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HIGHLIGHTS -- FOURTH QUARTER AND FULL YEAR 1998

- **COMMERCIAL BANK EARNINGS DECLINE IN FOURTH QUARTER**

Insured commercial banks earned \$14.9 billion in the fourth quarter, a decline of \$148 million from the third quarter, and \$379 million less than their earnings in the fourth quarter of 1997. High noninterest expenses, caused by restructuring charges at several large banks, were a major factor in the decline. The average return on assets (ROA) was 1.11 percent in the fourth quarter, down from 1.15 percent in the third quarter and 1.24 percent a year ago.

- **FULL-YEAR EARNINGS OF \$61.9 BILLION SET A NEW RECORD**

For all of 1998, industry earnings were \$2.8 billion higher than in 1997. Strong growth in noninterest income, especially fee income, helped boost industry profits. Sales of securities yielded \$1.3 billion more in gains in 1998 than in the previous year.

- **BANKS' NET INTEREST MARGINS DECLINE FOR SIXTH CONSECUTIVE YEAR**

The industry's net interest margin -- the difference between the average yield on its interest-earning assets and the average cost of funding those assets -- averaged 4.07 percent in 1998, a decline of 14 basis points from the 4.21 margin recorded in 1997. This is the sixth consecutive year that the industry's margin has declined. Banks' ability to maintain high levels of profitability has increasingly depended on growing the relative earnings contribution from fees and other noninterest income sources. In 1998, noninterest income accounted for 40.4 percent of the industry's net operating revenues (net interest income plus noninterest income); six years ago, noninterest income provided less than 33 percent of net operating revenues.

- **THRIFT INDUSTRY HAS RECORD YEAR FOR PROFITABILITY**

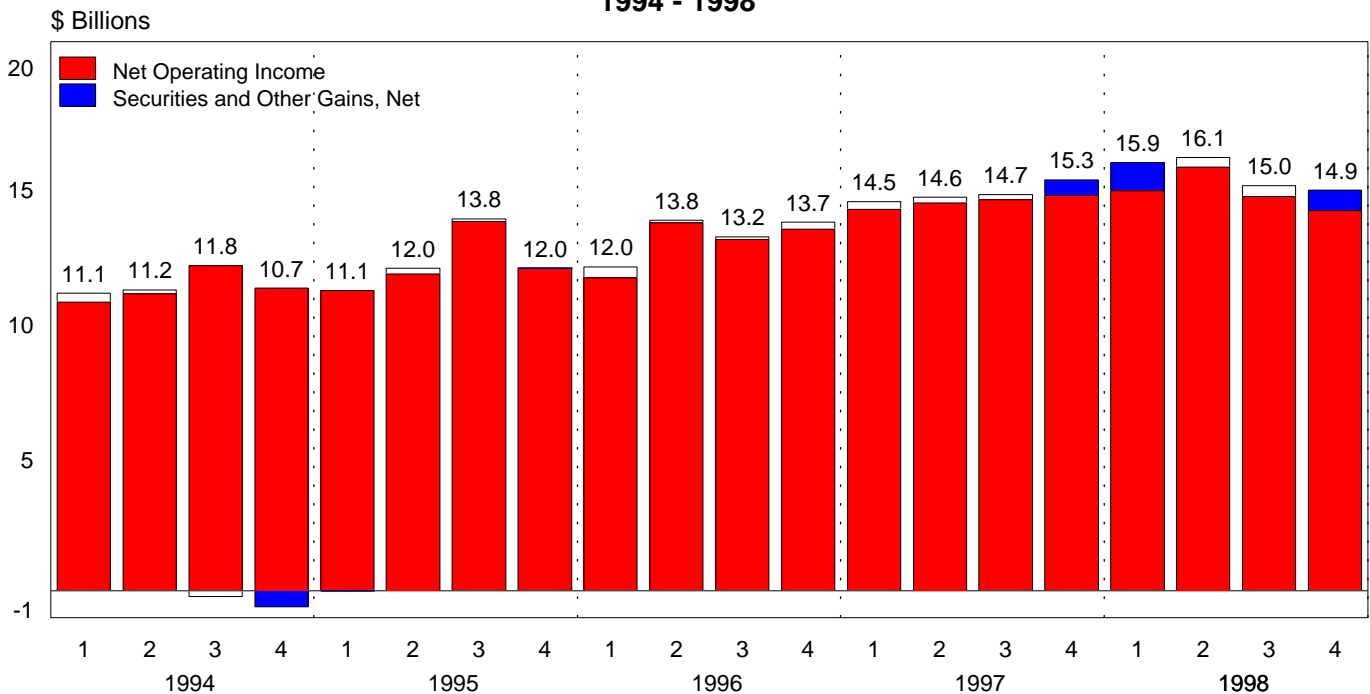
Despite a decline in earnings in the fourth quarter, insured savings institutions reported record high profits for 1998. Full-year earnings totaled \$10.2 billion, and the industry's ROA for the year rose to 1.01 percent, its highest level since 1946. A year ago, the industry earned \$8.8 billion, and posted an ROA of 0.93 percent. The improved earnings were attributable to lower expenses for credit losses, growth in interest-earning assets, and increased gains from sales of securities and other assets. Fourth-quarter earnings of \$2.0 billion were \$921 million less than in the third quarter, and \$272 million (11.8 percent) below the fourth quarter of 1997. The decline in earnings in the last quarter of the year was caused primarily by lower gains from asset sales and one-time expenses arising from a few large mergers.

- **INSURED-DEPOSIT GROWTH CAUSES BIF RESERVE TO FALL**

Insured deposits rose sharply during the fourth quarter of 1998. Total FDIC-insured deposits grew \$85 billion during the three-month period, including increases of \$75 billion in deposits insured by the Bank Insurance Fund (BIF) and \$10 billion in deposits insured by the Savings Association Insurance Fund (SAIF). This deposit growth caused the BIF reserve ratio to fall to 1.38 percent on December 31 from 1.41 percent on September 30. The SAIF reserve ratio remained at 1.39 percent. A legislative mandate to establish a SAIF Special Reserve on January 1, 1999, lowered the SAIF reserve ratio to 1.25 percent as of that date. No insured institutions failed in the fourth quarter, leaving the total number of failures for 1998 at three.

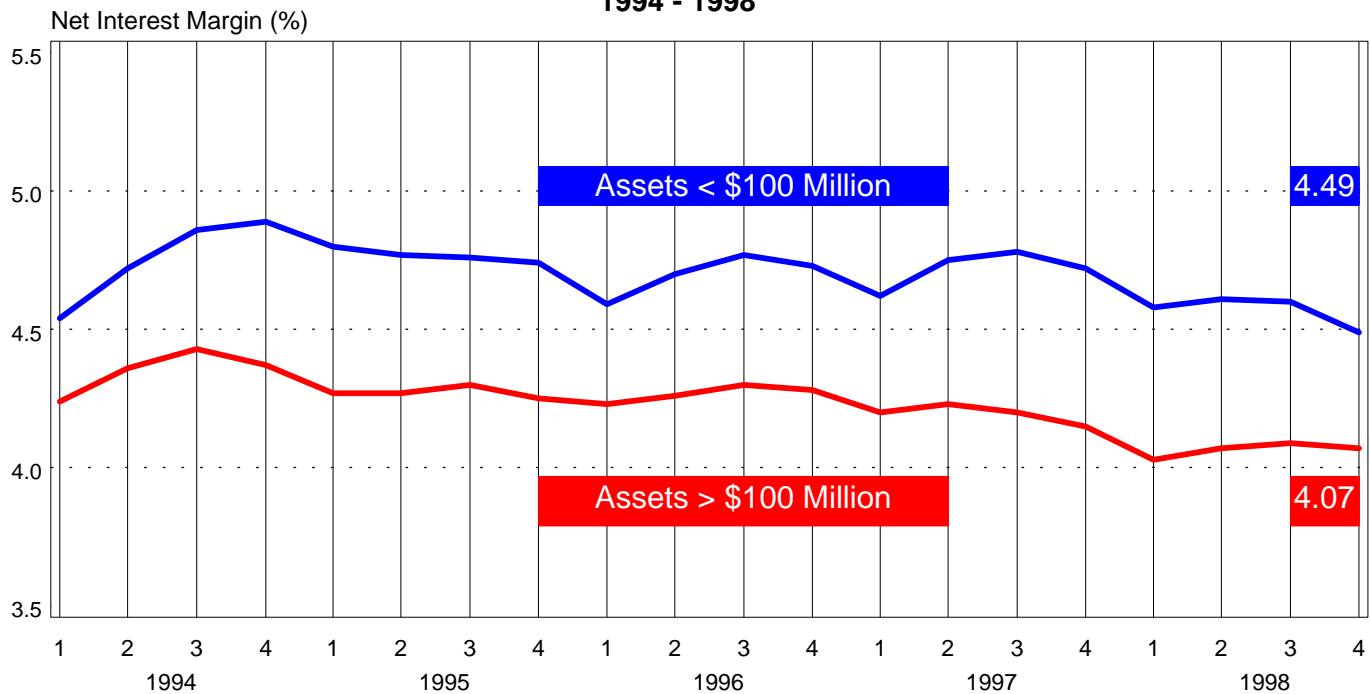
Quarterly Net Income

1994 - 1998



Quarterly Net Interest Margins, Annualized

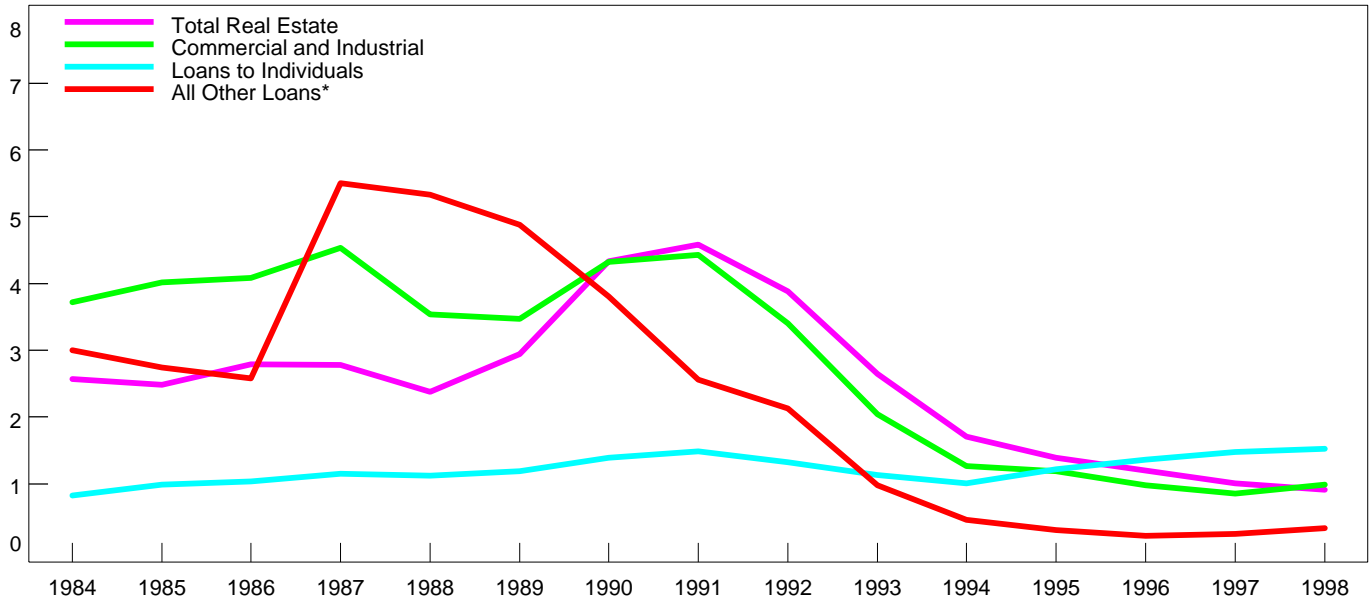
1994 - 1998



Noncurrent Loan Rates at Year-end

1984 - 1998

Percent of Loans

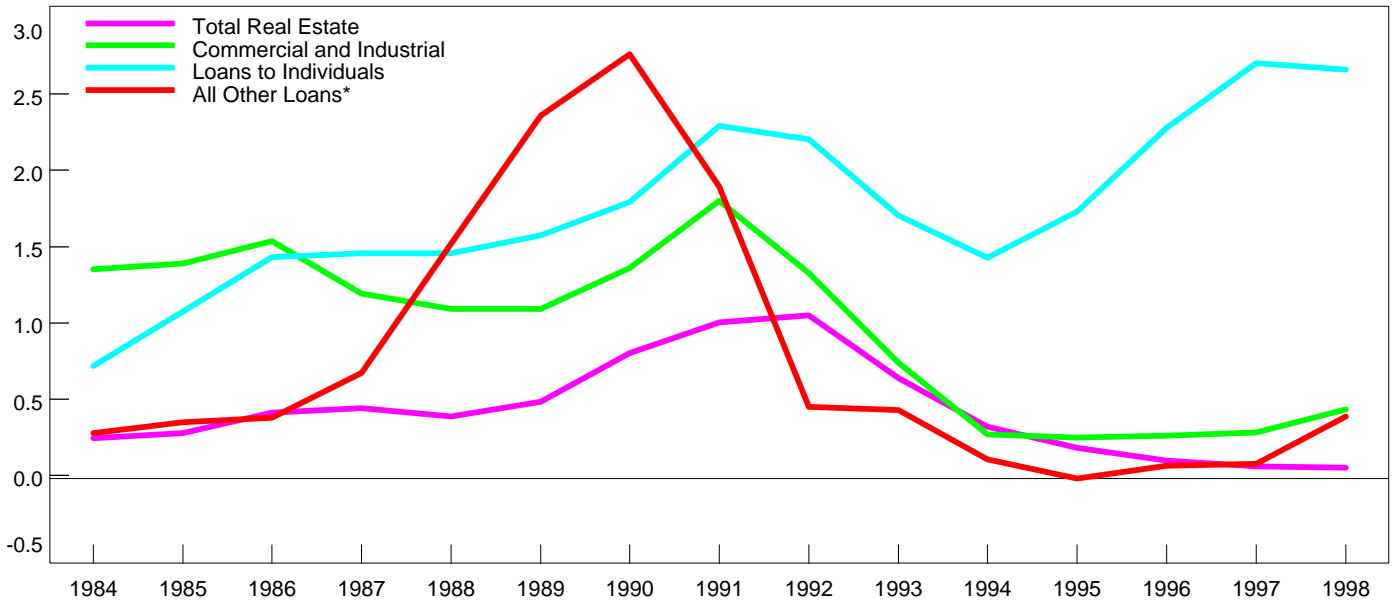


Note: Noncurrent loan rates represent the percentage of loans that are past due 90 days or more or in nonaccrual status.

Annual Net Charge-off Rates on Loans

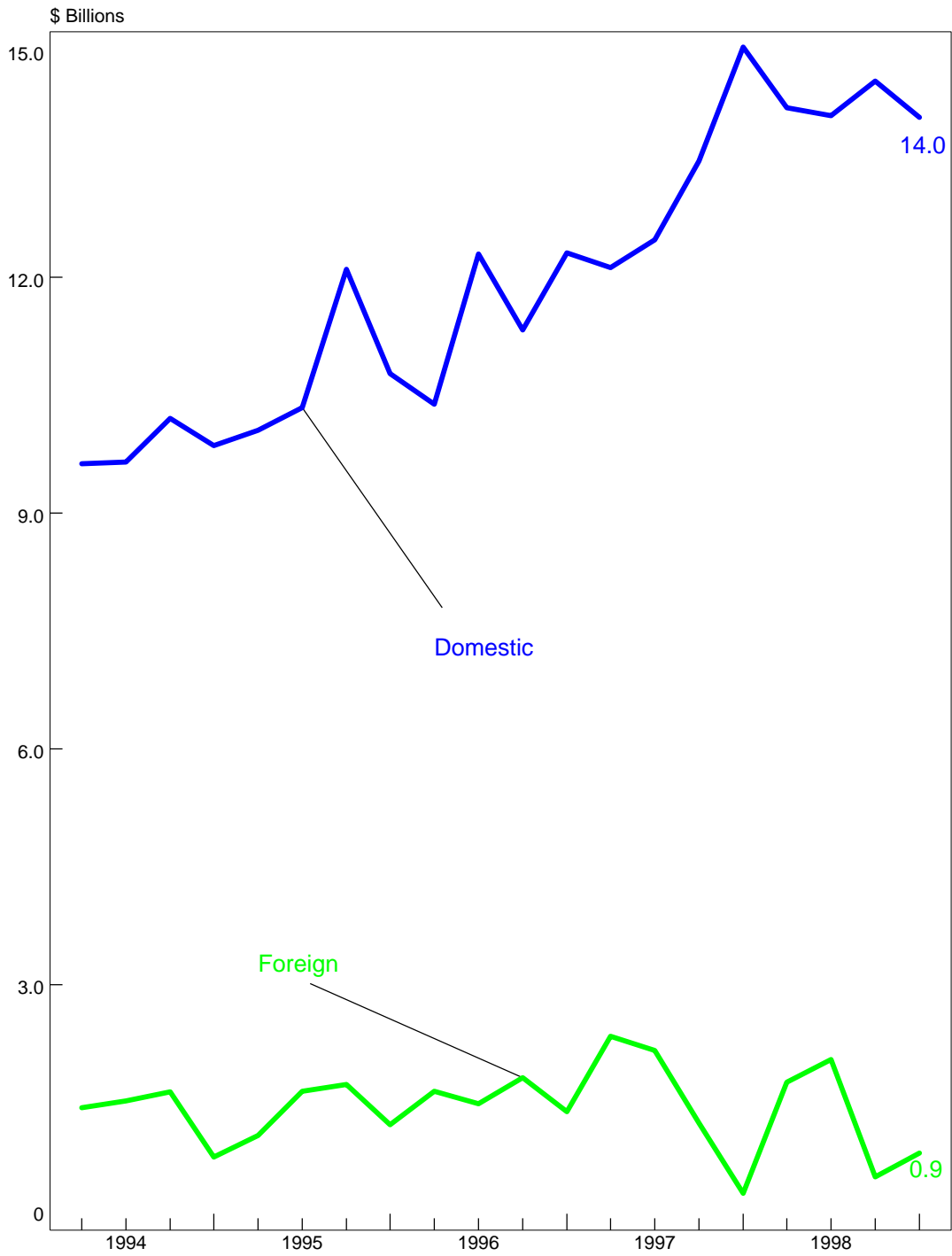
1984 - 1998

Percent of Loans



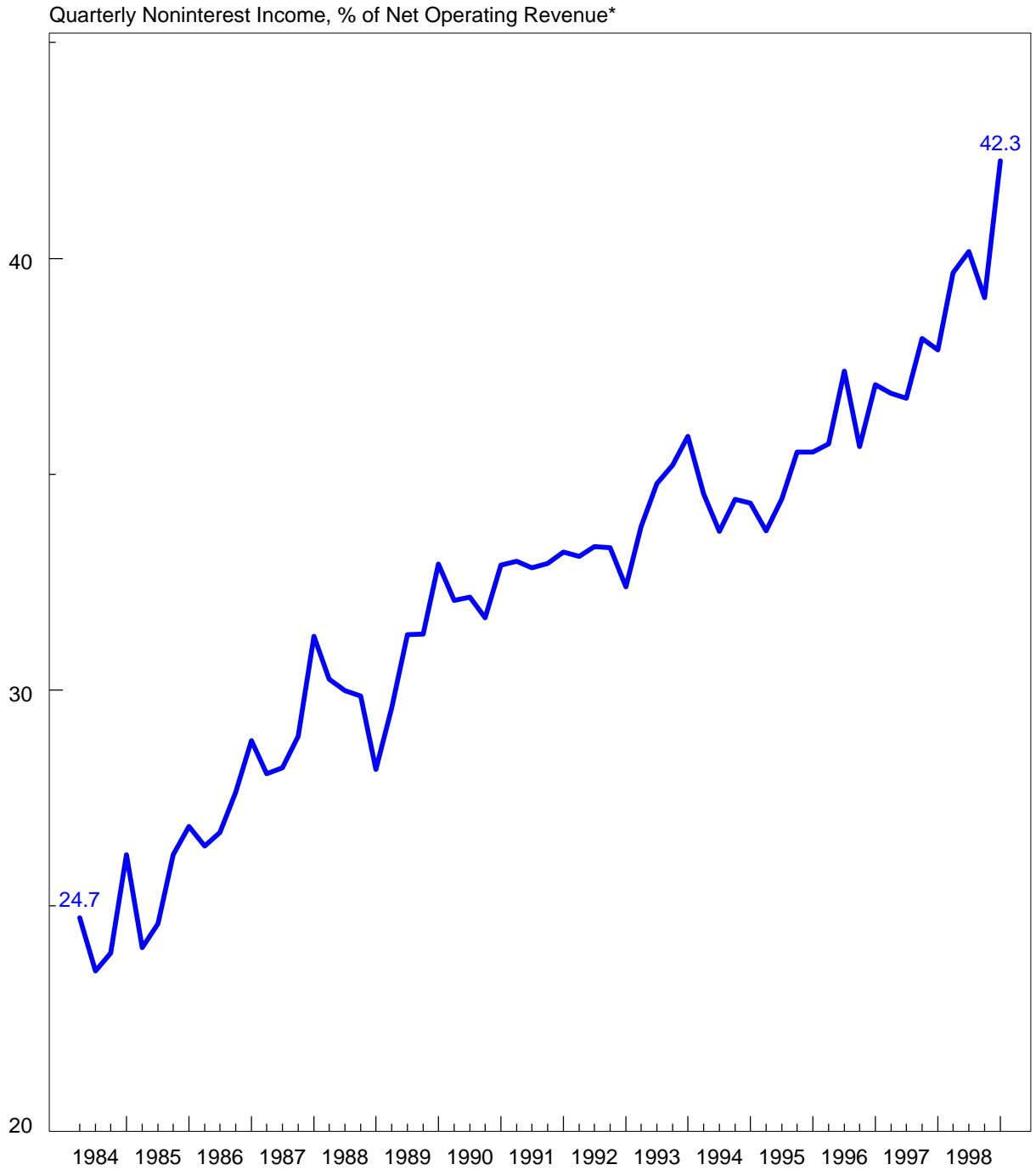
*Includes loans to foreign governments, depository institutions and lease receivables.

Net Income from Domestic and Foreign Operations 1994 - 1998



Noninterest Income Provides a Growing Proportion of Bank Revenue

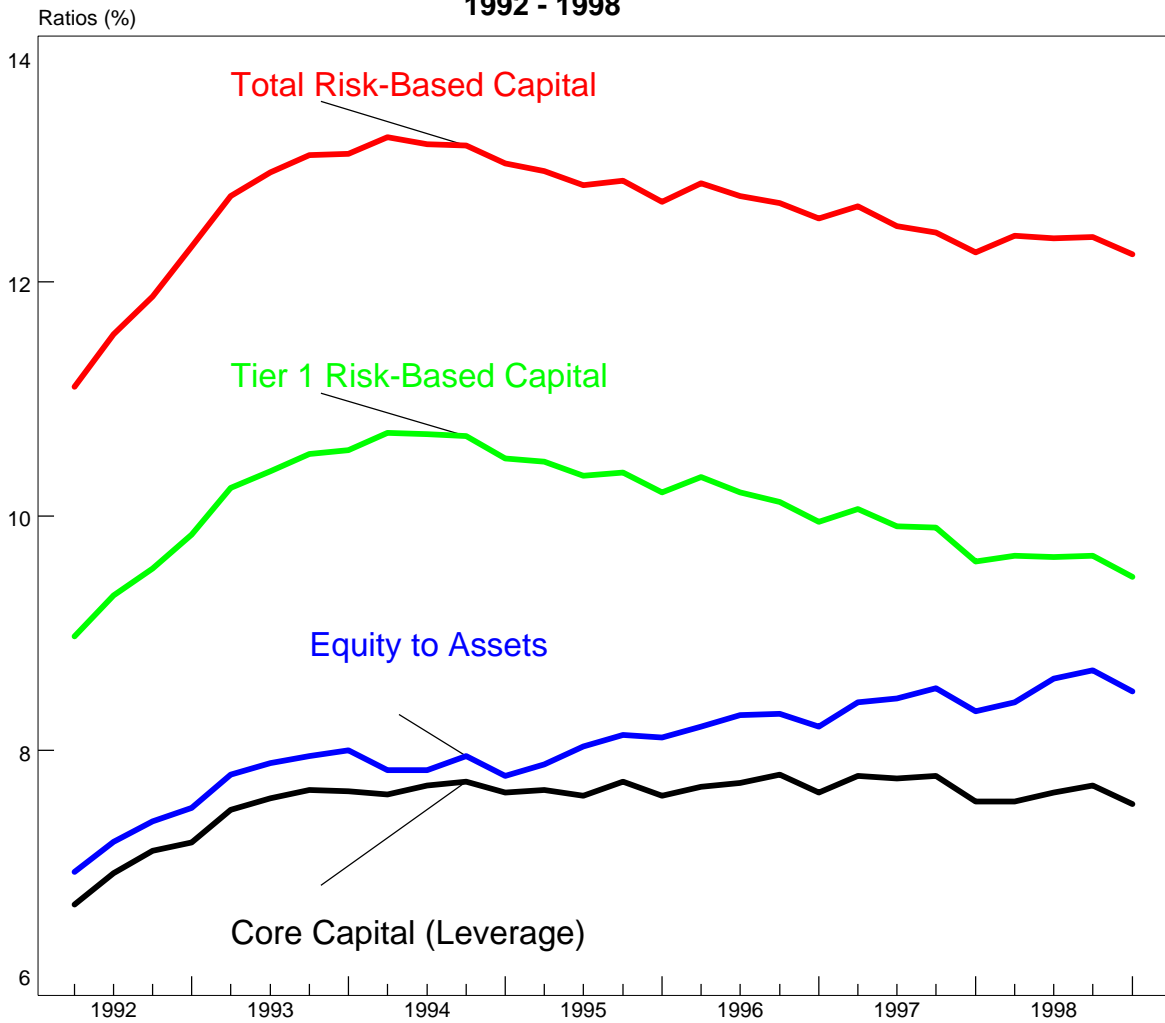
1984 - 1998



*Net operating revenue equals net interest income plus noninterest income.

Capital Ratios

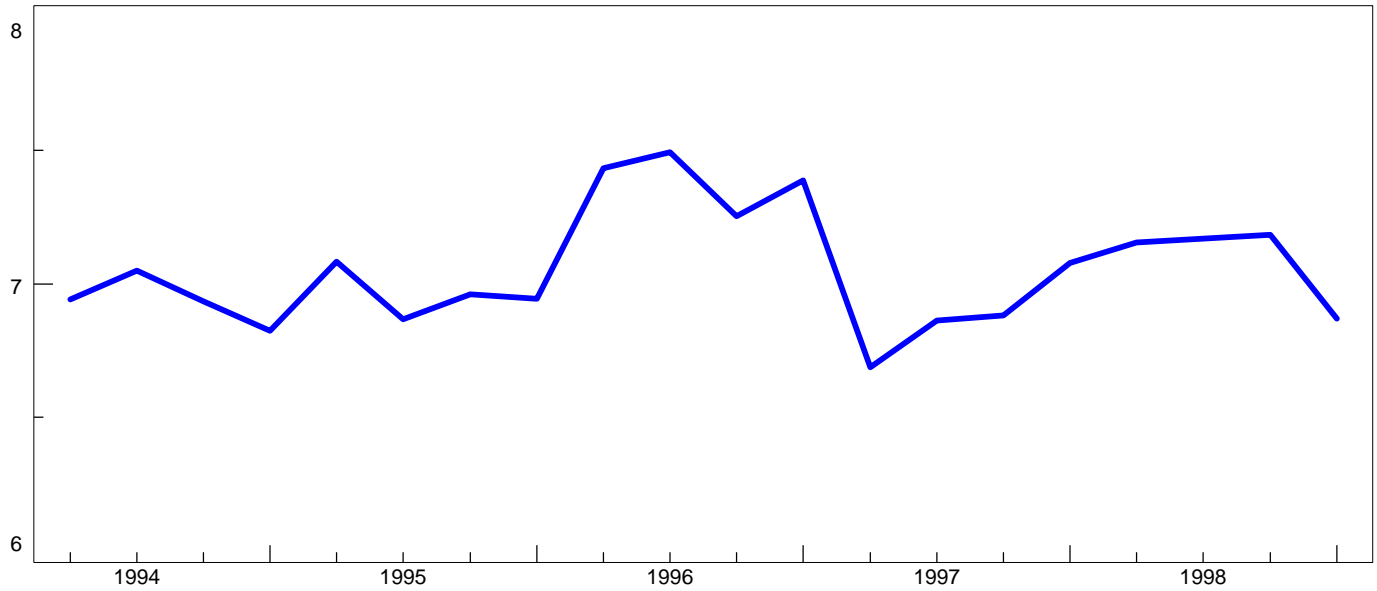
1992 - 1998



| | 12/92 | 12/93 | 12/94 | 12/95 | 12/96 | 12/97 | 12/98 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Risk-Based Capital | 12.30 | 13.09 | 13.01 | 12.68 | 12.54 | 12.25 | 12.23 |
| Tier 1 Risk-Based Capital | 9.84 | 10.56 | 10.49 | 10.20 | 9.95 | 9.61 | 9.48 |
| Equity to Assets | 7.51 | 8.00 | 7.78 | 8.11 | 8.20 | 8.33 | 8.50 |
| Core Capital (Leverage) | 7.21 | 7.65 | 7.64 | 7.61 | 7.64 | 7.56 | 7.54 |

Banks' Lending Exposure to Foreign Borrowers 1994 - 1998

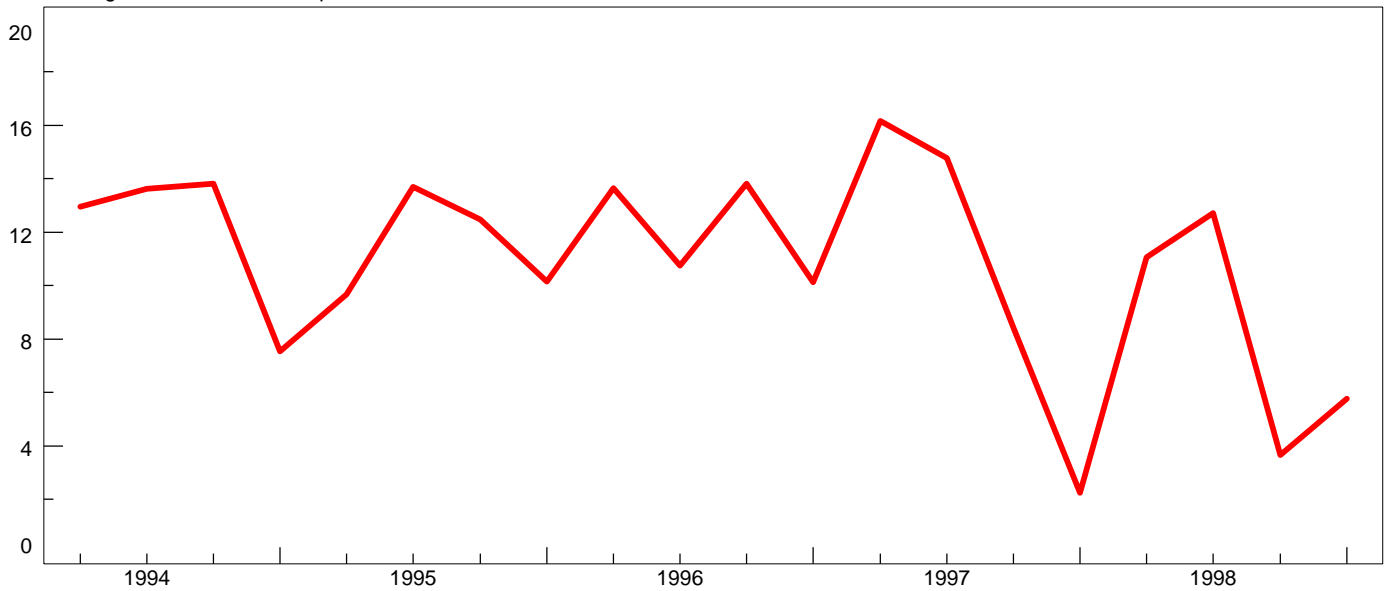
Loans to Non-U.S. Borrowers*, % of Total Loans and Leases



* Includes leases and commercial and industrial loans to non-U.S. addresses, loans to foreign governments, real estate loans in foreign offices, and loans to banks in foreign countries.

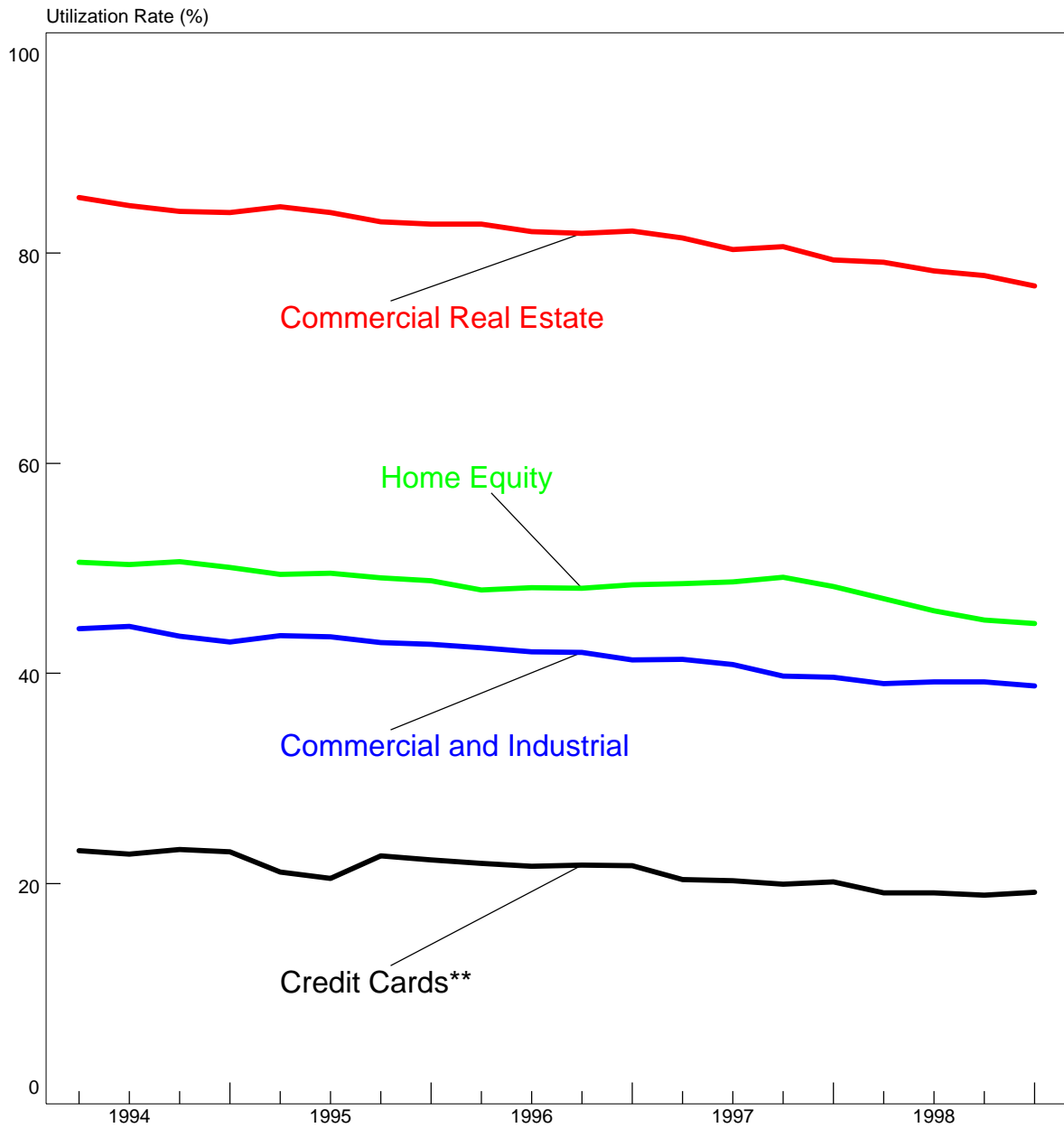
International Operations' Contribution to Bank Earnings 1994 - 1998

Earnings from International Operations, % of Net Income



Utilization Rates on Loan Commitments*

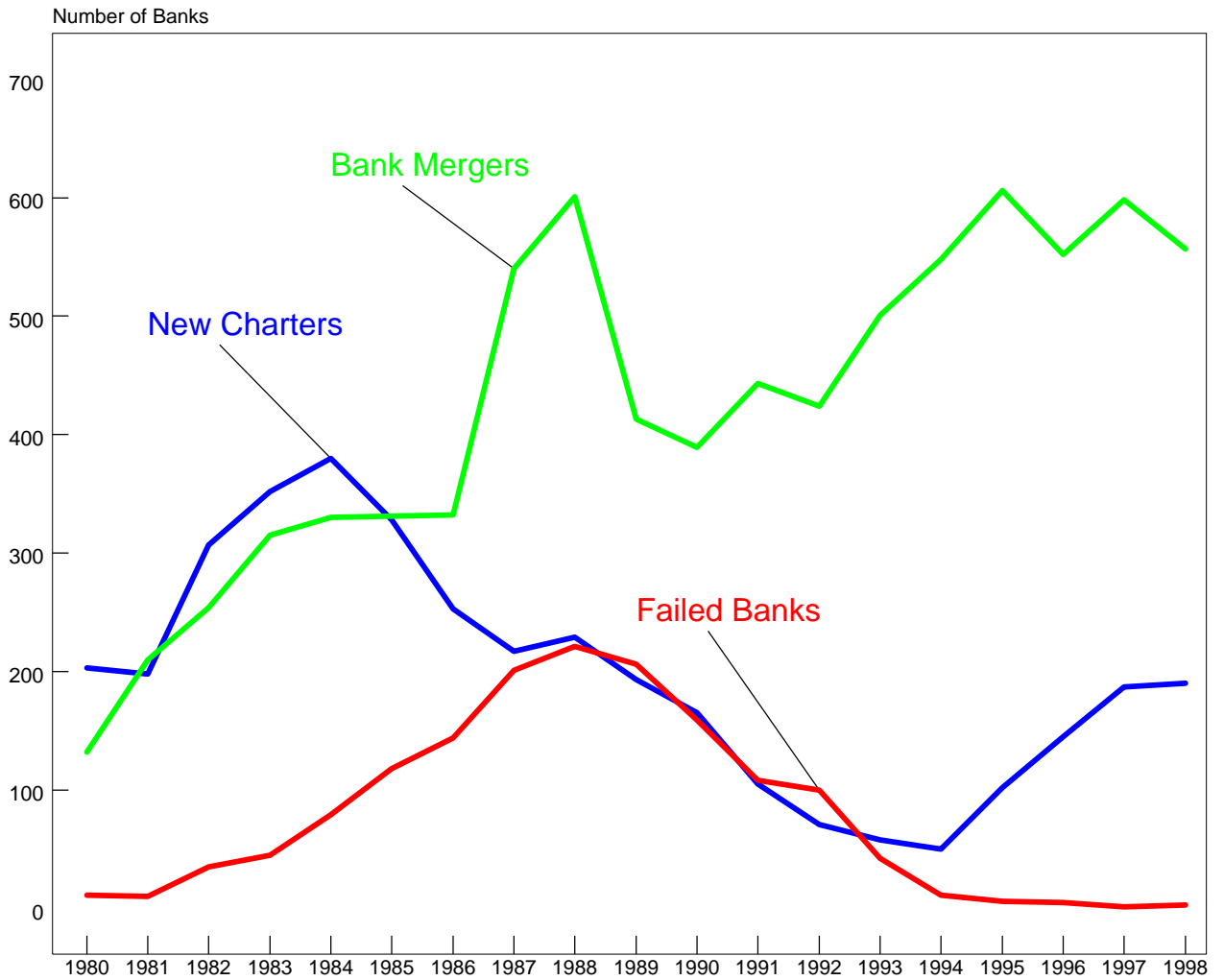
1994 - 1998



* Utilization rates represent outstanding loan amounts as a percentage of unused loan commitments plus outstanding loan amounts.

** Includes on-balance-sheet loans and off-balance-sheet securitized receivables. For 1st, 2nd, and 4th quarter Call data before 1996, loans securitized and sold are estimated using amounts reported as of 9/30.

Changes in the Number of FDIC-Insured Commercial Banks 1980 - 1998

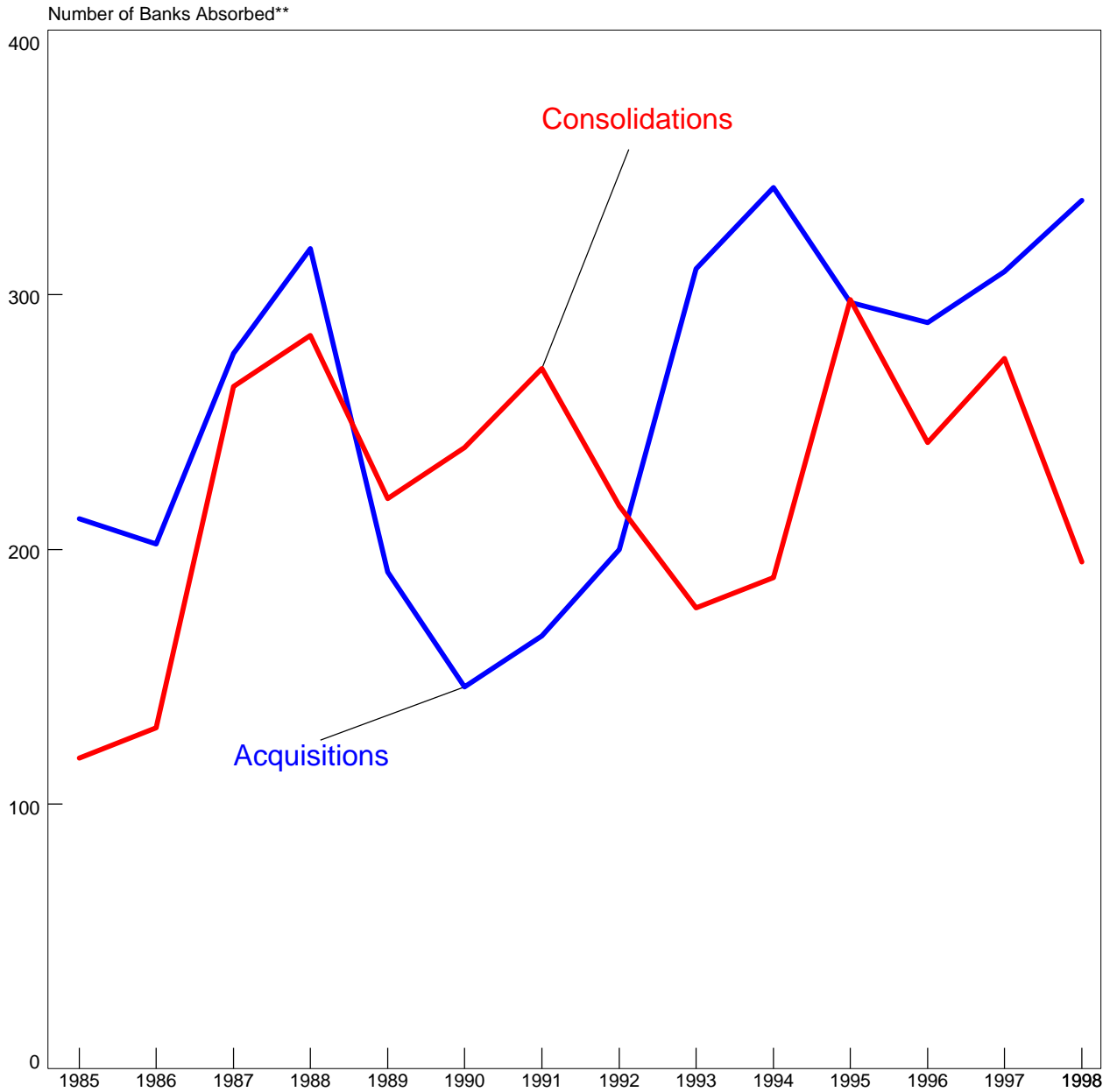


| | | | | | | | | | | | | | | | | | | | |
|----------------------------------|-----|-----|-----|-----|-----|-----|------|------|------|------|------|------|------|------|------|------|------|------|------|
| New Charters | 203 | 198 | 307 | 352 | 380 | 328 | 253 | 217 | 229 | 193 | 165 | 105 | 71 | 58 | 50 | 102 | 145 | 187 | 190 |
| Bank Mergers | 132 | 210 | 254 | 315 | 330 | 331 | 332 | 540 | 601 | 413 | 389 | 443 | 424 | 501 | 548 | 606 | 552 | 598 | 557 |
| Failed Banks | 11 | 10 | 35 | 45 | 79 | 118 | 144 | 201 | 221 | 206 | 159 | 108 | 100 | 42 | 11 | 6 | 5 | 1 | 3 |
| Other Changes, Net* | 10 | 2 | 19 | 26 | 43 | 45 | 15 | 28 | 13 | 12 | 17 | 24 | -6 | -19 | 2 | -1 | 0 | 28 | 2 |
| Net Change in Number of Banks | 70 | -20 | 37 | 18 | 14 | -76 | -208 | -496 | -580 | -414 | -366 | -422 | -459 | -504 | -507 | -511 | -412 | -384 | -368 |

* Includes charter conversions, voluntary liquidations, adjustments for open-bank assistance transactions and other changes.

Bank Mergers: Acquisitions vs. Consolidations*

1985 - 1998

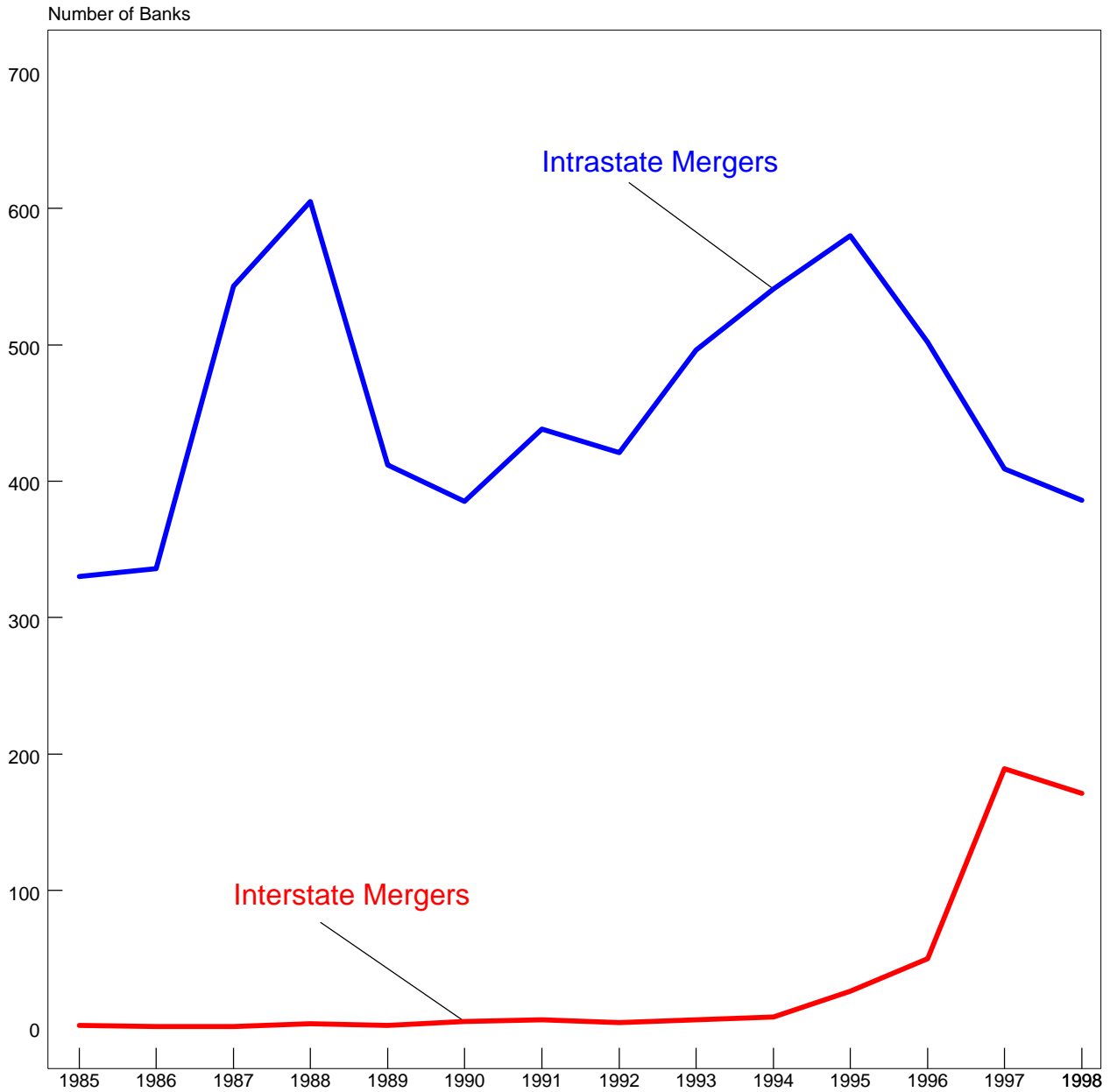


| | | | | | | | | | | | | | | |
|-----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Acquisitions | 212 | 202 | 277 | 318 | 191 | 146 | 166 | 200 | 310 | 342 | 297 | 289 | 309 | 337 |
| Consolidations | 118 | 130 | 264 | 284 | 220 | 240 | 271 | 217 | 177 | 189 | 298 | 242 | 275 | 195 |

* Acquisitions = change in holding company ownership within 12 months of merger.
 Consolidations = no change in ownership within 12 months of merger.

** Does not include commercial banks merged into savings institutions.

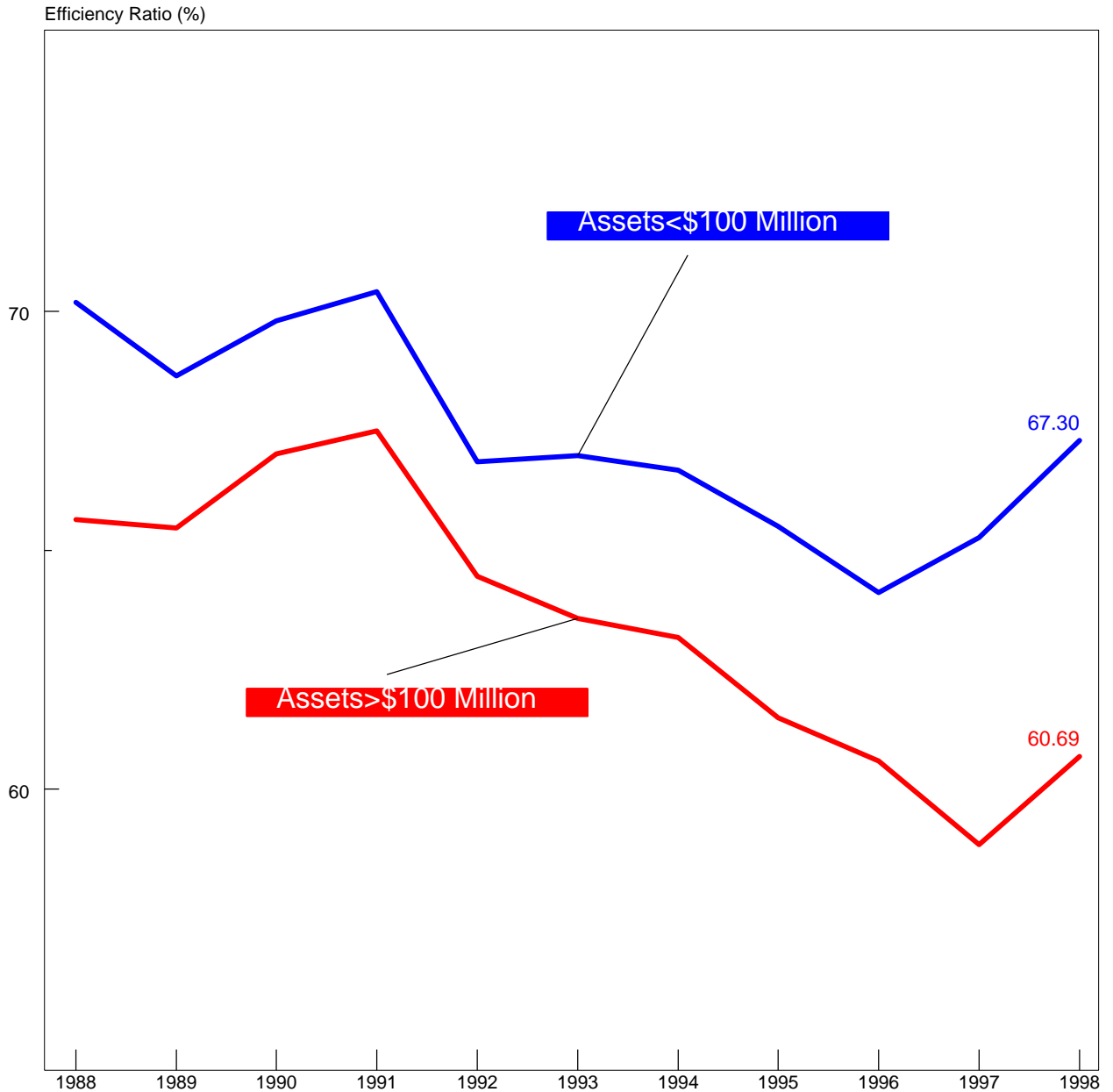
Bank Mergers: Interstate vs. Intrastate 1985 - 1998



| | | | | | | | | | | | | | | |
|---------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Intrastate Mergers | 330 | 336 | 543 | 605 | 412 | 385 | 438 | 421 | 496 | 541 | 580 | 502 | 409 | 386 |
| Interstate Mergers | 1 | 0 | 0 | 2 | 1 | 4 | 5 | 3 | 5 | 7 | 26 | 50 | 189 | 171 |

Annual Efficiency Ratios*

1988 - 1998

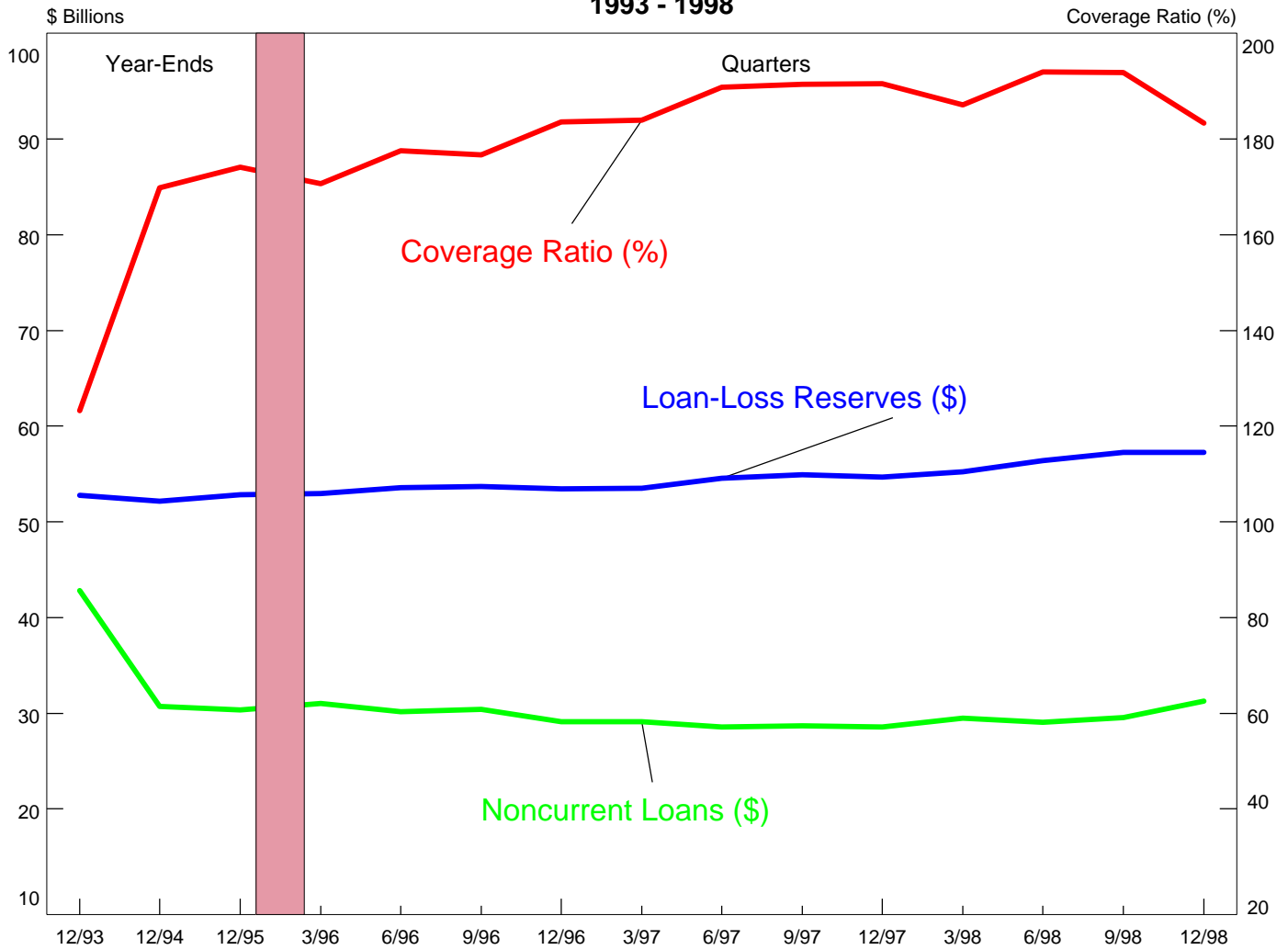


| | | | | | | | | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Assets < \$100 Million | 70.19 | 68.65 | 69.80 | 70.41 | 66.85 | 66.98 | 66.67 | 65.50 | 64.11 | 65.27 | 67.30 |
| Assets > \$100 Million | 65.64 | 65.46 | 67.01 | 67.50 | 64.46 | 63.58 | 63.17 | 61.50 | 60.59 | 58.84 | 60.69 |
| Total | 66.17 | 65.80 | 67.29 | 67.78 | 64.68 | 63.85 | 63.44 | 61.76 | 60.79 | 59.16 | 60.98 |

*Noninterest expense less amortization of intangible assets as a percent of net interest income plus noninterest income.

Reserve Coverage Ratio*

1993 - 1998



Noncurrent Loans (\$ Billions)

42.8 30.7 30.4 31.0 30.2 30.4 29.1 29.1 28.6 28.7 28.5 29.5 29.1 29.5 31.3

Loan-Loss Reserves (\$ Billions)

52.8 52.1 52.8 53.0 53.6 53.7 53.5 53.5 54.5 54.9 54.7 55.2 56.4 57.3 57.3

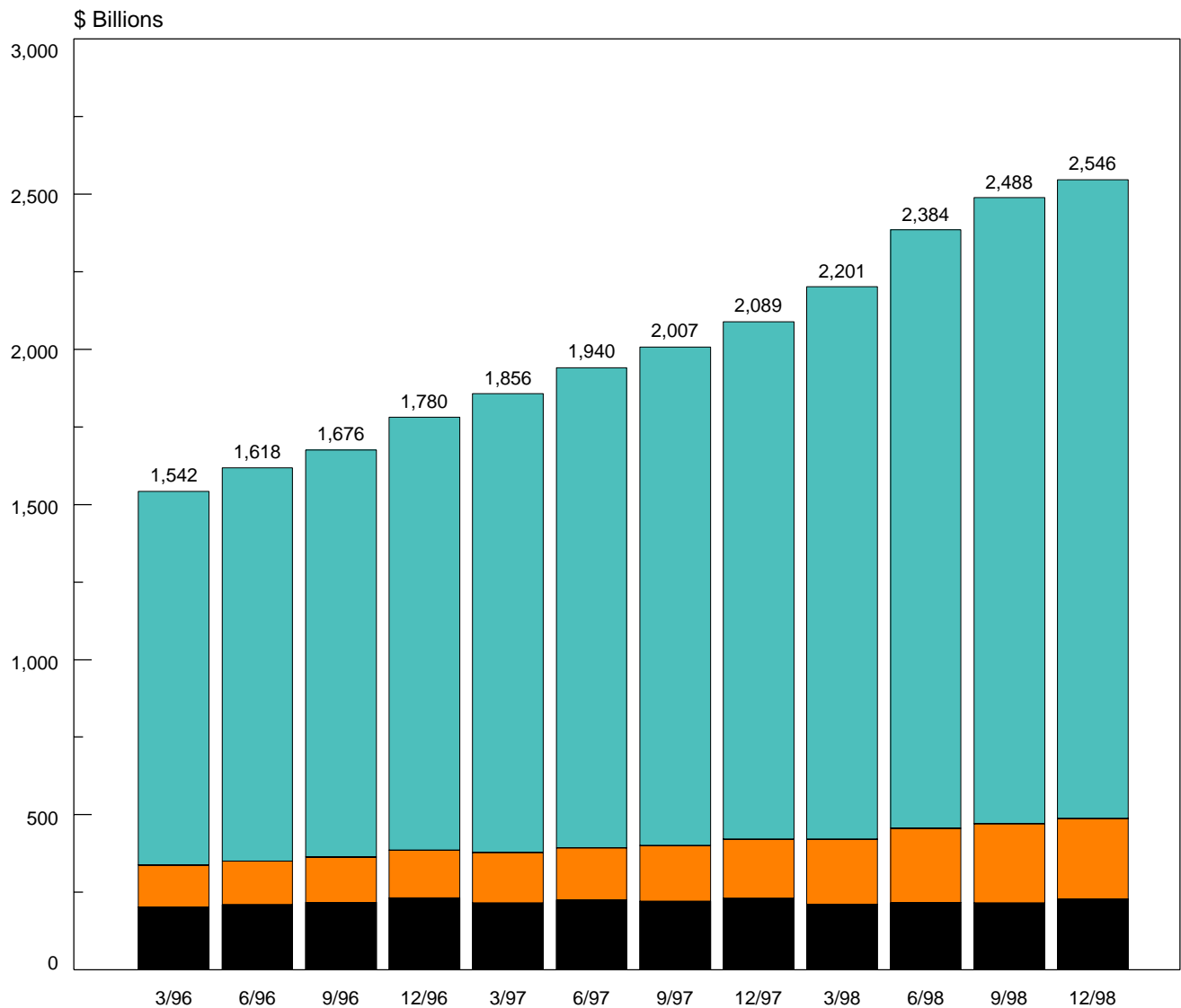
Coverage Ratio (%)

123 170 174 171 178 177 184 184 191 191 192 187 194 194 183

*Loan-loss reserves to noncurrent loans.

Expansion of Credit Card Lines

1996 - 1998



Loans outstanding (\$ Billions)

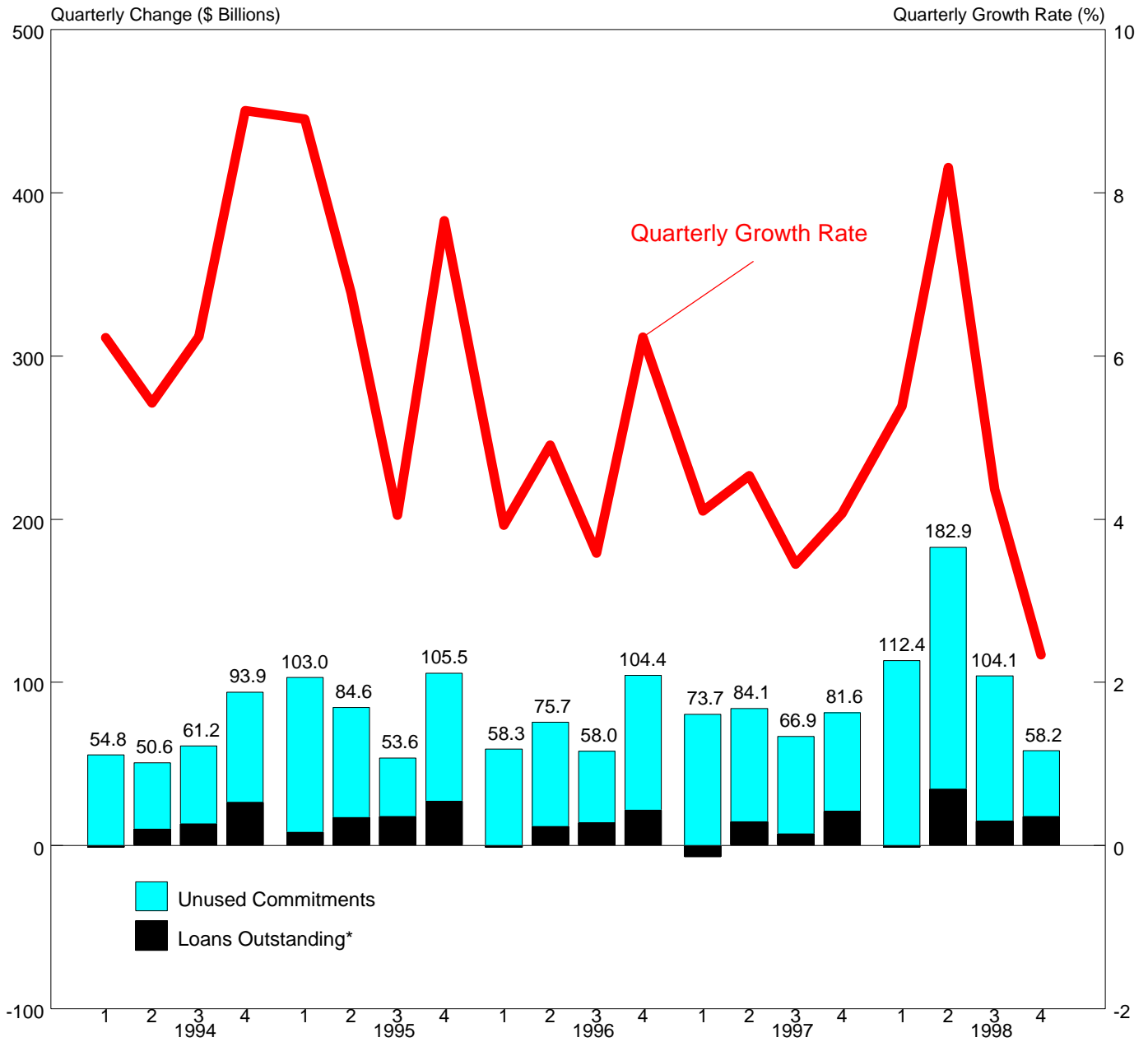
| | | | | | | | | | | | | |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| ■ Held on-balance-sheet | 203.1 | 210.4 | 217.8 | 231.7 | 215.8 | 225.2 | 220.4 | 231.1 | 211.8 | 216.9 | 216.1 | 229.0 |
| ■ Securitized & sold * | 135.4 | 139.8 | 146.6 | 154.4 | 163.1 | 168.4 | 180.4 | 190.8 | 209.2 | 238.7 | 254.4 | 259.3 |
| ■ Unused commitments * | 1,203.4 | 1,267.4 | 1,311.3 | 1,394.0 | 1,477.3 | 1,546.7 | 1,606.4 | 1,666.9 | 1,780.2 | 1,928.6 | 2,017.7 | 2,058.0 |
| Total | 1,541.9 | 1,617.6 | 1,675.7 | 1,780.0 | 1,856.1 | 1,940.3 | 2,007.2 | 2,088.8 | 2,201.2 | 2,384.1 | 2,488.2 | 2,546.4 |

* Off-balance-sheet

Quarterly Credit Card Growth Rate

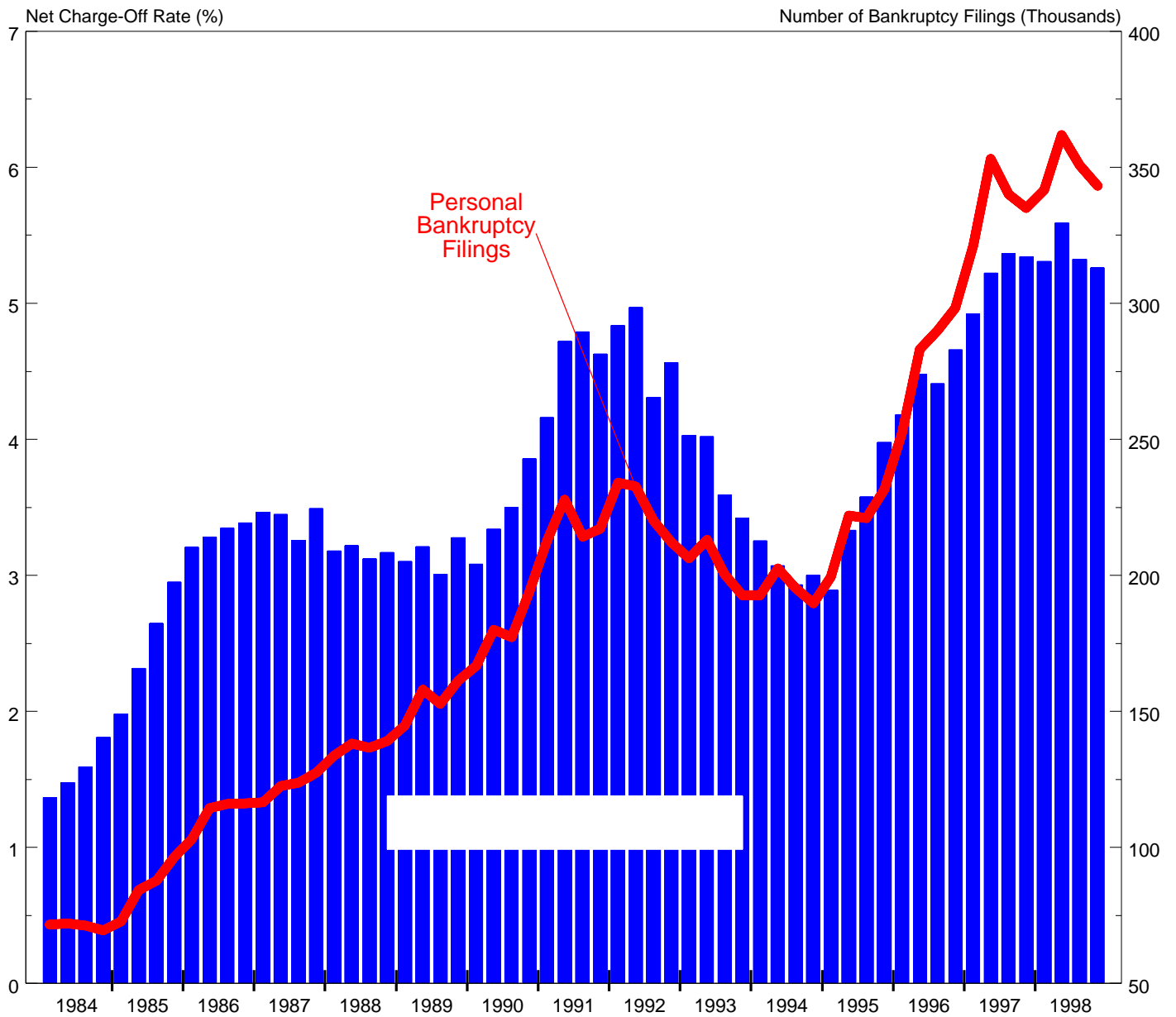
Credit Card Loans and Unused Commitments

1994 - 1998



*Includes on-balance-sheet loans and off-balance-sheet securitized receivables. For 1st, 2nd, and 4th quarter Call data before 1996, loans securitized and sold are estimated using amounts reported as of 9/30.

Credit Card Loss Rates and Personal Bankruptcy Filings 1984 - 1998



Sources: Bankruptcies - Administrative Office of the United States Courts
 Charge-Off Rates - Commercial Bank Call Reports

Credit Card Loss Rates and Personal Bankruptcy Filings

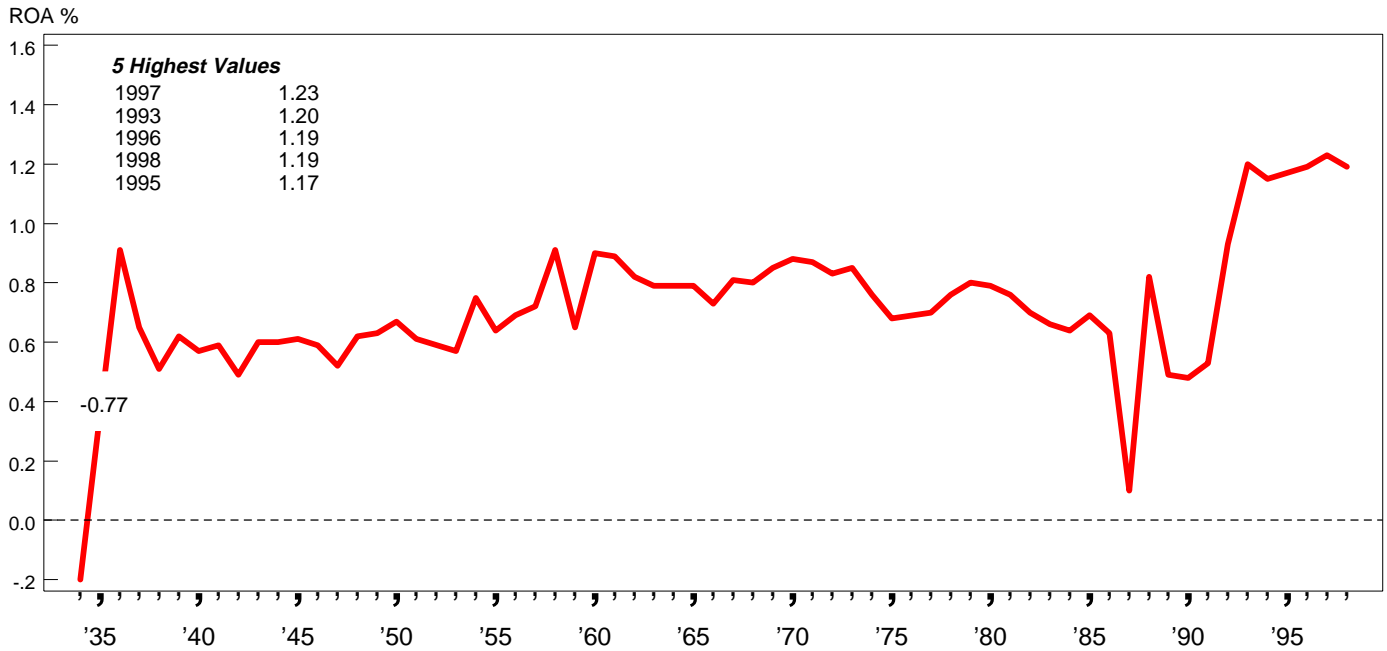
1984 - 1998

| Date | Net Charge-Off Rate | Number of Bankruptcy Filings |
|----------|---------------------|------------------------------|
| 3/31/84 | 1.37 | 71,697 |
| 6/30/84 | 1.48 | 71,955 |
| 9/30/84 | 1.59 | 71,201 |
| 12/31/84 | 1.81 | 69,554 |
| 3/31/85 | 1.98 | 72,887 |
| 6/30/85 | 2.31 | 84,243 |
| 9/30/85 | 2.65 | 87,727 |
| 12/31/85 | 2.95 | 96,376 |
| 3/31/86 | 3.21 | 103,088 |
| 6/30/86 | 3.28 | 114,384 |
| 9/30/86 | 3.35 | 116,037 |
| 12/31/86 | 3.38 | 116,204 |
| 3/31/87 | 3.46 | 116,578 |
| 6/30/87 | 3.45 | 122,689 |
| 9/30/87 | 3.26 | 123,868 |
| 12/31/87 | 3.49 | 127,409 |
| 3/31/88 | 3.18 | 133,712 |
| 6/30/88 | 3.22 | 138,245 |
| 9/30/88 | 3.12 | 136,561 |
| 12/31/88 | 3.17 | 139,215 |
| 3/31/89 | 3.10 | 144,711 |
| 6/30/89 | 3.21 | 157,955 |
| 9/30/89 | 3.01 | 152,696 |
| 12/31/89 | 3.28 | 161,404 |
| 3/31/90 | 3.08 | 166,694 |
| 6/30/90 | 3.34 | 179,943 |
| 9/30/90 | 3.50 | 177,351 |
| 12/31/90 | 3.86 | 193,872 |
| 3/31/91 | 4.16 | 212,913 |
| 6/30/91 | 4.72 | 227,853 |
| 9/30/91 | 4.79 | 214,174 |
| 12/31/91 | 4.63 | 217,160 |

| Date | Net Charge-Off Rate | Number of Bankruptcy Filings |
|----------|---------------------|------------------------------|
| 3/31/92 | 4.84 | 233,973 |
| 6/30/92 | 4.97 | 232,657 |
| 9/30/92 | 4.31 | 220,021 |
| 12/31/92 | 4.57 | 212,112 |
| 3/31/93 | 4.03 | 206,271 |
| 6/30/93 | 4.02 | 212,982 |
| 9/30/93 | 3.59 | 200,329 |
| 12/31/93 | 3.42 | 192,617 |
| 3/31/94 | 3.25 | 192,707 |
| 6/30/94 | 3.07 | 202,596 |
| 9/30/94 | 2.93 | 195,308 |
| 12/31/94 | 3.00 | 189,695 |
| 3/31/95 | 2.89 | 199,503 |
| 6/30/95 | 3.33 | 222,086 |
| 9/30/95 | 3.58 | 220,945 |
| 12/31/95 | 3.98 | 231,603 |
| 3/31/96 | 4.18 | 252,761 |
| 6/30/96 | 4.48 | 283,170 |
| 9/30/96 | 4.41 | 290,111 |
| 12/31/96 | 4.66 | 298,244 |
| 3/31/97 | 4.92 | 321,242 |
| 6/30/97 | 5.22 | 353,177 |
| 9/30/97 | 5.37 | 340,059 |
| 12/31/97 | 5.34 | 335,032 |
| 3/31/98 | 5.31 | 341,708 |
| 6/30/98 | 5.59 | 361,908 |
| 9/30/98 | 5.32 | 350,859 |
| 12/31/98 | 5.26 | 343,220 |

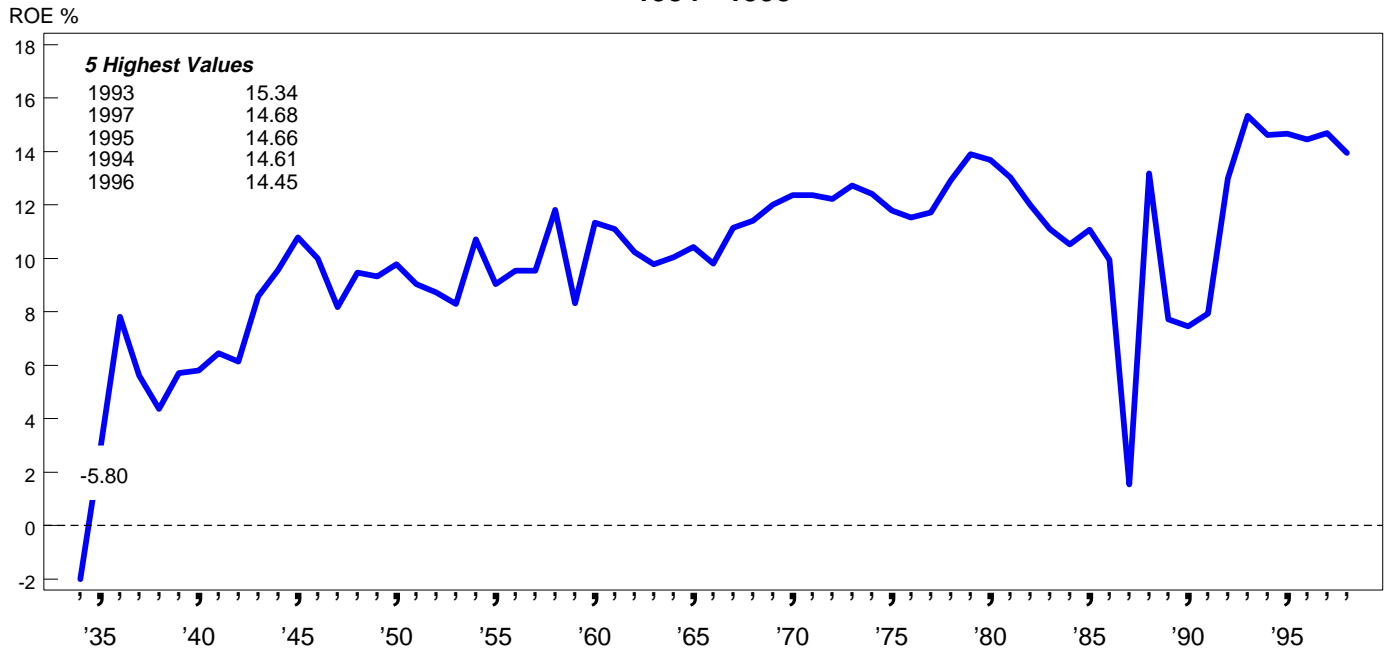
Annual Return on Assets (ROA)

1934 - 1998



Annual Return on Equity (ROE)

1934 - 1998



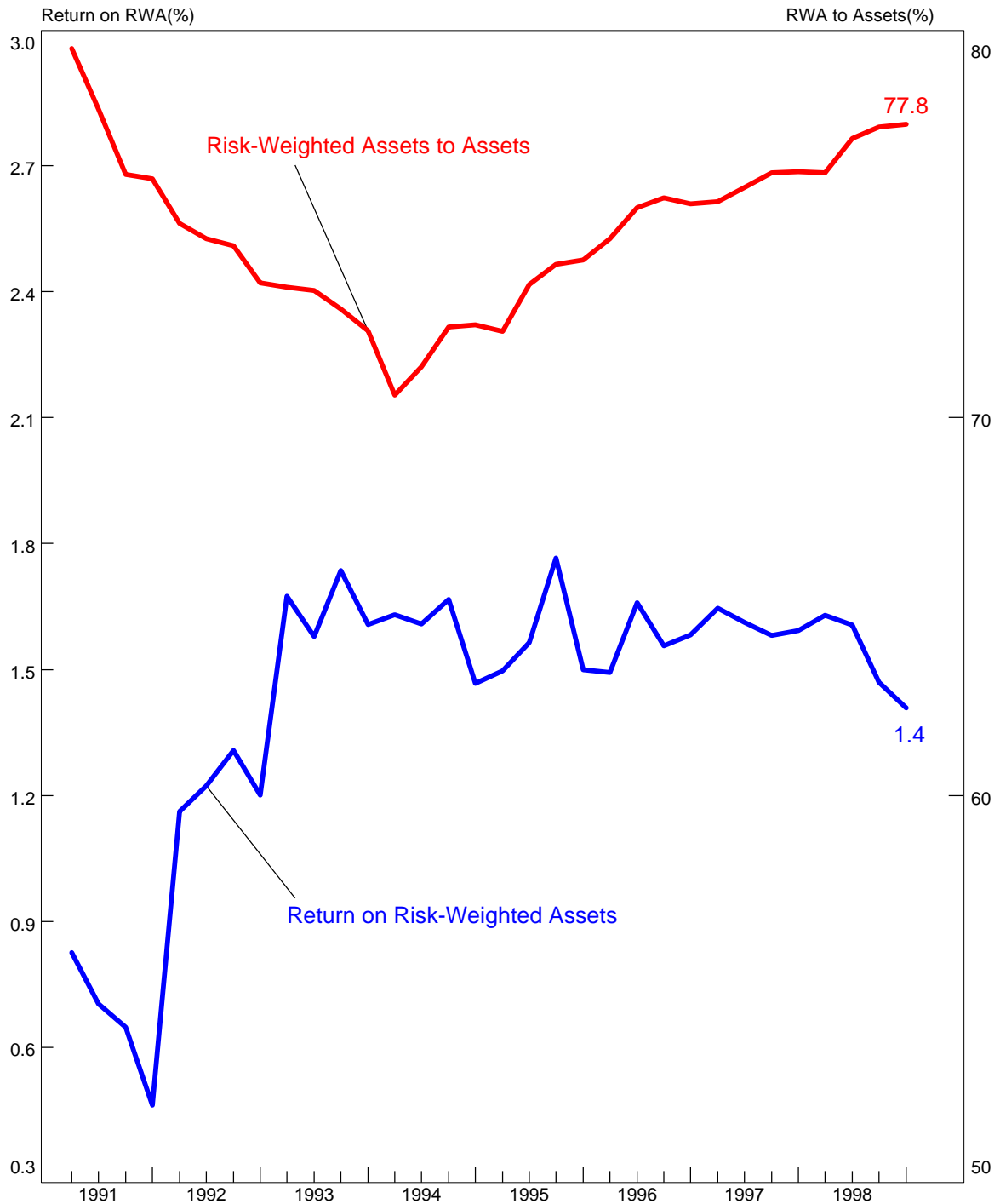
**Annual Return on Assets (ROA) and
Equity (ROE), and Net Income
1934 - 1998**

| Year | ROA (Percent) | ROE (Percent) | Net Income (\$ Millions) |
|------|------------------|------------------|-----------------------------|
| 1998 | 1.19 | 13.95 | 61,921 |
| 1997 | 1.23 | 14.68 | 59,161 |
| 1996 | 1.19 | 14.45 | 52,351 |
| 1995 | 1.17 | 14.66 | 48,745 |
| 1994 | 1.15 | 14.61 | 44,622 |
| 1993 | 1.20 | 15.34 | 43,035 |
| 1992 | 0.93 | 12.98 | 31,987 |
| 1991 | 0.53 | 7.94 | 17,935 |
| 1990 | 0.48 | 7.45 | 15,991 |
| 1989 | 0.49 | 7.71 | 15,575 |
| 1988 | 0.82 | 13.19 | 24,812 |
| 1987 | 0.10 | 1.55 | 2,803 |
| 1986 | 0.63 | 9.94 | 17,418 |
| 1985 | 0.69 | 11.07 | 17,977 |
| 1984 | 0.64 | 10.52 | 15,500 |
| 1983 | 0.66 | 11.09 | 14,931 |
| 1982 | 0.70 | 12.02 | 14,844 |
| 1981 | 0.76 | 13.04 | 14,722 |
| 1980 | 0.79 | 13.68 | 14,010 |
| 1979 | 0.80 | 13.91 | 12,839 |
| 1978 | 0.76 | 12.91 | 10,758 |
| 1977 | 0.70 | 11.72 | 8,881 |
| 1976 | 0.69 | 11.53 | 7,844 |
| 1975 | 0.68 | 11.79 | 7,257 |
| 1974 | 0.76 | 12.42 | 7,092 |
| 1973 | 0.85 | 12.73 | 6,580 |
| 1972 | 0.83 | 12.23 | 5,654 |
| 1971 | 0.87 | 12.37 | 5,236 |
| 1970 | 0.88 | 12.36 | 4,837 |
| 1969 | 0.85 | 12.01 | 4,335 |
| 1968 | 0.80 | 11.40 | 3,792 |
| 1967 | 0.81 | 11.15 | 3,456 |
| 1966 | 0.73 | 9.81 | 2,857 |

| Year | ROA (Percent) | ROE (Percent) | Net Income (\$ Millions) |
|------|------------------|------------------|-----------------------------|
| 1965 | 0.79 | 10.43 | 2,861 |
| 1964 | 0.79 | 10.04 | 2,602 |
| 1963 | 0.79 | 9.78 | 2,393 |
| 1962 | 0.82 | 10.24 | 2,348 |
| 1961 | 0.89 | 11.11 | 2,374 |
| 1960 | 0.90 | 11.33 | 2,257 |
| 1959 | 0.65 | 8.31 | 1,553 |
| 1958 | 0.91 | 11.82 | 2,082 |
| 1957 | 0.72 | 9.55 | 1,578 |
| 1956 | 0.69 | 9.53 | 1,476 |
| 1955 | 0.64 | 9.03 | 1,320 |
| 1954 | 0.75 | 10.72 | 1,473 |
| 1953 | 0.57 | 8.30 | 1,070 |
| 1952 | 0.59 | 8.73 | 1,067 |
| 1951 | 0.61 | 9.04 | 1,047 |
| 1950 | 0.67 | 9.79 | 1,072 |
| 1949 | 0.63 | 9.33 | 968 |
| 1948 | 0.62 | 9.48 | 941 |
| 1947 | 0.52 | 8.18 | 775 |
| 1946 | 0.59 | 10.00 | 894 |
| 1945 | 0.61 | 10.79 | 894 |
| 1944 | 0.60 | 9.56 | 736 |
| 1943 | 0.60 | 8.59 | 623 |
| 1942 | 0.49 | 6.13 | 426 |
| 1941 | 0.59 | 6.46 | 436 |
| 1940 | 0.57 | 5.80 | 383 |
| 1939 | 0.62 | 5.71 | 370 |
| 1938 | 0.51 | 4.37 | 281 |
| 1937 | 0.65 | 5.61 | 357 |
| 1936 | 0.91 | 7.81 | 490 |
| 1935 | 0.36 | 2.82 | 174 |
| 1934 | (0.77) | (5.80) | (357) |

Quarterly Return on Risk-Weighted Assets (RWA),* and RWA to Total Assets

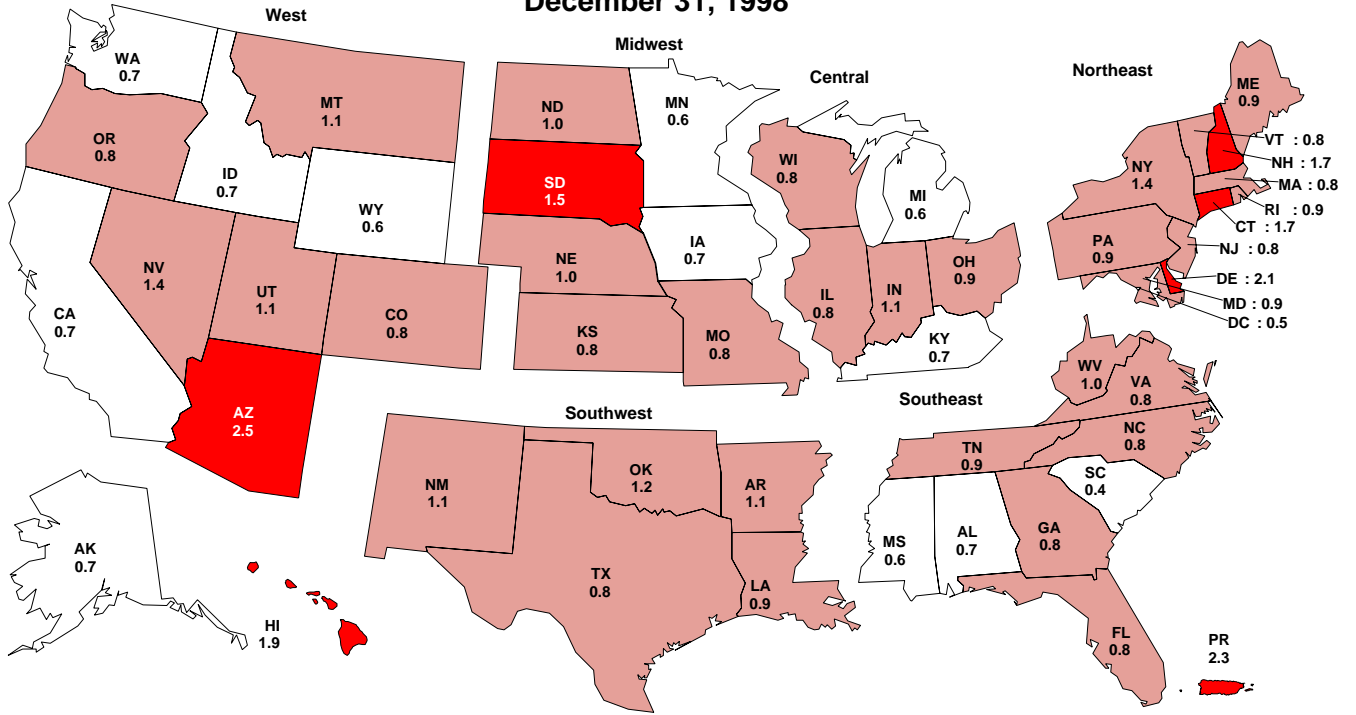
1991 - 1998



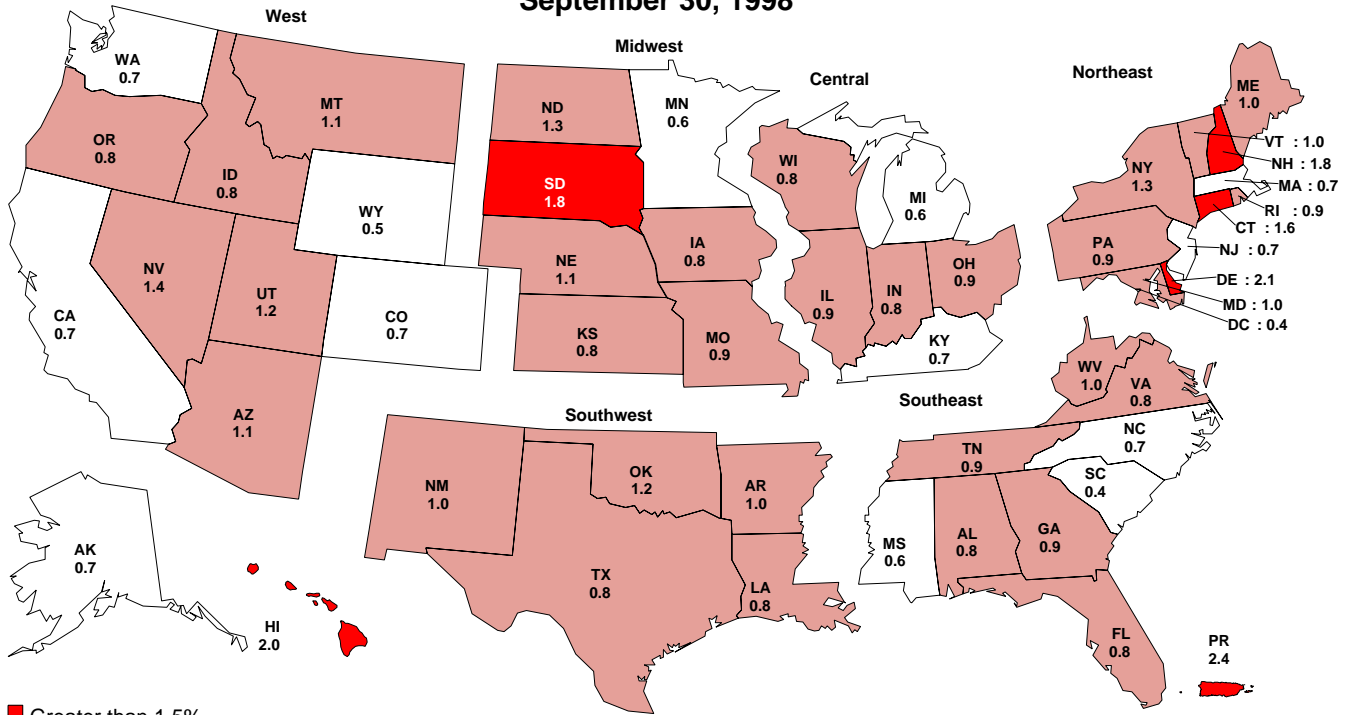
* Assets weighted according to risk categories used in regulatory capital computations.

Noncurrent Loan Rates*

December 31, 1998



September 30, 1998



- Greater than 1.5%
- Between .75% and 1.5%
- Less than .75%

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

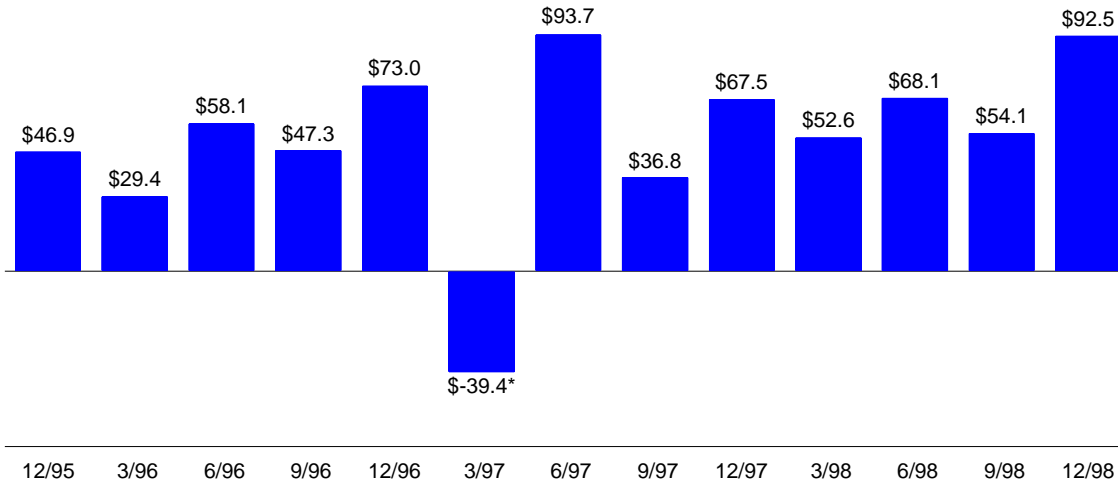
Noncurrent Loan Rates*

September 30, 1998 - December 31, 1998

| | Total Loans | | Commercial & Industrial | | Real Estate | | Loans to Individuals | | All Other Loans | |
|----------------------|-------------|---------|-------------------------|---------|-------------|---------|----------------------|---------|-----------------|---------|
| | 12/31/98 | 9/30/98 | 12/31/98 | 9/30/98 | 12/31/98 | 9/30/98 | 12/31/98 | 9/30/98 | 12/31/98 | 9/30/98 |
| Arizona | 2.47 | 1.11 | 0.66 | 0.75 | 0.55 | 0.48 | 4.72 | 1.87 | 0.28 | 0.27 |
| Puerto Rico | 2.28 | 2.45 | 2.61 | 2.87 | 2.42 | 2.57 | 1.96 | 2.06 | 1.53 | 1.82 |
| Delaware | 2.07 | 2.08 | 0.78 | 1.12 | 0.98 | 1.06 | 2.36 | 2.35 | 0.24 | 0.18 |
| Hawaii | 1.91 | 2.03 | 2.02 | 2.44 | 2.16 | 2.16 | 1.01 | 0.97 | 0.94 | 0.99 |
| New Hampshire | 1.69 | 1.84 | 1.46 | 1.45 | 1.17 | 1.13 | 2.10 | 2.53 | 0.04 | 0.01 |
| Connecticut | 1.65 | 1.61 | 3.06 | 2.72 | 1.32 | 1.43 | 0.64 | 0.54 | 8.79 | 2.49 |
| South Dakota | 1.51 | 1.84 | 1.93 | 1.95 | 0.92 | 1.07 | 1.67 | 2.11 | 0.28 | 0.41 |
| Nevada | 1.44 | 1.38 | 0.95 | 0.80 | 0.66 | 0.87 | 1.74 | 1.59 | 0.37 | 1.32 |
| New York | 1.41 | 1.30 | 1.36 | 1.24 | 1.59 | 1.58 | 2.67 | 2.71 | 0.47 | 0.25 |
| Oklahoma | 1.18 | 1.24 | 2.06 | 2.06 | 1.10 | 1.20 | 0.70 | 0.69 | 0.33 | 0.50 |
| New Mexico | 1.12 | 1.01 | 1.51 | 1.51 | 1.17 | 0.99 | 0.68 | 0.77 | 0.73 | 0.56 |
| Utah | 1.08 | 1.15 | 0.97 | 0.94 | 0.53 | 0.65 | 1.48 | 1.54 | 0.82 | 0.94 |
| Arkansas | 1.06 | 1.02 | 1.61 | 1.54 | 1.09 | 1.08 | 0.82 | 0.80 | 0.05 | 0.05 |
| Indiana | 1.05 | 0.79 | 1.00 | 1.00 | 0.92 | 0.67 | 1.80 | 1.08 | 0.26 | 0.28 |
| Montana | 1.05 | 1.09 | 2.36 | 2.80 | 0.84 | 0.82 | 0.67 | 0.69 | 0.48 | 0.48 |
| Nebraska | 1.04 | 1.08 | 2.55 | 2.62 | 0.68 | 0.77 | 1.48 | 1.48 | 0.07 | 0.09 |
| North Dakota | 1.00 | 1.31 | 2.04 | 2.60 | 0.68 | 1.16 | 0.83 | 0.75 | 0.59 | 0.79 |
| West Virginia | 0.97 | 1.01 | 2.18 | 2.25 | 0.86 | 0.90 | 0.63 | 0.71 | 0.21 | 0.24 |
| Tennessee | 0.94 | 0.89 | 0.69 | 0.71 | 1.15 | 1.07 | 0.69 | 0.73 | 0.52 | 0.42 |
| Louisiana | 0.93 | 0.84 | 1.35 | 0.95 | 0.89 | 0.90 | 0.69 | 0.78 | 0.23 | 0.19 |
| Ohio | 0.87 | 0.90 | 0.94 | 1.06 | 0.80 | 0.85 | 1.20 | 1.02 | 0.49 | 0.60 |
| Maryland | 0.87 | 1.02 | 0.96 | 1.30 | 0.93 | 1.02 | 0.48 | 0.46 | 0.80 | 1.27 |
| Maine | 0.86 | 1.00 | 0.88 | 0.85 | 0.74 | 1.04 | 1.77 | 1.56 | 0.28 | 0.31 |
| Pennsylvania | 0.86 | 0.85 | 0.81 | 0.77 | 0.95 | 1.01 | 1.10 | 0.97 | 0.25 | 0.21 |
| Texas | 0.85 | 0.84 | 1.23 | 1.33 | 0.85 | 0.81 | 0.47 | 0.48 | 0.47 | 0.29 |
| Rhode Island | 0.85 | 0.91 | 0.44 | 0.32 | 0.58 | 0.90 | 2.29 | 2.30 | 0.17 | 0.31 |
| Vermont | 0.83 | 1.02 | 1.50 | 1.59 | 0.82 | 1.07 | 0.55 | 0.55 | 0.08 | 0.17 |
| Georgia | 0.82 | 0.88 | 0.71 | 0.76 | 0.60 | 0.62 | 1.52 | 1.66 | 0.07 | 0.12 |
| Virginia | 0.81 | 0.79 | 0.98 | 0.66 | 0.60 | 0.65 | 1.10 | 1.19 | 0.99 | 0.22 |
| Kansas | 0.80 | 0.83 | 1.48 | 1.60 | 0.61 | 0.65 | 1.09 | 1.07 | 0.20 | 0.16 |
| Colorado | 0.79 | 0.73 | 1.35 | 1.24 | 0.54 | 0.55 | 1.32 | 1.01 | 0.18 | 0.32 |
| Oregon | 0.78 | 0.78 | 1.29 | 1.18 | 0.63 | 0.58 | 1.00 | 1.50 | 0.03 | 0.02 |
| Missouri | 0.77 | 0.85 | 1.07 | 1.22 | 0.76 | 0.86 | 0.61 | 0.53 | 0.25 | 0.23 |
| Illinois | 0.77 | 0.85 | 0.82 | 0.93 | 0.86 | 0.96 | 0.93 | 0.80 | 0.21 | 0.24 |
| Wisconsin | 0.77 | 0.77 | 0.99 | 0.85 | 0.75 | 0.79 | 0.91 | 0.84 | 0.30 | 0.41 |
| Massachusetts | 0.77 | 0.70 | 0.60 | 0.58 | 0.95 | 0.89 | 1.70 | 1.37 | 0.26 | 0.23 |
| Florida | 0.76 | 0.80 | 0.80 | 0.92 | 0.83 | 1.02 | 0.62 | 0.61 | 0.32 | 0.07 |
| North Carolina | 0.75 | 0.67 | 0.64 | 0.52 | 0.95 | 0.91 | 0.80 | 0.84 | 0.26 | 0.15 |
| New Jersey | 0.75 | 0.71 | 0.88 | 0.86 | 0.79 | 0.75 | 0.70 | 0.58 | 0.15 | 0.15 |
| Alabama | 0.74 | 0.78 | 1.05 | 0.83 | 0.70 | 0.71 | 0.66 | 1.16 | 0.27 | 0.34 |
| Idaho | 0.73 | 0.84 | 1.79 | 2.08 | 0.39 | 0.43 | 0.40 | 0.52 | 0.00 | 0.00 |
| Washington | 0.70 | 0.74 | 0.96 | 0.95 | 0.67 | 0.73 | 0.38 | 0.49 | 0.12 | 0.09 |
| Alaska | 0.69 | 0.69 | 0.99 | 0.94 | 0.63 | 0.67 | 0.22 | 0.30 | 1.25 | 0.65 |
| Iowa | 0.69 | 0.76 | 1.48 | 1.81 | 0.55 | 0.58 | 0.71 | 0.69 | 0.19 | 0.22 |
| California | 0.68 | 0.70 | 0.85 | 0.80 | 0.88 | 0.94 | 0.37 | 0.38 | 0.18 | 0.20 |
| Kentucky | 0.68 | 0.72 | 0.80 | 1.05 | 0.72 | 0.74 | 0.62 | 0.69 | 0.33 | 0.20 |
| Michigan | 0.63 | 0.63 | 0.74 | 0.75 | 0.57 | 0.60 | 0.61 | 0.56 | 0.43 | 0.43 |
| Mississippi | 0.60 | 0.61 | 1.06 | 1.18 | 0.53 | 0.51 | 0.61 | 0.58 | 0.15 | 0.19 |
| Minnesota | 0.60 | 0.64 | 0.90 | 0.95 | 0.48 | 0.56 | 0.68 | 0.63 | 0.38 | 0.35 |
| Wyoming | 0.56 | 0.49 | 1.54 | 1.36 | 0.37 | 0.31 | 0.40 | 0.30 | 0.77 | 0.88 |
| District of Columbia | 0.54 | 0.36 | 0.94 | 0.62 | 0.17 | 0.08 | 0.65 | 0.88 | 0.00 | 1.57 |
| South Carolina | 0.39 | 0.38 | 0.36 | 0.42 | 0.38 | 0.35 | 0.54 | 0.54 | 0.20 | 0.18 |
| U.S. and Territories | 0.97 | 0.94 | 0.99 | 0.96 | 0.91 | 0.94 | 1.52 | 1.42 | 0.34 | 0.27 |

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

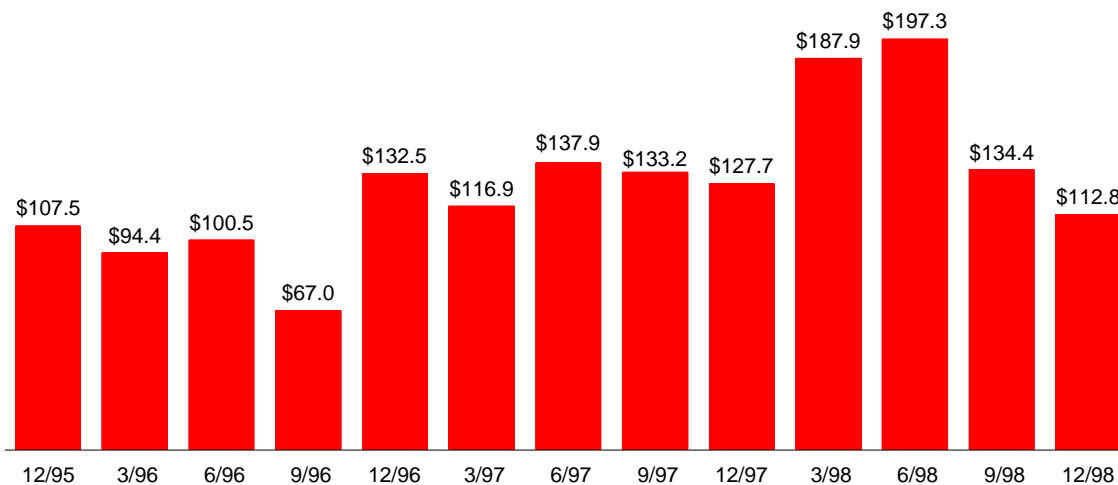
Quarterly Change in Reported Loans Outstanding (\$ Billions)



*In the first quarter of 1997, reporting changes resulted in a \$61.7 billion decline in foreign office loans. Loans in domestic offices increased by \$23.2 billion during the quarter.

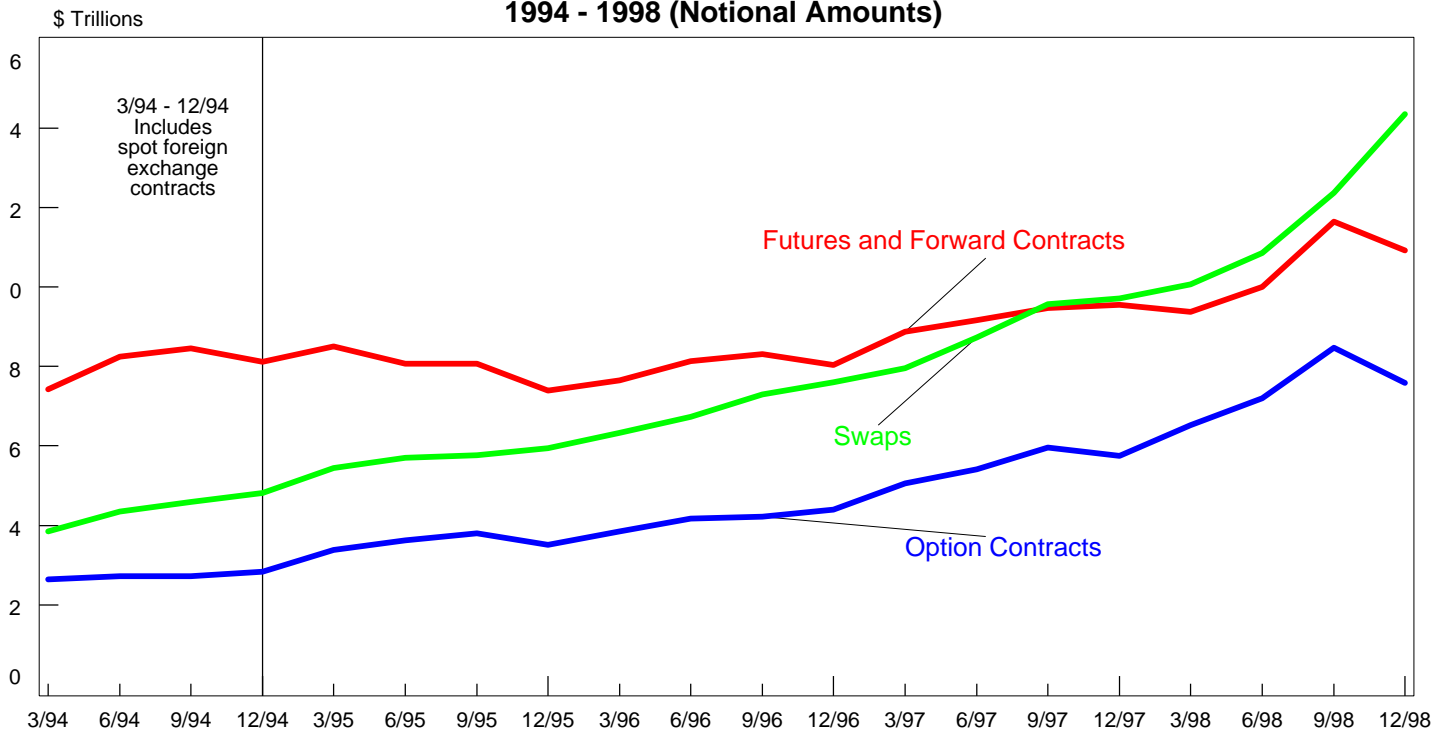
In the fourth quarter of 1998, real estate loans increased by \$45.0 billion, commercial and industrial loans increased by \$24.8 billion, and loans to individuals increased by \$15.8 billion.

Quarterly Change in Unused Loan Commitments (\$ Billions)



In the fourth quarter of 1998, unused commitments for loans to businesses increased by \$62.7 billion and unused credit card commitments increased by \$40.3 billion.

Off-Balance-Sheet Derivatives 1994 - 1998 (Notional Amounts)



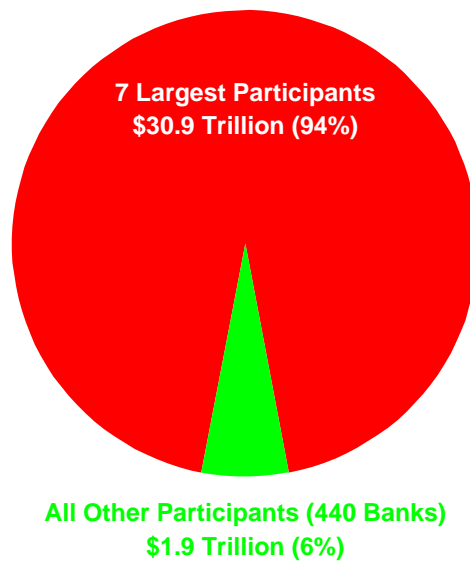
| | 12/94 | 12/95 | 12/96 | 12/97 | 3/98 | 6/98 | 9/98 | 12/98 |
|--|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| Total Derivatives (off-balance-sheet) (Notional Amounts, in billions of dollars) | \$15,773 | \$16,861 | \$20,035 | \$25,009 | \$25,958 | \$28,047 | \$32,479 | \$32,855 |
| Futures and Forward Contracts | 8,110 | 7,399 | 8,041 | 9,551 | 9,380 | 10,003 | 11,644 | 10,918 |
| Interest rate contracts | 3,435 | 3,063 | 3,201 | 4,083 | 4,399 | 4,818 | 5,938 | 5,515 |
| Foreign exchange rate contracts | 4,620 | 4,221 | 4,739 | 5,359 | 4,866 | 5,063 | 5,594 | 5,307 |
| Other futures and forwards* | 54 | 115 | 102 | 109 | 115 | 122 | 112 | 95 |
| Option Contracts | 2,841 | 3,516 | 4,393 | 5,754 | 6,518 | 7,197 | 8,467 | 7,592 |
| Interest rate options | 2,039 | 2,485 | 3,156 | 3,985 | 4,616 | 5,071 | 6,221 | 5,679 |
| Foreign currency options | 653 | 817 | 1,033 | 1,457 | 1,576 | 1,719 | 1,736 | 1,393 |
| Other option contracts* | 149 | 214 | 204 | 312 | 326 | 407 | 509 | 520 |
| Swaps | 4,822 | 5,945 | 7,601 | 9,705 | 10,060 | 10,846 | 12,369 | 14,345 |
| Interest rate swaps | 4,450 | 5,547 | 7,069 | 9,018 | 9,346 | 10,164 | 11,680 | 13,590 |
| Foreign exchange rate swaps | 331 | 350 | 471 | 614 | 626 | 607 | 624 | 686 |
| Other swaps* | 40 | 49 | 61 | 73 | 88 | 76 | 64 | 69 |
| Memoranda | | | | | | | | |
| Spot Foreign Exchange Contracts | NA | 305 | 262 | 317 | 678 | 662 | 808 | 375 |
| Credit Derivatives | NA | NA | NA | 55 | 91 | 129 | 162 | 144 |
| Number of banks reporting derivatives | 638 | 560 | 484 | 460 | 452 | 461 | 465 | 447 |
| Replacement cost of interest rate and foreign exchange rate contracts ** | 146 | 219 | 246 | 355 | 348 | 349 | 473 | 471 |

* Not reported by banks with less than \$300 million in assets.

** Reflects replacement cost of interest rate and foreign exchange contracts covered by risk-based-capital requirements. Does not include foreign exchange rate contracts with an original maturity of 14 days or less or futures contracts.

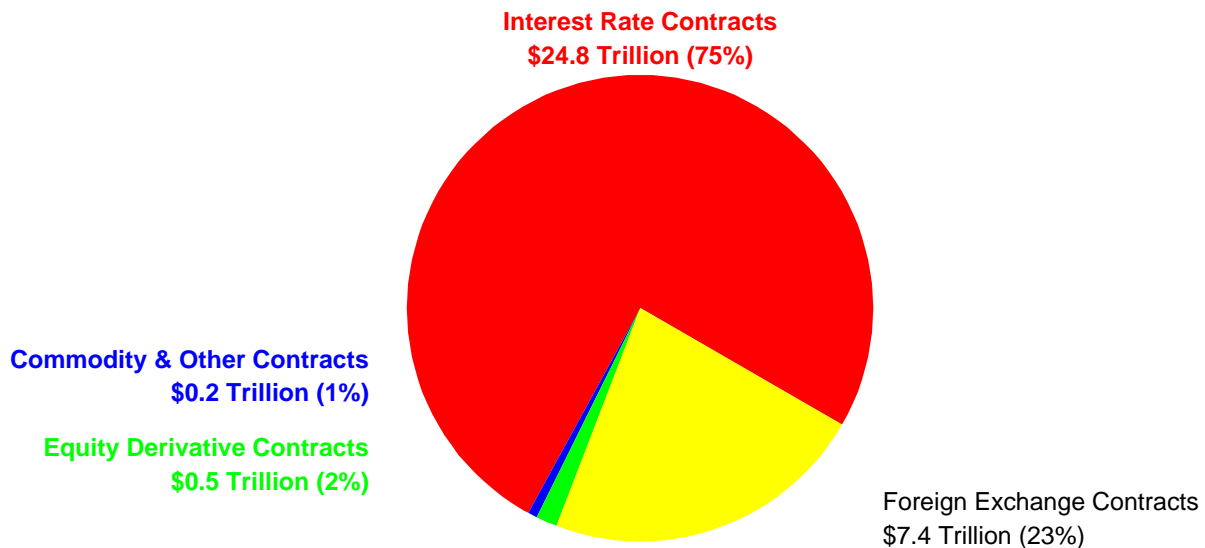
Concentration of Off-Balance-Sheet Derivatives*

Notional Amounts
December 31, 1998



Composition of Off-Balance-Sheet Derivatives*

Notional Amounts
December 31, 1998

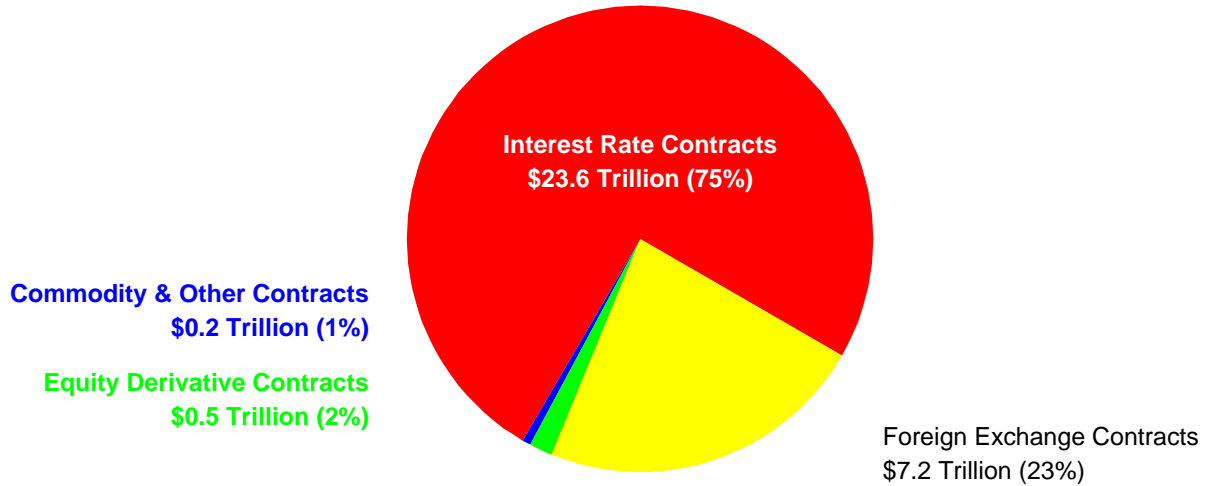


*Amounts do not represent either the net market position or the credit exposure of banks' off-balance-sheet derivative activities. They represent the gross value of all contracts written. Spot foreign exchange contracts of \$357 billion for the seven largest participants and \$18 billion for all others are not included.

Purpose of Off-Balance-Sheet Derivatives* Held for Trading

Notional Amounts

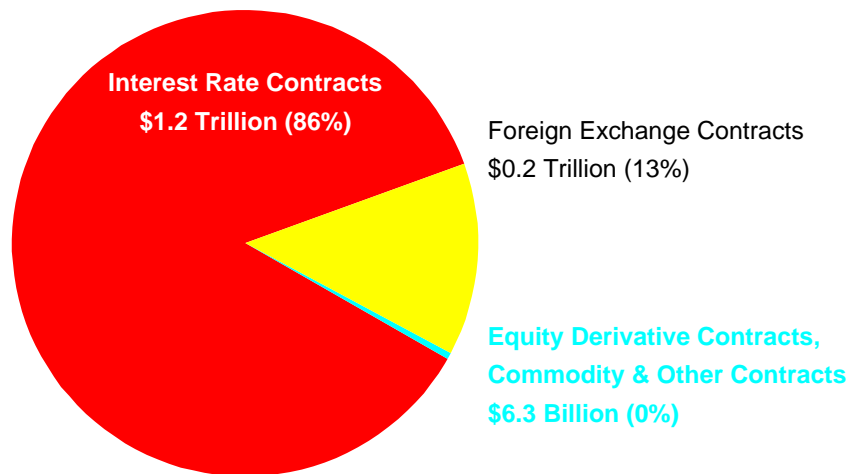
December 31, 1998



Not Held for Trading

Notional Amounts

December 31, 1998



* Notional amounts do not represent either the net market position or the credit exposure of banks' off-balance-sheet derivative activities. They represent the gross value of all contracts written. Spot foreign exchange contracts of \$375 billion are not included.

Positions of Off-Balance-Sheet Derivatives Gross Fair Values

December 31, 1998

(\$ Millions)

Held for Trading

94 Banks Held Derivative Contracts for Trading

(Marked to Market)

| | Interest Rate | Foreign Exchange | Equity Derivatives | Commodity & Other | Total | Net |
|-----------------------------------|------------------|---------------------|-----------------------|----------------------|---------|-------|
| Seven Largest Participants | | | | | | |
| Gross positive fair value | 277,326 | 162,901 | 43,364 | 7,088 | 490,679 | 3,344 |
| Gross negative fair value | 272,466 | 163,450 | 44,777 | 6,642 | 487,335 | |
| All other participants | | | | | | |
| Gross positive fair value | 5,166 | 8,292 | 153 | 360 | 13,971 | 431 |
| Gross negative fair value | 5,130 | 7,915 | 129 | 366 | 13,540 | |
| Total | | | | | | |
| Gross positive fair value | 282,492 | 171,193 | 43,517 | 7,448 | 504,649 | 3,775 |
| Gross negative fair value | 277,596 | 171,364 | 44,905 | 7,008 | 500,874 | |

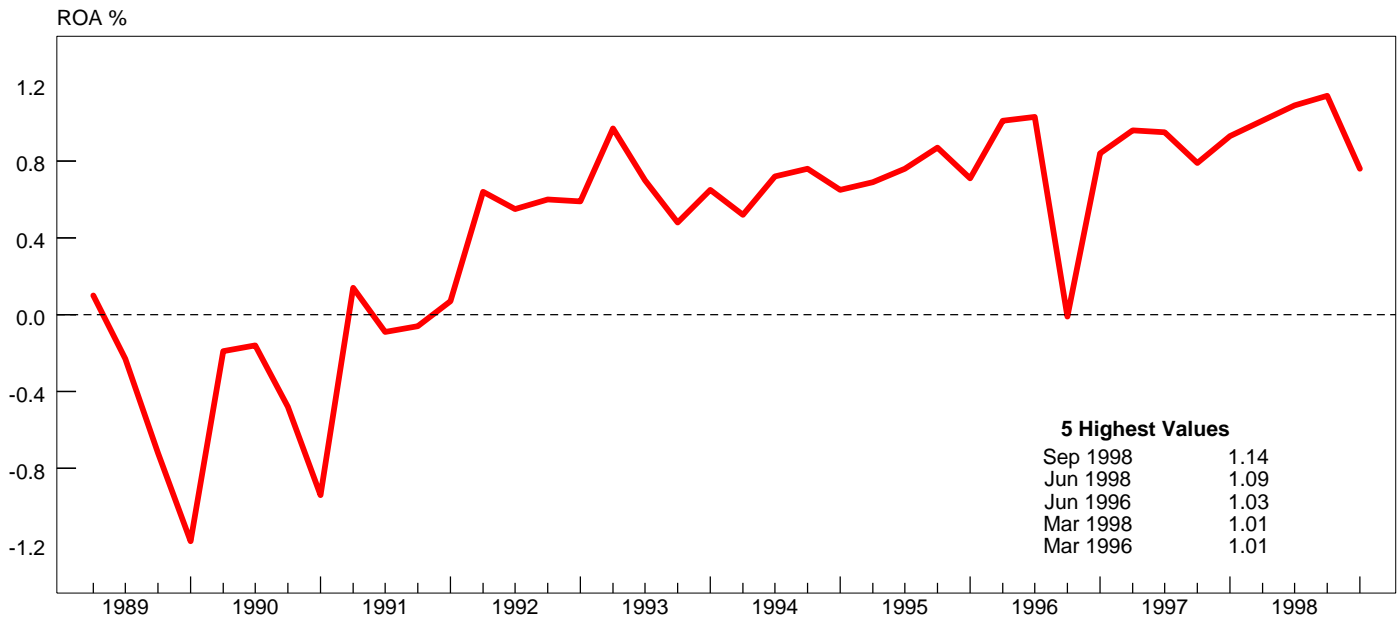
Held for Purposes Other than Trading

430 Banks Held Derivative Contracts for Purposes Other than Trading

| | Interest Rate | Foreign Exchange | Equity Derivatives | Commodity & Other | Total | Net |
|-----------------------------|------------------|---------------------|-----------------------|----------------------|--------|-------|
| Marked to Market | | | | | | |
| Gross positive fair value | 2,057 | 172 | 30 | 0 | 2,258 | 695 |
| Gross negative fair value | 1,246 | 287 | 29 | 1 | 1,563 | |
| Not Marked to Market | | | | | | |
| Gross positive fair value | 13,609 | 1,419 | 139 | 12 | 15,179 | 7,477 |
| Gross negative fair value | 6,229 | 1,245 | 133 | 95 | 7,702 | |
| Total | | | | | | |
| Gross positive fair value | 15,666 | 1,591 | 169 | 12 | 17,437 | 8,173 |
| Gross negative fair value | 7,475 | 1,532 | 162 | 96 | 9,265 | |

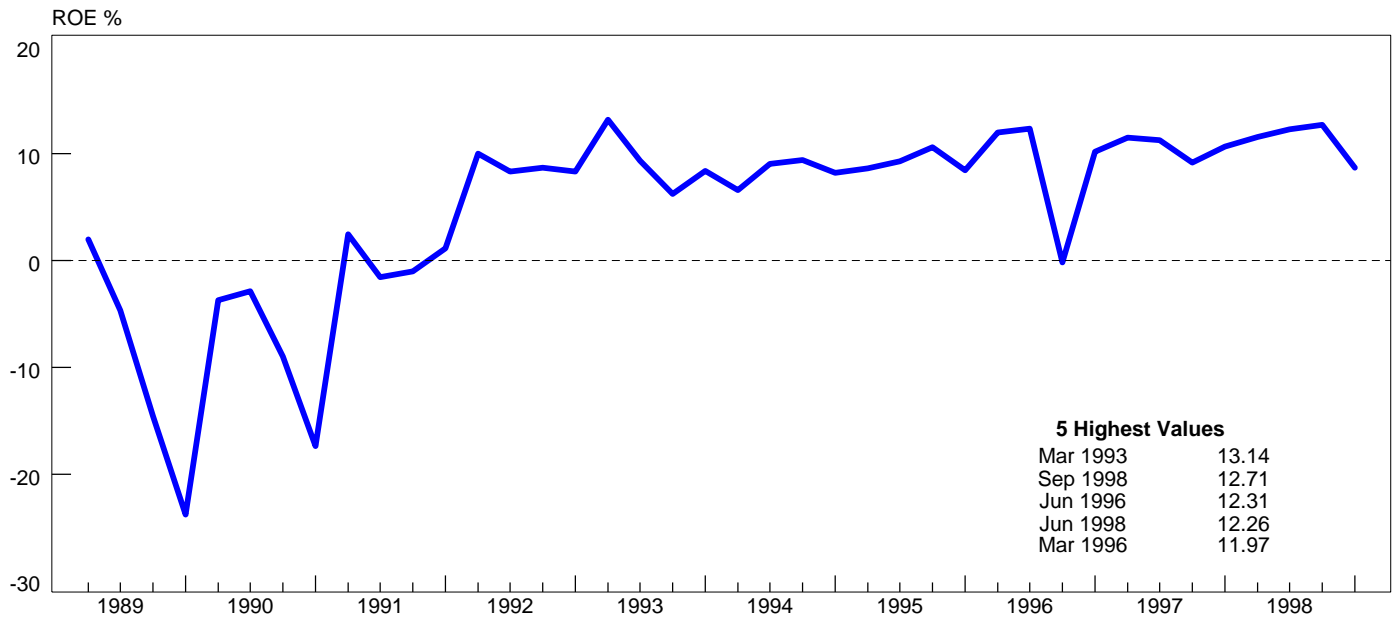
Quarterly Return on Assets (ROA), Annualized

1989 - 1998

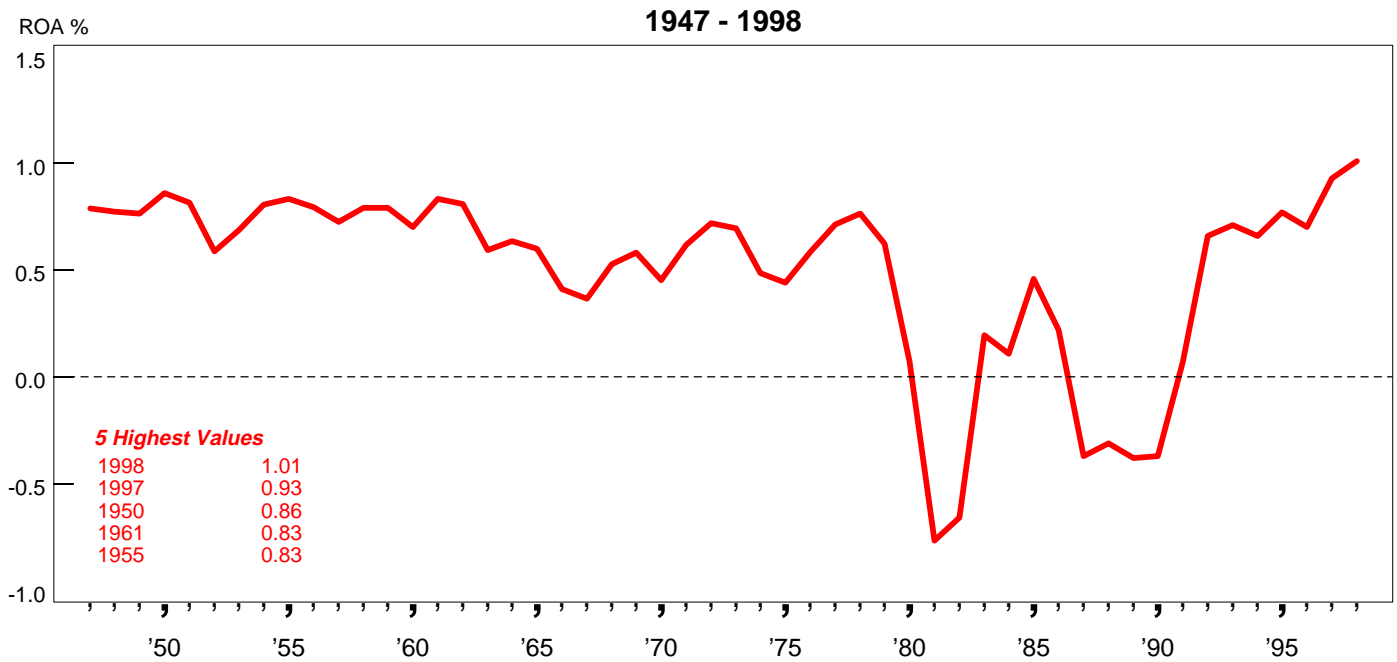


Quarterly Return on Equity (ROE), Annualized

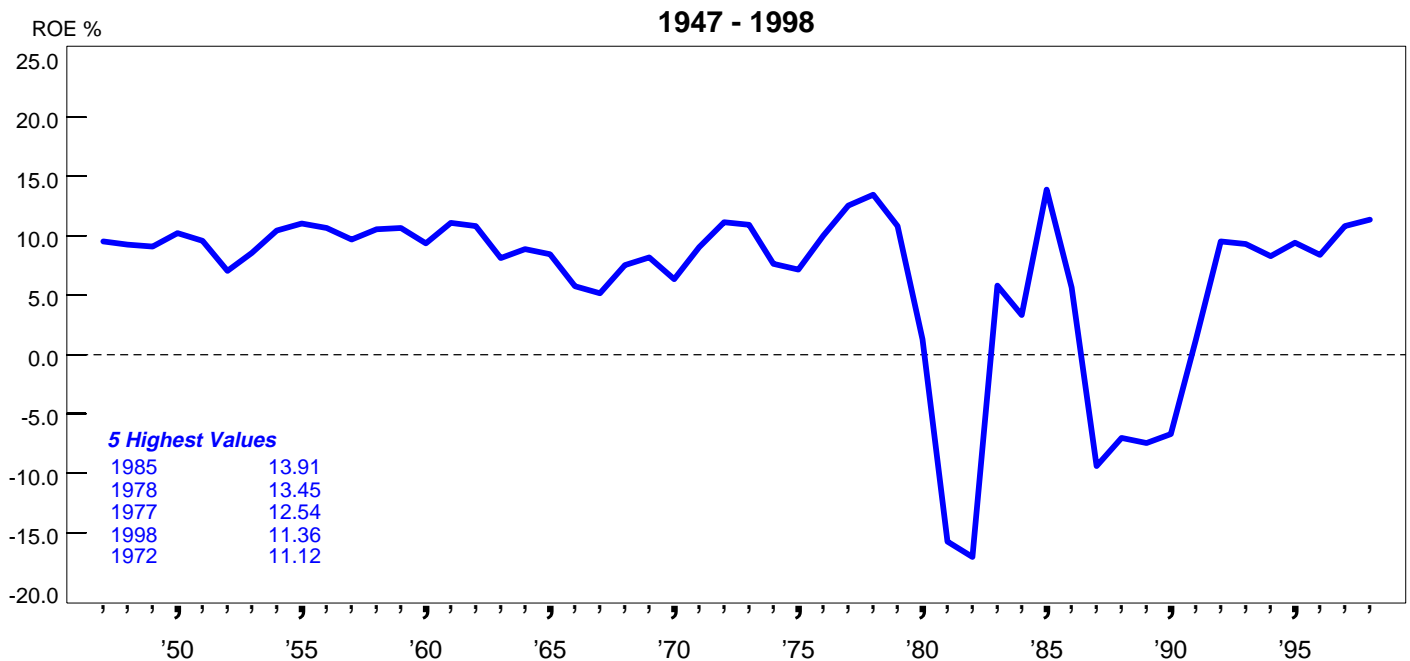
1989 - 1998



Annual Return on Assets (ROA)



Annual Return on Equity (ROE)

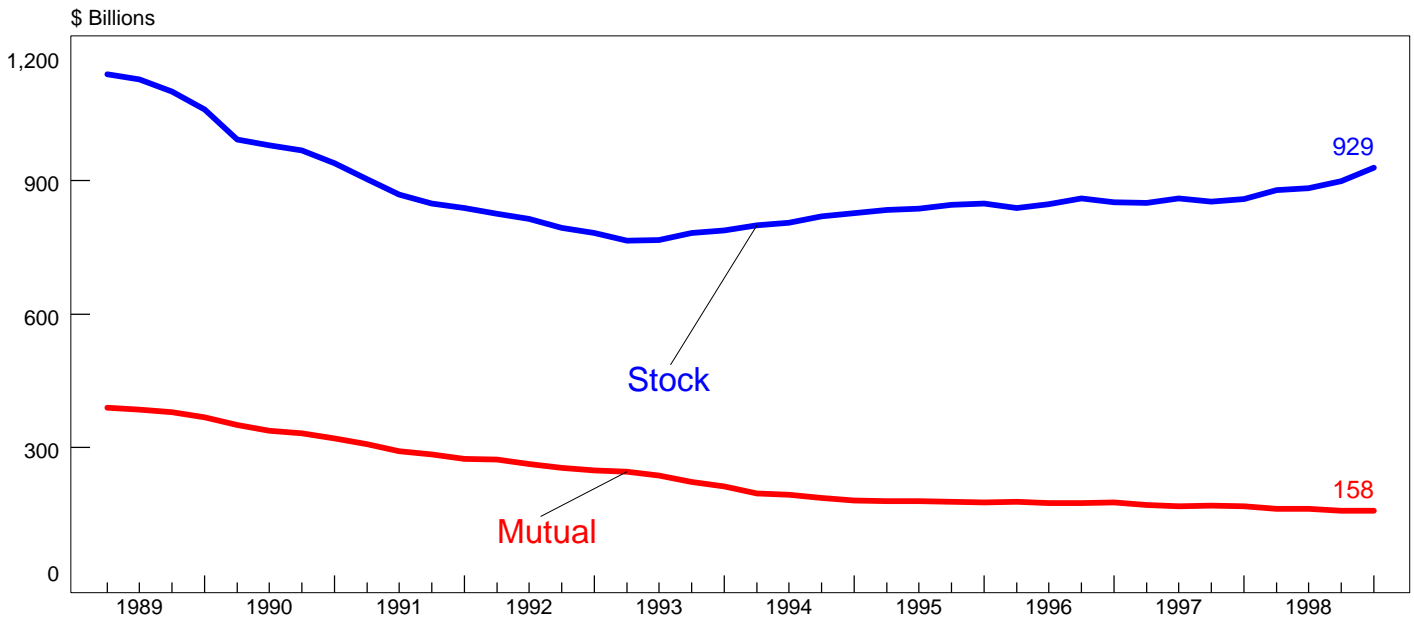


Annual Returns on Assets (ROA) Equity (ROE), and Net Income 1947 - 1998

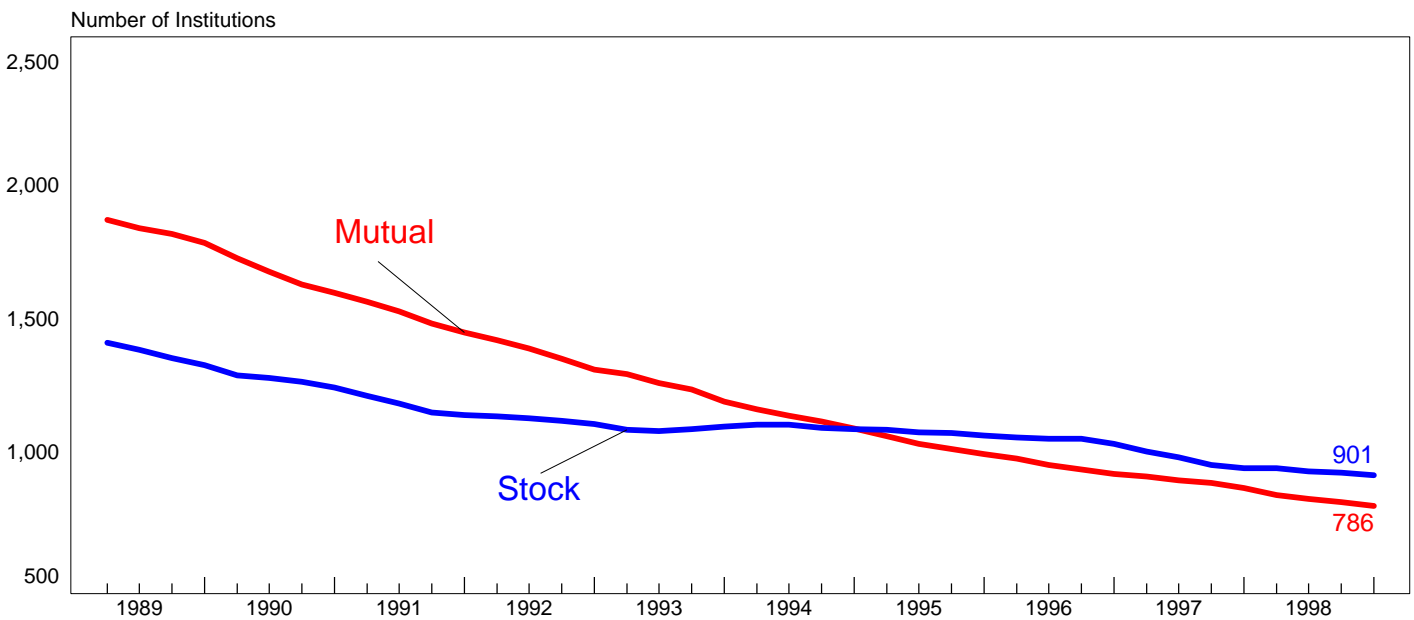
| Year | ROA (Percent) | ROE (Percent) | Net Income (\$ Millions) |
|------|------------------|------------------|-----------------------------|
| 1998 | 1.01 | 11.36 | 10,157 |
| 1997 | 0.93 | 10.84 | 8,789 |
| 1996 | 0.70 | 8.40 | 7,016 |
| 1995 | 0.77 | 9.40 | 7,619 |
| 1994 | 0.66 | 8.28 | 6,362 |
| 1993 | 0.71 | 9.32 | 6,844 |
| 1992 | 0.66 | 9.51 | 6,692 |
| 1991 | 0.07 | 1.23 | 838 |
| 1990 | (0.37) | (6.68) | (4,723) |
| 1989 | (0.38) | (7.44) | (5,582) |
| 1988 | (0.31) | (7.04) | (4,727) |
| 1987 | (0.37) | (9.38) | (5,341) |
| 1986 | 0.22 | 5.62 | 2,836 |
| 1985 | 0.46 | 13.91 | 5,531 |
| 1984 | 0.11 | 3.35 | 1,155 |
| 1983 | 0.19 | 5.81 | 1,797 |
| 1982 | (0.65) | (17.05) | (5,499) |
| 1981 | (0.76) | (15.73) | (6,078) |
| 1980 | 0.07 | 1.28 | 534 |
| 1979 | 0.62 | 10.82 | 4,270 |
| 1978 | 0.76 | 13.45 | 4,727 |
| 1977 | 0.71 | 12.54 | 3,881 |
| 1976 | 0.58 | 9.98 | 2,758 |
| 1975 | 0.44 | 7.16 | 1,814 |
| 1974 | 0.48 | 7.61 | 1,800 |
| 1973 | 0.69 | 10.94 | 2,374 |

| Year | ROA (Percent) | ROE (Percent) | Net Income (\$ Millions) |
|------|------------------|------------------|-----------------------------|
| 1972 | 0.72 | 11.11 | 2,167 |
| 1971 | 0.61 | 9.04 | 1,594 |
| 1970 | 0.45 | 6.36 | 1,041 |
| 1969 | 0.58 | 8.16 | 1,253 |
| 1968 | 0.52 | 7.50 | 1,073 |
| 1967 | 0.36 | 5.15 | 695 |
| 1966 | 0.41 | 5.72 | 733 |
| 1965 | 0.59 | 8.44 | 1,008 |
| 1964 | 0.63 | 8.88 | 976 |
| 1963 | 0.59 | 8.10 | 818 |
| 1962 | 0.80 | 10.80 | 988 |
| 1961 | 0.83 | 11.07 | 907 |
| 1960 | 0.70 | 9.36 | 679 |
| 1959 | 0.79 | 10.64 | 684 |
| 1958 | 0.79 | 10.56 | 607 |
| 1957 | 0.72 | 9.67 | 495 |
| 1956 | 0.79 | 10.64 | 486 |
| 1955 | 0.83 | 11.02 | 449 |
| 1954 | 0.80 | 10.41 | 380 |
| 1953 | 0.68 | 8.56 | 282 |
| 1952 | 0.58 | 7.02 | 210 |
| 1951 | 0.81 | 9.57 | 256 |
| 1950 | 0.86 | 10.21 | 240 |
| 1949 | 0.76 | 9.07 | 191 |
| 1948 | 0.77 | 9.27 | 177 |
| 1947 | 0.78 | 9.50 | 165 |

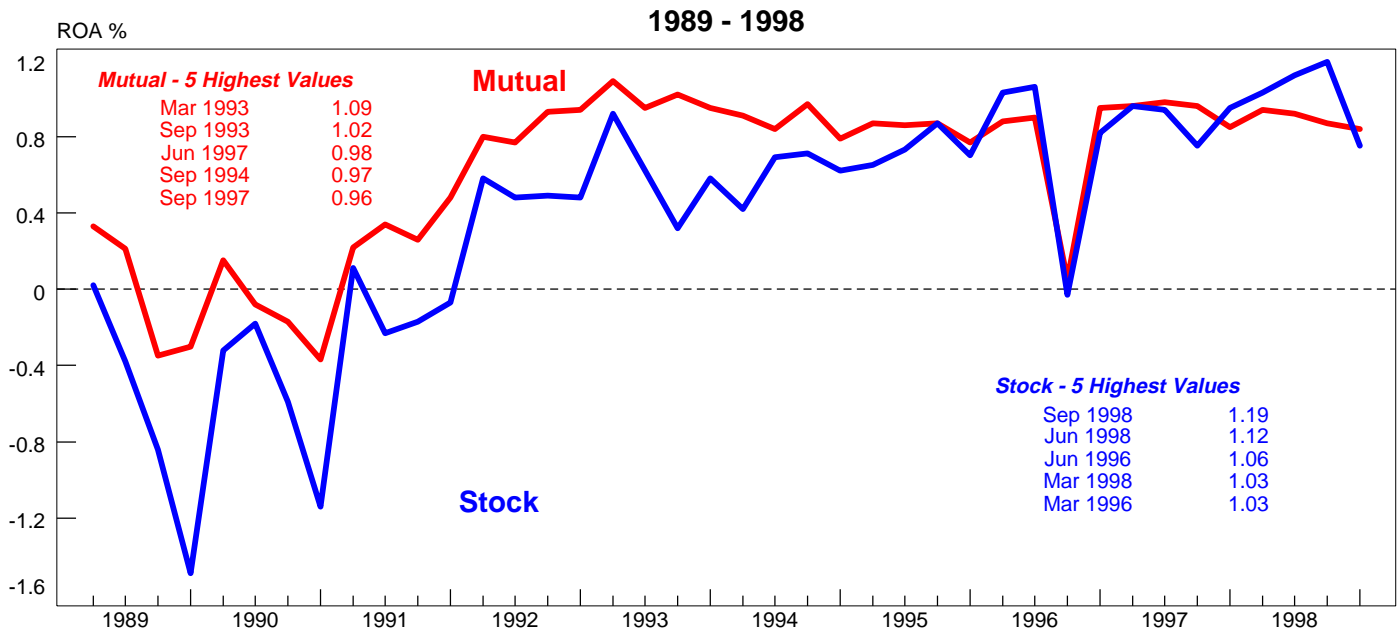
Assets of Mutual and Stock Savings Institutions 1989 - 1998



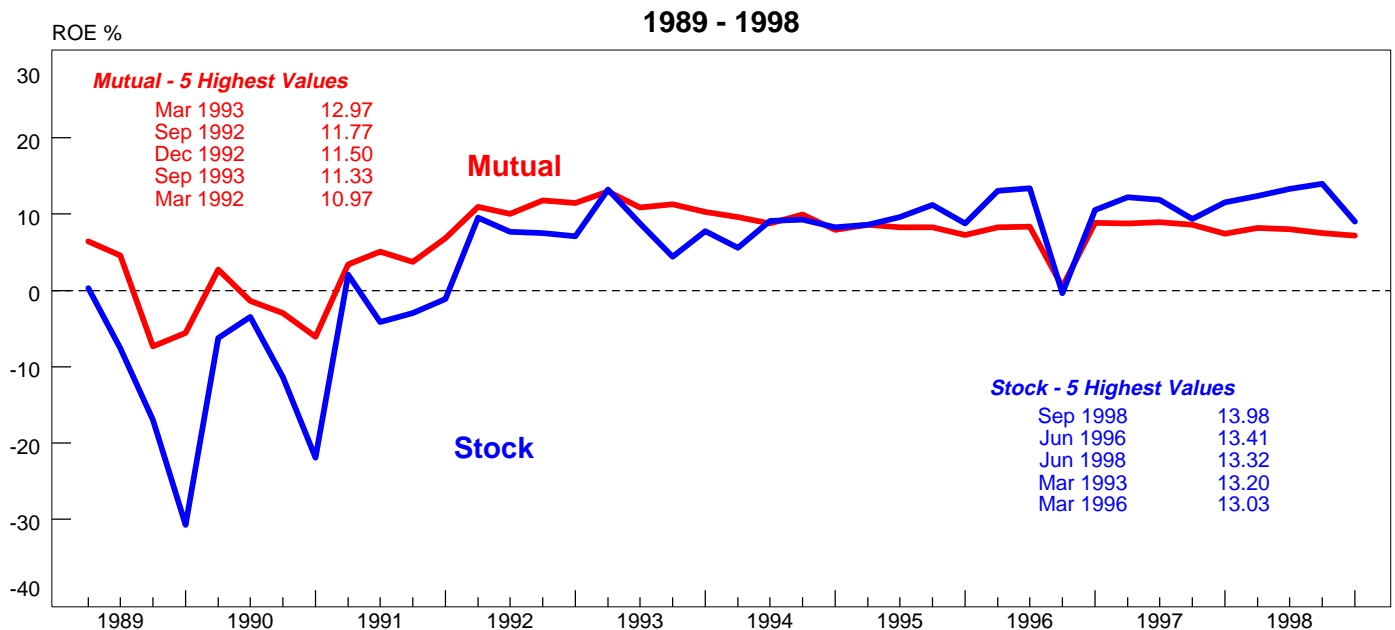
Number of Mutual and Stock Savings Institutions 1989 - 1998



Quarterly Return on Assets (ROA), Annualized Mutual and Stock Savings Institutions



Quarterly Return on Equity (ROE), Annualized Mutual and Stock Savings Institutions



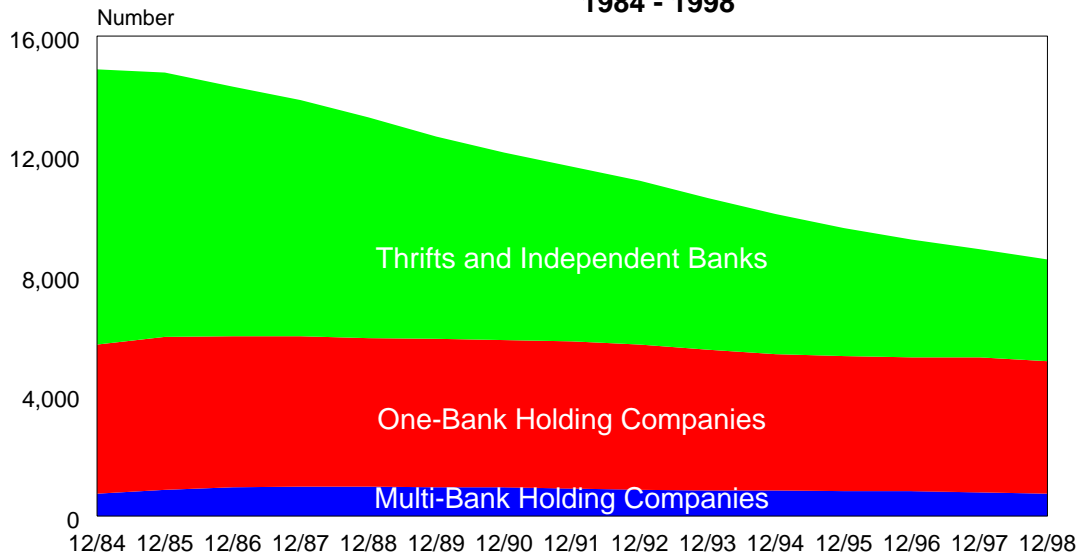
Quarterly Return on Risk-Weighted Assets (RWA),* and RWA to Total Assets 1991 - 1998



* Assets weighted according to risk categories used in regulatory capital computations.

Number of FDIC-Insured Banking Organizations

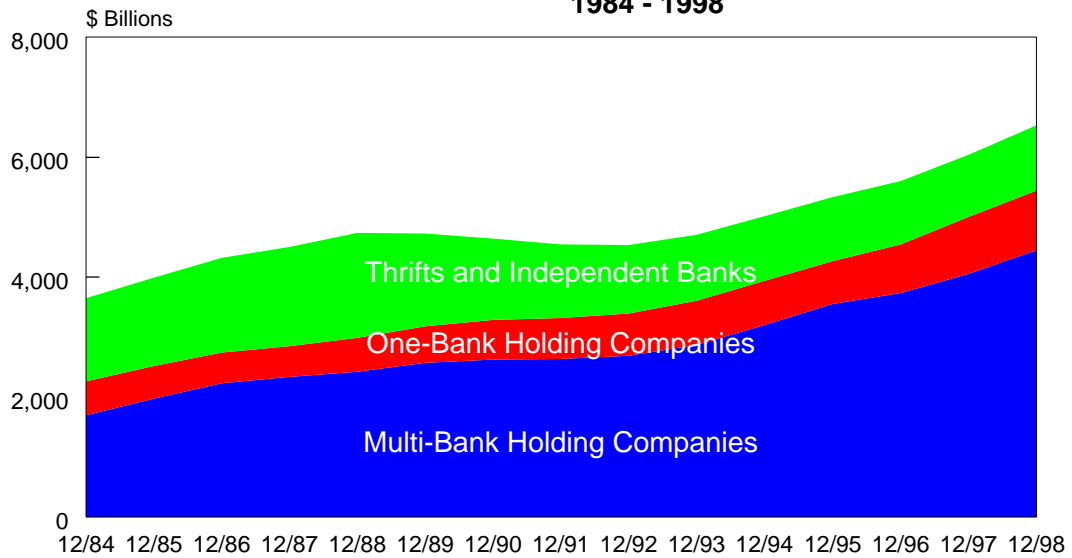
1984 - 1998



| | | | | | | | | | | | | | | | |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|-------|
| Thrifts* and Indpt Banks | 9,183 | 8,803 | 8,333 | 7,882 | 7,350 | 6,747 | 6,247 | 5,818 | 5,455 | 5,067 | 4,663 | 4,262 | 3,935 | 3,620 | 3,389 |
| One-Bank Holding Co.'s | 4,974 | 5,097 | 5,025 | 5,002 | 4,956 | 4,956 | 4,908 | 4,907 | 4,838 | 4,688 | 4,553 | 4,510 | 4,458 | 4,487 | 4,430 |
| Multi-Bank Holding Co.'s | 729 | 875 | 957 | 979 | 975 | 955 | 963 | 920 | 875 | 848 | 839 | 821 | 820 | 788 | 735 |
| Total | 14,886 | 14,775 | 14,315 | 13,863 | 13,281 | 12,658 | 12,118 | 11,645 | 11,168 | 10,603 | 10,055 | 9,593 | 9,213 | 8,895 | 8,554 |

Assets of FDIC-Insured Banking Organizations

1984 - 1998

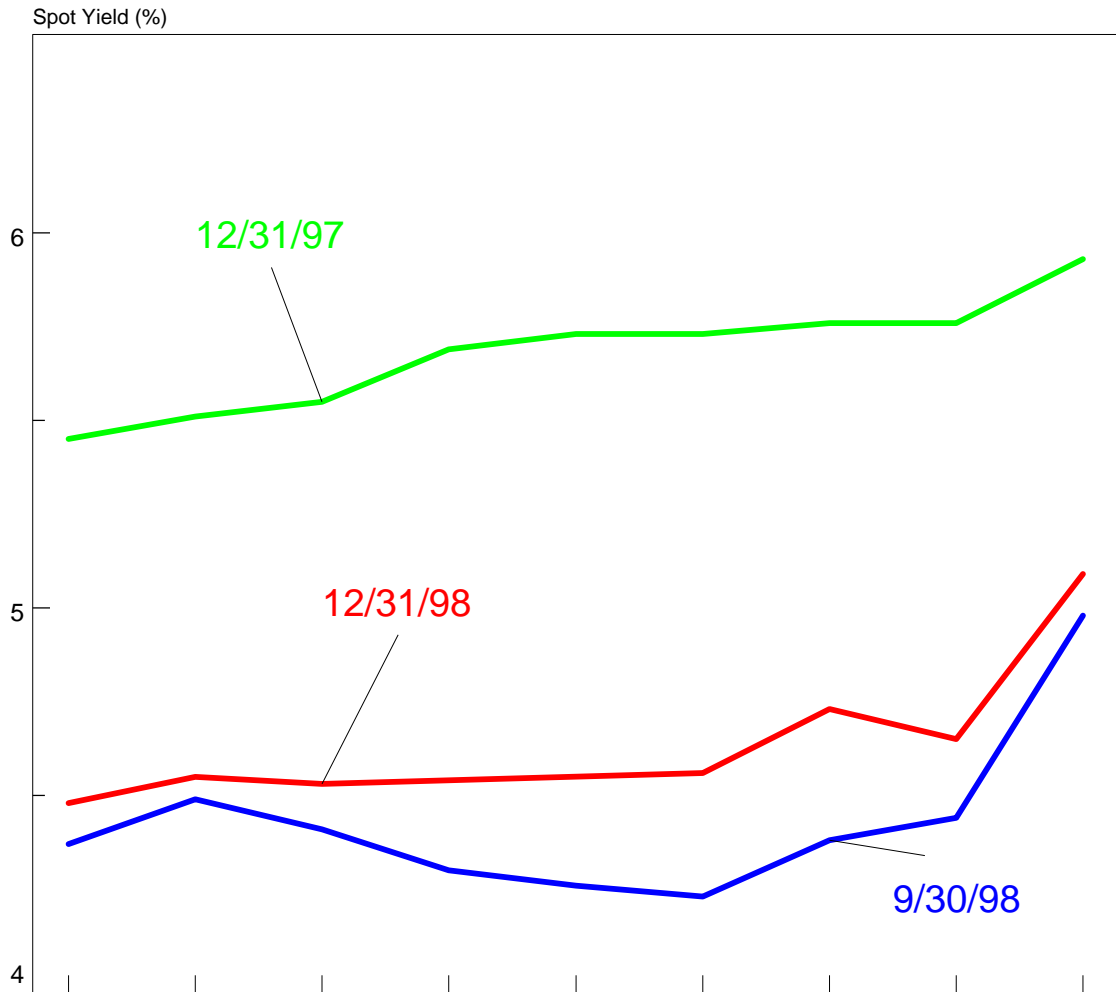


| | | | | | | | | | | | | | | | |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Thrifts* and Indpt Banks | 1,386 | 1,475 | 1,584 | 1,648 | 1,745 | 1,547 | 1,363 | 1,225 | 1,140 | 1,097 | 1,084 | 1,071 | 1,061 | 1,035 | 1,081 |
| One-Bank Holding Co.'s | 566 | 537 | 512 | 516 | 563 | 603 | 655 | 684 | 710 | 739 | 728 | 714 | 814 | 950 | 990 |
| Multi-Bank Holding Co.'s | 1,700 | 1,981 | 2,232 | 2,338 | 2,429 | 2,578 | 2,631 | 2,635 | 2,687 | 2,871 | 3,207 | 3,553 | 3,732 | 4,056 | 4,457 |
| Total | 3,653 | 3,993 | 4,328 | 4,502 | 4,737 | 4,727 | 4,649 | 4,544 | 4,536 | 4,707 | 5,019 | 5,338 | 5,607 | 6,041 | 6,529 |

* Includes thrifts owned by unitary thrift holding companies or multi-thrift holding companies.

U.S. Treasury Yield Curve

December 31, 1997 - December 31, 1998



| Maturity | 3-Month | 6-Month | 1 Year | 2 Year | 3 Year | 5 Year | 7 Year | 10 Year | 30 Year |
|----------|---------|---------|--------|--------|--------|--------|--------|---------|---------|
| 12/31/98 | 4.48 | 4.55 | 4.53 | 4.54 | 4.55 | 4.56 | 4.73 | 4.65 | 5.09 |
| 9/30/98 | 4.37 | 4.49 | 4.41 | 4.30 | 4.26 | 4.23 | 4.38 | 4.44 | 4.98 |
| 6/30/98 | 5.10 | 5.24 | 5.38 | 5.49 | 5.49 | 5.47 | 5.52 | 5.44 | 5.62 |
| 3/31/98 | 5.13 | 5.27 | 5.41 | 5.60 | 5.61 | 5.64 | 5.74 | 5.67 | 5.94 |
| 12/31/97 | 5.45 | 5.51 | 5.55 | 5.69 | 5.73 | 5.73 | 5.76 | 5.76 | 5.93 |

Source: Federal Reserve's H.15 Statistical Release