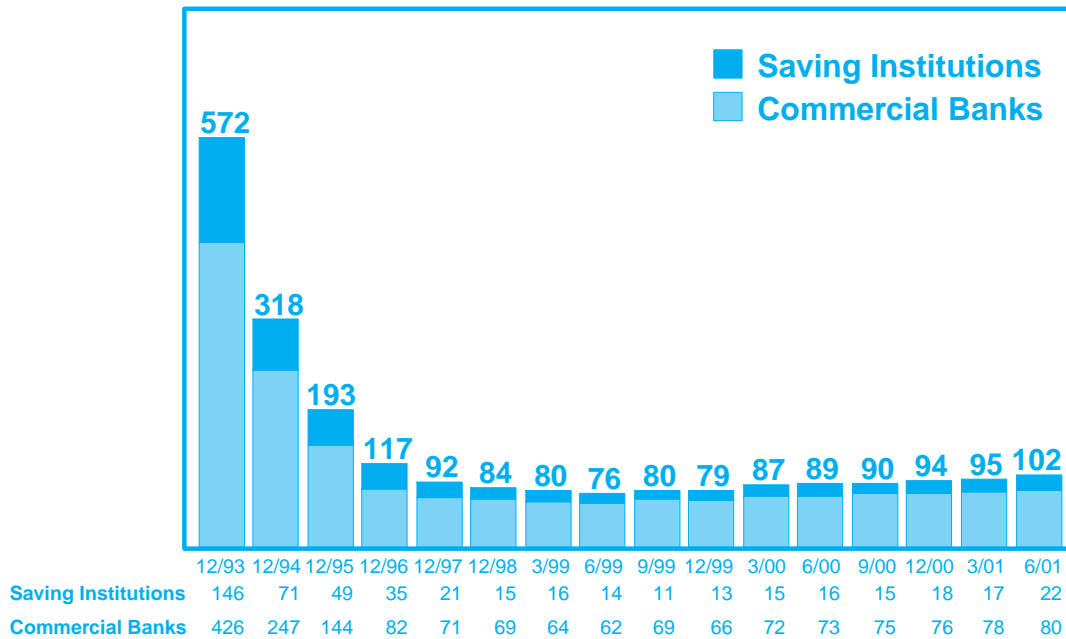
Note: "Number" reflects the number of SAIF members; "Base" reflects the SAIF-assessable deposits held by both BIF and SAIF members. Institutions are categorized based on capitalization and a supervisory subgroup rating, which is generally determined by on-site examinations.

Assessment Rate Schedules
Second Semiannual 2001 Assessment Period
Cents Per \$100 of Assessable Deposits

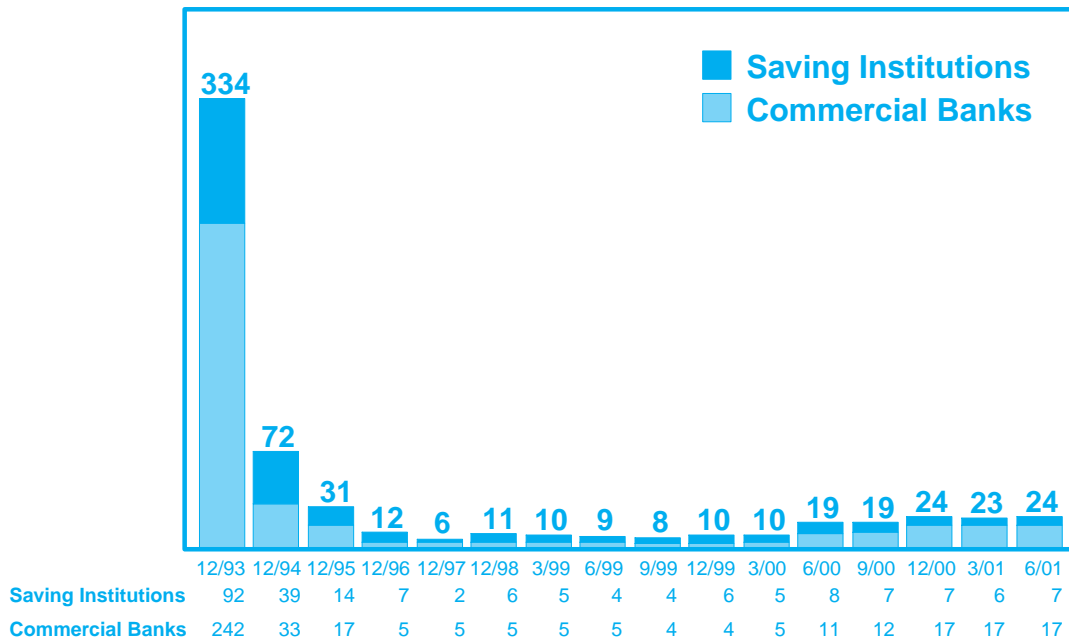
Capital Group	Supervisory Risk Subgroup		
	A	B	C
1. Well Capitalized.....	0	3	17
2. Adequately Capitalized.....	3	10	24
3. Undercapitalized.....	10	24	27

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, except for one self-liquidating institution primarily funded by the FSLIC Resolution Fund (FRF). Savings institutions in Resolution Trust Corporation conservatorships are also 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 threat-

en 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.