



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC RELEASES PRELIMINARY FOURTH QUARTER AND YEAR-END EARNINGS FOR COMMERCIAL BANKS

Annual profits of the commercial banking industry fell in the year 2000, snapping an eight-year streak of annual earnings records, the Federal Deposit Insurance Corporation reported Wednesday.

Earnings slipped \$380 million in 2000 from the record reported in 1999 - or one half of one percent. Banks earned \$71.2 billion in 2000, compared to \$71.6 billion in 1999.

The FDIC noted that the decline was primarily due to lower earnings at a few large banking companies and that earnings at nearly seven out of ten banks improved over the year.

"Bank earnings in 2000 were a mixed picture," said FDIC Chairman Donna Tanoue, "however, for the large majority of banks, earnings remained a positive picture."

Industry earnings would have set a new record, but for losses that banks took on sales of securities in the higher interest-rate environment in 2000. Net operating income, which reflects the strength of banking's core business, such as lending, set a new record in 2000.

Asset quality indicators continued to weaken for commercial and industrial loans at a few large banks.

With the exception of credit cards, there was a slight decline in asset quality in other loan categories.

Attachment: [The FDIC Preliminary Bank Earnings Report](#)



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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