

# The FDIC Quarterly Banking Profile

Donna Tanoue, Chairman

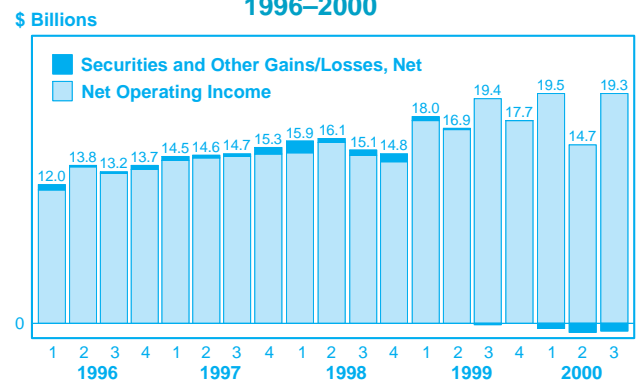
Third Quarter 2000

## COMMERCIAL BANK EARNINGS PERFORMANCE — THIRD QUARTER, 2000

- **Industry Earnings Rebound From Second-Quarter Decline**
- **Net Income Of \$19.3 Billion Is Third-Highest Ever**
- **Troubled Commercial Loans Continue To Rise**
- **Loss Provisions Absorb A Growing Share Of Revenues**
- **Commercial Banks' Assets Surpass \$6-Trillion Level**

Insured commercial banks rebounded from a disappointing second quarter to record their third-best quarterly earnings ever. Industry net income totaled \$19.3 billion in the third quarter, up \$4.6 billion (31.6 percent) from the previous quarter, but \$106 million (0.6 percent) lower than in the third quarter of 1999. The favorable earnings performance was made possible by the absence of the sizable restructuring and credit-related charges at large banks that depressed the industry's second-quarter results. Without these charges, noninterest expenses declined from second-quarter levels, while noninterest income recovered to a more normal level. Compared to a year ago, noninterest revenues were moderately higher, and noninterest expenses were up more sharply. Third-quarter earnings were held down by rising loan-loss provisions and higher losses on sales of securities. The average return on assets (ROA) in the third quarter was 1.28 percent, compared to 0.99 percent in the second quarter, and a record-high 1.41 percent in the third quarter of 1999. For the first nine months of 2000, commercial banks' earnings of \$53.4 billion were \$777 million (1.4 percent) below the level of a year ago, and the industry ROA was 1.20 percent, down from 1.32 percent.

QUARTERLY NET INCOME, 1996–2000



Earnings strength remained widespread, as almost two out of every three commercial banks (62.9 percent) reported an ROA of 1 percent or higher for the quarter. However, there were signs that banks may be having difficulty sustaining current levels of profitability. Fewer than half of all commercial banks (48.4 percent) reported a higher quarterly ROA than a year ago. Net interest margins continue to decline, while loan-loss provision expenses are rising. Growth in noninterest income, which has been the strongest source of rising bank revenues, is showing signs of slowing down. Noninterest income was only \$2.3 billion (6.2 percent) higher than a year ago, when a large sale of assets boosted noninterest income



Division of Research & Statistics

Don Inscoc  
Associate Director  
Statistics Branch  
(202) 898-3940

Tim Critchfield  
(202) 898-8557

Jim McFadyen  
(202) 898-7027

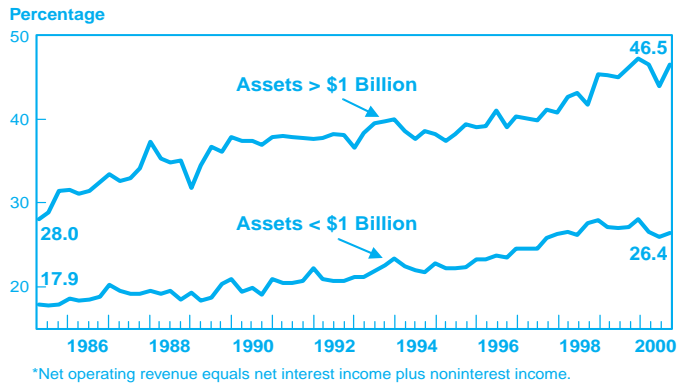
Ross Waldrop  
(202) 898-3951

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by \$1 billion. Banks' income from trust operations, which until recently had been growing at double-digit annual rates, was only \$273 million (5.4 percent) higher than a year ago. In contrast, revenues from trading operations were up by \$644 million (29.8 percent).

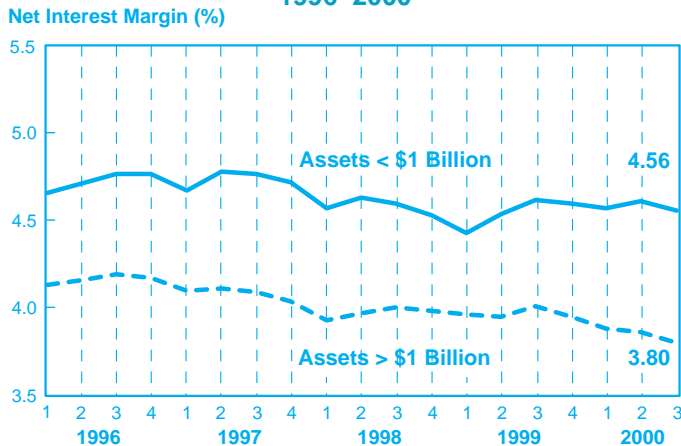
### NONINTEREST INCOME AS A PERCENTAGE OF NET OPERATING REVENUE, 1985–2000



Net interest income was only 4.9 percent (\$2.4 billion) above the level of a year ago, even though banks' interest-earning assets were 10.2 percent higher, leaving the industry's net interest margin 19 basis points lower than a year ago. As short-term interest rates have risen in the 12 months ended September 30, and as the spreads between short-term interest rates and medium- and long-term rates have narrowed, banks' average funding costs have escalated more rapidly than the average yields on their assets.

Third-quarter loan-loss provisions were \$1.4 billion (25.9 percent) above the level of a year ago. Through the first nine months of this year, loss provisions absorbed 7.4 percent of the industry's net operating

### QUARTERLY NET INTEREST MARGINS, 1996–2000

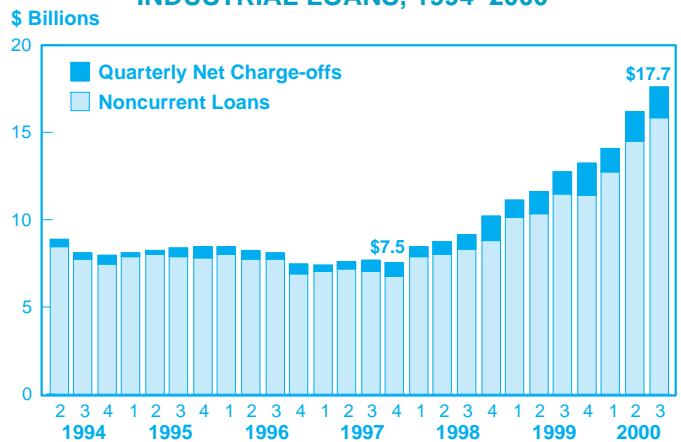


revenues, compared to 6.3 percent in the first three quarters of 1999. The rising trend in loss provisions is a reflection of rising loan losses and growing inventories of noncurrent loans. Net charge-offs totaled \$5.7 billion in the third quarter, up 16.5 percent (\$802 million) from the third quarter of 1999. The largest amount of loan losses came from banks' credit-card loans. Net charge-offs of banks' credit-card loans totaled \$2.4 billion in the quarter, for a net charge-off rate of 4.27 percent, compared to a 4.44 percent rate a year earlier. While charge-offs of credit-card loans remain higher than those of commercial and industrial loans, the latter category continues to exhibit more rapid growth. Almost one third of all loan charge-offs in the third quarter (\$1.8 billion, 31.8 percent) occurred in loans to commercial and industrial borrowers. Commercial and industrial loan charge-offs were \$548 million (43.7 percent) higher than a year ago, whereas credit-card charge-offs were up by a more modest \$266 million (12.5 percent).

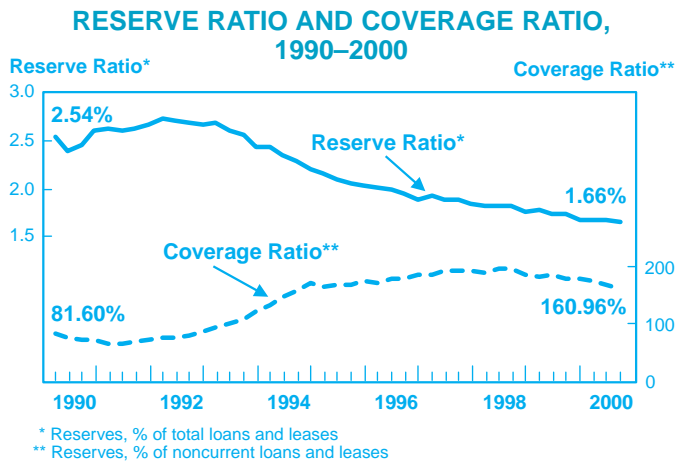
Even as banks charge off loans at higher rates, their remaining inventories of noncurrent loans continue to rise. Total noncurrent loans increased by \$2.2 billion (6.0 percent) in the third quarter, and are up by \$5.9 billion (17.8 percent) over the past 12 months. Noncurrent commercial and industrial loans rose by \$1.3 billion (8.8 percent) in the quarter, and are up by \$4.3 billion (37.7 percent) from the level at the end of the third quarter of 1999.

Banks increased their reserves for loan losses by \$602 million (1.0 percent) in the third quarter, but reserve growth continues to lag behind growth in non-current loans, as well as growth in total loans. The

### CREDIT QUALITY OF BANKS' COMMERCIAL AND INDUSTRIAL LOANS, 1994–2000



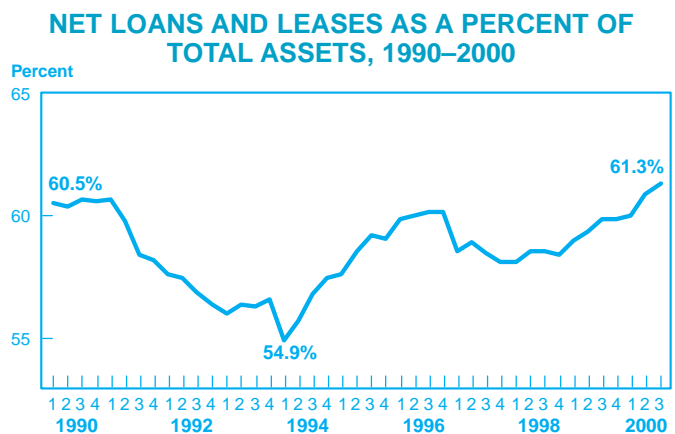
industry's "coverage ratio" declined from \$1.69 in reserves for every \$1 of noncurrent loans to \$1.61 during the third quarter. A year ago, the ratio was \$1.77. At the same time, the industry's ratio of reserves to total loans declined to 1.66 percent, from 1.67 percent at the beginning of the quarter and 1.74 percent a year ago.



Asset growth accelerated in the third quarter, as total assets of insured commercial banks surpassed \$6 trillion for the first time. The rising growth rate of industry assets continued a trend that began in the first quarter. As was the case in the two previous quarters, much of the increase in assets has consisted of loan growth. Total assets increased by \$80.9 billion (1.4 percent) during the quarter, as loans and leases grew by \$72.6 billion. The loan categories with the strongest growth in the third quarter included loans to depository institutions, which increased by 12.5 percent (\$13.8 billion), home equity lines of credit, which rose by 5.8 percent (\$6.8 billion), and real estate construction and development loans, which grew by \$6.9 billion (4.6 percent). Commercial and industrial loan growth showed signs of slowing, as did commercial real estate and construction loans. Loans to commercial borrowers rose by \$9.9 billion during the quarter, the smallest quarterly increase since the second quarter of 1996. Real estate construction loans increased by \$6.9 billion, after a \$7.9-billion increase in the previous quarter and a \$9.3-billion quarterly increase a year ago. Loans secured by nonfarm nonresidential real estate rose by \$8.7 billion, compared to a \$13.3-billion increase in the second quarter, and a \$10.9-billion increase in

the third quarter of 1999. Over the last 12 months, total assets of commercial banks have increased by 10.0 percent, while loans and leases have grown by 12.4 percent.

Commercial banks' liabilities continued a recent pattern of strong growth in nondeposit liabilities and more expensive time deposits, while growth in lower-cost "core" deposits was slower. For the second consecutive quarter, brokered deposits registered a sharp increase. As was the case in the second quarter, two banks accounted for a large share of the increase. The shift toward higher-cost funding contributed to the decline in net interest margins in the third quarter.



Commercial banks' equity capital registered strong growth in the third quarter, thanks to higher retained earnings and improved market values on securities holdings. Equity capital rose by \$17.8 billion (3.5 percent) during the third quarter, as the industry's equity-capital-to-assets ratio increased from 8.41 percent to 8.59 percent. Retained earnings contributed \$6.8 billion to the increase in equity, while appreciation in securities portfolios added \$5.7 billion.

The number of FDIC-insured commercial banks reporting financial results declined by 102 during the third quarter. Two commercial banks failed during the quarter, bringing the total for the first nine months of the year to 4 failures. There were 33 new bank charters, while 135 commercial banks were absorbed by mergers. The number of commercial banks on the FDIC's "Problem List" rose from 73 to 75 during the quarter, while assets of "problem" banks increased from \$11.1 billion to \$11.6 billion.

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

	2000*	1999*	1999	1998	1997	1996	1995
Return on assets (%).....	1.20	1.32	1.31	1.19	1.23	1.19	1.17
Return on equity (%).....	14.25	15.47	15.31	13.93	14.68	14.45	14.66
Core capital (leverage) ratio (%).....	7.84	7.81	7.79	7.54	7.56	7.64	7.61
Noncurrent assets plus other real estate owned to assets (%).....	0.70	0.67	0.64	0.65	0.66	0.75	0.85
Net charge-offs to loans (%).....	0.59	0.58	0.61	0.67	0.64	0.58	0.49
Asset growth rate (%).....	10.01	4.64	5.37	8.53	9.54	6.16	7.53
Net interest margin (%).....	3.97	4.07	4.07	4.07	4.21	4.27	4.29
Net operating income growth (%).....	2.81	19.22	20.42	2.24	12.46	6.43	7.48
Number of institutions reporting.....	8,375	8,621	8,580	8,774	9,142	9,527	9,940
Percentage of unprofitable institutions (%).....	6.61	6.75	7.47	6.11	4.85	4.28	3.55
Number of problem institutions.....	75	69	66	69	71	82	144
Assets of problem institutions (in billions).....	\$12	\$4	\$4	\$5	\$5	\$5	\$17
Number of failed/assisted institutions.....	4	5	7	3	1	5	6

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

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

<i>(dollar figures in millions)</i>	Preliminary		Preliminary		%Change 99:3-00:3	
	3rd Quarter 2000	2nd Quarter 2000	3rd Quarter 1999	3rd Quarter 1999		
Number of institutions reporting.....	8,375	8,477	8,621		-2.9	
Total employees (full-time equivalent).....	1,654,862	1,661,812	1,633,280		1.3	
<b>CONDITION DATA</b>						
Total assets.....	\$6,064,084	\$5,983,203	\$5,512,519		10.0	
Loans secured by real estate.....	1,659,400	1,626,921	1,431,550		15.9	
Commercial & industrial loans.....	1,044,323	1,034,404	947,834		10.2	
Loans to individuals.....	584,412	568,137	530,585		10.1	
Farm loans.....	47,331	47,016	46,537		1.7	
Other loans & leases.....	444,790	430,783	409,237		8.7	
Less: Unearned income.....	3,046	3,205	3,659		-16.8	
Total loans & leases.....	3,777,210	3,704,056	3,362,084		12.3	
Less: Reserve for losses.....	62,533	61,931	58,433		7.0	
Net loans and leases.....	3,714,677	3,642,126	3,303,651		12.4	
Securities.....	1,061,160	1,046,524	1,035,658		2.5	
Other real estate owned.....	2,817	2,781	2,920		-3.5	
Goodwill and other intangibles.....	104,516	102,299	87,051		20.1	
All other assets.....	1,180,914	1,189,473	1,083,240		9.0	
Total liabilities and capital.....	6,064,082	5,983,203	5,512,519		10.0	
Noninterest-bearing deposits.....	704,190	723,822	689,650		2.1	
Interest-bearing deposits.....	3,315,391	3,250,082	3,017,854		9.9	
Other borrowed funds.....	1,127,344	1,128,578	973,596		15.8	
Subordinated debt.....	84,510	82,216	75,744		11.6	
All other liabilities.....	311,451	295,077	286,782		8.6	
Equity capital.....	521,195	503,428	468,893		11.2	
Loans and leases 30-89 days past due.....	43,186	39,414	39,400		9.6	
Noncurrent loans and leases.....	38,851	36,654	32,972		17.8	
Restructured loans and leases.....	1,747	1,115	1,313		33.1	
Direct and indirect investments in real estate.....	316	320	285		11.0	
1-4 Family residential mortgages.....	920,551	903,729	789,317		16.6	
Mortgage-backed securities.....	448,962	452,682	455,257		-1.4	
Earning assets.....	5,254,716	5,180,478	4,766,636		10.2	
Long-term assets (5+ years).....	1,177,641	1,209,326	1,146,777		2.7	
Volatile liabilities.....	2,166,092	2,145,835	1,839,053		17.8	
Foreign office deposits.....	694,207	685,411	602,778		15.2	
FHLB Advances (Source: FHFB).....	175,559	178,564	144,047		21.9	
Unused loan commitments.....	4,328,593	4,175,242	3,827,935		13.1	
Off-balance-sheet derivatives.....	38,750,576	39,563,861	36,252,328		6.9	
<b>INCOME DATA</b>						
	Preliminary First Three Qtrs 2000	First Three Qtrs 1999	%Change	Preliminary 3rd Quarter 2000	3rd Quarter 1999	%Change 99:3-00:3
Total interest income.....	\$316,176	\$272,467	16.0	\$110,119	\$92,486	19.1
Total interest expense.....	163,866	128,494	27.5	58,807	43,566	35.0
Net interest income.....	152,310	143,973	5.8	51,312	48,921	4.9
Provision for credit losses.....	19,772	15,711	25.9	6,761	5,372	25.9
Total noninterest income.....	113,212	106,097	6.7	39,265	36,972	6.2
Total noninterest expense.....	160,622	150,354	6.8	53,651	50,011	7.3
Securities gains (losses).....	-2,484	510	N/M	-713	-198	N/M
Applicable income taxes.....	29,223	30,265	-3.4	10,183	10,934	-6.9
Extraordinary gains, net.....	16	-33	N/M	3	0	N/M
Net income.....	53,438	54,215	-1.4	19,272	19,378	-0.6
Net charge-offs.....	15,973	14,358	11.3	5,666	4,864	16.5
Cash dividends.....	35,227	35,836	-1.7	12,452	12,848	-3.1
Net operating income.....	55,482	53,967	2.8	19,994	19,532	2.4

N/M - Not meaningful

**TABLE III-A. First Three Quarters 2000, FDIC-Insured Commercial Banks**

FIRST THREE QUARTERS 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.....	8,375	4,922	3,070	301	82	668	1,429	1,808	2,151	1,406	913
Total assets (in billions).....	\$6,064.1	\$233.2	\$770.5	\$868.1	\$4,192.3	\$2,092.4	\$1,611.1	\$1,041.9	\$406.5	\$294.1	\$618.1
Total deposits (in billions).....	4,019.6	195.8	626.4	602.2	2,595.1	1,309.6	1,068.6	700.4	282.9	233.4	424.7
Net income (in millions).....	53,438	1,954	7,255	8,616	35,612	20,204	12,389	8,064	4,230	2,336	6,215
% of unprofitable institutions.....	6.6	9.8	1.7	4.0	8.5	9.1	10.8	5.6	3.1	5.8	9.9
% of institutions with earnings gains.....	68.2	66.7	71.5	63.1	56.1	65.9	68.2	65.2	67.4	70.3	74.7
<b>Performance ratios (annualized, %)</b>											
Yield on earning assets.....	8.24	8.37	8.50	8.41	8.15	8.02	8.12	8.18	8.65	8.26	9.17
Cost of funding earning assets.....	4.27	3.80	3.93	4.12	4.40	4.44	4.18	4.51	4.18	3.76	3.84
Net interest margin.....	3.97	4.57	4.57	4.29	3.75	3.58	3.94	3.67	4.47	4.50	5.34
Noninterest income to earning assets.....	2.95	1.22	1.73	2.58	3.38	3.98	2.47	1.88	2.77	1.43	3.64
Noninterest expense to earning assets.....	4.19	3.84	3.87	3.92	4.33	4.61	3.97	3.34	4.12	3.70	5.18
Credit loss provision to assets.....	0.45	0.25	0.33	0.49	0.47	0.42	0.35	0.38	0.61	0.34	0.84
Net operating income to assets.....	1.25	1.15	1.32	1.40	1.21	1.28	1.16	1.10	1.47	1.19	1.52
Return on assets.....	1.20	1.16	1.30	1.36	1.16	1.31	1.05	1.06	1.44	1.08	1.44
Return on equity.....	14.25	10.45	13.97	15.45	14.33	16.41	12.35	13.18	15.75	12.22	14.05
Net charge-offs to loans and leases.....	0.59	0.23	0.34	0.63	0.64	0.74	0.43	0.35	0.79	0.35	0.96
Credit loss provision to net charge-offs.....	123.78	177.51	153.63	124.05	119.64	107.80	126.27	161.80	113.87	162.07	130.91
Efficiency ratio.....	58.43	65.75	60.62	55.17	58.38	58.88	59.64	58.66	55.19	60.67	55.54
<b>Condition Ratios (%)</b>											
Earning assets to total assets.....	86.65	92.01	91.89	90.18	84.66	83.66	86.96	89.87	90.42	89.78	86.61
Loss allowance to:											
Loans and leases.....	1.66	1.39	1.41	1.71	1.71	1.86	1.50	1.41	1.58	1.35	2.10
Noncurrent loans and leases.....	160.96	148.93	175.57	195.01	153.66	147.24	153.78	156.60	199.52	143.47	223.04
Noncurrent assets plus other real estate owned to assets.....	0.70	0.69	0.61	0.61	0.73	0.73	0.70	0.67	0.60	0.66	0.70
Equity capital ratio.....	8.59	11.08	9.44	8.99	8.22	8.20	8.46	8.14	9.51	9.07	10.20
Core capital (leverage) ratio.....	7.84	11.18	9.34	8.43	7.25	7.65	7.55	7.75	8.28	8.44	8.85
Tier 1 risk-based capital ratio.....	9.57	16.51	13.04	11.17	8.44	9.68	8.99	9.00	10.50	11.84	10.25
Total risk-based capital ratio.....	12.27	17.61	14.21	12.99	11.60	12.60	11.74	11.74	12.68	13.67	12.68
Net loans and leases to deposits.....	92.41	72.75	79.47	90.55	97.46	84.37	97.87	100.88	98.01	75.95	94.83
<b>Structural Changes (YTD)</b>											
New Charters.....	140	137	2	1	0	14	49	28	19	7	23
Banks absorbed by mergers.....	344	148	152	39	5	29	85	78	83	37	32
Failed banks.....	4	3	1	0	0	0	1	0	2	0	1
<b>PRIOR FIRST THREE QUARTERS (The way it was...)</b>											
Number of institutions.....1999	8,621	5,241	2,988	315	77	682	1,442	1,877	2,219	1,467	934
.....1997	9,214	5,977	2,874	297	66	724	1,536	2,020	2,343	1,613	978
.....1995	10,052	6,828	2,816	339	69	809	1,671	2,195	2,527	1,789	1,061
Total assets (in billions).....1999	\$5,512.5	\$245.4	\$743.0	\$881.8	\$3,642.3	\$1,898.5	\$1,493.7	\$931.1	\$373.8	\$306.7	\$508.7
.....1997	4,869.3	272.3	711.1	899.8	2,986.2	1,839.9	898.5	793.4	329.2	341.4	666.9
.....1995	4,229.5	301.5	692.2	1,066.8	2,168.9	1,613.6	709.8	692.5	274.2	315.5	623.9
Return on assets (%).....1999	1.32	1.08	1.36	1.50	1.29	1.25	1.29	1.29	1.51	1.21	1.68
.....1997	1.24	1.25	1.38	1.30	1.18	1.14	1.29	1.27	1.40	1.24	1.31
.....1995	1.19	1.24	1.25	1.31	1.10	1.04	1.19	1.19	1.53	1.20	1.43
Net charge-offs to loans & leases (%)											
.....1999	0.58	0.35	0.32	0.64	0.64	0.76	0.40	0.35	0.74	0.42	0.94
.....1997	0.62	0.23	0.33	1.03	0.58	0.71	0.44	0.48	0.82	0.33	0.83
.....1995	0.45	0.20	0.32	0.67	0.40	0.60	0.27	0.27	0.49	0.19	0.59
Noncurrent assets plus OREO to assets (%).....1999	0.67	0.72	0.63	0.62	0.69	0.78	0.57	0.60	0.62	0.68	0.72
.....1997	0.68	0.77	0.71	0.82	0.62	0.72	0.61	0.62	0.67	0.55	0.77
.....1995	0.92	0.85	0.87	0.89	0.95	1.14	0.69	0.64	0.65	0.64	1.18
Equity capital ratio (%).....1999	8.51	10.92	9.40	9.27	7.97	7.91	8.59	8.21	8.89	8.73	10.62
.....1997	8.53	10.96	9.69	9.33	7.79	7.39	9.28	8.69	9.20	8.98	9.92
.....1995	8.13	10.51	9.42	8.69	7.12	7.57	8.24	8.31	8.83	8.71	8.68

**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. Third Quarter 2000, FDIC-Insured Commercial Banks**

THIRD 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		
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Net income (in millions).....	19,271.8	648.0	2,437.1	3,205.0	12,981.7	7,067.1	5,255.6	2,637.9	1,435.6	777.2	2,098.5
% of unprofitable institutions.....	6.8	9.6	2.3	5.3	6.1	8.8	10.5	5.8	3.9	6.3	9.0
% of institutions with earnings gains.....	59.0	56.4	63.1	60.8	56.1	63.2	59.2	56.6	55.9	58.5	68.1
<b>Performance Ratios (annualized, %)</b>											
Yield on earning assets.....	8.44	8.62	8.73	8.66	8.33	8.15	8.29	8.40	8.93	8.51	9.55
Cost of funding earning assets.....	4.51	4.04	4.18	4.38	4.63	4.61	4.44	4.76	4.49	3.99	4.19
Net interest margin.....	3.93	4.59	4.55	4.28	3.70	3.53	3.85	3.64	4.44	4.52	5.36
Noninterest income to earning assets.....	3.01	1.16	1.78	2.96	3.38	3.80	2.82	1.84	2.79	1.48	3.88
Noninterest expense to earning assets.....	4.11	3.83	3.87	4.00	4.20	4.43	3.78	3.40	4.12	3.86	5.32
Credit loss provision to assets.....	0.45	0.26	0.39	0.54	0.45	0.40	0.37	0.35	0.64	0.32	0.97
Net operating income to assets.....	1.33	1.13	1.30	1.54	1.30	1.30	1.49	1.05	1.44	1.13	1.49
Return on assets.....	1.28	1.13	1.28	1.49	1.24	1.36	1.31	1.02	1.42	1.06	1.40
Return on equity.....	15.05	10.18	13.69	16.80	15.30	16.77	15.62	12.62	15.13	11.88	13.67
Net charge-offs to loans and leases.....	0.61	0.24	0.37	0.67	0.66	0.74	0.46	0.38	0.72	0.37	1.05
Credit loss provision to net charge-offs.....	119.33	174.07	162.33	125.61	112.12	100.13	120.67	135.19	128.72	142.52	136.96
Efficiency ratio.....	57.20	66.18	60.23	53.29	57.10	58.45	54.51	60.59	54.97	62.74	54.92
<b>Structural Changes (QTR)</b>											
New charters.....	33	33	0	0	0	4	8	7	4	3	7
Banks absorbed by mergers.....	135	66	59	7	3	7	28	32	37	14	17
Failed banks.....	2	2	0	0	0	0	1	0	1	0	0
<b>PRIOR THIRD QUARTERS (The way it was...)</b>											
Return on assets (%).....1999	1.41	1.11	1.32	1.57	1.41	1.46	1.37	1.25	1.40	1.26	1.74
.....1997	1.22	1.31	1.43	1.40	1.11	1.09	1.32	1.28	1.32	1.23	1.32
.....1995	1.32	1.33	1.31	1.35	1.30	1.15	1.27	1.24	1.77	1.27	1.74
Net charge-offs to loans & leases (%)											
.....1999	0.58	0.23	0.35	0.70	0.63	0.78	0.41	0.33	0.80	0.44	0.85
.....1997	0.66	0.26	0.34	1.10	0.62	0.74	0.47	0.54	0.90	0.39	0.86
.....1995	0.51	0.25	0.35	0.73	0.48	0.71	0.29	0.33	0.54	0.24	0.61

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

September 30, 2000	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
<b>Percent of Loans 30-89 Days Past Due</b>											
All loans secured by real estate.....	1.09	1.22	0.92	0.89	1.19	1.08	1.18	1.22	0.91	0.98	0.75
Construction and development.....	1.04	1.15	1.07	0.88	1.09	0.76	0.81	1.56	1.47	1.06	0.89
Commercial real estate.....	0.66	0.96	0.67	0.74	0.58	0.68	0.58	0.79	0.75	0.77	0.51
Multifamily residential real estate.....	0.55	0.57	0.66	0.69	0.46	0.35	0.46	0.76	0.89	0.76	0.56
Home equity loans.....	0.85	0.78	0.69	0.85	0.87	0.67	0.66	1.38	0.73	0.65	0.58
Other 1-4 Family residential.....	1.42	1.59	1.18	1.04	1.57	1.34	1.68	1.46	0.94	1.21	0.99
Commercial and industrial loans*.....	0.83	1.34	1.28	1.23	0.64	0.57	0.60	1.13	1.63	1.25	1.04
Loans to individuals.....	2.29	2.27	2.13	2.31	2.31	2.54	2.27	2.21	2.17	1.62	2.07
Credit card loans.....	2.61	1.96	3.88	2.78	2.51	2.91	2.93	2.20	2.26	1.24	2.13
Other loans to individuals.....	2.08	2.28	1.81	2.07	2.13	2.19	2.05	2.21	2.07	1.63	1.94
All other loans and leases (including farm).....	0.64	N/A	N/A	1.01	0.66	0.63	0.39	1.10	0.57	0.32	0.45
Memo: Commercial RE loans not secured by RE.....	0.57	0.89	0.53	0.38	0.58	0.15	0.22	1.11	2.34	0.44	0.85
<b>Percent of Loans Noncurrent**</b>											
All real estate loans.....	0.77	0.76	0.64	0.70	0.84	0.86	0.80	0.80	0.58	0.79	0.59
Construction and development.....	0.74	0.56	0.72	0.77	0.76	0.76	0.75	0.77	0.77	0.85	0.62
Commercial real estate.....	0.75	0.80	0.64	0.76	0.80	0.81	0.70	0.82	0.69	0.89	0.65
Multifamily residential real estate.....	0.34	0.48	0.38	0.37	0.31	0.17	0.31	0.45	0.23	0.65	0.48
Home equity loans.....	0.35	0.30	0.32	0.33	0.36	0.31	0.24	0.59	0.28	0.27	0.25
Other 1-4 Family residential.....	0.81	0.69	0.60	0.70	0.90	0.80	0.96	0.83	0.44	0.65	0.55
Commercial and industrial loans*.....	1.52	1.32	1.25	1.28	1.54	1.68	1.53	1.27	1.26	1.68	1.54
Loans to individuals.....	1.35	0.81	0.83	1.04	1.53	2.07	0.92	0.72	1.03	0.51	1.22
Credit card loans.....	1.97	1.06	2.37	1.87	1.98	2.40	1.89	1.16	1.44	0.70	1.62
Other loans to individuals.....	0.95	0.80	0.54	0.60	1.16	1.76	0.60	0.67	0.59	0.50	0.45
All other loans and leases (including farm).....	0.47	N/A	N/A	0.52	0.48	0.39	0.47	0.60	0.43	0.62	0.54
Memo: Commercial RE loans not secured by RE.....	0.53	1.16	0.26	0.55	0.53	0.41	0.79	0.69	0.11	1.15	0.21
<b>Percent of Loans Charged-off (net, YTD)</b>											
All real estate loans.....	0.08	0.04	0.04	0.08	0.10	0.07	0.09	0.10	0.10	0.06	0.06
Construction and development.....	0.04	0.08	0.02	0.07	0.03	0.01	0.04	0.03	0.04	0.08	0.04
Commercial real estate.....	0.04	0.05	0.02	0.04	0.06	0.02	0.04	0.09	0.01	0.04	0.03
Multifamily residential real estate.....	0.02	0.00	0.03	0.00	0.02	-0.04	0.01	0.02	-0.04	-0.01	0.16
Home equity loans.....	0.16	0.05	0.04	0.16	0.19	0.09	0.15	0.28	0.18	0.32	0.06
Other 1-4 Family residential.....	0.10	0.04	0.05	0.12	0.11	0.06	0.11	0.09	0.19	0.07	0.10
Commercial and industrial loans*.....	0.64	0.37	0.43	0.68	0.64	0.62	0.60	0.47	0.60	0.63	1.18
Loans to individuals.....	2.23	0.73	1.63	2.36	2.37	2.68	1.67	1.14	3.11	0.85	3.01
Credit card loans.....	4.31	4.03	7.42	5.09	3.98	4.33	3.78	3.66	5.61	3.44	4.06
Other loans to individuals.....	0.94	0.57	0.53	0.93	1.08	1.10	0.99	0.80	0.51	0.75	1.14
All other loans and leases (including farm).....	0.20	N/A	N/A	0.24	0.20	0.11	0.23	0.25	0.23	0.09	0.45
Memo: Commercial RE loans not secured by RE.....	0.11	0.32	0.90	0.00	0.09	0.23	0.11	0.02	0.03	0.02	-0.04
<b>Loans Outstanding (in billions)</b>											
All real estate loans.....	\$1,659.4	\$82.7	\$323.6	\$304.4	\$948.8	\$356.4	\$552.8	\$338.3	\$128.8	\$89.7	\$193.3
Construction and development.....	157.3	6.9	35.2	35.0	80.1	16.5	58.2	30.9	13.6	12.0	26.1
Commercial real estate.....	456.1	23.1	118.5	102.9	211.6	79.7	137.3	97.5	35.4	33.7	72.4
Multifamily residential real estate.....	60.1	1.8	10.9	12.4	35.0	15.5	16.1	12.7	3.9	2.7	9.2
Home equity loans.....	122.9	2.0	13.7	19.8	87.4	26.3	41.3	32.4	7.2	2.0	13.7
Other 1-4 Family residential.....	797.7	38.2	131.9	130.0	497.6	189.2	290.2	156.1	58.3	35.6	68.2
Commercial and industrial loans.....	1,044.3	24.6	90.9	122.2	806.6	348.6	281.5	208.6	63.7	43.4	98.7
Loans to individuals.....	584.4	19.7	64.2	96.0	404.6	216.7	122.2	77.7	51.5	32.9	83.4
Credit card loans.....	228.7	0.7	10.0	33.1	184.9	106.8	29.9	8.7	26.8	1.2	55.3
Other loans to individuals.....	355.7	19.0	54.2	62.8	219.7	109.9	92.2	69.0	24.7	31.7	28.1
All other loans and leases (including farm).....	492.1	17.7	27.1	32.8	414.5	205.5	105.9	92.4	37.7	13.9	36.6
Memo: Commercial RE loans not secured by RE.....	34.8	0.2	1.2	3.1	30.3	11.2	10.4	5.0	2.3	0.7	5.2
<b>Memo: Other Real Estate Owned (in millions)</b>											
All other real estate owned.....	\$2,817.3	\$266.7	\$658.8	\$397.6	\$1,494.3	\$759.4	\$905.4	\$393.7	\$201.2	\$238.0	\$319.6
Construction and development.....	214.2	22.3	92.9	39.5	59.5	40.5	94.3	22.0	14.7	19.2	23.5
Commercial real estate.....	1,245.2	122.1	292.4	183.6	647.0	344.8	411.9	133.8	78.8	110.5	165.3
Multifamily residential real estate.....	53.0	8.4	25.0	11.3	8.3	9.7	7.1	8.6	6.7	9.4	11.4
1-4 Family residential.....	1,036.8	84.3	215.9	156.0	580.6	172.9	382.8	218.9	75.2	77.8	109.2
Farmland.....	76.5	29.5	32.5	6.3	8.2	3.3	9.3	8.6	25.7	21.0	8.7
Other real estate owned in foreign offices.....	191.6	0.0	0.1	0.8	190.6	188.2	0.0	1.8	0.0	0.0	1.6

\* Includes "All other loans" for institutions under \$1 billion in asset size.

\*\* 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—THIRD QUARTER, 2000

- *Industry Income Declines To \$2.6 Billion*
- *Higher Noninterest Expenses Produce Lower Earnings*
- *Net Interest Margin Declines For Second Consecutive Quarter*

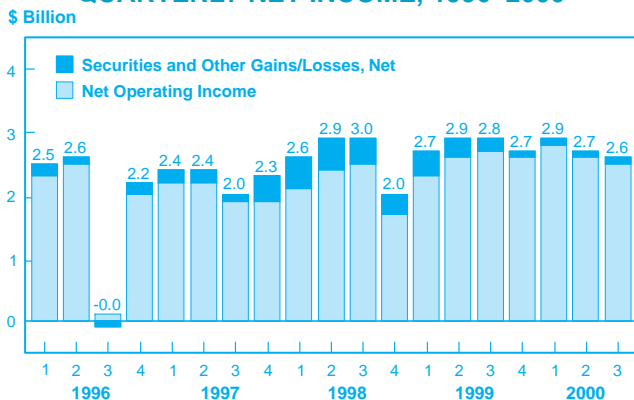
FDIC-insured savings institutions reported earnings of \$2.6 billion for the third quarter, the second consecutive quarter that the industry's earnings have declined. Quarterly net income was \$186 million lower than the second quarter and \$273 million lower than a year ago. Increases in operating expenses kept profits lower. Total noninterest expenses were \$325 million higher than second quarter and \$591 million higher than a year ago. Two savings institutions absorbed operations from outside the industry and costs associated with these acquisitions accounted for 38 percent of the increase in noninterest expenses this quarter. Increases in noninterest income partially offset the rise in expenses, as total noninterest income improved by \$161 million over the second quarter and by \$564 million from a year ago. Fee income other than deposit service charges improved slightly over last quarter and substantially from a year ago. Net interest income declined by \$13 million from last quarter, as narrower net interest margins outweighed a \$26.4-billion increase in interest-earning assets during the quarter. Overall efficiency was lower than in the second quarter of this year or the third quarter of 1999. The industry's efficiency ratio—noninterest expense as a percentage of net

interest income plus noninterest income—was 58 percent this quarter compared to 56 percent last quarter and 55 percent a year ago. A higher percentage indicates lower efficiency since expenses are absorbing a higher proportion of revenues. Almost 10 percent of savings institutions were unprofitable in the third quarter and just 27 percent had a return on assets (ROA) of 1 percent or better. The quarterly average ROA for the industry was 0.86 percent this quarter, down from 0.95 percent last quarter and 1.00 percent a year ago.

Earnings through the first nine months of this year were \$8.2 billion, \$117 million lower than last year at this point. Higher loan loss provisions and lower gains on the sales of securities largely explain the decrease in earnings. Provisions for loan losses have increased by \$303 million (26 percent) over last year. Gains on the sales of securities, at \$452 million, were nearly two-thirds lower than the \$1.3 billion thrifts registered in the first three quarters of 1999. Also, increases in noninterest income outpaced growth in noninterest expenses through the first three quarters. Noninterest income was \$1.4 billion (19 percent) higher than last year, while noninterest expense was \$962 million higher (5 percent). Net interest income was \$251 million higher this year even with lower net interest margins because of the growth in earning assets. Although total earnings were close to last year's level, the industry's ROA of 0.94 percent was lower than the 1.01 percent in the same period of last year because assets have increased by 5 percent during the past 12 months.

An inverted yield curve has put downward pressure on thrifts' net interest margins. Rising short-term interest rates have led to higher funding costs. Funding costs rose 31 basis points during the quarter, while the yield on earning assets rose

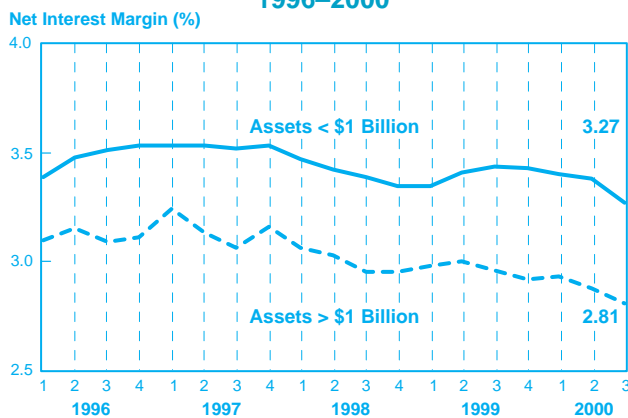
### QUARTERLY NET INCOME, 1996–2000





by 24 basis points. As a result, net interest margins declined by 7 basis points to 2.92 percent, the first time since 1991 that margins had fallen below 3 percent. Only savings institutions in the Southwest Region reported improved margins, from 3.07 percent last quarter to 3.12 percent this quarter. All other regions and size groups registered a decline in net interest margins. The recent decline in longer-term rates has not yet been fully reflected in thrifts' average asset yields because repricing of the assets they hold tends to lag changes in interest rates.

### QUARTERLY NET INTEREST MARGINS, 1996–2000

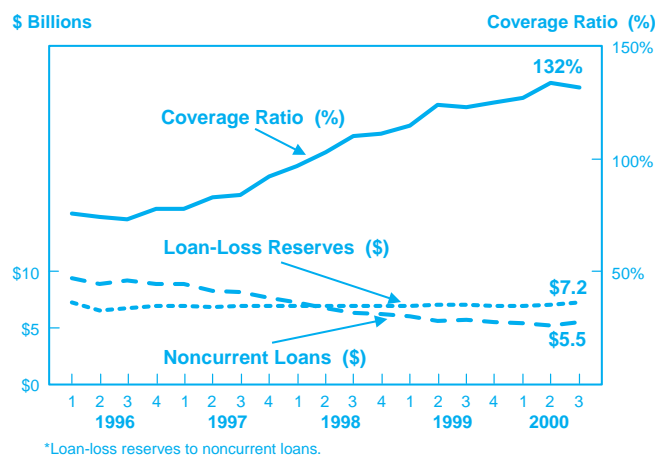


Profitability declined at savings institutions with assets of less than \$100 million. The average annualized ROA was 0.51 percent this quarter, down from 0.66 percent last quarter and 0.70 percent a year ago. A 5-basis-point decline in net interest margins and an 18-percent increase in noninterest expenses accounted for much of the decline in profitability. The combination of these trends led to lower efficiency. The efficiency ratio worsened to 84 percent from 78 percent in the second quarter at these institutions. Over 17 percent of this group were unprofitable in the third quarter and less than half (48 percent) had improved earnings from a year ago.

The increase in reserves for loan losses did not keep pace with the increase in noncurrent loans for the first time in over a year. Reserves for loan losses increased by \$239 million while noncurrent loans rose by \$253 million during the quarter. The coverage ratio—loan loss reserves to noncurrent loans—declined to \$1.32 for each dollar of noncurrent loans from \$1.34 at the beginning of the

quarter. Because of loan growth, the industry's noncurrent loan rate increased by only 1 basis point to 0.66 percent of total loans. Noncurrent commercial and industrial loans had a 1.39-percent noncurrent rate, up by 13 basis points during the quarter. The noncurrent rate on credit card plans worsened to 1.33 percent, up by 10 basis points. Real estate construction and land loans had a 5 basis point increase in the noncurrent rate to 0.79 percent. Each of these loan categories represented 3 percent or less of industry assets and thus the overall noncurrent rate showed little change.

### COVERAGE RATIO\* AND RESERVE LEVELS, 1996–2000

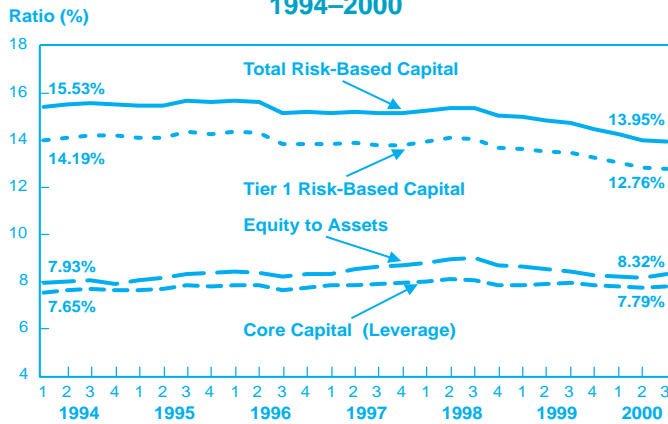


Industry assets grew by \$25 billion during the third quarter. All loan categories increased, but a \$16-billion increase in home mortgages accounted for the bulk of the asset growth. The only major asset category to show a reduction was securities, which were down by \$2 billion. Deposits increased by \$13.6 billion and other borrowed funds rose by \$6.2 billion. One third of the increase in deposits was accounted for by one institution that completed the purchase of a large branch network from a commercial bank during the quarter.<sup>1</sup>

Equity capital increased by \$4 billion during the quarter to 8.32 percent of assets, up from 8.16 percent last quarter. Capital infusions from outside

<sup>1</sup> Sovereign Bank from Wyomissing, Pennsylvania completed a purchase of branches with \$4.3 billion in deposits from FleetBoston in July.

### RISK-BASED CAPITAL RATIOS, 1994–2000



the industry, combined with earnings retained by the industry, and a decline in the losses on available-for-sale securities all contributed to the rise in capital. A few holding companies injected new capital into their thrift operations during the quarter. Earnings retained by the industry were up this quarter to \$1.2 billion over last quarter's \$1.0 billion. With lower long-term interest rates, the value of thrifts' securities portfolios improved. The unrealized loss on available-for-sale securities,

which is subtracted from equity capital, declined by \$1.6 billion during the quarter. The core capital (leverage) ratio, which does not include the loss on available-for-sale securities, improved by a smaller amount to 7.79 percent, up from 7.77 percent.

There were 1,613 savings institutions at the end of September, down from 1,624 at the end of June. Additions to the industry included 6 *de novo* institutions, 1 new charter issued to absorb another charter, 1 uninsured institution obtaining insurance, and 1 charter transfer from a commercial bank charter. There were 8 thrifts absorbed by other thrifts during the quarter. Commercial banks absorbed 9 thrifts with \$2.4 billion in assets and 3 thrifts with \$901 million in assets converted to commercial bank charters during the quarter. These additions, transfers and mergers add up to a net decline of 11 savings institutions. Other structural changes include the demutualization of 5 thrifts with \$667 million in assets. Savings institutions considered "problem" cases due to examination ratings declined to 15 from 16 last quarter. The assets of these "problem" institutions declined to \$7.3 billion from \$7.6 billion.

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

	2000**	1999**	1999	1998	1997	1996	1995
Return on assets (%).....	0.94	1.01	1.00	1.01	0.93	0.70	0.77
Return on equity (%).....	11.45	11.73	11.72	11.34	10.84	8.41	9.40
Core capital (leverage) ratio (%).....	7.79	7.95	7.86	7.85	7.95	7.76	7.80
Noncurrent assets plus other real estate owned to assets (%).....	0.54	0.61	0.58	0.72	0.95	1.09	1.20
Net charge-offs to loans (%).....	0.17	0.16	0.17	0.22	0.25	0.32	0.34
Asset growth rate (%).....	5.35	8.19	5.57	6.06	-0.28	0.32	1.70
Net interest margin.....	2.98	3.08	3.10	3.10	3.23	3.22	3.09
Net operating income growth (%).....	6.56	7.86	16.61	7.68	19.98	-13.92	13.81
Number of institutions reporting.....	1,613	1,649	1,641	1,689	1,780	1,926	2,030
Percentage of unprofitable institutions (%).....	8.68	7.40	8.29	5.27	4.10	12.05	5.86
Number of problem institutions.....	15	11	13	15	21	35	49
Assets of problem institutions (in billions).....	\$7	\$4	\$6	\$6	\$2	\$7	\$14
Number of failed/assisted institutions.....	1	1	1	0	0	1	1

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

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

<i>(dollar figures in millions)</i>	Preliminary		3rd Quarter		%Change 99:3-00:3	
	3rd Quarter 2000	2nd Quarter 2000	3rd Quarter 1999	3rd Quarter 1999		
Number of institutions reporting.....	1,613	1,624	1,649		-2.2	
Total employees (full-time equivalent).....	245,136	242,733	245,354		-0.1	
<b>CONDITION DATA</b>						
Total assets.....	\$1,204,277	\$1,179,309	\$1,143,116		5.4	
Loans secured by real estate.....	723,121	701,587	676,063		7.0	
1-4 Family Residential.....	574,498	558,502	542,572		5.9	
Multifamily residential property.....	56,150	54,967	54,242		3.5	
Commercial real estate.....	58,641	56,681	51,411		14.1	
Construction, development, and land.....	33,832	31,437	27,838		21.5	
Commercial & industrial loans.....	33,131	31,129	24,481		35.3	
Loans to individuals.....	63,242	61,644	60,517		4.5	
Other loans & leases.....	5,630	4,864	4,392		28.2	
Less: Unearned income & contra accounts***.....	202	205	204		-1.0	
Total loans & leases.....	824,922	799,019	765,248		7.8	
Less: Reserve for losses.....	7,244	7,005	7,013		3.3	
Net loans & leases.....	817,678	792,015	758,235		7.8	
Securities.....	276,762	278,807	283,757		-2.5	
Other real estate owned.....	1,071	1,110	1,227		-12.7	
Goodwill and other intangibles.....	16,661	15,782	15,509		7.4	
All other assets.....	92,105	91,596	84,387		9.1	
Total liabilities and capital.....	1,204,277	1,179,309	1,143,116		5.4	
Deposits.....	729,571	716,010	697,781		4.6	
Other borrowed funds.....	354,796	348,597	329,591		7.6	
Subordinated debt.....	2,848	2,834	3,316		-14.1	
All other liabilities.....	16,902	15,679	15,898		6.3	
Equity capital.....	100,160	96,188	96,529		3.8	
Loans and leases 30-89 days past due.....	7,227	6,311	6,540		10.5	
Noncurrent loans and leases.....	5,474	5,221	5,721		-4.3	
Restructured loans and leases.....	1,520	1,559	1,900		-20.0	
Direct and indirect investments in real estate.....	641	677	573		12.0	
Mortgage-backed securities.....	208,830	210,773	213,553		-2.2	
Earning assets.....	1,116,982	1,090,629	1,063,335		5.0	
FHLB Advances (Source: TFR and FHFB).....	247,773	250,093	213,754		15.9	
Unused loan commitments.....	247,035	208,779	176,766		39.8	
<b>INCOME DATA</b>						
	Preliminary First Three Qtrs 2000	First Three Qtrs 1999	%Change	Preliminary 3rd Quarter 2000	3rd Quarter 1999	%Change 99:3-00:3
Total interest income.....	\$62,349	\$56,077	11.2	\$21,947	\$19,310	13.7
Total interest expense.....	38,349	32,328	18.6	13,897	11,222	23.8
Net interest income.....	24,000	23,749	1.1	8,050	8,088	-0.5
Provision for credit losses***.....	1,455	1,152	26.4	528	361	46.0
Total noninterest income.....	8,599	7,227	19.0	3,054	2,490	22.6
Total noninterest expense.....	19,028	18,066	5.3	6,653	6,062	9.7
Securities gains (losses).....	452	1,317	-65.7	122	276	-55.7
Applicable income taxes.....	4,351	4,756	-8.5	1,460	1,596	-8.5
Extraordinary gains, net.....	-17	-4	N/M	-25	-1	N/M
Net income.....	8,200	8,317	-1.4	2,561	2,834	-9.7
Net charge-offs.....	1,017	886	14.7	326	282	15.5
Cash dividends.....	4,480	4,003	11.9	1,328	1,755	-24.3
Net operating income.....	7,918	7,430	6.6	2,504	2,651	-5.6

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

N/M - Not Meaningful

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

**TABLE III-B. First Three Quarters 2000, FDIC-Insured Savings Institutions**

FIRST THREE QUARTERS 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.....	1,613	633	834	108	38	635	214	413	126	111	114
Total assets (in billions).....	\$1,204.3	\$31.1	\$248.9	\$216.8	\$707.5	\$397.0	\$81.7	\$184.4	\$44.0	\$81.3	\$415.7
Total deposits (in billions).....	729.6	24.2	186.5	142.4	376.6	271.9	56.1	124.0	26.6	47.4	203.6
Net income (in millions).....	8,200.5	112.4	1,443.3	1,507.2	5,137.5	2,662.5	360.0	1,290.1	212.4	614.3	3,061.2
% of unprofitable institutions.....	8.7	16.1	4.1	3.7	0.0	6.1	10.7	9.9	13.5	7.2	10.5
% of institutions with earnings gains.....	59.0	57.2	60.1	59.3	65.8	63.8	56.5	56.9	52.4	56.8	54.4
<b>Performance ratios (annualized, %)</b>											
Yield on earning assets.....	7.75	7.69	7.64	7.85	7.75	7.61	7.99	8.04	7.65	8.21	7.62
Cost of funding earning assets.....	4.76	4.18	4.32	4.71	4.97	4.30	4.89	4.88	4.88	5.10	5.06
Net interest margin.....	2.98	3.50	3.32	3.14	2.78	3.31	3.10	3.16	2.77	3.10	2.56
Noninterest income to earning assets.....	1.07	2.24	0.69	0.97	1.18	0.85	1.26	1.71	0.83	1.22	0.95
Noninterest expense to earning assets.....	2.36	4.77	2.67	2.45	2.12	2.52	3.04	2.90	2.23	2.58	1.82
Credit loss provision to assets*.....	0.17	0.08	0.11	0.24	0.17	0.11	0.37	0.39	0.14	0.26	0.07
Net operating income to assets.....	0.91	0.49	0.76	0.88	1.00	0.91	0.55	0.91	0.72	1.01	0.99
Return on assets.....	0.94	0.49	0.80	0.95	1.01	0.92	0.63	0.97	0.67	1.04	1.03
Return on equity.....	11.45	3.76	7.67	11.02	14.22	9.61	6.99	11.33	7.06	12.80	15.65
Net charge-offs to loans and leases.....	0.17	0.05	0.08	0.33	0.17	0.12	0.27	0.28	0.16	0.23	0.14
Credit loss provision to net charge-offs.....	143.11	250.71	199.27	111.45	151.38	143.55	193.09	180.79	126.59	165.83	77.26
Efficiency ratio.....	56.49	82.45	65.84	57.81	50.90	57.90	68.91	58.10	60.32	58.64	50.02
<b>Condition Ratios (%)</b>											
Earning assets to total assets.....	92.75	93.86	93.85	92.94	92.26	92.28	93.53	91.53	93.54	92.80	93.49
Loss allowance to:											
Loans and leases.....	0.88	0.71	0.83	1.03	0.86	0.99	0.82	0.84	0.59	0.86	0.85
Noncurrent loans and leases.....	132.34	94.00	135.74	99.32	151.03	132.08	128.52	110.77	103.98	99.21	164.41
Noncurrent assets plus											
other real estate owned to assets.....	0.54	0.61	0.51	0.85	0.46	0.56	0.58	0.68	0.60	0.73	0.42
Noncurrent RE loans to RE loans.....	0.62	0.71	0.60	1.03	0.51	0.74	0.58	0.64	0.54	0.84	0.50
Equity capital ratio.....	8.32	13.11	10.51	8.68	7.22	9.79	8.74	8.52	9.07	8.13	6.70
Core capital (leverage) ratio.....	7.79	12.85	10.22	8.17	6.61	8.82	8.54	7.90	8.54	8.08	6.50
Tier 1 risk-based capital ratio.....	12.76	23.45	17.18	13.11	10.74	14.30	14.09	12.17	15.04	11.81	11.23
Total risk-based capital ratio.....	13.95	24.44	18.32	14.22	11.97	15.61	15.62	13.31	15.76	12.95	12.30
Gross real estate assets to gross assets.....	77.05	69.51	71.74	72.25	80.73	70.10	73.36	73.43	79.67	66.05	87.91
Gross 1-4 family mortgages to gross assets.....	47.41	50.14	46.51	38.82	50.24	41.72	46.65	54.15	53.49	33.57	52.07
Net loans and leases to deposits.....	112.08	87.10	91.96	100.19	128.14	92.75	101.38	113.73	122.76	119.70	136.65
<b>Structural Changes (YTD)</b>											
New Charters.....	24	22	2	0	0	13	2	2	4	0	3
Thrifts absorbed by mergers.....	53	23	22	7	1	16	12	17	3	3	2
Failed Thrifts.....	1	1	0	0	0	0	1	0	0	0	0
<b>PRIOR FIRST THREE QUARTERS** (The way it was...)</b>											
Number of institutions.....1999	1,649	671	832	111	35	637	229	429	127	114	113
.....1997	1,813	789	868	121	35	693	263	466	137	122	132
.....1995	2,060	926	973	126	35	765	313	527	157	138	160
Total assets (in billions).....1999	\$1,143.1	\$34.2	\$243.6	\$224.5	\$640.8	\$374.5	\$73.4	\$181.9	\$40.4	\$73.7	\$399.2
.....1997	1,021.9	41.0	255.5	246.8	478.7	343.4	65.1	172.5	34.6	64.7	341.7
.....1995	1,024.7	47.4	281.6	266.9	428.7	346.7	74.4	167.9	52.8	75.0	307.9
Return on assets (%).....1999	1.01	0.70	0.90	1.04	1.05	1.02	0.85	1.05	0.82	1.16	1.00
.....1997	0.89	0.80	0.97	1.02	0.80	1.00	0.92	0.97	1.01	0.88	0.74
.....1995	0.80	0.69	0.83	0.84	0.76	0.90	0.88	0.92	1.01	0.93	0.54
Net charge-offs to loans & leases (%)											
.....1999	0.16	0.07	0.09	0.28	0.15	0.10	0.23	0.24	0.15	0.21	0.16
.....1997	0.29	0.10	0.14	0.42	0.32	0.28	0.46	0.23	0.06	0.38	0.30
.....1995	0.34	0.14	0.16	0.38	0.45	0.39	0.15	0.14	0.17	0.21	0.48
Noncurrent assets plus											
OREO to assets (%)***.....1999	0.61	0.70	0.56	0.91	0.52	0.65	0.54	0.67	0.52	0.91	0.51
.....1997	1.02	0.88	0.88	1.44	0.89	1.24	0.91	0.65	0.61	1.03	1.04
.....1995	1.21	1.02	1.08	1.38	1.22	1.51	1.05	0.52	0.59	1.04	1.44
Equity capital ratio (%).....1999	8.44	12.36	10.49	8.68	7.38	9.50	9.85	8.91	10.02	8.37	6.84
.....1997	8.63	11.93	10.31	8.69	7.43	9.47	9.92	9.29	9.26	8.41	7.19
.....1995	8.31	10.62	9.60	8.43	7.12	8.87	8.99	9.08	8.29	7.47	7.30

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

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

\*\*\* 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. THIRD Quarter 2000, FDIC-Insured Savings Institutions**

THIRD 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		
						North- east	South- east	Central	Mid- west	South- west	West
Number of institutions reporting.....	1,613	633	834	108	38	635	214	413	126	111	114
Total assets (in billions).....	\$1,204.3	\$31.1	\$248.9	\$216.8	\$707.5	\$397.0	\$81.7	\$184.4	\$44.0	\$81.3	\$415.7
Total deposits (in billions).....	729.6	24.2	186.5	142.4	376.6	271.9	56.1	124.0	26.6	47.4	203.6
Net income (in millions).....	2,560.7	39.4	451.6	499.5	1,570.2	821.5	96.8	429.9	34.3	223.6	954.6
% of unprofitable institutions.....	9.8	17.4	4.7	5.6	7.9	6.3	15.4	11.1	14.3	7.2	11.4
% of institutions with earnings gains.....	52.4	47.7	55.6	51.9	63.2	55.7	50.5	48.9	47.6	55.0	53.5
<b>Performance Ratios (annualized, %)</b>											
Yield on earning assets.....	7.96	7.86	7.77	7.99	8.03	7.76	8.16	8.26	7.81	8.48	7.90
Cost of funding earning assets.....	5.04	4.41	4.52	4.94	5.29	4.47	5.21	5.18	5.16	5.35	5.43
Net interest margin.....	2.92	3.45	3.25	3.06	2.74	3.29	2.95	3.09	2.65	3.12	2.47
Noninterest income to earning assets.....	1.11	2.46	0.69	1.00	1.23	0.89	1.22	1.79	0.77	1.23	1.00
Noninterest expense to earning assets.....	2.41	4.99	2.67	2.46	2.19	2.62	3.07	2.92	2.36	2.60	1.84
Credit loss provision to assets.....	0.18	0.09	0.11	0.21	0.19	0.12	0.35	0.45	0.19	0.20	0.08
Net operating income to assets.....	0.84	0.45	0.70	0.86	0.90	0.86	0.40	0.87	0.49	1.07	0.89
Return on assets.....	0.86	0.51	0.73	0.93	0.90	0.83	0.48	0.94	0.31	1.11	0.94
Return on equity.....	10.44	3.92	7.04	10.75	12.61	8.60	5.53	11.10	3.41	13.67	14.25
Net charge-offs to loans and leases.....	0.16	0.02	0.08	0.23	0.17	0.14	0.32	0.27	0.19	0.20	0.08
Credit loss provision to net charge-offs*.....	162.11	584.19	209.91	136.89	162.16	132.11	157.15	216.36	136.34	142.74	138.59
Efficiency ratio.....	57.94	83.78	66.90	58.95	52.67	59.62	72.81	58.30	67.34	58.57	51.14
<b>Structural Changes (QTR)</b>											
New charters.....	7	6	1	0	0	4	0	0	1	0	2
Thrifts absorbed by mergers.....	17	8	9	0	0	7	3	5	0	1	1
Failed Thrifts.....	0	0	0	0	0	0	0	0	0	0	0
<b>PRIOR THIRD QUARTERS** (The way it was...)</b>											
Return on assets (%).....1999	1.00	0.70	0.86	1.04	1.06	1.08	0.71	0.99	0.81	1.19	0.98
.....1997	0.79	0.83	0.95	0.86	0.66	1.01	0.93	0.90	1.04	0.41	0.53
.....1995	0.87	0.78	0.87	0.96	0.83	0.95	0.94	0.94	1.04	1.16	0.64
Net charge-offs to loans & leases (%)											
.....1999	0.15	0.05	0.09	0.25	0.14	0.09	0.25	0.21	0.14	0.23	0.14
.....1997	0.29	0.10	0.17	0.32	0.36	0.21	0.42	0.26	0.09	0.35	0.37
.....1995	0.34	0.08	0.18	0.43	0.42	0.42	0.18	0.24	0.15	0.26	0.41

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

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

**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**

September 30, 2000	Asset Size Distribution					Geographical Distribution by Region					
	All Institutions	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
<b>Percent of Loans 30-89 Days Past Due</b>											
All loans secured by real estate.....	0.78	1.53	0.91	0.79	0.70	0.66	0.91	0.94	1.42	1.07	0.67
Construction, development, and land.....	1.22	1.44	1.15	1.07	1.33	0.62	1.18	1.64	2.49	1.21	1.11
Commercial real estate.....	0.61	1.06	0.69	0.85	0.31	0.46	1.17	1.17	1.40	0.56	0.26
Multifamily residential real estate.....	0.20	0.75	0.32	0.19	0.17	0.16	0.57	0.36	0.22	0.35	0.18
Home equity loans.....	0.42	0.46	0.51	0.38	0.38	0.61	0.19	0.48	0.34	0.04	0.21
Other 1-4 Family residential.....	0.85	1.66	1.00	0.87	0.76	0.75	0.90	0.94	1.41	1.20	0.76
Commercial and industrial loans.....	1.27	1.89	1.60	1.39	1.01	1.23	1.53	1.49	2.15	0.96	1.08
Loans to individuals.....	1.82	2.29	1.54	1.53	1.95	1.87	2.59	1.90	1.49	0.72	2.39
Credit card loans.....	1.82	0.36	1.72	4.29	1.65	2.03	3.14	2.33	2.53	0.58	2.16
Other loans to individuals.....	1.81	2.40	1.54	1.24	2.13	1.84	2.50	1.60	1.43	0.83	2.42
<b>Percent of Loans Noncurrent*</b>											
All real estate loans.....	0.62	0.71	0.60	1.03	0.51	0.74	0.58	0.64	0.54	0.84	0.50
Construction, development, and land.....	0.79	0.96	0.94	1.03	0.54	0.69	0.89	1.04	1.46	0.07	1.33
Commercial real estate.....	0.82	0.78	0.72	1.17	0.64	0.95	0.94	0.82	0.77	0.68	0.56
Multifamily residential real estate.....	0.29	0.68	0.24	0.66	0.14	0.40	0.33	0.33	0.20	2.38	0.09
Home equity loans.....	0.19	0.16	0.19	0.26	0.17	0.23	0.06	0.29	0.07	0.03	0.11
Other 1-4 Family residential.....	0.64	0.70	0.59	1.10	0.55	0.76	0.54	0.64	0.46	1.03	0.54
Commercial and industrial loans.....	1.39	1.58	0.97	1.70	1.38	1.09	1.26	2.01	1.17	2.32	1.23
Loans to individuals.....	0.78	0.88	0.53	0.70	0.86	0.62	0.77	1.32	0.52	0.42	0.53
Credit card loans.....	1.33	0.30	0.86	2.17	1.29	1.28	1.68	1.78	1.19	0.68	1.13
Other loans to individuals.....	0.59	0.91	0.51	0.54	0.61	0.52	0.62	1.00	0.48	0.21	0.43
<b>Percent of Loans Charged-off (net, YTD)</b>											
All real estate loans.....	0.03	0.01	0.02	0.06	0.03	0.03	0.03	0.06	0.05	0.03	0.03
Construction, development, and land.....	0.07	0.01	0.11	0.09	0.02	-0.01	0.08	0.20	0.05	0.03	0.07
Commercial real estate.....	0.01	-0.01	0.03	0.08	-0.06	0.02	0.00	0.05	0.09	0.01	-0.03
Multifamily residential real estate.....	-0.03	0.01	0.02	-0.03	-0.04	0.00	-0.02	0.04	0.00	0.08	-0.07
Home equity loans.....	0.07	0.08	0.03	0.09	0.09	0.10	0.11	0.04	0.16	0.03	0.06
Other 1-4 Family residential.....	0.04	0.01	0.02	0.06	0.04	0.03	0.03	0.05	0.05	0.03	0.05
Commercial and industrial loans.....	0.69	0.02	0.52	1.14	0.58	0.50	2.42	0.55	1.73	0.14	0.62
Loans to individuals.....	1.53	0.51	0.62	2.73	1.44	0.92	1.15	1.90	0.75	1.05	3.37
Credit card loans.....	3.46	1.15	3.19	15.04	2.52	2.85	3.49	2.85	5.69	1.77	13.92
Other loans to individuals.....	0.85	0.49	0.49	1.34	0.81	0.59	0.75	1.29	0.50	0.46	1.39
<b>Loans Outstanding (in billions)</b>											
All real estate loans.....	\$723.1	\$19.0	\$154.9	\$123.5	\$425.6	\$216.8	\$48.0	\$118.8	\$29.5	\$43.0	\$266.9
Construction, development, and land.....	33.8	1.0	9.2	9.0	14.6	6.6	4.9	5.4	2.0	8.4	6.6
Commercial real estate.....	58.3	1.7	20.0	16.2	20.4	27.4	3.9	7.2	2.9	5.2	11.8
Multifamily residential real estate.....	56.1	0.5	9.1	13.5	33.0	16.0	0.9	5.6	1.0	1.9	30.7
Home equity loans.....	21.8	0.4	5.4	4.1	11.8	7.7	2.1	5.6	0.6	0.7	5.0
Other 1-4 Family residential.....	552.7	15.2	111.1	80.6	345.8	159.0	36.3	94.9	23.1	26.7	212.7
Commercial and industrial loans.....	33.1	0.7	7.0	7.9	17.5	16.1	2.9	4.4	1.2	3.8	4.7
Loans to individuals.....	63.2	1.5	10.4	11.5	39.8	19.5	6.1	17.1	2.0	10.2	8.3
Credit card loans.....	16.3	0.1	0.5	1.1	14.7	2.6	0.9	7.0	0.1	4.6	1.2
Other loans to individuals.....	46.9	1.4	9.9	10.4	25.2	17.0	5.2	10.1	1.9	5.6	7.1
<b>Memo: Other Real Estate Owned (in millions)**</b>											
All other real estate owned.....	\$1,071.1	\$30.7	\$227.5	\$359.8	\$453.1	\$323.8	\$107.4	\$176.7	\$79.4	\$101.6	\$282.3
Construction, development, and land.....	175.1	3.0	38.3	32.3	101.5	13.5	64.6	17.9	22.1	13.2	43.9
Commercial real estate.....	269.5	5.6	68.5	145.3	50.0	122.6	14.5	31.0	32.2	36.6	32.6
Multifamily residential real estate.....	58.4	0.4	12.4	34.3	11.3	20.6	0.7	8.4	0.3	15.8	12.5
1-4 Family residential.....	601.0	22.1	112.6	158.5	307.8	177.9	37.1	121.7	27.2	37.4	199.7
<b>Troubled Real Estate Asset Rates***</b> (% of total RE assets)											
All real estate loans.....	0.77	0.87	0.74	1.32	0.62	0.88	0.81	0.79	0.81	1.08	0.61
Construction, development, and land.....	1.30	1.24	1.35	1.38	1.23	0.89	2.19	1.37	2.54	0.23	1.99
Commercial real estate.....	1.28	1.09	1.06	2.07	0.89	1.40	1.31	1.24	1.88	1.38	0.85
Multifamily residential real estate.....	0.39	0.77	0.38	0.91	0.17	0.53	0.41	0.48	0.23	3.17	0.13
1-4 family residential.....	0.73	0.83	0.67	1.24	0.62	0.84	0.61	0.74	0.57	1.13	0.62

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

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

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

## ALL FDIC-INSURED INSTITUTIONS

- **BIF Reserve Ratio Climbs To 1.36 Percent As Fund Surpasses \$30 Billion**
- **SAIF Reserve Ratio Gains 2 Basis Points To 1.45 Percent**
- **Insured Deposits Continue Relatively Strong Growth In The Third Quarter**

Deposits insured by the FDIC grew by 1.1 percent during the third quarter of 2000, reaching \$2.992 trillion as of September 30. For the first three quarters of 2000, total estimated insured deposits grew by 4.3 percent. Deposits insured by the Bank Insurance Fund (BIF) increased by 1.3 percent during the third quarter, to \$2.25 trillion, and 4.4 percent since the beginning of 2000. Deposits insured by the Savings Association Insurance Fund (SAIF) grew more slowly, rising 0.3 percent in the third quarter, to \$741 billion, and 4.1 percent on a year-to-date basis. The year-to-date growth rates for BIF- and SAIF-insured deposits, individually and collectively, are higher than any of the *full-year* growth rates of insured deposits since the 1980s. Insured-deposit growth was spurred primarily by increases in fully insured brokered deposits, which grew by 17.8 percent during the third quarter and 59.5 percent for the first three quarters of 2000.

Despite the strong growth of insured deposits in the third quarter and throughout 2000, their growth rates lagged behind those of total assets, total deposits and domestic deposits, indicating that insured institutions still rely increasingly on alternative, uninsured funding sources. Moreover, just one-third (\$10.3 billion) of the third-quarter growth of insured deposits (\$31.9 billion) was in nonbrokered accounts, perhaps reflecting the difficulty of attracting and retaining new retail deposits.

The balance of the BIF surpassed \$30 billion for the first time, rising to \$30.6 billion on September 30 (unaudited) from \$29.8 billion on June 30. The fund's balance was boosted by a \$423-million reduction in reserves for anticipated failures, as some banks previously considered likely to fail improved their condition and reduced the risks to the BIF. The growth of the fund caused the BIF

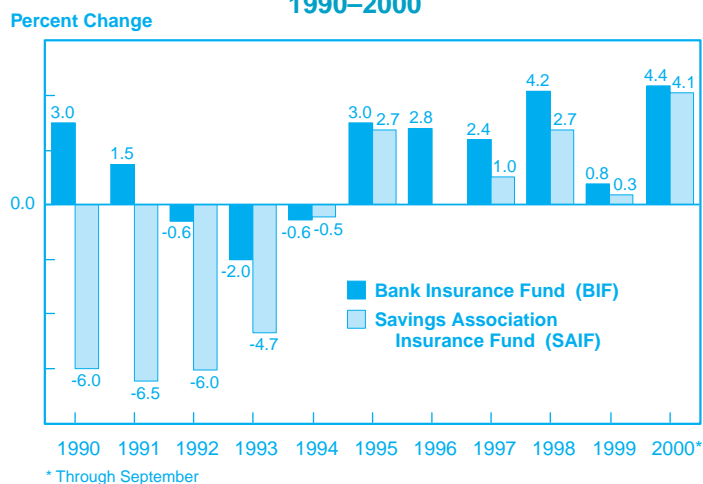
reserve ratio to increase by 2 basis points, to 1.36 percent of insured deposits.

The reserve ratio of the SAIF also gained 2 basis points in the third quarter, rising to 1.45 percent on September 30.<sup>1</sup> The fund's balance closed the third quarter at \$10.7 billion (unaudited), having grown by \$168 million during the three-month period. The SAIF also recorded a relatively modest negative loss provision of \$8 million for the quarter.

During the third quarter, two BIF members failed, with total assets of \$100 million. This brought the total number of BIF failures for the year to four and failed assets to \$224 million. There were no SAIF-member failures in the third quarter, and for the first three quarters of the year just one SAIF member, with total assets of \$30 million, failed. As of September 30, contingent liabilities for anticipated failures stood at \$147 million for the BIF and \$89 million for the SAIF.

<sup>1</sup> The SAIF reserve ratio for June 30, 2000, was revised downward from 1.44 percent to 1.43 percent due to amended deposit figures.

**PERCENTAGE CHANGE IN INSURED DEPOSITS,  
1990–2000**



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

<i>(dollar figures in millions)</i>	2000**	1999**	1999	1998	1997	1996	1995
Number of institutions reporting.....	9,988	10,270	10,221	10,463	10,922	11,453	11,970
Total assets.....	\$7,268,361	\$6,655,635	\$6,883,702	\$6,530,947	\$6,041,127	\$5,607,333	\$5,338,419
Total deposits.....	4,749,152	4,405,285	4,538,088	4,386,298	4,125,862	3,925,059	3,769,481
Number of problem institutions.....	90	80	79	84	92	117	193
Assets of problem institutions (in billions).....	\$19	\$8	\$10	\$11	\$6	\$12	\$31
Number of failed/assisted institutions...5.....		6	8	3	1	6	8
Assets of failed/assisted institutions (in billions).....	\$0.25	\$1.38	\$1.56	\$0.37	\$0.03	\$0.22	\$1.21

\*\* As of September 30.

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

<i>(dollar figures in millions)</i>	Preliminary 3rd Quarter 2000	2nd Quarter 2000	3rd Quarter 1999	%Change 99:3-00:3		
Number of institutions reporting.....	9,988	10,101	10,270	-2.7		
Total employees (full-time equivalent).....	1,899,998	1,904,545	1,878,634	1.1		
<b>CONDITION DATA</b>						
Total assets.....	\$7,268,361	\$7,162,512	\$6,655,635	9.2		
Loans secured by real estate.....	2,382,520	2,328,508	2,107,613	13.0		
1-4 Family residential.....	1,495,049	1,462,232	1,331,889	12.3		
Home equity loans.....	144,627	136,530	115,404	25.3		
Multifamily residential property.....	116,209	114,628	104,556	11.1		
Commercial real estate.....	514,447	503,718	452,751	13.6		
Construction, development, and land.....	191,099	181,836	155,324	23.0		
Other real estate loans.....	65,717	66,095	63,093	4.2		
Commercial & industrial loans.....	1,077,454	1,065,533	972,315	10.8		
Loans to individuals.....	647,654	629,781	591,102	9.6		
Credit cards & related plans.....	245,078	234,302	202,775	20.9		
Other loans & leases.....	497,751	482,664	460,166	8.2		
Less: Unearned income & contra accounts.....	3,248	3,411	3,864	-15.9		
Total loans & leases.....	4,602,131	4,503,075	4,127,332	11.5		
Less: Reserve for losses.....	69,776	68,935	65,446	6.6		
Net loans and leases.....	4,532,355	4,434,140	4,061,886	11.6		
Securities.....	1,337,922	1,325,331	1,319,415	1.4		
Other real estate owned.....	3,888	3,891	4,147	-6.2		
Goodwill and other intangibles.....	121,177	118,081	102,560	18.2		
All other assets.....	1,273,019	1,281,068	1,167,627	9.0		
Total liabilities and capital.....	7,268,359	7,162,512	6,655,635	9.2		
Deposits.....	4,749,152	4,689,914	4,405,285	7.8		
Other borrowed funds.....	1,482,139	1,477,175	1,303,188	13.7		
Subordinated debt.....	87,359	85,050	79,060	10.5		
All other liabilities.....	328,354	310,757	302,680	8.5		
Equity capital.....	621,355	599,616	565,422	9.9		
Loans and leases 30-89 days past due.....	50,413	45,725	45,940	9.7		
Noncurrent loans and leases.....	44,324	41,875	38,693	14.6		
Restructured loans and leases.....	3,268	2,674	3,213	1.7		
Direct and indirect investments in real estate.....	957	998	857	11.7		
Mortgage-backed securities.....	657,791	663,454	668,810	-1.6		
Earning assets.....	6,371,698	6,271,107	5,829,971	9.3		
FHLB Advances (Source: TFR and FHFB).....	423,332	428,657	357,801	18.3		
Unused loan commitments.....	4,575,629	4,384,022	4,004,700	14.3		
<b>INCOME DATA</b>						
	Preliminary First Three Qtrs 2000	First Three Qtrs 1999	%Change	Preliminary 3rd Quarter 2000	3rd Quarter 1999	%Change 99:3-00:3
Total interest income.....	\$378,525	\$328,544	15.2	\$132,066	\$111,797	18.1
Total interest expense.....	202,215	160,822	25.7	72,704	54,788	32.7
Net interest income.....	176,311	167,722	5.1	59,362	57,009	4.1
Provision for credit losses.....	21,227	16,862	25.9	7,289	5,734	27.1
Total noninterest income.....	121,811	113,324	7.5	42,319	39,462	7.2
Total noninterest expense.....	179,650	168,420	6.7	60,303	56,073	7.5
Securities gains (losses).....	-2,032	1,827	N/M	-591	78	N/M
Applicable income taxes.....	33,574	35,021	-4.1	11,643	12,530	-7.1
Extraordinary gains, net.....	-1	-38	N/M	-22	-1	N/M
Net income.....	61,638	62,532	-1.4	21,833	22,212	-1.7

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

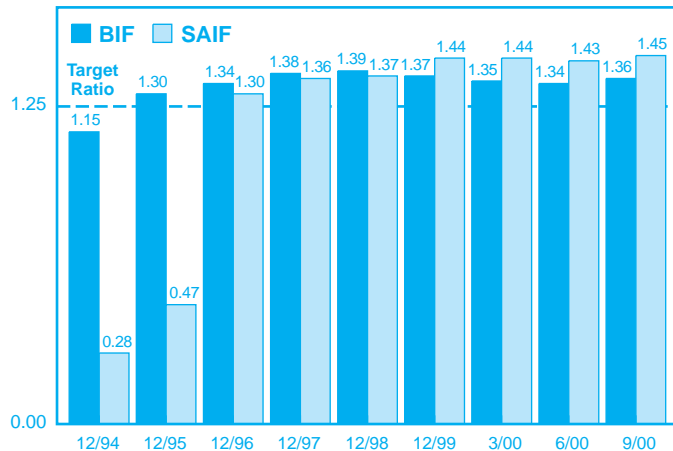
N/M - Not meaningful



**TABLE III-C. Selected Insurance Fund Indicators\***

<i>(dollar figures in millions)</i>	Preliminary 3rd Quarter 2000	2nd Quarter 2000	3rd Quarter 1999	%Change 99:3-00:3
<b>Bank Insurance Fund</b>				
Reserve ratio (%).....	1.36	1.34	1.39	-2.2
Fund balance (unaudited).....	\$30,555	\$29,780	\$29,499	3.6
Estimated insured deposits.....	2,251,714	2,222,349	2,129,409	5.7
SAIF-member Oakars.....	57,167	51,620	42,521	34.4
BIF-members.....	2,194,547	2,170,729	2,086,888	5.2
Assessment base.....	3,186,217	3,136,330	2,972,298	7.2
SAIF-member Oakars.....	58,139	52,514	43,547	33.5
BIF-members.....	3,128,078	3,083,815	2,928,751	6.8
<b>Savings Association Insurance Fund</b>				
Reserve ratio (%).....	1.45	1.43	1.44	0.7
Fund balance (unaudited).....	\$10,706	\$10,538	\$10,205	4.9
Estimated insured deposits.....	740,518	737,962	710,454	4.2
BIF-member Oakars.....	291,834	288,593	267,292	9.2
SAIF-member Sassadors.....	73,484	72,591	68,374	7.5
Other SAIF members.....	375,199	376,778	374,789	0.1
Assessment base.....	806,780	795,666	760,231	6.1
BIF-member Oakars.....	292,262	289,267	267,855	9.1
SAIF-member Sassadors.....	87,234	84,895	78,378	11.3
Other SAIF members.....	427,284	421,504	413,997	3.2

**Insurance Fund Reserve Ratios\***  
Percent of Insured Deposits



**Fund Balances and Insured Deposits\***  
(\$Millions)

	BIF Balance	BIF-Insured Deposits	SAIF Balance	SAIF-Insured Deposits
12/94	21,848	1,895,258	1,937	693,610
12/95	25,454	1,951,693	3,358	711,897
12/96	26,854	2,007,042	8,888	683,403
12/97	28,293	2,056,558	9,368	689,915
12/98	29,612	2,134,425	9,840	716,029
12/99	29,414	2,153,519	10,281	715,531
3/00	29,739	2,196,283	10,435	723,534
6/00	29,780	2,222,349	10,538	737,962
9/00	30,555	2,251,714	10,706	740,518

\* 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>	2000*	1999*	1999	1998	1997	1996	1995
<b>BIF Members</b>							
Number of institutions.....	4	5	7	3	1	5	6
Total assets.....	\$224	\$1,219	\$1,424	\$370	\$26	\$183	\$763
<b>SAIF Members</b>							
Number of institutions.....	1	1	1	0	0	1	2
Total assets.....	\$30	\$63	\$63	\$0	\$0	\$35	\$456

\* Through September 30.

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

<i>(dollar figures in millions)</i>	2000**	1999**	1999	1998	1997	1996	1995
<b>BIF Members</b>							
Number of institutions reporting.....	8,629	8,877	8,834	9,031	9,404	9,823	10,243
BIF-member Oakars.....	747	737	741	746	783	793	807
Other BIF-members.....	7,882	8,140	8,093	8,285	8,621	9,030	9,436
Total assets.....	\$ 6,320,049	\$5,780,892	\$5,980,170	\$5,702,770	\$5,285,403	\$4,857,761	\$4,577,898
Total deposits.....	4,172,835	3,864,855	3,987,385	3,843,816	3,611,453	3,404,204	3,225,650
Net income.....	55,286	56,119	73,980	64,334	61,459	54,483	50,780
Return on assets (%).....	1.20	1.31	1.30	1.18	1.22	1.17	1.15
Return on equity (%).....	14.11	15.22	15.11	13.81	14.44	14.14	14.32
Noncurrent assets plus OREO to assets (%).....	0.68	0.66	0.62	0.64	0.67	0.77	0.89
Number of problem institutions.....	74	69	66	68	73	86	152
Assets of problem institutions.....	\$11,163	\$4,206	\$4,450	\$5,326	\$4,598	\$6,624	\$20,166
Number of failed/assisted institutions.....4.....		5	7	3	1	5	6
Assets of failed/assisted institutions.....	\$224	\$1,219	\$1,424	\$370	\$26	\$183	\$753
<b>SAIF Members</b>							
Number of institutions reporting.....	1,359	1,393	1,387	1,432	1,518	1,629	1,727
SAIF-member Oakars.....	123	120	122	118	114	94	77
Other SAIF-members.....	1,236	1,273	1,265	1,314	1,404	1,535	1,650
Total assets.....	\$948,312	\$874,743	\$903,531	\$828,177	\$755,724	\$749,573	\$760,521
Total deposits.....	576,317	540,430	550,703	542,481	514,409	520,855	543,831
Net income.....	6,353	6,413	8,450	7,598	6,486	4,892	5,584
Return on assets (%).....	0.93	1.01	0.99	0.98	0.94	0.67	0.76
Return on equity (%).....	11.61	12.15	11.97	11.34	11.13	8.08	9.47
Noncurrent assets plus OREO to assets (%).....	0.61	0.68	0.64	0.80	0.98	1.07	1.12
Number of problem institutions.....	16	11	13	16	19	31	42
Assets of problem institutions.....	\$7,672	\$3,912	\$5,524	\$5,992	\$1,662	\$5,548	\$10,864
Number of failed/assisted institutions.....1.....		1	1	0	0	1	2
Assets of failed/assisted institutions.....	\$30	\$63	\$63	\$0	\$0	\$35	\$456

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

\*\* Through September 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
<b>September 30, 2000</b>						
<b>Commercial Banks and Savings Institutions</b>						
FDIC-Insured Commercial Banks.....	8,375	6,064,084	3,325,374	2,042,180	299,472	2,341,652
BIF-member.....	8,266	5,975,822	3,263,167	2,026,584	264,735	2,291,319
SAIF-member.....	109	88,262	62,207	15,596	34,737	50,333
FDIC-Supervised.....	5,129	1,126,876	826,209	560,868	69,672	630,539
OCC-Supervised.....	2,243	3,363,651	1,768,597	1,074,288	165,484	1,239,771
Federal Reserve-Supervised.....	1,003	1,573,558	730,568	407,025	64,317	471,341
FDIC-Insured Savings Institutions.....	1,613	1,204,277	729,571	208,215	441,046	649,261
OTS-Supervised Savings Institutions.....	1,082	908,324	527,746	85,444	383,986	469,430
BIF-member.....	40	113,809	59,409	46,312	8,787	55,100
SAIF-member.....	1,042	794,515	468,337	39,131	375,199	414,330
FDIC-Supervised State Savings Banks.....	531	295,953	201,825	122,771	57,060	179,831
BIF-member.....	323	230,418	156,119	120,332	18,312	138,644
SAIF-member.....	208	65,535	45,706	2,439	38,748	41,187
<b>Total Commercial Banks and Savings Institutions.....</b>	<b>9,988</b>	<b>7,268,361</b>	<b>4,054,945</b>	<b>2,250,395</b>	<b>740,518</b>	<b>2,990,913</b>
BIF-member.....	8,629	6,320,049	3,478,695	2,193,228	291,834	2,485,062
SAIF-member.....	1,359	948,312	576,250	57,167	448,684	505,851
<b>Other FDIC-Insured Institutions</b>						
U.S. Branches of Foreign Banks.....	19	8,923	3,709	1,319	0	1,319
<b>Total FDIC-Insured Institutions.....</b>	<b>10,007</b>	<b>7,277,284</b>	<b>4,058,654</b>	<b>2,251,714</b>	<b>740,518</b>	<b>2,992,232</b>

\* Excludes \$694 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 September 30, 2000  
Supervisory and Capital Ratings for First Semiannual Assessment Period, 2001**

Capital Group	Supervisory Risk Subgroup					
	A		B		C	
1. Well-capitalized						
Number of institutions.....	7,999	92.5	390	4.5	57	0.7
Assessable deposit base.....	\$3,082,774	96.8	\$58,778	1.8	\$6,803	0.2
2. Adequately capitalized						
Number of institutions.....	169	2.0	16	0.2	7	0.1
Assessable deposit base.....	\$33,297	1.0	\$3,151	0.1	\$582	0.0
3. Undercapitalized						
Number of institutions.....	4	0.0	1	0.0	5	0.1
Assessable deposit base.....	\$590	0.0	\$108	0.0	\$163	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 September 30, 2000  
Supervisory and Capital Ratings for First Semiannual Assessment Period, 2001**

Capital Group	Supervisory Risk Subgroup					
	A		B		C	
1. Well-capitalized						
Number of institutions.....	1,203	88.5	105	7.7	15	1.1
Assessable deposit base.....	\$756,118	93.7	\$27,432	3.4	\$7,864	1.0
2. Adequately capitalized						
Number of institutions.....	19	1.4	10	0.7	4	0.3
Assessable deposit base.....	\$8,513	1.1	\$2,330	0.3	\$4,079	0.5
3. Undercapitalized						
Number of institutions.....	1	0.1	0	0.0	2	0.1
Assessable deposit base.....	\$12	0.0	\$0	0.0	\$432	0.1

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

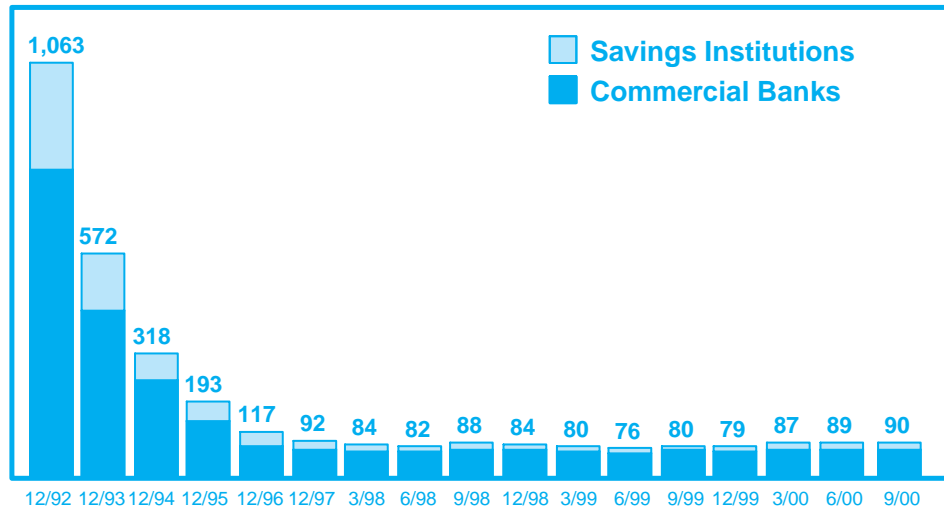
**Assessment Rate Schedules  
First Semiannual 2001 Assessment Period  
Cents Per \$100 of Assessable Deposits**

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, 1992–2000

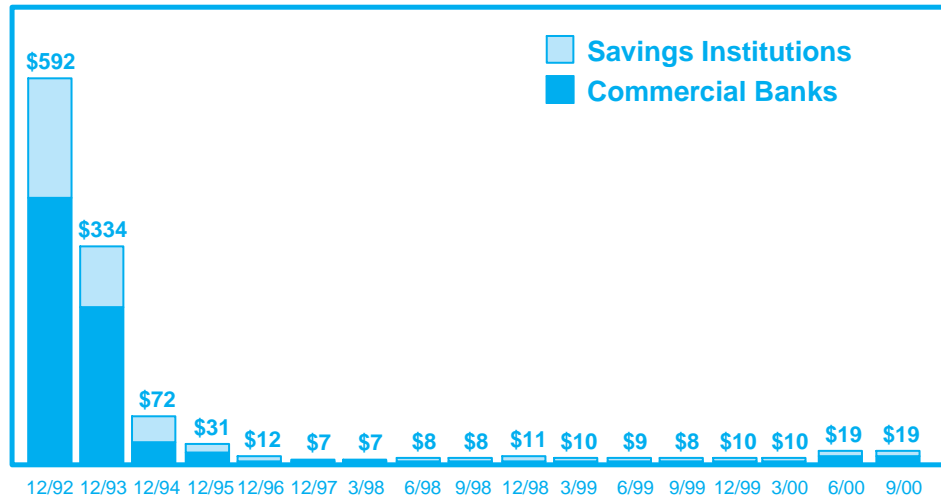
Number of Institutions



<b>Savings Institutions</b>	276	146	71	49	35	21	16	18	18	15	16	14	11	13	15	16	15
<b>Commercial Banks</b>	787	426	247	144	82	71	68	64	70	69	64	62	69	66	72	73	75

## ASSETS OF FDIC-INSURED “PROBLEM” INSTITUTIONS, 1992–2000

\$ Billions



<b>Savings Institutions</b>	184	92	39	14	7	2	2	3	3	6	5	4	4	6	5	8	7
<b>Commercial Banks</b>	408	242	33	17	5	5	5	5	5	5	5	5	4	4	5	11	12

## 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*. Beginning in March 1997, both *Thrift Financial Reports* and *Call Reports* are completed on a fully consolidated basis. Previously, the consolidation of subsidiary depository institutions was prohibited. Now, 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**

**Adoption of GAAP Reporting** — Effective with the March 31, 1997 *Call Reports*, generally accepted accounting principles (GAAP) were adopted as the reporting basis for the balance sheet, income statement and supporting schedules. New reporting instructions for 1997 and 1998 changed the amounts reported for a number of items used in the *Quarterly Banking Profile*, so that comparability with prior periods may be affected. Among the items most significantly affected by the new reporting rules are: loans & leases, reserve for losses, loss provisions, goodwill and other intangibles, all other assets and equity capital (see definitions below). More information on changes to the *Call Report* in March 1997 and in March 1998 is contained in Financial Institution Letters (FIL-27-97 and FIL-28-98), which are available through the FDIC World Wide Web site at [www.fdic.gov](http://www.fdic.gov), or from the FDIC Public Information Center, 801 17th Street, NW, Washington, DC 20434; telephone (800) 276-6003. Information on changes to the March 31, 1997 *Thrift Financial Reports* is available from the Office of Thrift Supervision, 1700 G Street, NW, Washington, DC 20552; telephone (202) 906-5900.

**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, and other assets.

**All other liabilities** — bank's liability on acceptances, limited-life preferred stock, allowance for estimated off-balance sheet credit losses, 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.

**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 furnished by the Federal Housing Finance Board (FHFB) for *Call* filers and 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.

**Off-balance-sheet derivatives** — 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.

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

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

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

**“Problem” institutions** — federal regulators assign a composite rating to each financial institution, based upon an evaluation of financial and operational criteria. The rating is based on a scale of 1 to 5 in ascending order of supervisory concern. “Problem” institutions are those institutions with financial, operational, or managerial weaknesses that threaten their continued financial viability. Depending upon the degree of risk and supervisory concern, they are rated either a “4” or “5”. For all BIF-member institutions, and for all SAIF-member institutions for which the FDIC is the primary federal regulator, FDIC composite ratings are used. For all SAIF-member institutions whose primary federal regulator is the OTS, the OTS composite rating is used.

**Reserves for losses** — the allowance for loan and lease losses and the allocated transfer risk reserve on a consolidated basis. Prior to March 31, 1997, institutions filing a *Thrift Financial Report (TFR)* included specific reserves, while *Call Report* filers included only general valuation allowances. Beginning March 31, 1997, *TFR* reporters net these specific reserves against each loan balance. Also beginning March 31, 1997, the allowance for off-balance-sheet credit exposures was moved to “Other liabilities”; previously, it had been included in the general valuation allowance.

**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 and loans-in-process for *TFR* filers. Beginning March 31 1997, *TFR* filers net the unearned income and the loans-in-process against each loan balance, leaving just the unearned income on loans reported by *Call Report* filers.

**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.



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