



# PRESS RELEASE

Federal Deposit Insurance Corporation

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## **LOAN PROBLEMS GROW EVEN AS COMMERCIAL BANK EARNINGS BREAK RECORDS, FDIC ANNOUNCES**

Commercial banks earned a record \$74.6 billion in 2001, up \$3.5 billion from the record \$71.1 billion in industry earnings in 1999, the Federal Deposit Insurance Corporation reported today. In 2001, banks also enjoyed the best fourth-quarter earnings in industry history: \$19 billion. "All that is good news, but the news is not all good," said FDIC Chairman Don Powell in a press briefing announcing bank earnings. He noted that only gains on sales of securities made the annual earnings record possible. He pointed out that earnings from core banking operations - such as lending - declined, and that asset quality continued to deteriorate, as it has for the past two years. In addition, the number of banks on the FDIC's "Problem List" grew from 74 to 95, the largest jump since 1991. Assets represented on the list more than doubled. "Capital levels remain high and the industry continues strong, but there are concerns - the integrity of earnings, the decline of asset quality, the increase in troubled institutions - and these concerns continue to grow," Chairman Powell said. The Chairman's Opening Statement from the press briefing is attached.

Attachment: [Chairman's Statement](#)

Attachment: [The FDIC Preliminary Bank Earnings Report Fourth Quarter, 2001](#)



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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