



# PRESS RELEASE

Federal Deposit Insurance Corporation

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Media Contact  
Phil Battey (202) 898-6993:

## **FDIC ANNOUNCES RECORD BANKING INDUSTRY EARNINGS; RETURNS AT LARGE BANKS CLIMB MOST**

Commercial banks had record earnings of \$21.7 billion in the first quarter, surpassing the previous quarterly record by 9.6 percent, the Federal Deposit Insurance Corporation reported today. The industry's return on assets (ROA), a basic yardstick of earnings performance, rose to 1.33 percent, the third-highest ever. The biggest gains in profitability occurred at large banks, where rising net interest income more than offset higher expenses for loan-loss provisions and lower market-sensitive revenues. Almost two-thirds of all banks -- 64 percent -- reported higher earnings than a year ago.

"The driving force behind this performance was net interest income, particularly at larger institutions," said Don Powell, FDIC Chairman. "Earnings would have been even higher but for increased expenses for loan losses and lower market-sensitive revenues."

Profits from core operations benefited from banks' control of operating expenses, as well as the improvement in net interest income. Credit-quality problems continued to grow, particularly in the commercial loan portfolios of large banks, and in banks' credit-card lending.

The number of commercial banks on the FDIC's "problem list" increased from 95 to 102 in the quarter. The last time the list had more than 100 commercial banks was year-end 1995. The assets of the banks on the list inched up by \$1 billion to \$37 billion. In addition, six commercial banks failed during the quarter. Chairman Powell's Opening Statement from the press briefing is attached.

Attachments:

[The FDIC Preliminary Bank Earnings Report](#)  
[Opening Statement of Don Powell Chairman Federal Deposit Insurance Corporation at a Press Conference Announcing Preliminary Bank Earnings for the First Quarter 2002 Washington, D.C., June 3, 2002](#)



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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