

The FDIC Preliminary Bank Earnings Report

December 5, 2000

Third Quarter, 2000

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.

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 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). 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 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 noncurrent loans, as well as growth in total loans. The 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. 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.

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Reserve Ratio and Coverage Ratio 1990-2000 Chart

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			
		3rd Quarter	2nd Quarter	3rd Quarter	%Change
		2000	2000	1999	99:3-00:3
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
CONDITION DATA					
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	
		Preliminary			Preliminary	
	First Three	First Three		3rd Quarter	3rd Quarter	%Change
INCOME DATA	Qtrs 2000	Qtrs 1999	%Change	2000	1999	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

		Asset Size Distribution				Geographic Distribution by Region					
		Less	\$100 Million	\$1 Billion	Greater	East			West		
FIRST THREE QUARTERS Preliminary	All	than \$100	to	to	than \$10	North-	South-		Mid-	South-	
(The way it is..)	Institutions	Million	\$1 Billion	\$10 Billion	Billion	east	east	Central	west	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
Performance ratios (annualized, %)											
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
Condition Ratios (%)											
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
Structural Changes (YTD)											
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
PRIOR FIRST THREE QUARTERS											
(The way it was..)											
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

[illegible]

TABLE IV-A. Third Quarter 2000, FDIC-Insured Commercial Banks

		Asset Size Distribution					Geographic Distribution by Region					
		\$100	\$1									
		Less than \$100	Million to \$1	Billion to \$10	Billion to \$10	Greater than \$10	North-east	South-east	Central	Mid-west	South-west	West
THIRD QUARTER Preliminary	All	Institutions	Million	Billion	Billion	Billion	east	east	Central	west	west	West
<i>(The way it is..)</i>		8,375	4,922	3,070	301	82	668	1,429	1,808	2,151	1,406	913
Number of institutions reporting		\$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 assets (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
Total deposits (in billions)		19,271.8	648.02	437.13	205.01	2,981.7	7,067.1	5,255.6	2,637.9	1,435.6	777.22	2,098.5
Net income (in millions)		6.8	9.6	2.3	5.3	6.1	8.8	10.5	5.8	3.9	6.3	9.0
% of unprofitable institutions		59.0	56.4	63.1	60.8	56.1	63.2	59.2	56.6	55.9	58.5	68.1
% of institutions with earnings gains												
Performance Ratios (annualized, %)												
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
Structural Changes (QTR)												
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
PRIOR THIRD QUARTERS												
<i>(The way it was...)</i>												
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

		Asset Size Distribution				Geographical Distribution by Region					
		Less	\$100 Million	\$1 Billion	Greater	East			West		
September 30, 2000	All	than \$100	to	to	than \$10	North-	South-		Mid-	South-	
	Institutions	Million	\$1 Billion	\$10 Billion	Billion	east	east	Central	west	west	West
Percent of Loans 30-89 Days Past Due											
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
Percent of Loans Noncurrent**											
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

Percent of Loans Charged-off (net, YTD)											
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
Loans Outstanding (in billions)											
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
Memo: Other Real Estate Owned (in millions)											
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

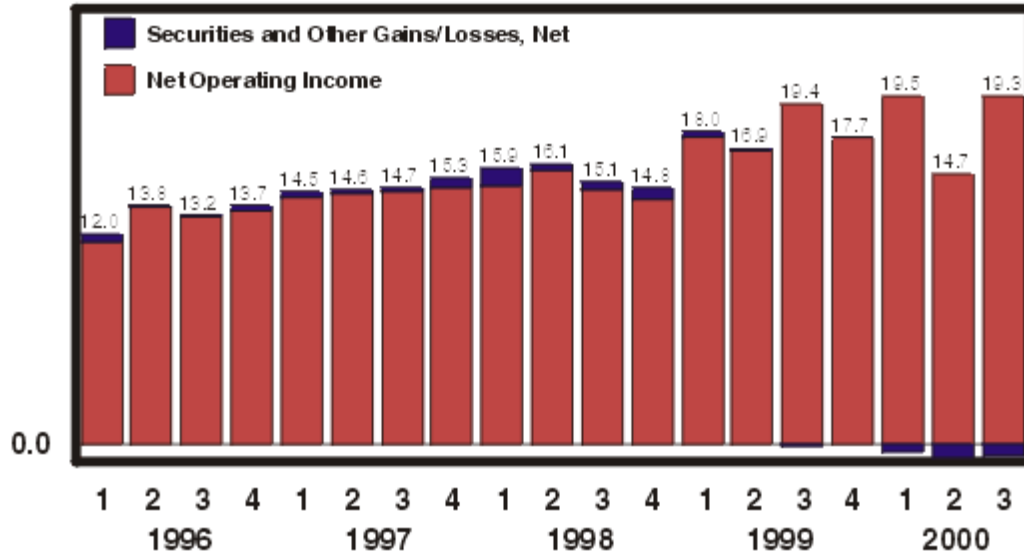
Farmland	76.5	29.5	32.5	6.3	8.2	3.3	9.3	8.6	25.7	21.0	8.7
Other real estate owned in foreign offices	191.6	0.0	0.1	0.8	190.6	188.2	0.0	1.8	0.0	0.0	1.6
* Includes "All other loans" for institutions under \$1 billion in asset size.										N/A - Not Available	
** Noncurrent loan rates represent the percentage of loans in each category that are past due 90 days or more or that are in nonaccrual status.											



Quarterly Net Income

\$ Billions

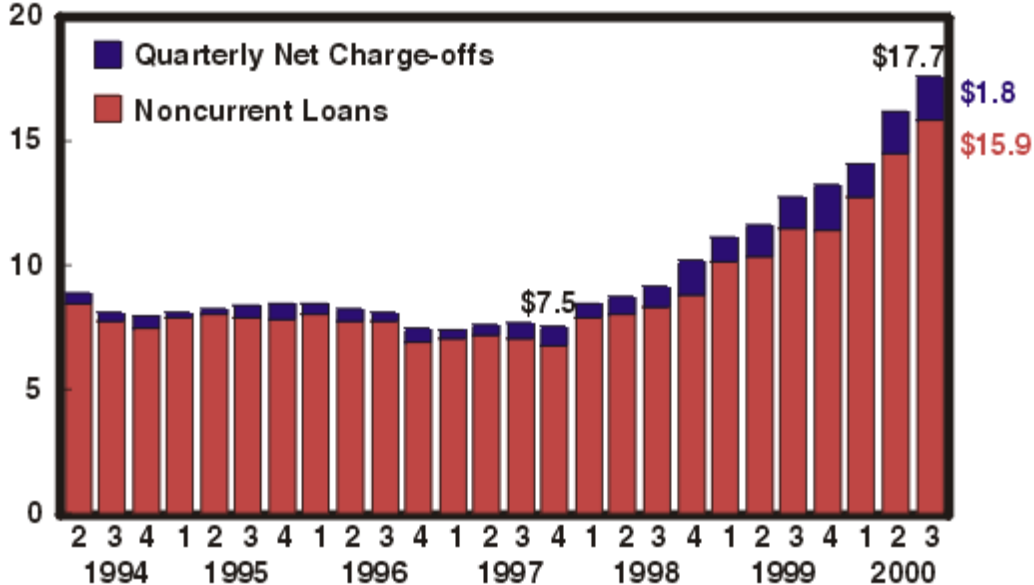
1996 - 2000



Credit Quality of Commercial Banks' C&I Loans

\$ Billions

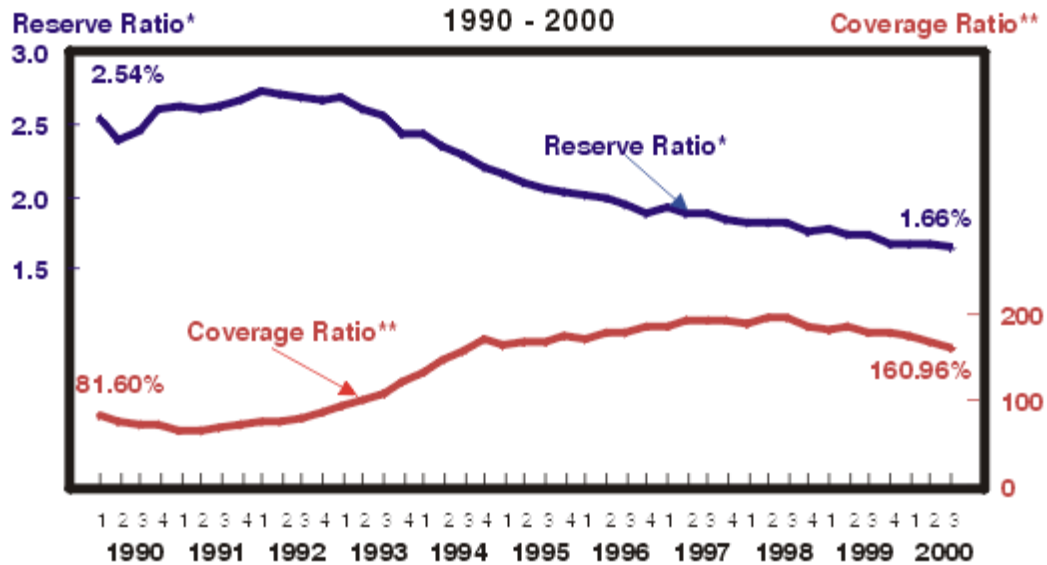
1994 - 2000



PRELIMINARY DATA



Reserve Ratio and Coverage Ratio



^{*} Reserves, % of total loans and leases

^{**} Reserves, % of noncurrent loans and leases

PRELIMINARY DATA