























































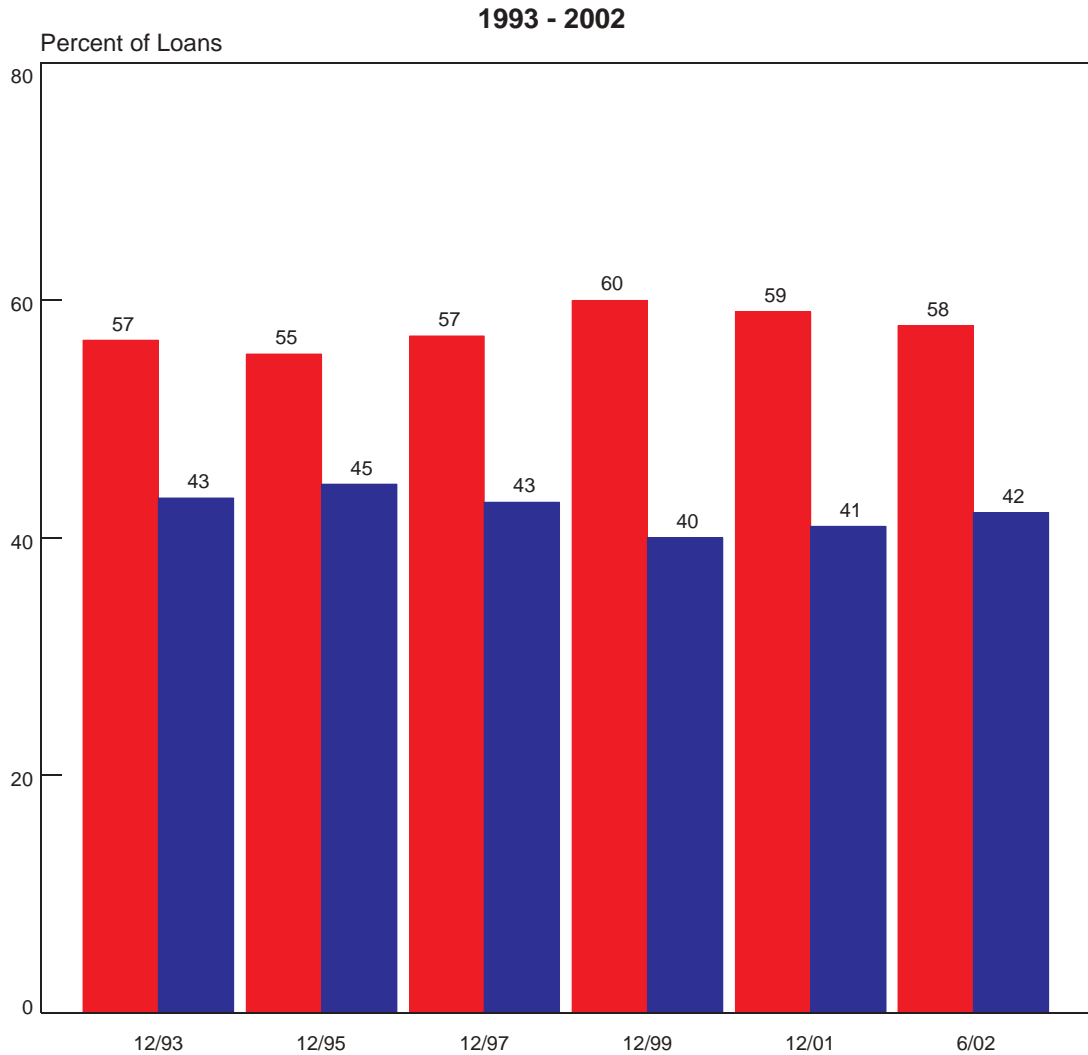






## Credit Risk Diversification

### Consumer Loans versus Loans to Commercial Borrowers (as a Percent of Total Loans)



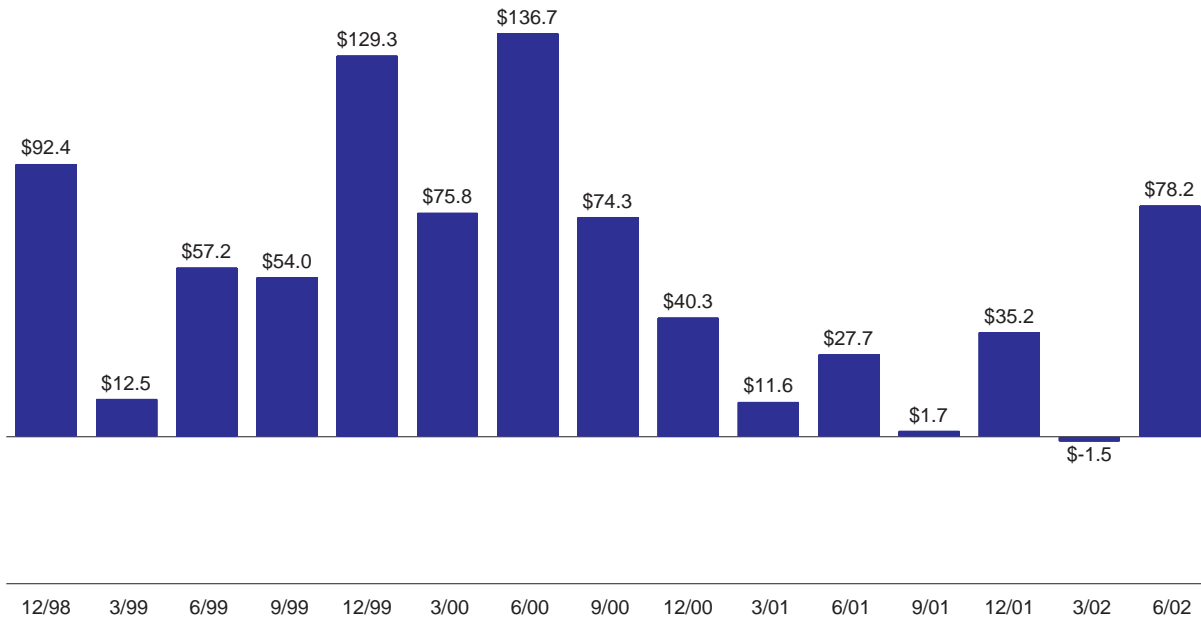
#### Loans (\$ Billions):

■ Commercial Borrowers	\$1,222	\$1,447	\$1,695	\$2,097	\$2,301	\$2,300
■ Consumer Loans	935	1,161	1,280	1,398	1,598	1,675

**Loans to Commercial Borrowers (Credit Risk Concentrated)** — These are loans that can have relatively large balances at risk to a single borrower. A single loan may represent a significant portion of an institution's capital or income. Therefore, a relatively small number of defaults could impair an institution's capital or income. These loans include commercial and industrial loans, commercial real estate, construction loans, and agricultural loans.

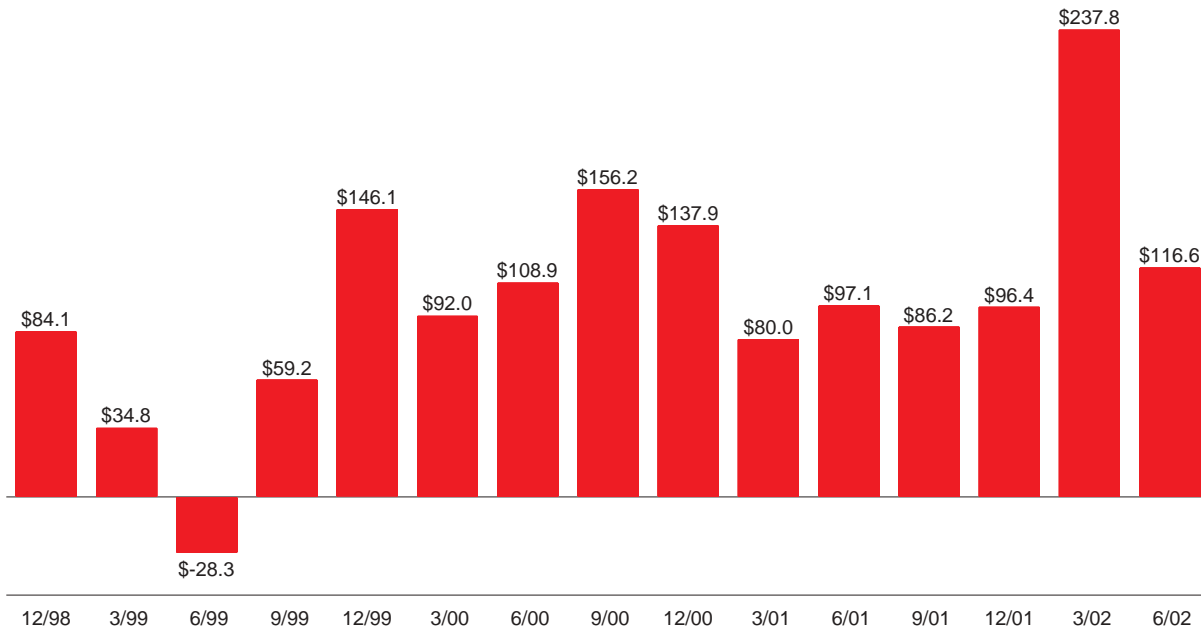
**Consumer Loans (Credit Risk Diversified)** — These are loans that typically have relatively small balances spread among a large number of borrowers. A number of defaults are likely but typically do not impair an institution's capital or income. These loans include consumer and credit card loans, 1-4 family residential mortgages and home equity loans.

## Quarterly Change in Reported Loans Outstanding (\$ Billions)



In the second quarter of 2002, 1-4 family loans increased by \$52 billion and consumer loans increased by \$13 billion, while commercial and industrial loans decreased by \$27 billion.

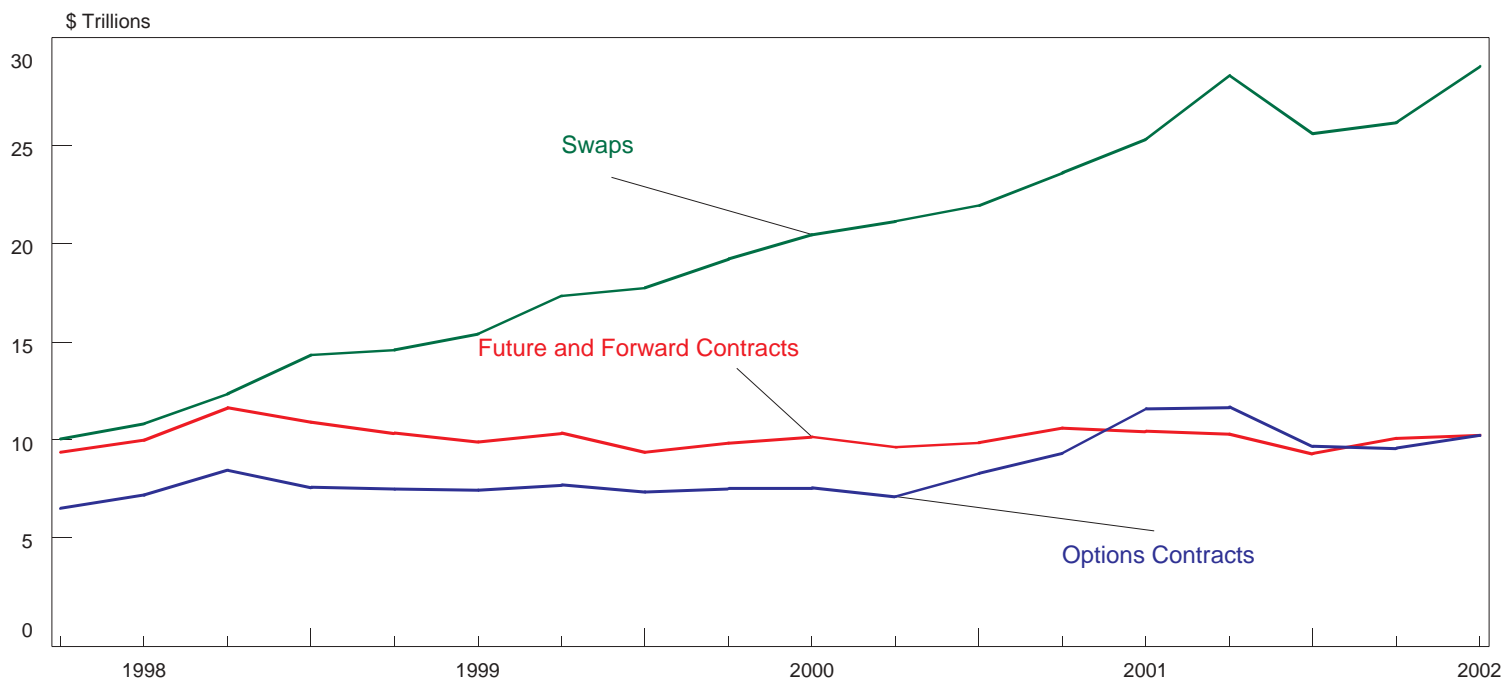
## Quarterly Change in Unused Loan Commitments (\$ Billions)



In the second quarter of 2002, unused credit card commitments increased by \$58 billion and unused commitments for loans to businesses increased by \$34 billion.

## Derivatives

1998 - 2002 (Notional Amounts)



	12/98	12/99	12/00	12/01	3/02	6/02
<b>Total Derivatives</b> (Notional Amounts, in billions of dollars)	\$32,863	\$34,533	\$40,145	\$44,647	\$45,899	\$49,582
<b>Futures and Forward Contracts</b>	<b>10,924</b>	<b>9,390</b>	<b>9,877</b>	<b>9,313</b>	<b>10,087</b>	<b>10,269</b>
Interest rate contracts	5,521	5,096	5,302	5,310	6,221	6,458
Foreign exchange rate contracts	5,308	4,175	4,425	3,862	3,714	3,620
Other futures and forwards*	95	119	150	141	152	191
<b>Option Contracts</b>	<b>7,592</b>	<b>7,361</b>	<b>8,301</b>	<b>9,689</b>	<b>9,594</b>	<b>10,242</b>
Interest rate options	5,679	5,795	6,744	8,252	8,041	8,470
Foreign currency options	1,393	965	775	743	841	1,014
Other option contracts*	520	601	782	693	712	758
<b>Swaps</b>	<b>14,347</b>	<b>17,781</b>	<b>21,968</b>	<b>25,645</b>	<b>26,218</b>	<b>29,071</b>
Interest rate swaps	13,592	16,884	20,920	24,401	25,020	27,768
Foreign exchange rate swaps	686	774	899	1,129	1,071	1,176
Other swaps*	69	123	148	115	127	127
<b>Memoranda</b>						
Spot Foreign Exchange Contracts	375	66	189	111	172	504
Credit Derivatives	144	287	426	411	438	492
Number of banks reporting derivatives	447	418	401	370	381	392
Replacement cost of interest rate and foreign exchange rate contracts **	471	361	449	598	500	720

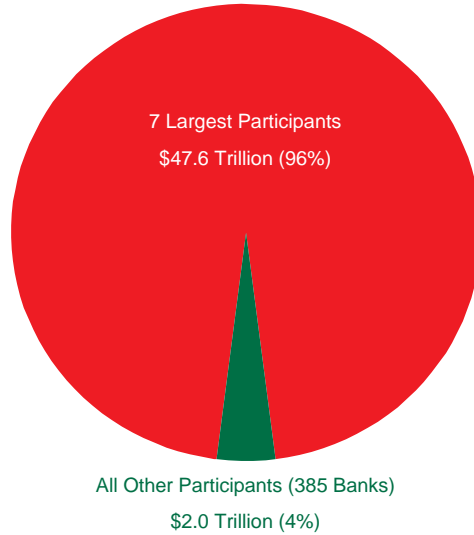
\* Not reported by banks with less than \$300 million in assets.

\*\* 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 Derivatives\*

## Notional Amounts

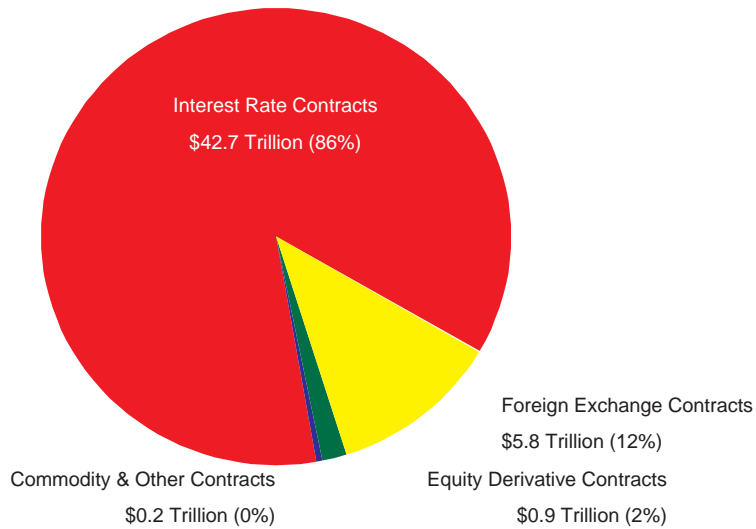
June 30, 2002



# Composition of Derivatives\*

## Notional Amounts

June 30, 2002



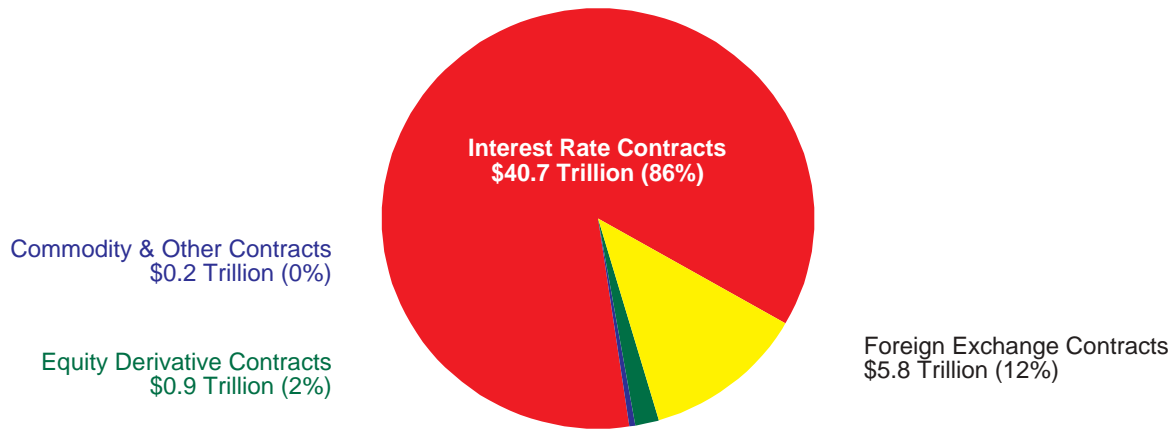
\*Amounts do not represent either the net market position or the credit exposure of banks' derivative activities. They represent the gross value of all contracts written. Spot foreign exchange contracts of \$452 billion for the seven largest participants and \$52 billion for all others are not included.

## Purpose of Derivatives\*

### Held for Trading

#### Notional Amounts

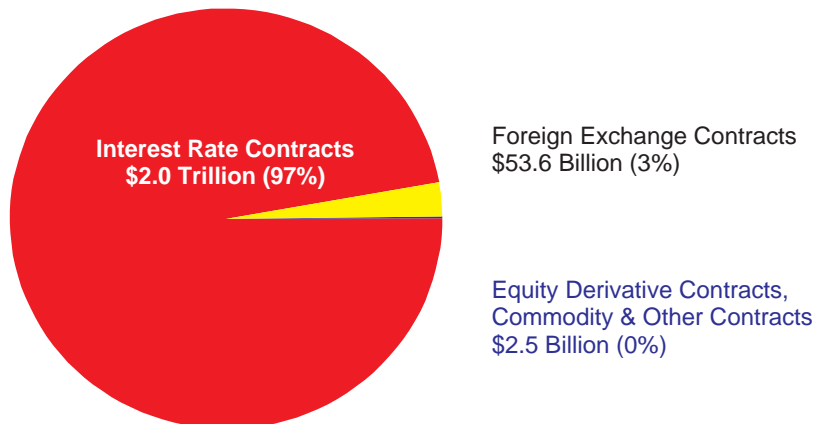
June 30, 2002



### Not Held for Trading

#### Notional Amounts

June 30, 2002



\* Notional amounts do not represent either the net market position or the credit exposure of banks' derivative activities. They represent the gross value of all contracts written. Spot foreign exchange contracts of \$504 billion are not included.



## Position of Derivatives

### Gross Fair Values

June 30, 2002  
(\$ Millions)

### Held for Trading

91 Banks Held Derivative Contracts for Trading  
7 Largest Participants Held 98% of Total (Notional Amount)  
(Marked to Market)

	Interest Rate	Foreign Exchange	Equity Derivatives	Commodity & Other	Total	Net
<b>Seven Largest Participants</b>						
Gross positive fair value	520,288	157,209	32,249	11,360	721,105	14,598
Gross negative fair value	504,194	159,430	32,380	10,504	706,508	
<b>All other participants</b>						
Gross positive fair value	9,056	8,202	1,156	865	19,278	(797)
Gross negative fair value	9,225	9,429	550	871	20,075	
<b>Total</b>						
Gross positive fair value	529,344	165,410	33,405	12,224	740,384	13,801
Gross negative fair value	513,419	168,859	32,930	11,375	726,583	

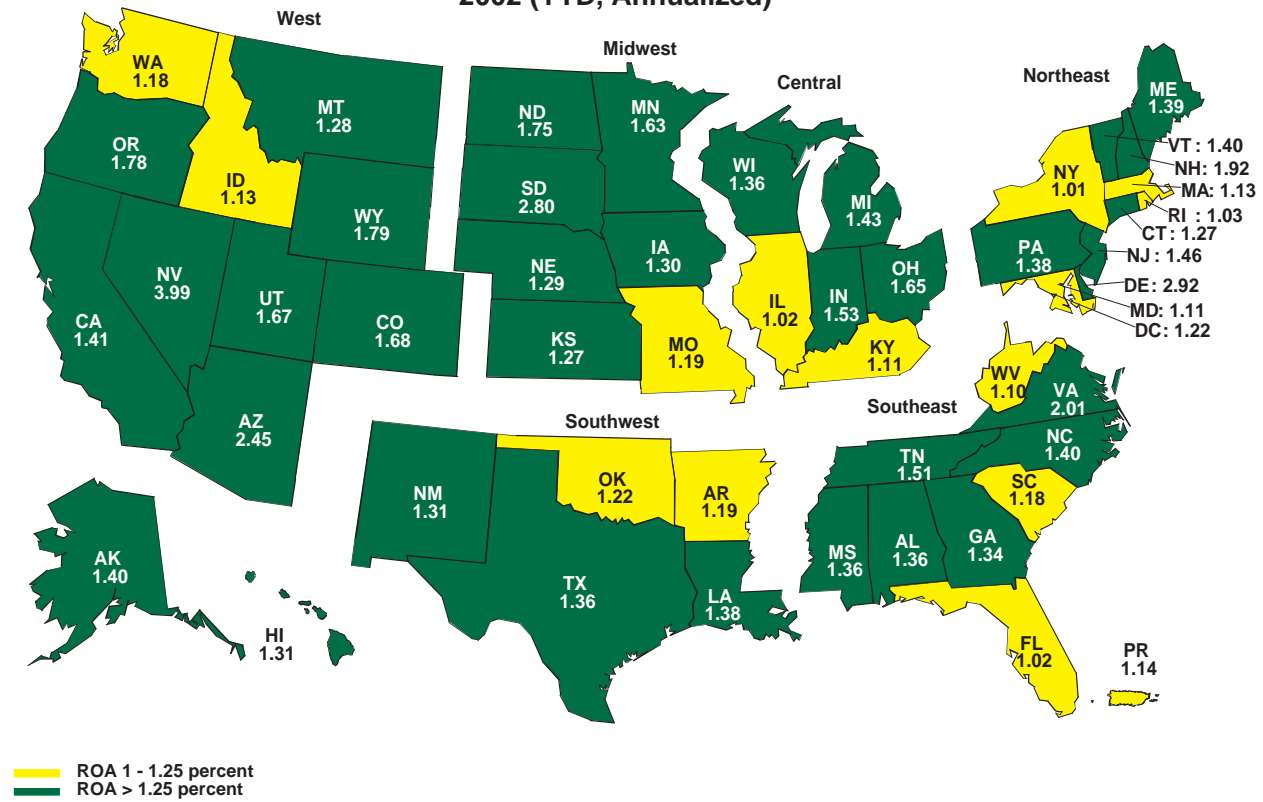
### Held for Purposes Other than Trading

341 Banks Held Derivative Contracts for Purposes Other than Trading  
7 Largest Participants Held 75% of Total (Notional Amount)

	Interest Rate	Foreign Exchange	Equity Derivatives	Commodity & Other	Total	Net
<b>Seven Largest Participants</b>						
Gross positive fair value	17,395	494	0	0	17,889	7,974
Gross negative fair value	8,897	1,011	7	0	9,915	
<b>All other participants</b>						
Gross positive fair value	7,020	429	180	1	7,630	842
Gross negative fair value	5,898	651	238	1	6,789	
<b>Total</b>						
Gross positive fair value	24,415	923	180	1	25,519	8,815
Gross negative fair value	14,795	1,662	245	1	16,704	

# Return on Assets (ROA)

2002 (YTD, Annualized)



## ROA Rankings by State

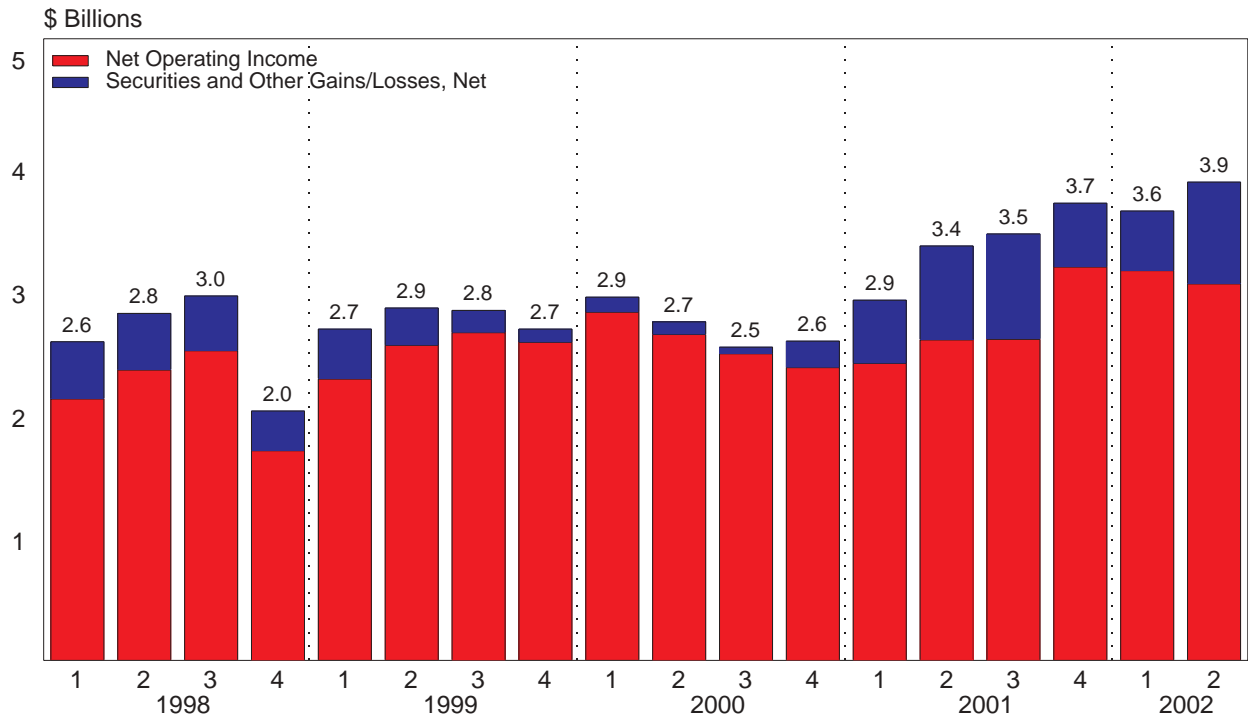
	No. of Inst. as of 6/30/02	YTD 2002	YTD 2001	Change*		No. of Inst. as of 6/30/02	YTD 2002	YTD 2001	Change*
1 Nevada	35	3.99	3.87	12	28 Wisconsin	279	1.36	1.11	25
2 Delaware	31	2.92	2.22	70	29 Georgia	324	1.34	1.49	(15)
3 South Dakota	93	2.80	2.42	38	30 Hawaii	7	1.31	1.26	5
4 Arizona	40	2.45	2.08	37	31 New Mexico	52	1.31	0.66	65
5 Virginia	128	2.01	1.91	10	32 Iowa	414	1.30	1.13	17
6 New Hampshire	14	1.92	4.28	(236)	33 Nebraska	273	1.29	1.18	11
7 Wyoming	45	1.79	1.81	(2)	34 Montana	80	1.28	1.34	(6)
8 Oregon	32	1.78	1.49	29	35 Connecticut	25	1.27	0.73	54
9 North Dakota	104	1.75	1.31	44	36 Kansas	368	1.27	1.33	(6)
10 Colorado	175	1.68	1.39	29	37 District of Col.	4	1.22	0.75	47
11 Utah	56	1.67	1.23	44	38 Oklahoma	276	1.22	1.17	5
12 Ohio	201	1.65	1.15	50	39 Arkansas	170	1.19	1.04	15
13 Minnesota	472	1.63	1.21	42	40 Missouri	350	1.19	1.19	0
14 Indiana	154	1.53	1.03	50	41 South Carolina	77	1.18	1.16	2
15 Tennessee	190	1.51	1.27	24	42 Washington	79	1.18	1.10	8
16 New Jersey	82	1.46	0.97	49	43 Puerto Rico	12	1.14	1.12	2
17 Michigan	161	1.43	1.04	39	44 Idaho	17	1.13	1.00	13
18 California	288	1.41	1.77	(36)	45 Massachusetts	41	1.13	1.55	(42)
19 Alaska	6	1.40	0.82	58	46 Kentucky	227	1.11	1.20	(9)
20 North Carolina	72	1.40	1.15	25	47 Maryland	72	1.11	0.89	22
21 Vermont	15	1.40	1.48	(8)	48 West Virginia	70	1.10	0.68	42
22 Maine	15	1.39	1.21	18	49 Rhode Island	7	1.03	1.12	(9)
23 Louisiana	142	1.38	1.22	16	50 Florida	259	1.02	0.82	20
24 Pennsylvania	177	1.38	1.30	8	51 Illinois	686	1.02	0.95	7
25 Alabama	153	1.36	1.19	17	52 New York	137	1.01	0.99	2
26 Mississippi	98	1.36	1.12	24					
27 Texas	675	1.36	1.24	12					
					U.S. and Terr.	7,966	1.37	1.23	14

\*YTD ROA minus ROA for the same period one year ago equals change in basis points. Basis point = 1/100 of a percent.

Results for four of the states with the highest ROAs (SD, NV, DE, & NH) were significantly influenced by the presence of large credit card operators.

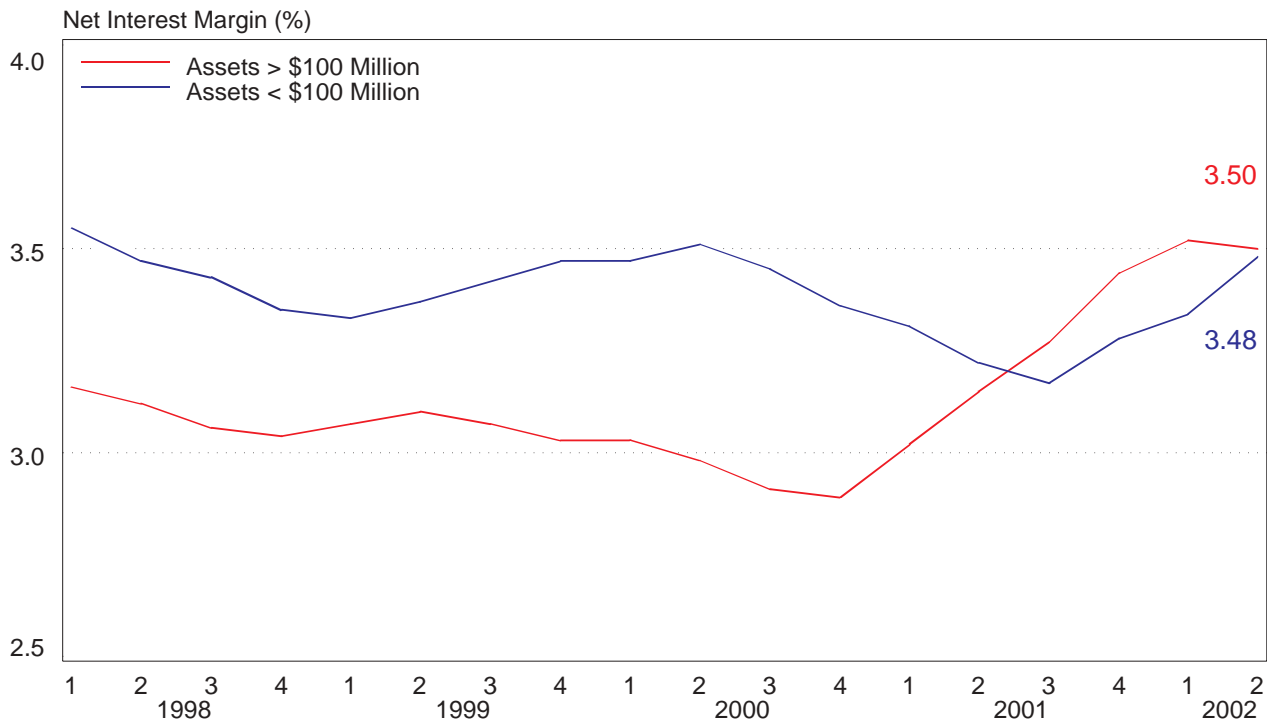
## Quarterly Net Income

1998 - 2002



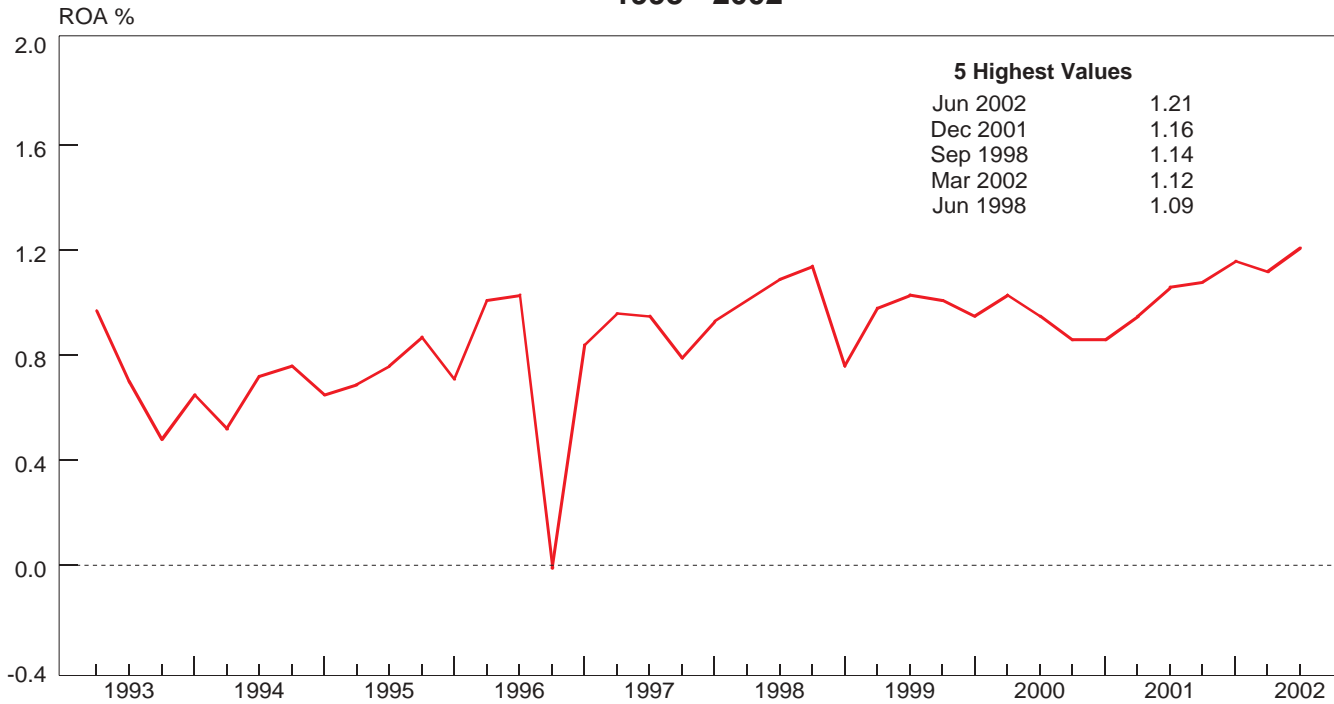
## Quarterly Net Interest Margins, Annualized

1998 - 2002



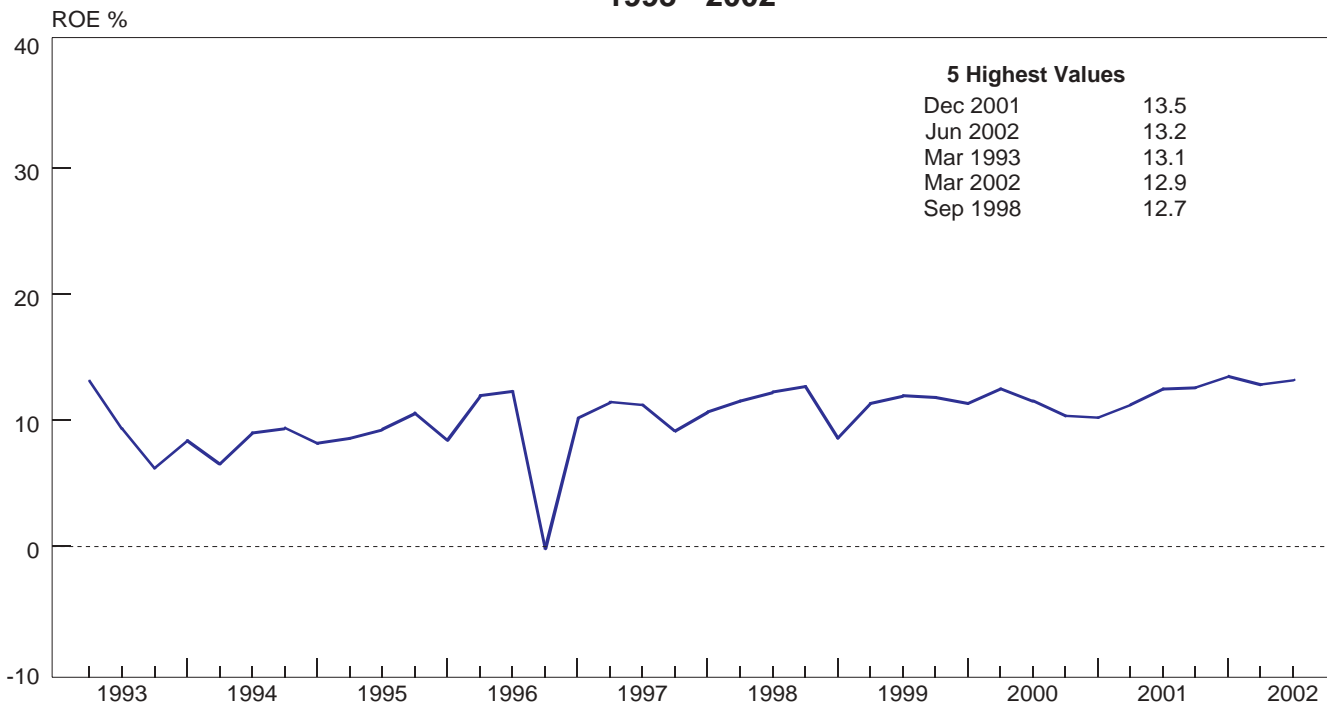
## Quarterly Return on Assets (ROA), Annualized

1993 - 2002



## Quarterly Return on Equity (ROE), Annualized

1993 - 2002



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

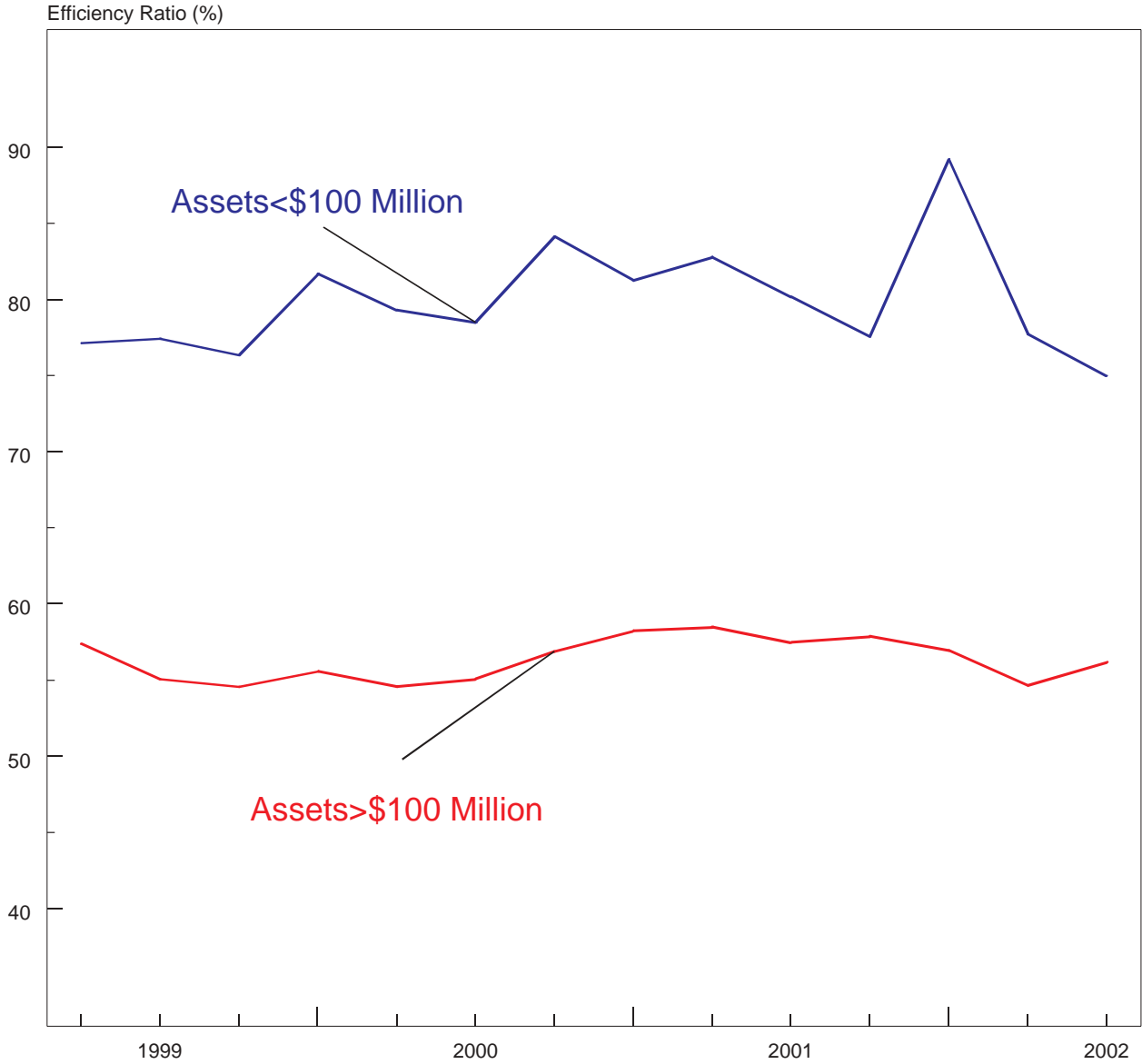
1993 - 2002



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

# Quarterly Efficiency Ratios\*

1999 - 2002



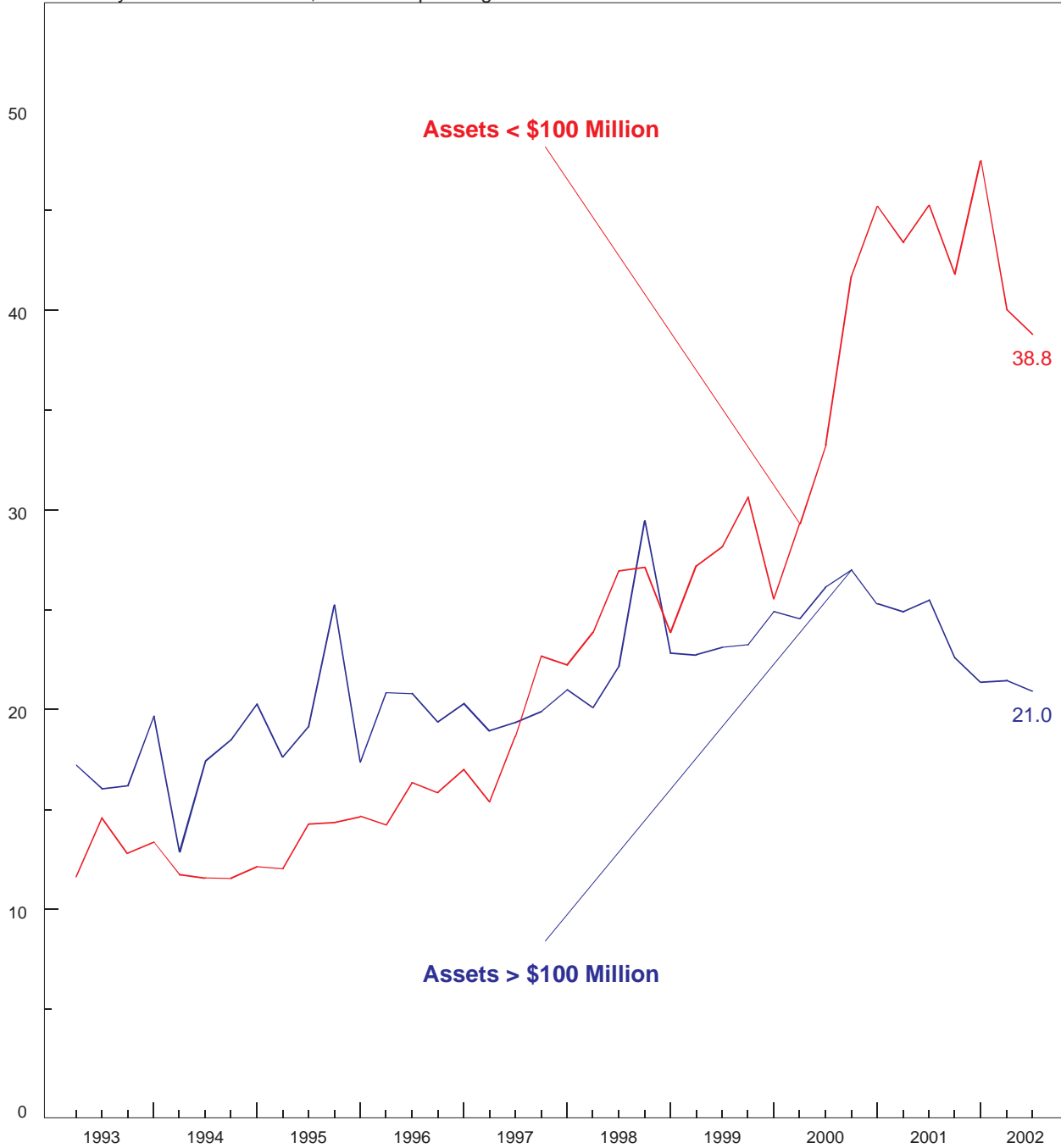
	1999	1999	1999	2000	2000	2000	2001	2001	2001	2001	2002	2002	2002	
Assets <\$100 Million	77.14	77.43	76.37	81.70	79.32	78.51	84.13	81.27	82.79	80.19	77.58	89.20	77.75	75.01
Assets >\$100 Million	57.39	55.07	54.57	55.59	54.60	55.09	56.90	58.26	58.51	57.50	57.89	56.96	54.66	56.20
Total	58.13	55.89	55.38	56.50	55.46	55.93	57.96	59.19	59.40	58.26	58.50	58.03	55.30	56.73

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

## Noninterest Income as a Percentage of Net Operating Revenue\*

1993 - 2002

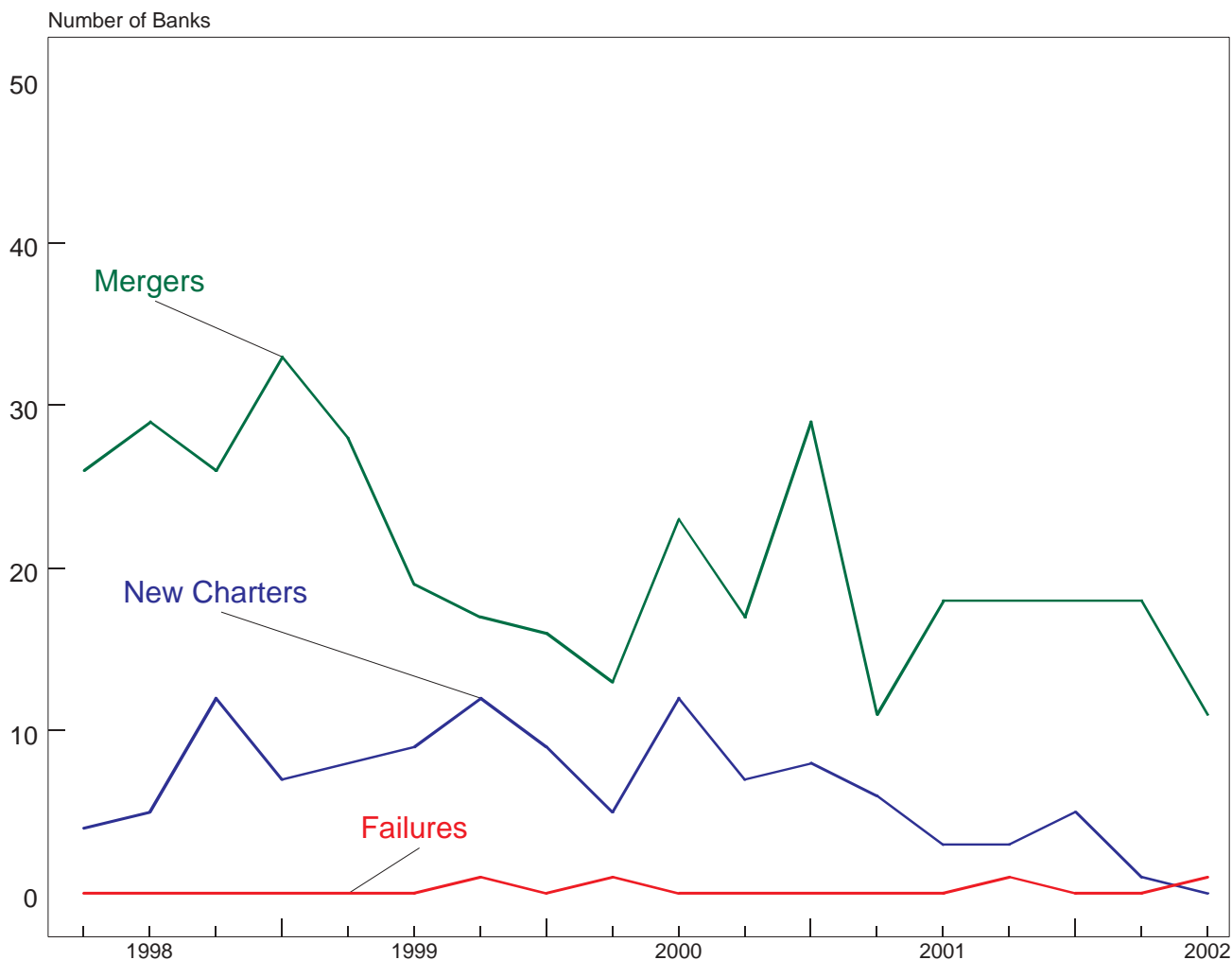
Quarterly Noninterest Income, % of net Operating Revenue\*



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

# Changes in the Number of FDIC-Insured Savings Institutions

Quarterly, 1998 - 2002



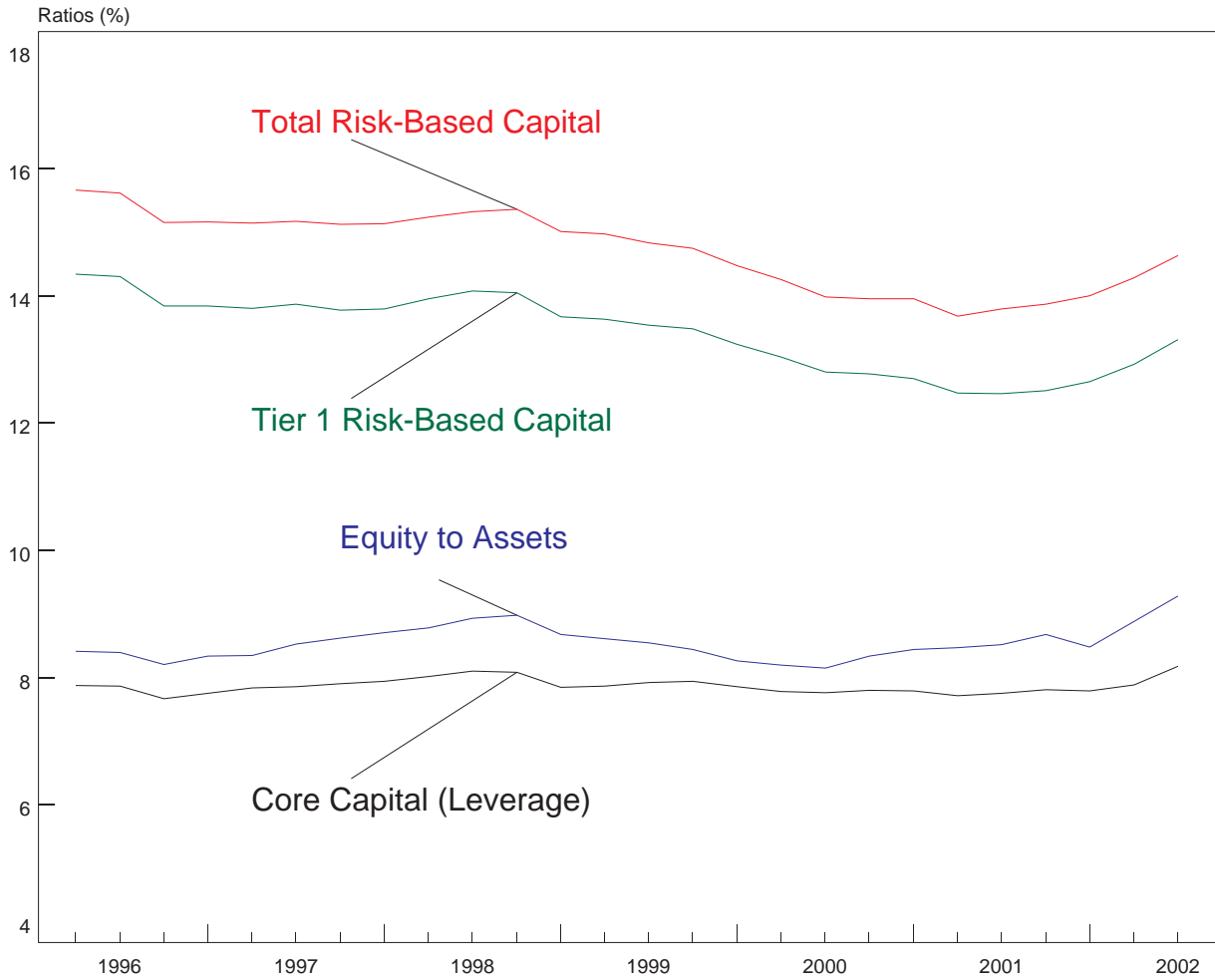
New Charters	4	5	12	7	8	9	12	9	5	12	7	8	6	3	3	5	1	0
Mergers	26	29	26	33	28	19	17	16	13	23	17	29	11	18	18	18	18	11
Failures	0	0	0	0	0	0	1	0	1	0	0	0	0	0	1	0	0	1
Other Changes, Net*	-1	-3	-2	2	-1	-5	2	-2	3	1	-1	-2	-1	0	-1	-5	-1	-5
No. of banks at end of quarter	1,756	1,729	1,713	1,690	1,668	1,653	1,649	1,642	1,635	1,624	1,613	1,589	1,584	1,569	1,552	1,533	1,515	1,498
Net Change during quarter	-23	-27	-16	-24	-21	-15	-4	-8	-6	-11	-11	-23	-6	-15	-17	-18	-18	-17

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



# Capital Ratios

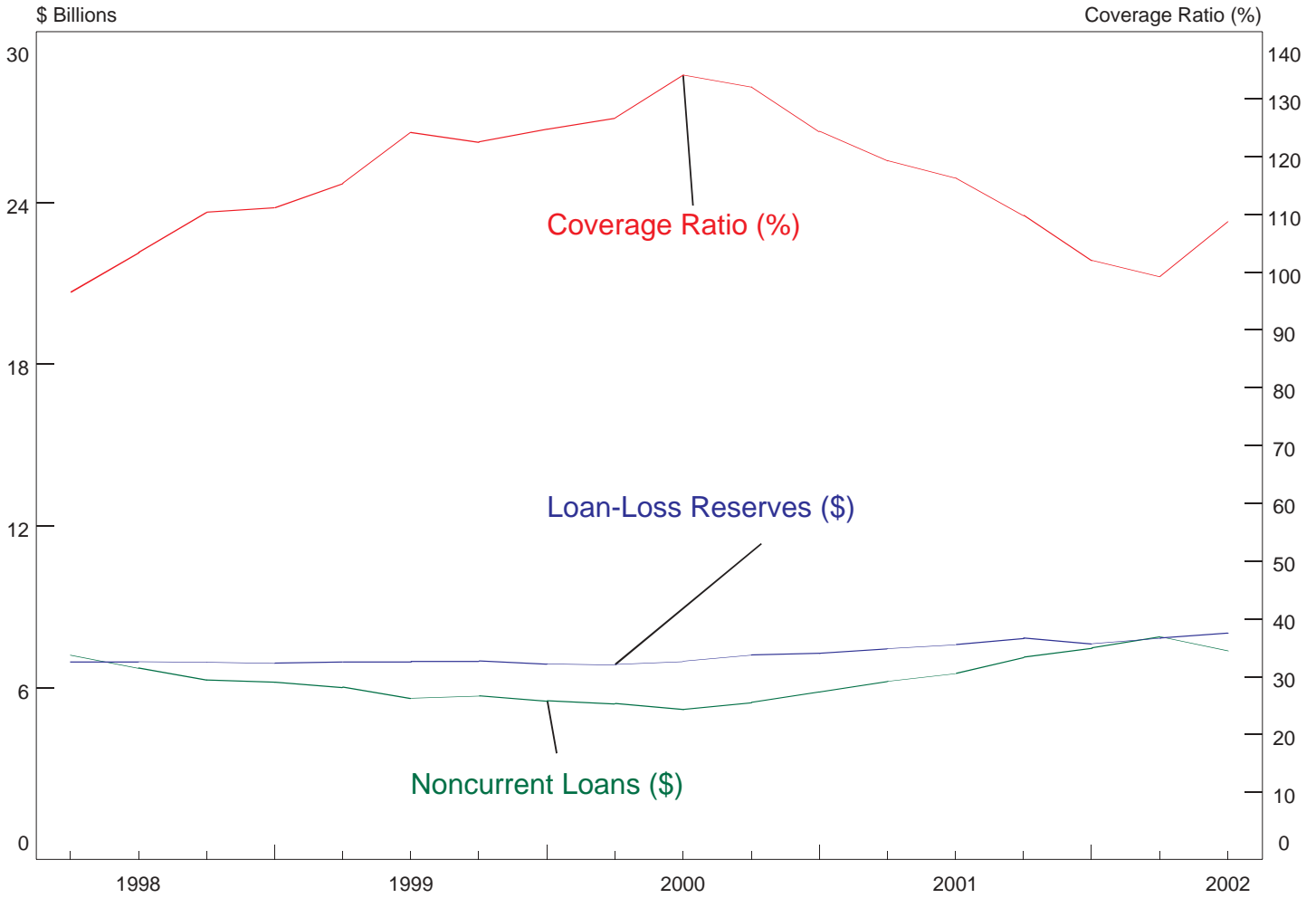
1996 - 2002



	12/96	12/97	12/98	12/99	12/00	12/01	6/02
<b>Total Risk-Based Capital</b>	<b>15.17</b>	<b>15.14</b>	<b>15.02</b>	<b>14.48</b>	<b>13.96</b>	<b>14.01</b>	<b>14.64</b>
<b>Tier 1 Risk-Based Capital</b>	<b>13.85</b>	<b>13.80</b>	<b>13.68</b>	<b>13.24</b>	<b>12.70</b>	<b>12.66</b>	<b>13.32</b>
<b>Equity to Assets</b>	<b>8.34</b>	<b>8.71</b>	<b>8.68</b>	<b>8.27</b>	<b>8.45</b>	<b>8.49</b>	<b>9.29</b>
<b>Core Capital (Leverage)</b>	<b>7.76</b>	<b>7.95</b>	<b>7.85</b>	<b>7.86</b>	<b>7.80</b>	<b>7.80</b>	<b>8.18</b>

# Reserve Coverage Ratio\*

1998-2002



### Noncurrent Loans (\$ Billions)

7.2 6.8 6.3 6.2 6.0 5.6 5.7 5.5 5.4 5.2 5.5 5.9 6.3 6.6 7.2 7.5 7.9 7.4

### Loan-Loss Reserves (\$ Billions)

7.0 7.0 7.0 6.9 7.0 7.0 7.0 6.9 6.9 7.0 7.2 7.3 7.5 7.6 7.9 7.7 7.9 8.0

### Coverage Ratio (%)

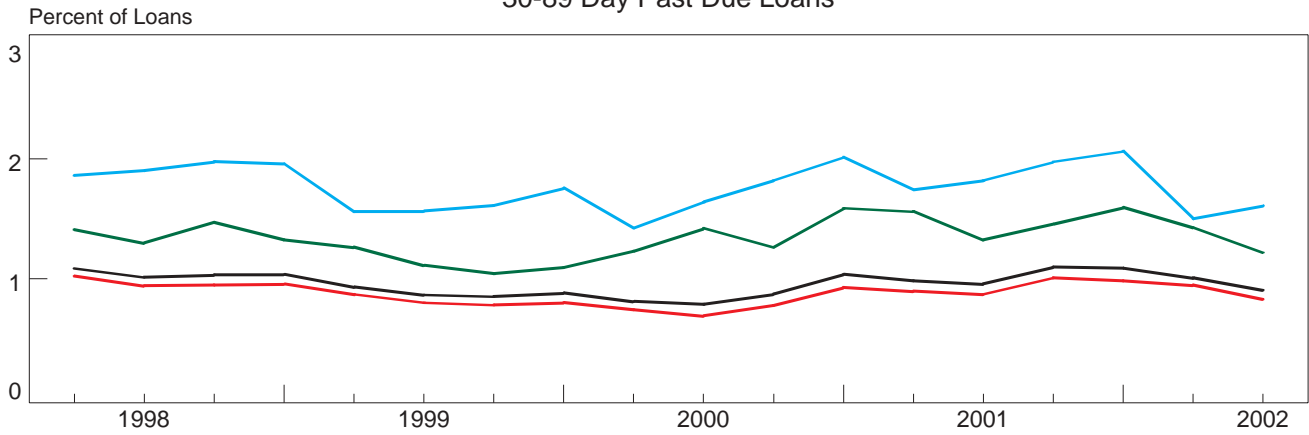
97 103 110 111 115 124 123 125 127 134 132 124 119 116 110 102 99 109

\* Loan-loss reserves to noncurrent loans.

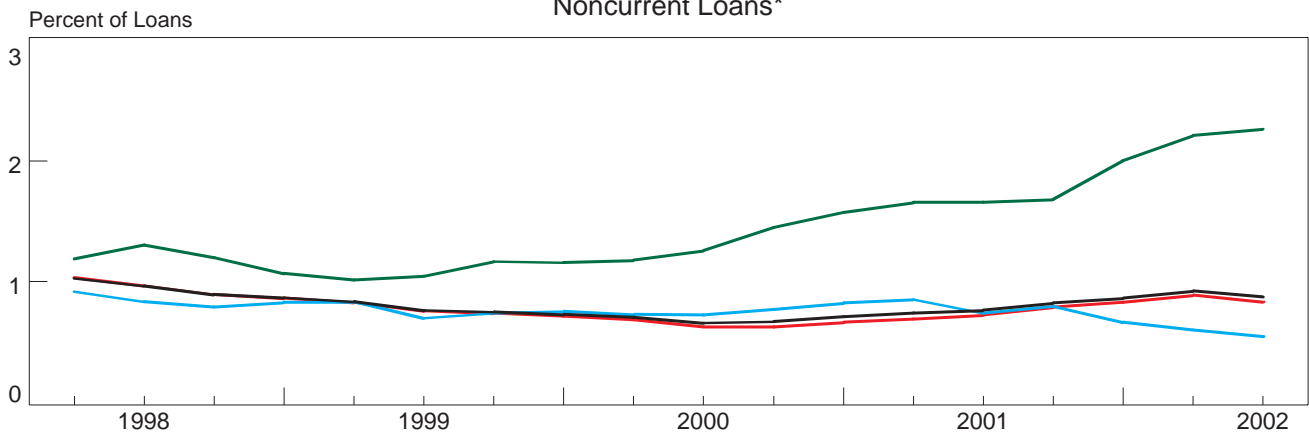
# Loan Quality

1998-2002

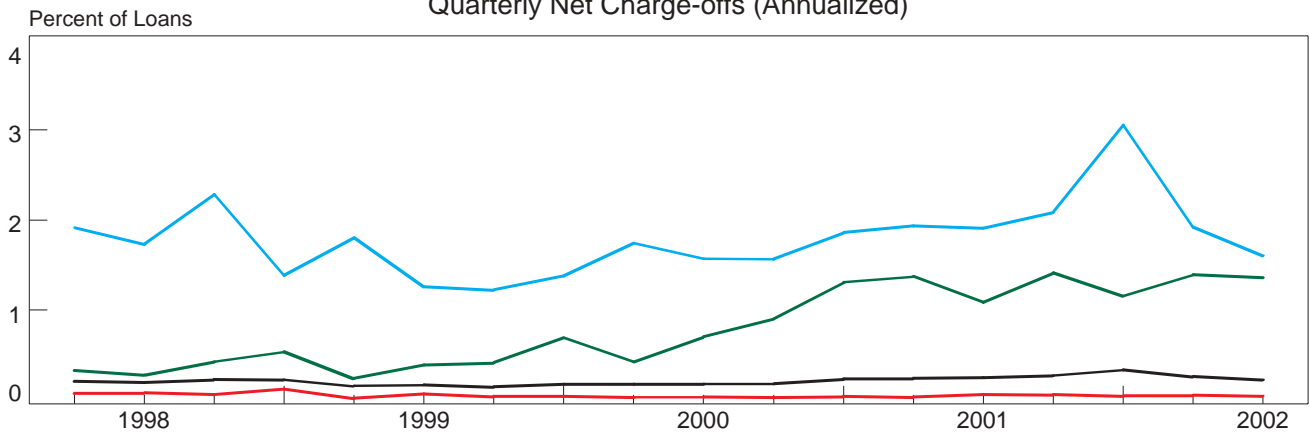
## 30-89 Day Past Due Loans



## Noncurrent Loans\*



## Quarterly Net Charge-offs (Annualized)

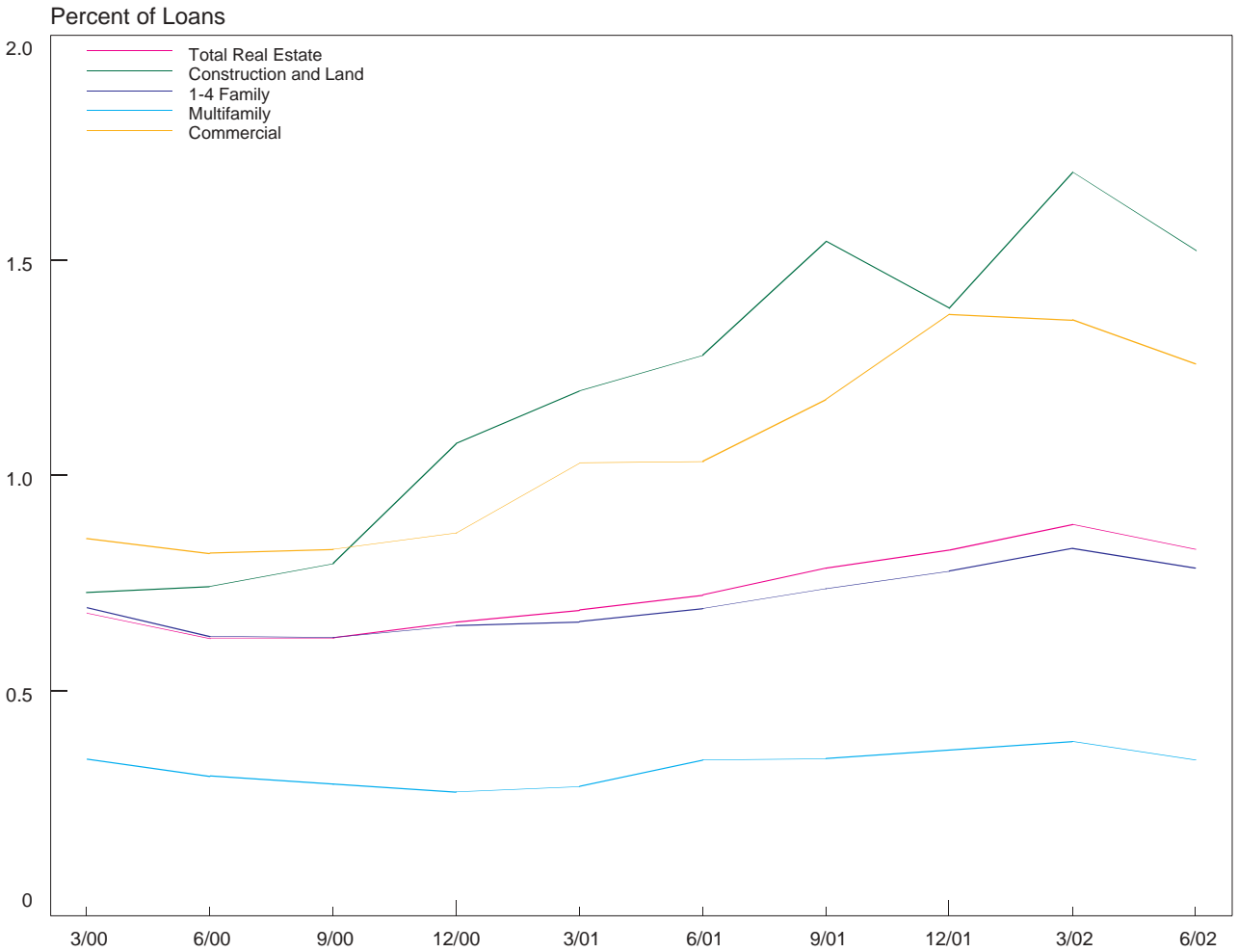


— Total Real Estate Loans to Individuals    
 — Commercial and Industrial  
— All Other Loans

\*Loans past due 90 or more days or in nonaccrual status.

## Noncurrent Real Estate Loan Rates by Type\*

2000-2002

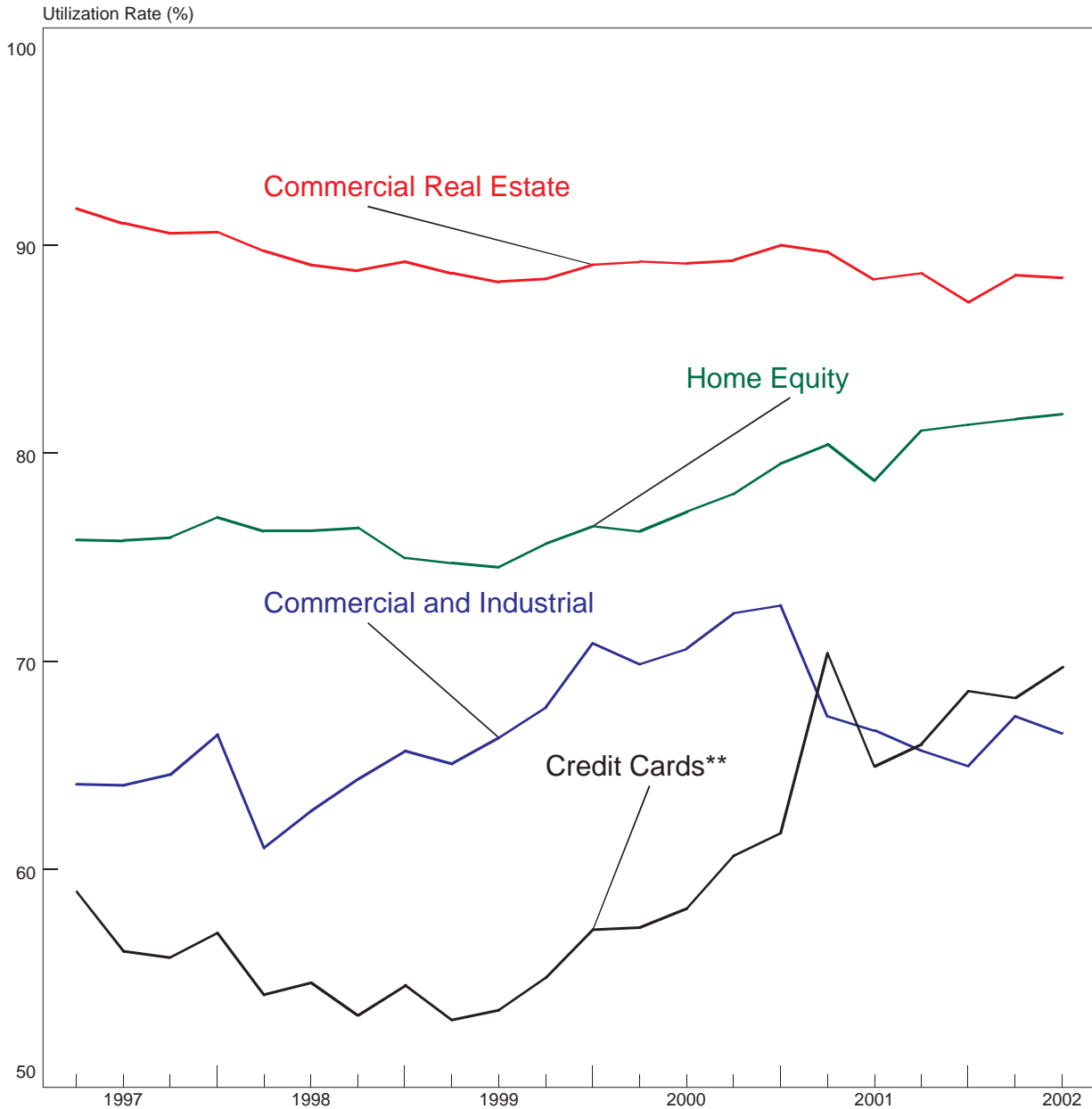


<b>Construction and Land</b>	<b>0.73</b>	<b>0.74</b>	<b>0.80</b>	<b>1.08</b>	<b>1.20</b>	<b>1.28</b>	<b>1.54</b>	<b>1.39</b>	<b>1.70</b>	<b>1.52</b>
<b>1-4 Family</b>	<b>0.69</b>	<b>0.63</b>	<b>0.62</b>	<b>0.65</b>	<b>0.66</b>	<b>0.69</b>	<b>0.74</b>	<b>0.78</b>	<b>0.83</b>	<b>0.79</b>
<b>Multifamily</b>	<b>0.34</b>	<b>0.30</b>	<b>0.28</b>	<b>0.27</b>	<b>0.28</b>	<b>0.34</b>	<b>0.34</b>	<b>0.36</b>	<b>0.38</b>	<b>0.34</b>
<b>Commercial</b>	<b>0.85</b>	<b>0.82</b>	<b>0.83</b>	<b>0.87</b>	<b>1.03</b>	<b>1.03</b>	<b>1.18</b>	<b>1.37</b>	<b>1.36</b>	<b>1.26</b>
<b>Total</b>	<b>0.68</b>	<b>0.62</b>	<b>0.62</b>	<b>0.66</b>	<b>0.69</b>	<b>0.72</b>	<b>0.78</b>	<b>0.83</b>	<b>0.89</b>	<b>0.83</b>

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

## Utilization Rates of Loan Commitments\*

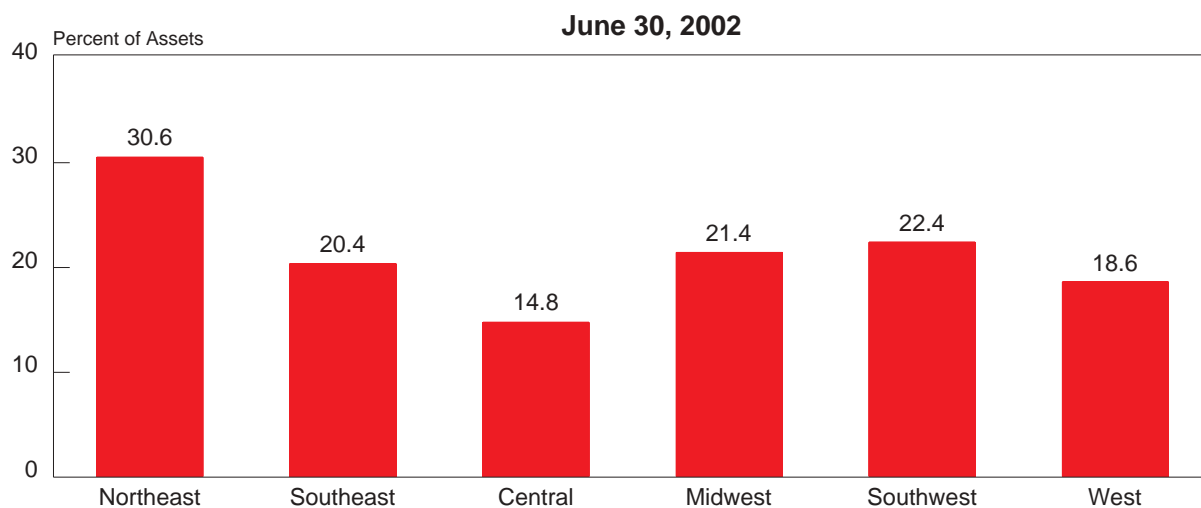
1997-2002



\* 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.

## Total Securities\* as a Percent of Assets



## Total Securities\*

(\$ Billions)

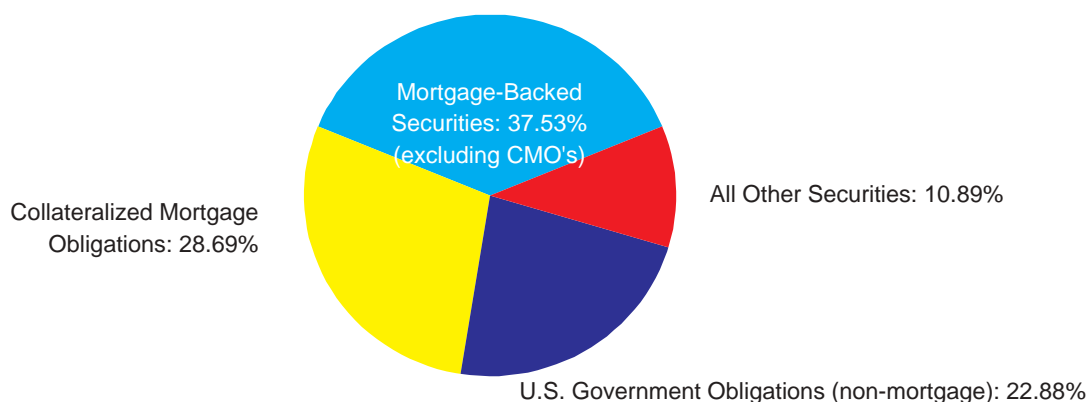
	6/00	9/00	12/00	3/01	6/01	9/01	12/01	3/02	6/02
U.S. Government Obligations (non-mortgage)	\$40	\$39	\$40	\$41	\$41	\$37	\$57	\$73	\$67
Mortgage-Backed Securities (excluding CMO's)	116	115	118	122	122	122	115	113	110
Collateralized Mortgage Obligations	95	93	95	89	86	85	82	85	84
All Other Securities	28	28	29	28	30	32	31	32	32
<b>Total Securities</b>	<b>279</b>	<b>276</b>	<b>282</b>	<b>280</b>	<b>279</b>	<b>276</b>	<b>285</b>	<b>302</b>	<b>293</b>
Securities as a Percent of Assets	23.6%	23.0%	23.2%	22.3%	21.9%	21.4%	21.9%	22.9%	22.8%

### Memoranda:

Amortized Cost of Total Held-to-Maturity Sec.	95	93	94	72	71	68	67	71	68
Fair Value of Total Available-for-Sale Sec.	184	182	188	208	208	208	218	232	225

## Total Securities\*

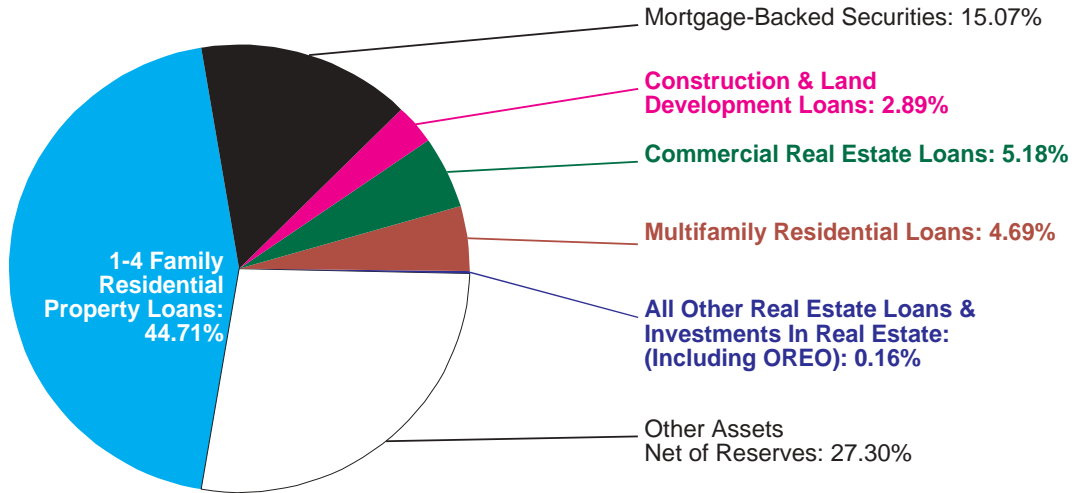
June 30, 2002



\*Excludes trading account assets for savings institutions filing a Call Report. Trading account assets for savings institutions filing a TFR are netted out of 'All Other Securities'.

## Real Estate Assets as a Percent of Total Assets

June 30, 2002



## Real Estate Loan Growth Rates

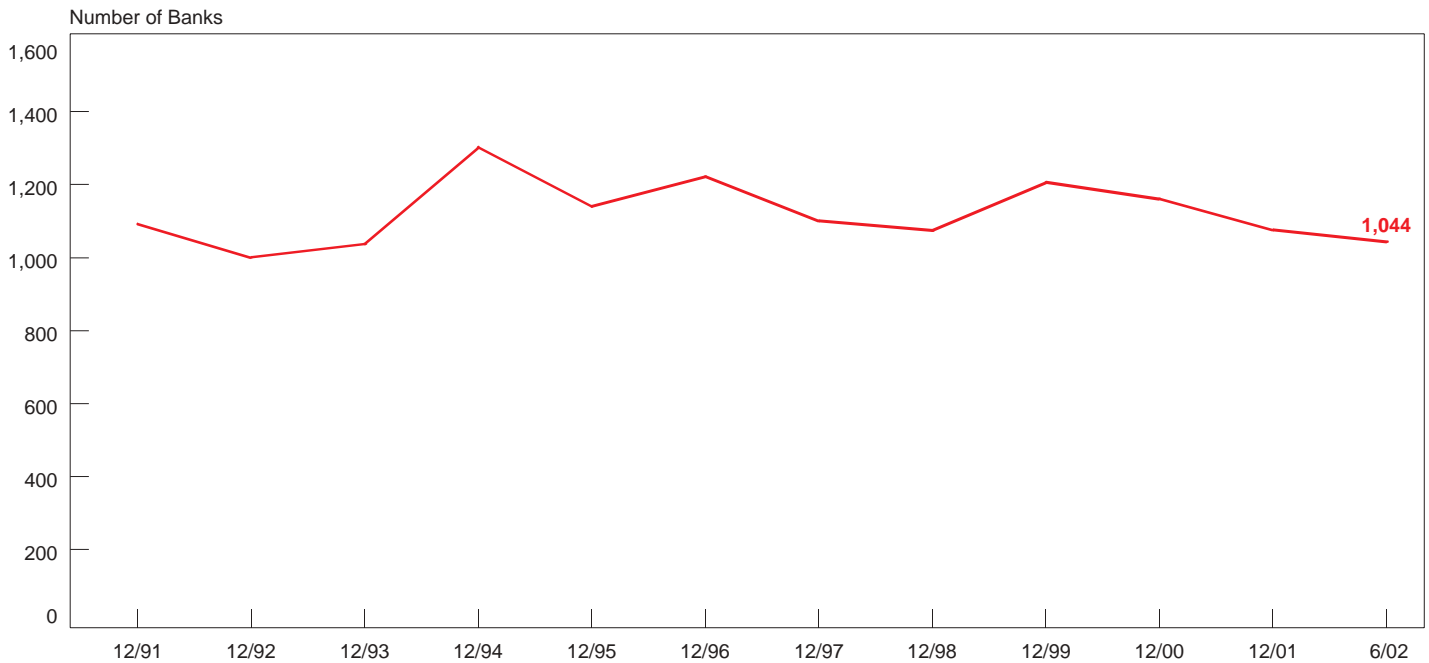
1993-2002



\* Beginning in March 1997, TFR filers report balances net of loans in process.

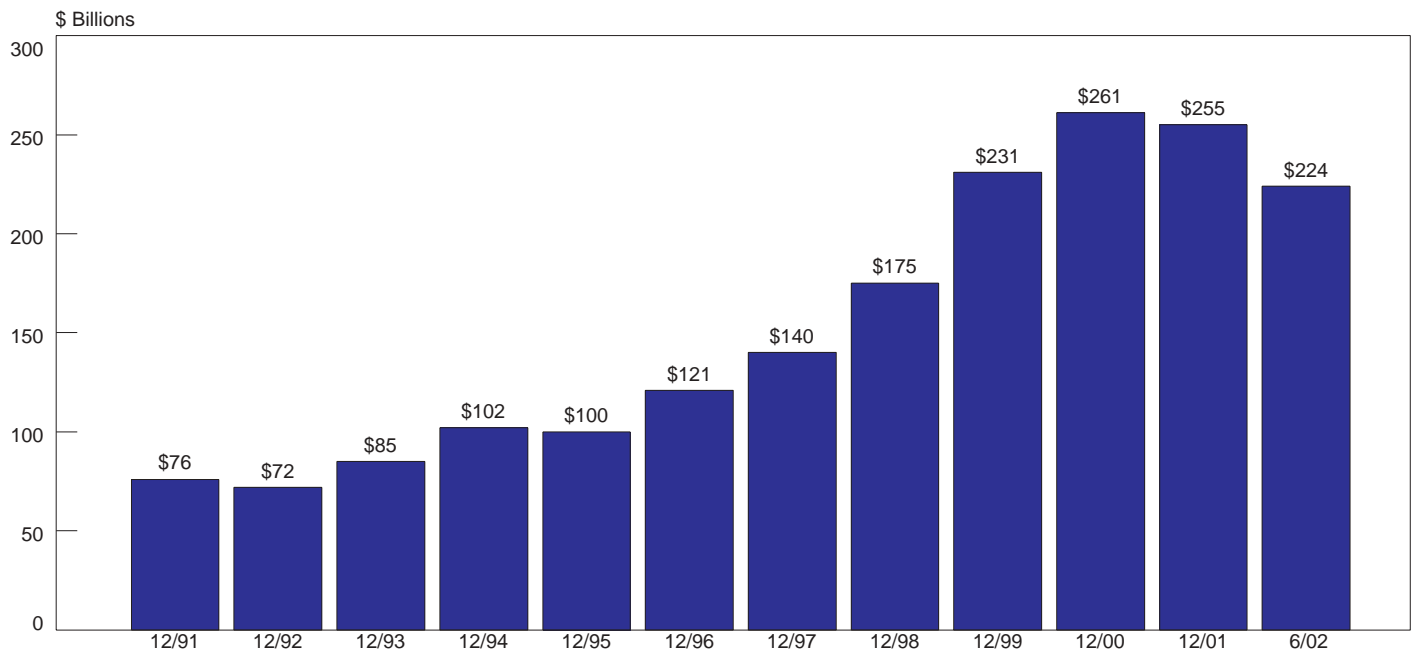
## Number of Savings Institutions with FHLB Advances\*

1991 - 2002



## Amount of FHLB Advances Outstanding\*

1991 - 2002

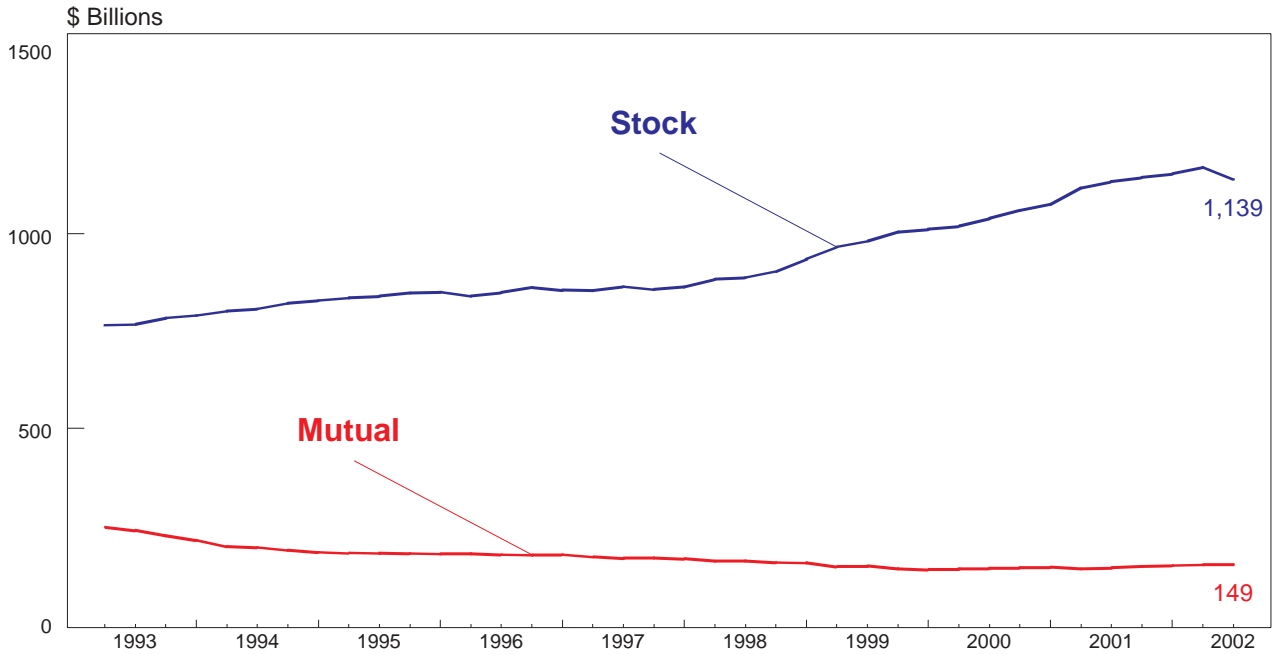


\*Source: TFR and Call Reports, FHFB prior to 3/31/01.



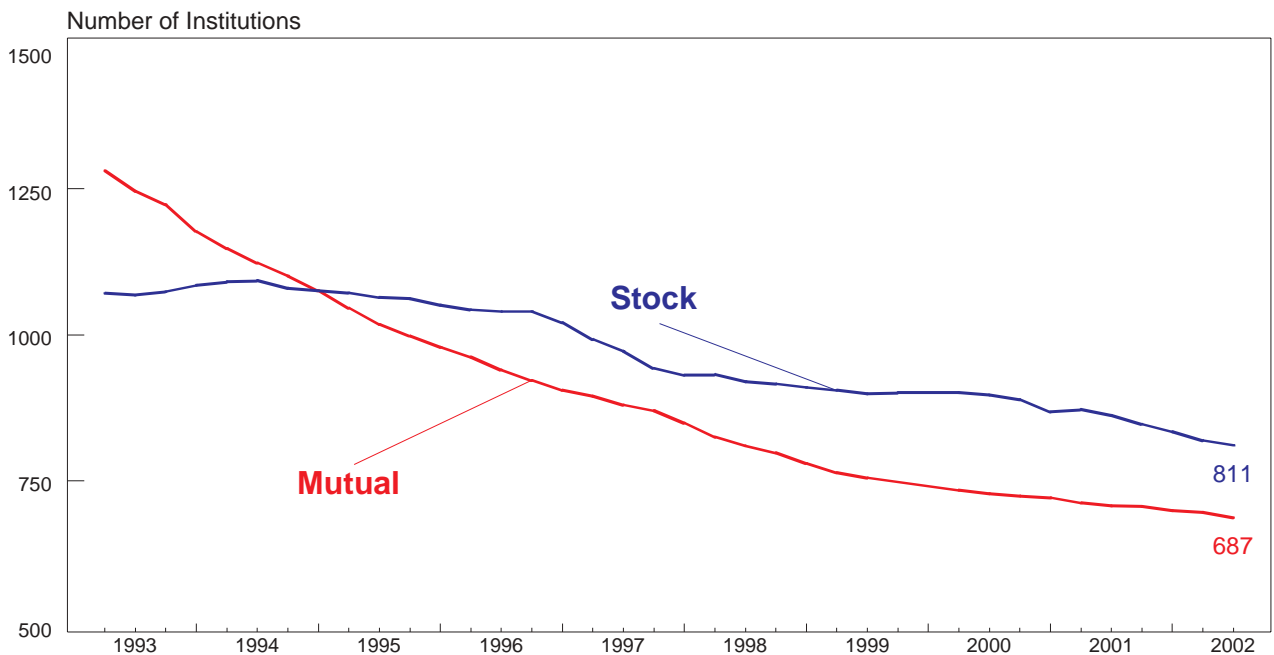
## Assets of Mutual and Stock Savings Institutions

1993 - 2002



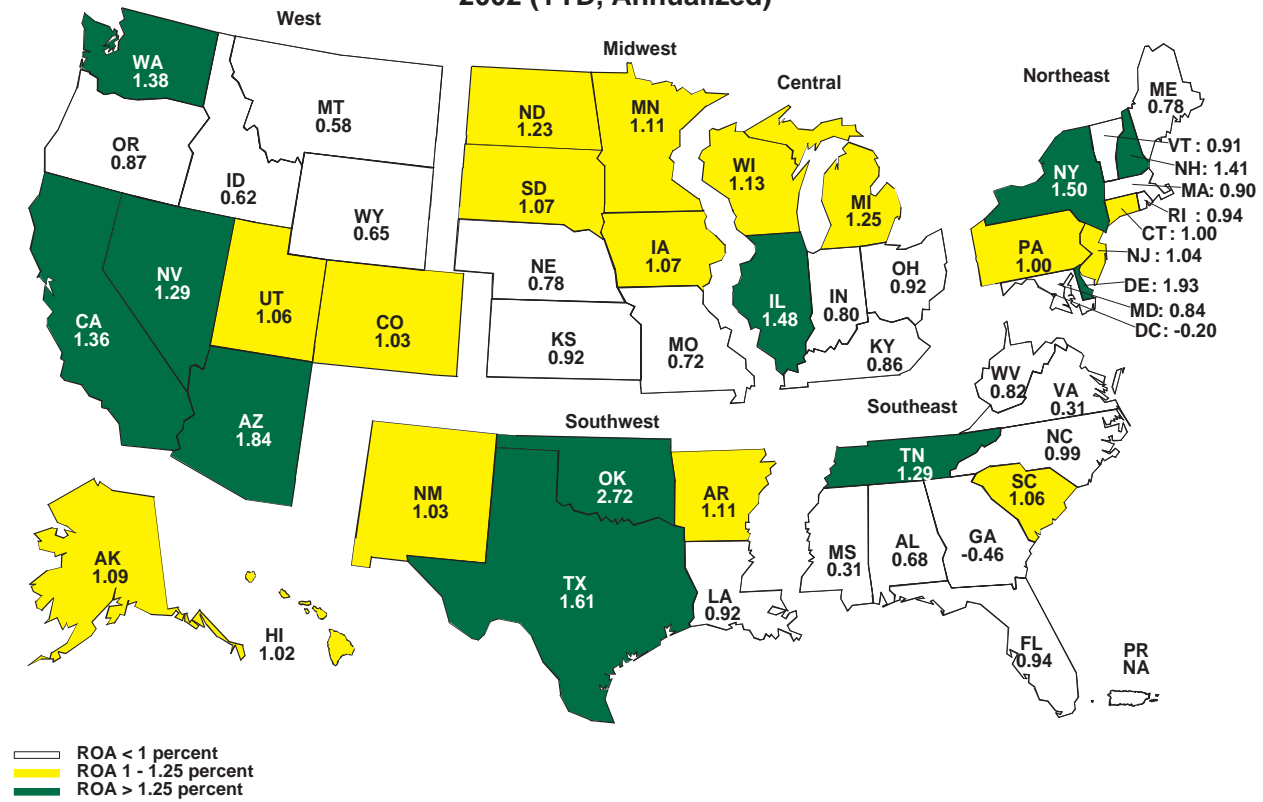
## Number of Mutual and Stock Savings Institutions

1993 - 2002



# Return on Assets (ROA)

2002 (YTD, Annualized)



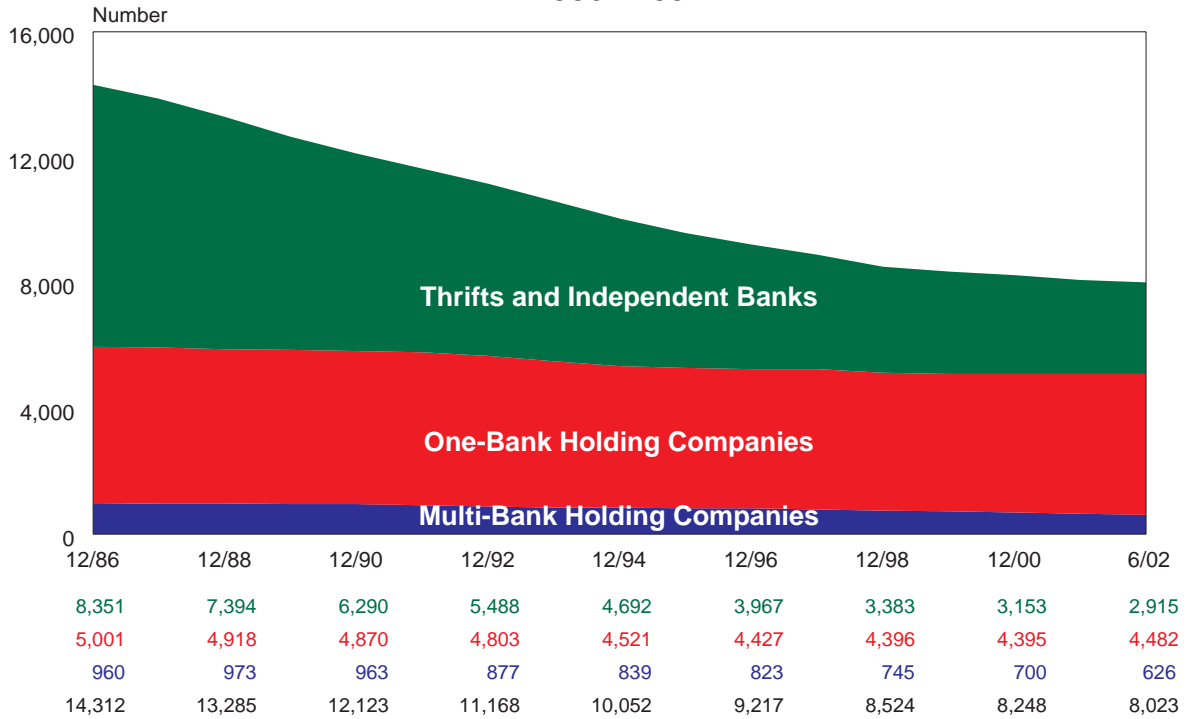
## Rankings by ROA

	No. of Inst. as of 6/30/02	YTD 2002	YTD 2001	Change*		No. of Inst. as of 6/30/02	YTD 2002	YTD 2001	Change*
1 Oklahoma	7	2.72	2.19	53	28 North Carolina	38	0.99	0.67	32
2 Delaware	7	1.93	1.40	53	29 Florida	42	0.94	0.79	15
3 Arizona	3	1.84	2.83	(99)	30 Rhode Island	7	0.94	0.83	11
4 Texas	48	1.61	1.19	42	31 Kansas	17	0.92	0.93	(1)
5 New York	76	1.50	1.28	22	32 Louisiana	32	0.92	0.71	21
6 Illinois	112	1.48	0.61	87	33 Ohio	118	0.92	0.96	(4)
7 New Hampshire	18	1.41	1.19	22	34 Vermont	5	0.91	0.83	8
8 Washington	22	1.38	1.21	17	35 Massachusetts	179	0.90	0.83	7
9 California	42	1.36	1.24	12	36 Oregon	5	0.87	0.91	(4)
10 Nevada	2	1.29	(0.08)	137	37 Kentucky	27	0.86	0.59	27
11 Tennessee	23	1.29	1.03	26	38 Maryland	58	0.84	0.68	16
12 Michigan	20	1.25	0.10	115	39 West Virginia	7	0.82	0.58	24
13 North Dakota	3	1.23	0.70	53	40 Indiana	60	0.80	0.85	(5)
14 Wisconsin	41	1.13	0.86	27	41 Maine	24	0.78	0.64	14
15 Arkansas	8	1.11	0.89	22	42 Nebraska	15	0.78	0.84	(6)
16 Minnesota	22	1.11	0.83	28	43 Missouri	35	0.72	0.50	22
17 Alaska	2	1.09	0.72	37	44 Alabama	11	0.68	0.93	(25)
18 Iowa	22	1.07	0.68	39	45 Wyoming	4	0.65	0.41	24
19 South Dakota	4	1.07	0.80	27	46 Idaho	3	0.62	0.50	12
20 South Carolina	26	1.06	0.94	12	47 Montana	4	0.58	0.98	(40)
21 Utah	4	1.06	1.15	(9)	48 Mississippi	8	0.31	1.26	(95)
22 New Jersey	71	1.04	0.87	17	49 Virginia	15	0.31	0.39	(8)
23 Colorado	10	1.03	0.76	27	50 District of Col.	1	(0.20)	0.20	(40)
24 New Mexico	9	1.03	0.88	15	51 Georgia	23	(0.46)	(0.68)	22
25 Hawaii	2	1.02	0.81	21	52 Puerto Rico	0	NA	NA	NM
26 Connecticut	43	1.00	1.10	(10)					
27 Pennsylvania	111	1.00	0.70	30					
					U.S. and Terr.	1,498	1.22	1.01	21

\*YTD ROA minus ROA for the same period one year ago equals change in basis points. Basis point = 1/100 of a percent.

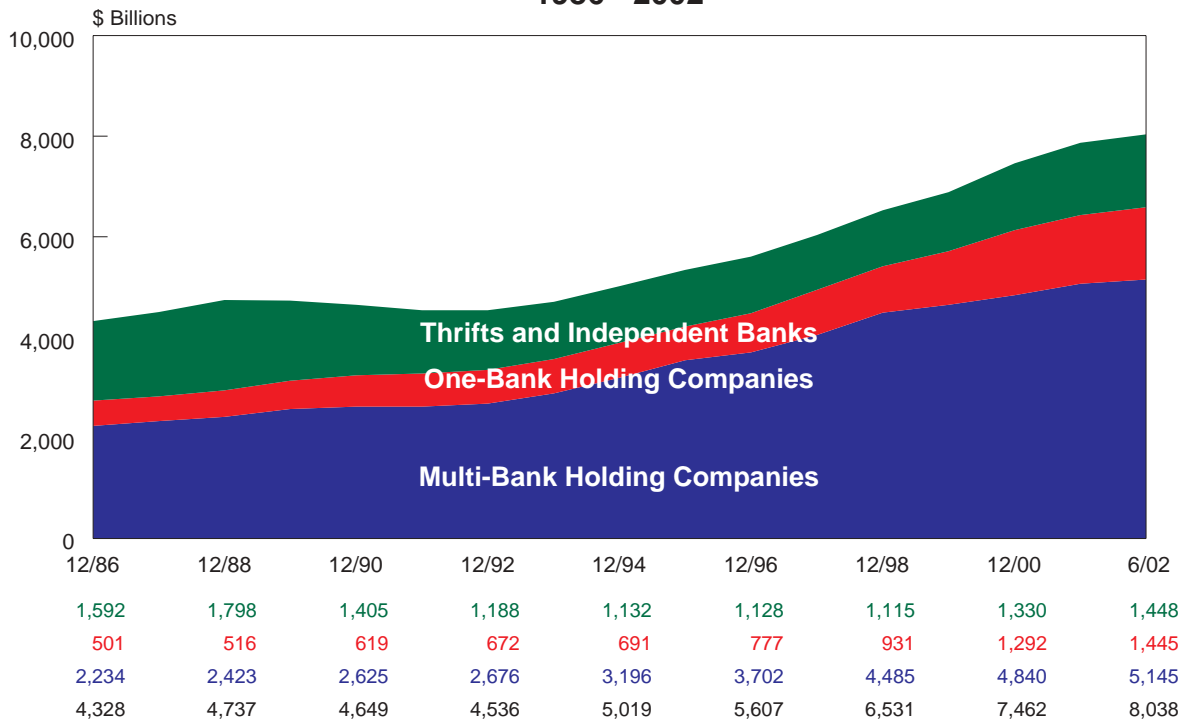
## Number of FDIC-Insured Banking Organizations

1986 - 2002



## Assets of FDIC-Insured Banking Organizations

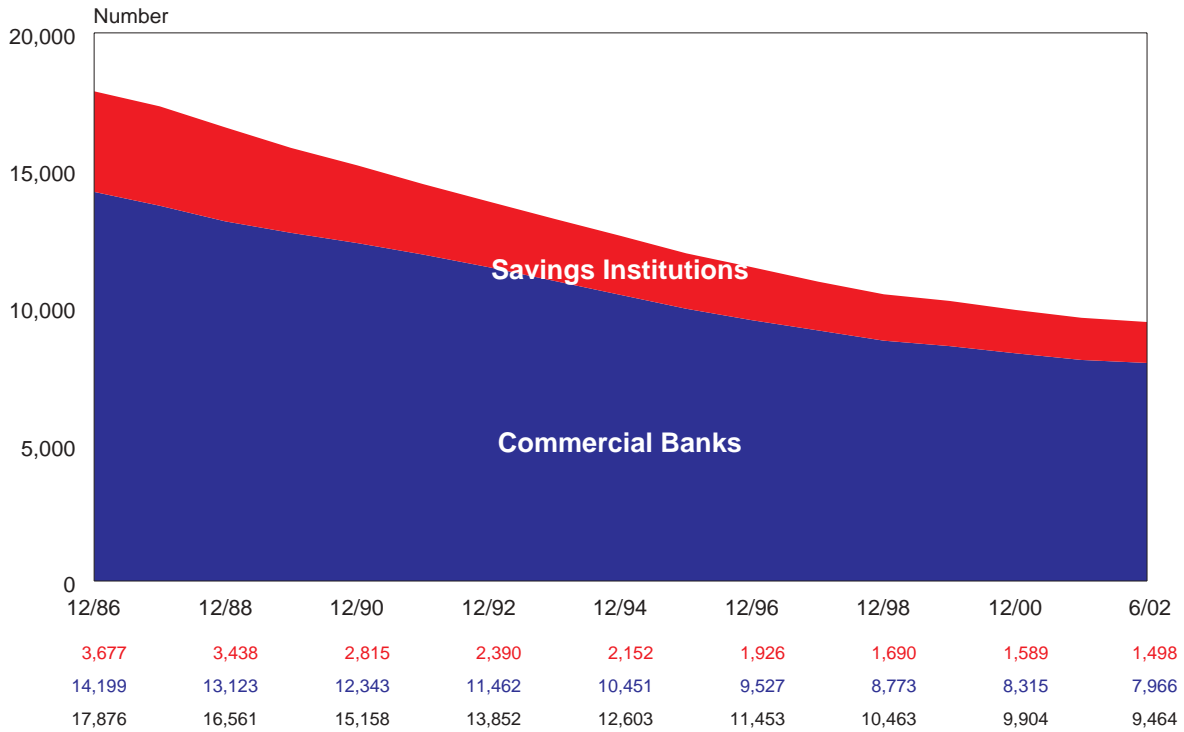
1986 - 2002



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

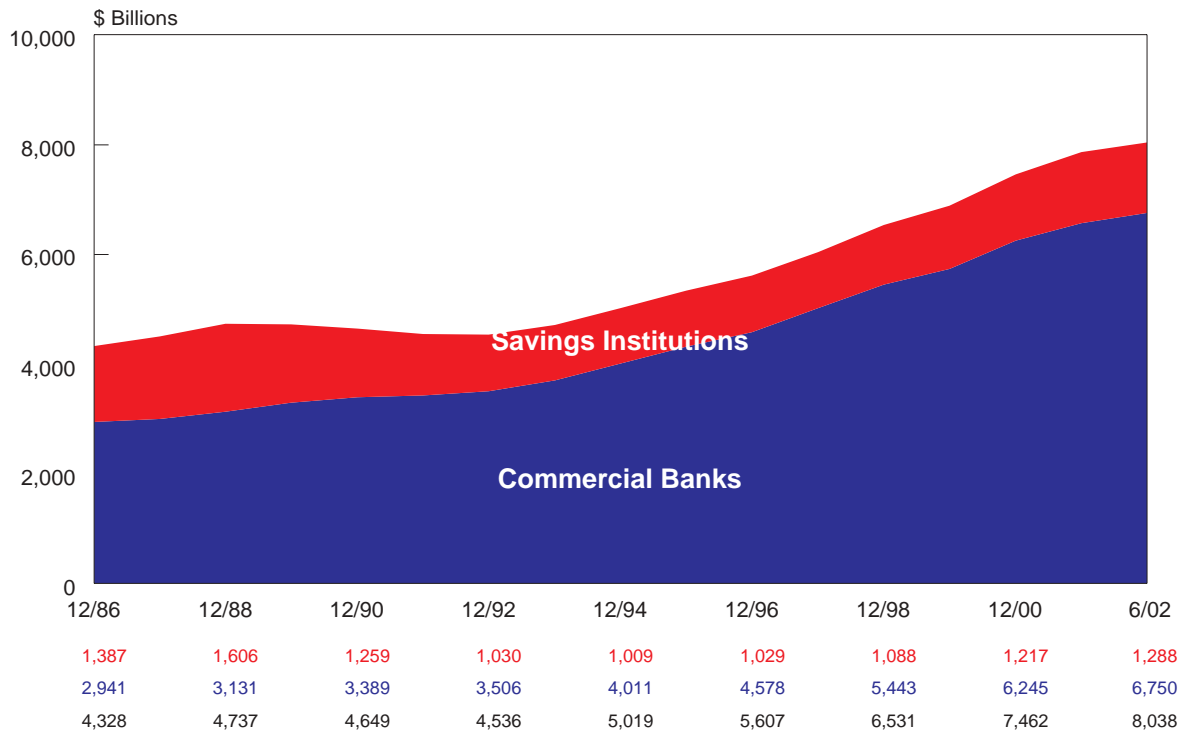
## Number of FDIC-Insured Institutions

1986 - 2002



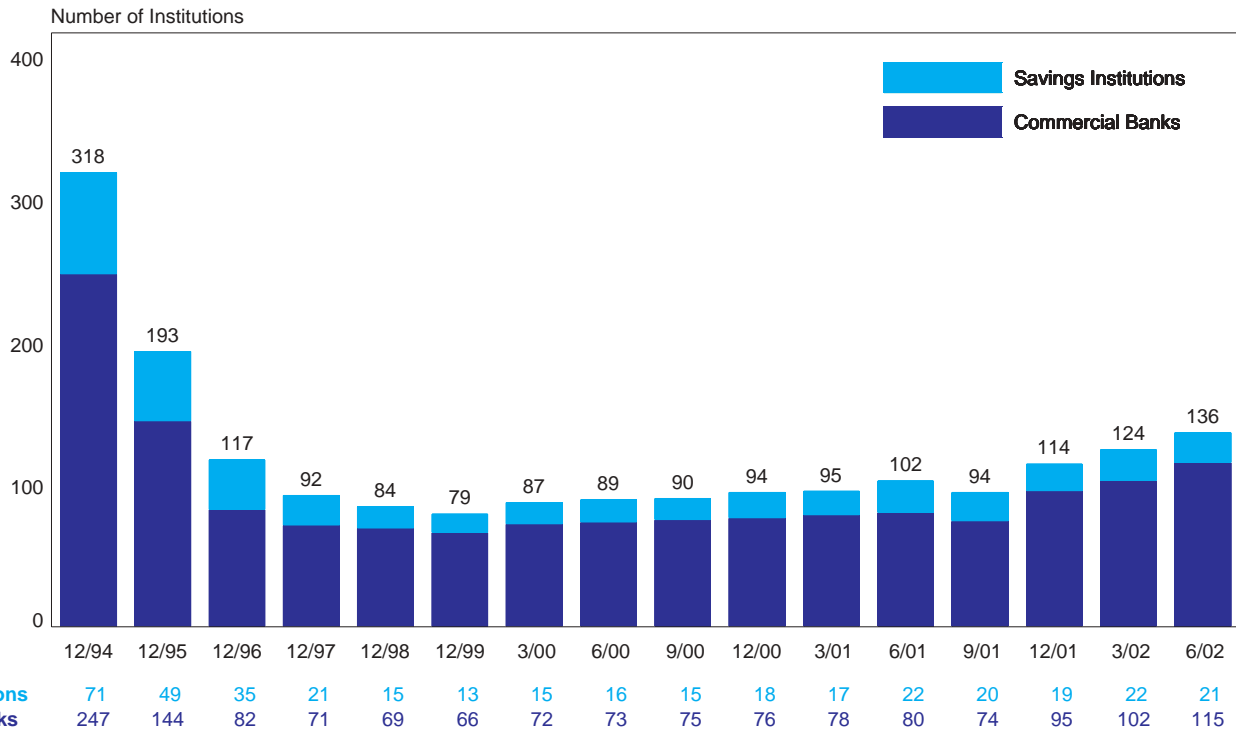
## Assets of FDIC-Insured Institutions

1986 - 2002



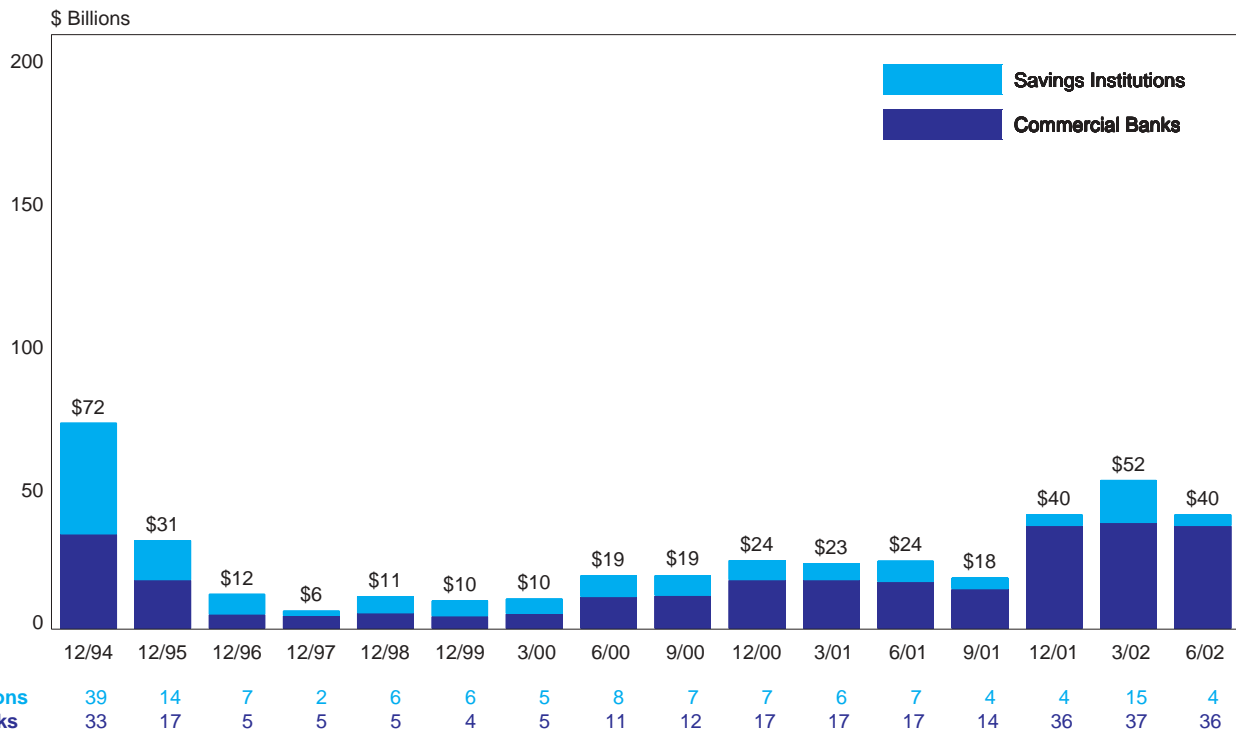
## Number of FDIC-Insured "Problem" Institutions

1994-2002



## Assets of FDIC-Insured "Problem" Institutions

1994-2002



# Capital Category Distribution

## June 30, 2002

### BIF-Member Institutions

	Institutions		Assets	
	Number of	Percent of Total	In Billions	Percent of Total
Well Capitalized	8,024	97.8%	\$6,943.2	99.5%
Adequately Capitalized	172	2.1%	\$28.1	0.4%
Undercapitalized	7	0.1%	\$1.6	0.0%
Significantly Undercapitalized	4	0.0%	\$0.3	0.0%
Critically Undercapitalized	1	0.0%	\$1.6	0.0%

### SAIF-Member Institutions

	Institutions		Assets	
	Number of	Percent of Total	In Billions	Percent of Total
Well Capitalized	1,234	98.2%	\$1,060.4	99.8%
Adequately Capitalized	21	1.7%	\$2.2	0.2%
Undercapitalized	1	0.1%	\$0.0	0.0%
Significantly Undercapitalized	0	0.0%	\$0.0	0.0%
Critically Undercapitalized	0	0.0%	\$0.0	0.0%

Note: Excludes U.S. branches of foreign banks.

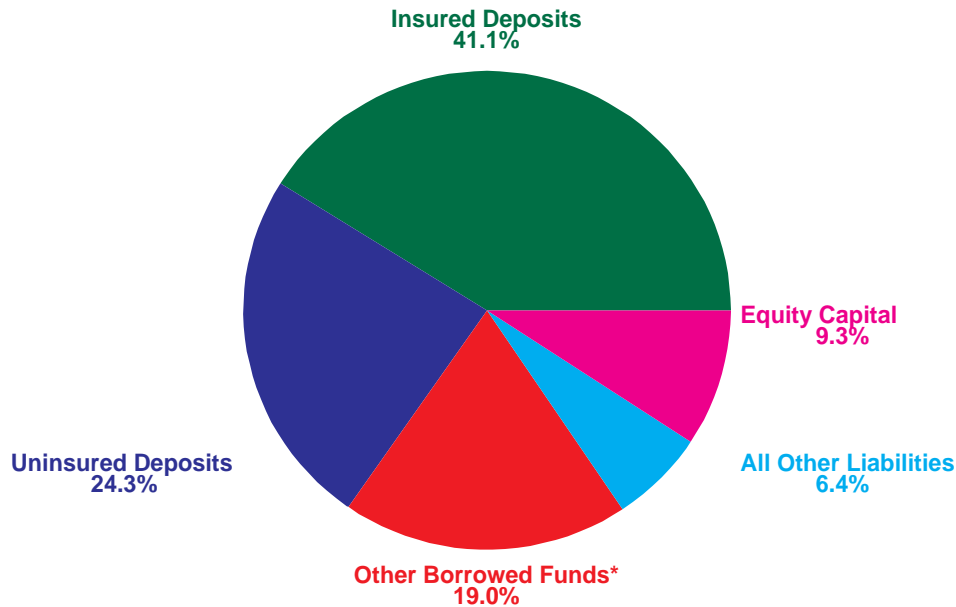
### Capital Category Definitions

	Total Risk-Based Capital*		Tier 1 Risk-Based Capital*		Tier 1 Leverage		Tangible Equity
Well Capitalized	>=10%	and	>=6%	and	>=5%		--
Adequately Capitalized	>=8%	and	>=4%	and	>=4%		--
Undercapitalized	>=6%	and	>=3%	and	>=3%		--
Significantly Undercapitalized	<6%	or	<3%	or	<3%	and	>2%
Critically Undercapitalized	--		--		--		<=2%

\* As a percentage of risk-weighted assets.

## Total Liabilities and Equity Capital

June 30, 2002



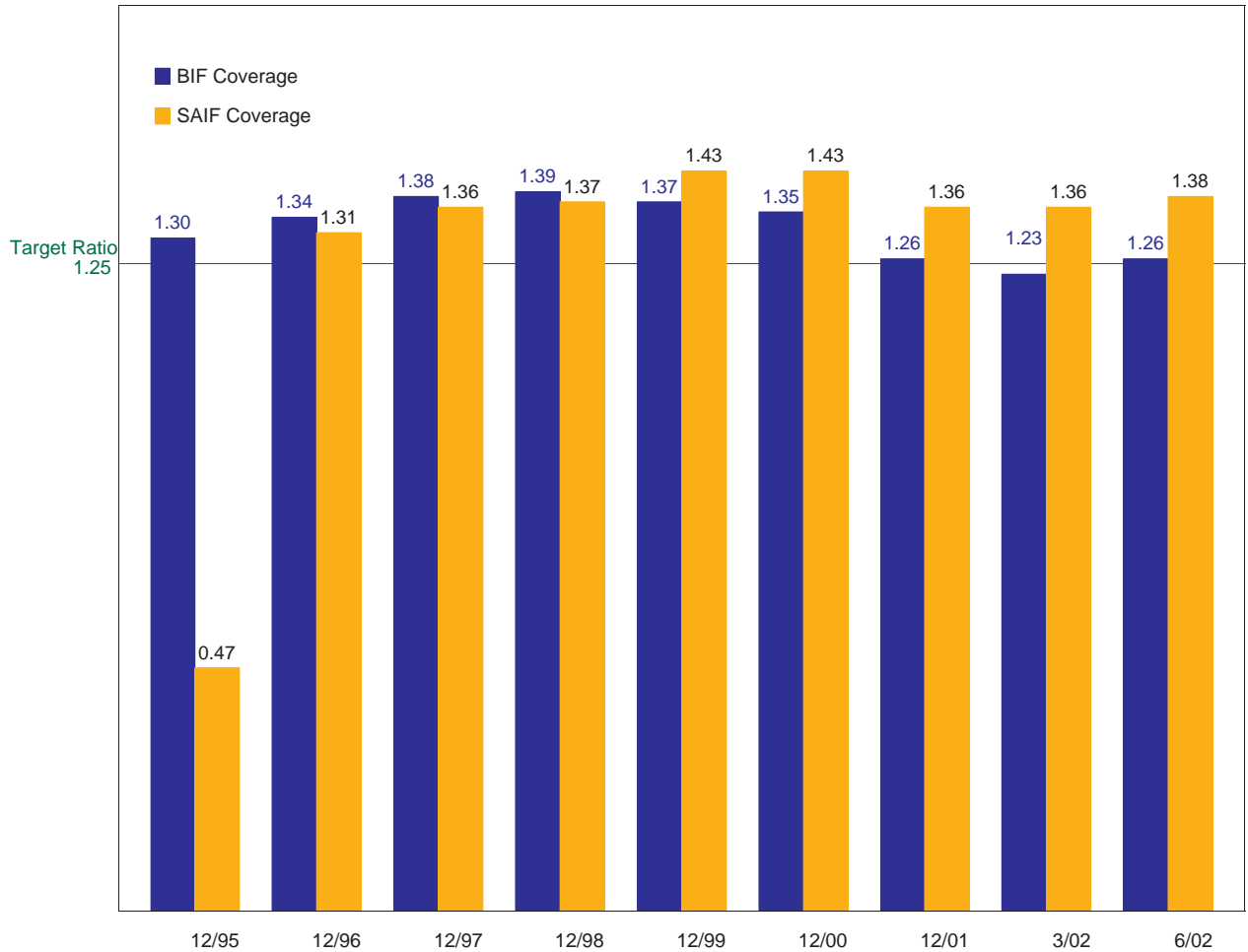
(\$ Billions)	6/30/01	6/30/02	% Change
<b>Insured Deposits (estimated)</b>	<b>3,152</b>	<b>3,302</b>	<b>4.8</b>
BIF - Insured	2,382	2,482	4.2
SAIF - Insured	773	820	6.1
<b>Uninsured Deposits</b>	<b>1,868</b>	<b>1,952</b>	<b>4.5</b>
In Foreign Offices	682	641	-6.0
<b>Other Borrowed Funds*</b>	<b>1,501</b>	<b>1,529</b>	<b>1.9</b>
<b>All Other Liabilities</b>	<b>448</b>	<b>512</b>	<b>14.3</b>
Subordinated Debt	93	97	4.3
<b>Equity Capital</b>	<b>666</b>	<b>744</b>	<b>11.7</b>
<b>Total Liabilities and Equity Capital</b>	<b>7,635</b>	<b>8,038</b>	<b>5.3</b>

\* Other borrowed funds include federal funds purchased, securities sold under agreement to repurchase, FHLB and FRB borrowings and indebtedness.

# Insurance Fund Reserve Ratios

December 31, 1995 - June 30, 2002

Funds per \$100 Est. Insured Deposits



**(\$ Billions)**

**BIF**

Fund Balance	25.5	26.9	28.3	29.6	29.4	31.0	30.4	30.7	31.2
Est. Insured Deposits	1,951.7	2,007.0	2,056.6	2,134.4	2,151.5	2,299.9	2,408.3	2,485.8	2,482.8

**SAIF**

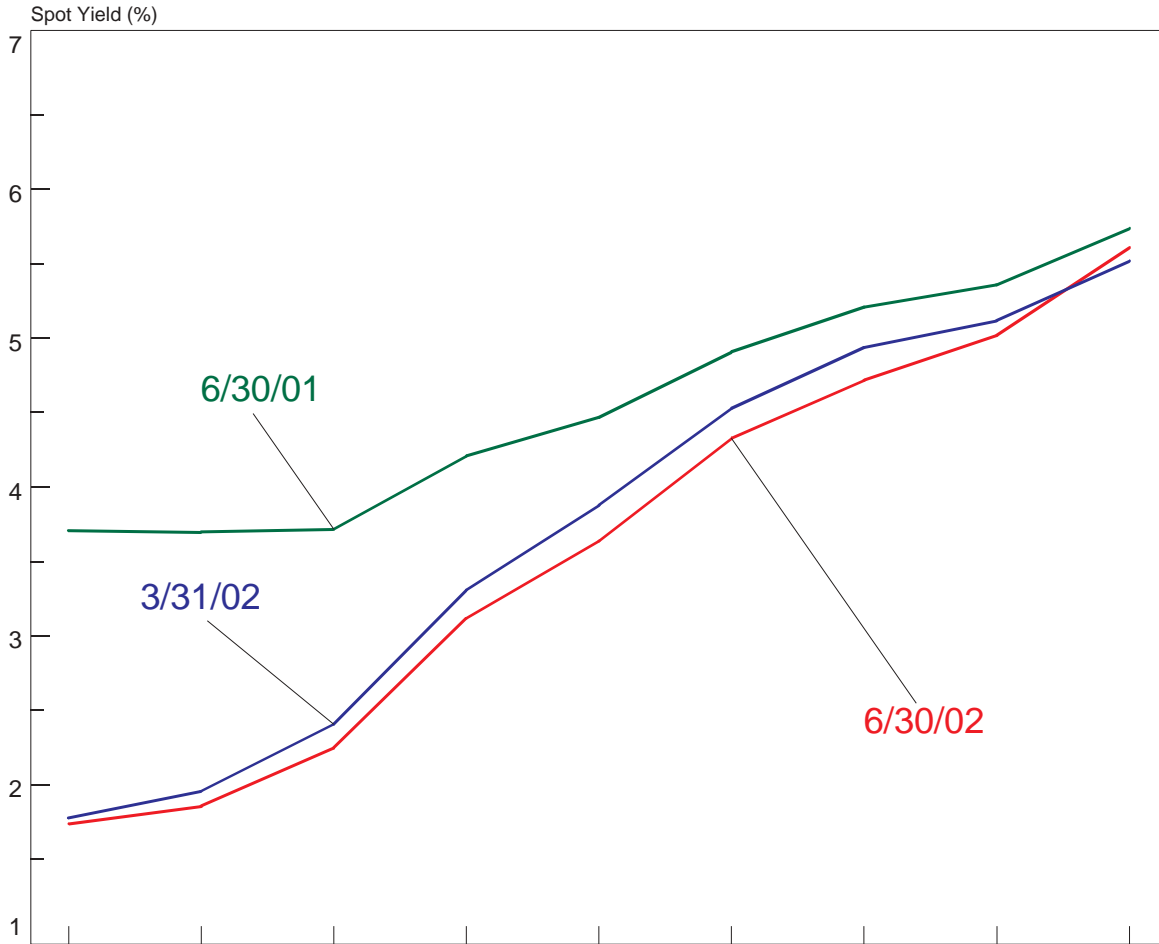
Fund Balance	3.4	8.9	9.4	9.8	10.3	10.8	10.9	11.0	11.3
Est. Insured Deposits	711.9	683.4	689.9	716.0	717.6	755.2	802.4	812.8	820.5

Note: Includes insured branches of foreign banks. 2002 fund balances are unaudited. Insured deposits for prior periods may reflect adjustments.



# U.S. Treasury Yield Curves

June 30, 2001 - June 30, 2002



Maturity	3-Month	6-Month	1 Year	2 Year	3 Year	5 Year	7 Year	10 Year	30 Year
6/30/02	1.74	1.86	2.25	3.12	3.64	4.33	4.72	5.02	5.61*
3/31/02	1.78	1.96	2.41	3.31	3.88	4.53	4.94	5.12	5.52
12/31/01	1.86	1.86	2.10	2.78	3.25	4.04	4.47	4.72	5.21
9/30/01	3.10	3.05	3.14	3.43	3.73	4.32	4.65	4.84	5.47
6/30/01	3.71	3.70	3.72	4.21	4.47	4.91	5.21	5.36	5.74

Source: Federal Reserve's H.15 Statistical Release. The quarterly average rates shown above represent a 3-month average of the monthly average rates published by the Federal Reserve.

\* Source: 3 month average daily closes of CBOE 30 year T-Bond index (from Yahoo, Commodity Systems, Inc.).

## NOTES TO USERS

This publication contains financial data and other information for depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). These notes are an integral part of this publication and provide information regarding the comparability of source data and reporting differences over time. The information presented in the *FDIC Quarterly Banking Profile* is divided into the following groups of institutions:

### FDIC-Insured Commercial Banks

This section covers commercial banks insured by the FDIC either through the Bank Insurance Fund (BIF) or through the Savings Association Insurance Fund (SAIF). These institutions are regulated by and submit financial reports to one of the three federal commercial bank regulators (the Board of Governors of the Federal Reserve System, the FDIC or the Office of the Comptroller of the Currency).

### FDIC-Insured Savings Institutions

This section covers savings institutions insured by either BIF or SAIF that operate under state or federal banking codes applicable to thrift institutions. Savings institutions in conservatorships, where applicable, are excluded from these tables while in conservatorship, where applicable. The institutions covered in this section are regulated by and submit financial reports to one of two Federal regulators – the FDIC or the Office of Thrift Supervision (OTS).

### FDIC-Insured Institutions by Insurance Fund

Summary balance-sheet and earnings data are provided for commercial banks and savings institutions according to insurance fund membership. BIF-member institutions may acquire SAIF-insured deposits, resulting in institutions with some deposits covered by both insurance funds. Also, SAIF members may acquire BIF-insured deposits. The insurance fund membership does not necessarily reflect which fund insures the largest percentage of an institution's deposits. Therefore, the BIF-member and the SAIF-member tables each include deposits from both insurance funds. Depository institutions that are not insured by the FDIC through either the BIF or SAIF are not included in the *FDIC Quarterly Banking Profile*. U.S. branches of institutions headquartered in foreign countries and non-deposit trust companies are not included unless otherwise indicated. Efforts are made to obtain financial reports for all active institutions. However, in some cases, final financial reports are not available for institutions that have closed or converted their charter.

### DATA SOURCES

The financial information appearing in this publication is obtained primarily from the Federal Financial Institutions Examination Council (FFIEC) *Call Reports* and the OTS *Thrift Financial Reports* submitted by all FDIC-insured depository institutions. This information is stored on and retrieved from the FDIC's Research Information System (RIS) data base.

### COMPUTATION METHODOLOGY

Certain adjustments are made to the OTS *Thrift Financial Reports* to provide closer conformance with the reporting and accounting requirements of the FFIEC *Call Reports*. Parent institutions are required to file consolidated reports, while their subsidiary financial institutions are still required to file separate reports. Data from subsidiary institution reports are included in the *Quarterly Banking Profile* tables, which can lead to double-

counting. No adjustments are made for any double-counting of subsidiary data.

All asset and liability figures used in calculating performance ratios represent average amounts for the period (beginning-of-period amount plus end-of-period amount plus any interim periods, divided by the total number of periods). For "pooling-of-interest" mergers, the assets of the acquired institution(s) are included in average assets since the year-to-date income includes the results of all merged institutions. No adjustments are made for "purchase accounting" mergers. Growth rates represent the percentage change over a 12-month period in totals for institutions in the base period to totals for institutions in the current period.

All data are collected and presented based on the location of each reporting institution's main office. Reported data may include assets and liabilities located outside of the reporting institution's home state. In addition, institutions may change their charters, resulting in an inter-industry migration, e.g., savings institutions can convert to commercial banks or commercial banks may convert to savings institutions. These situations can affect state and regional statistics.

### RECENT ACCOUNTING CHANGES

**FASB Statement No. 133 *Accounting for Derivative Instruments and Hedging Activities*** — establishes new accounting and reporting standards. Derivatives were previously off-balance sheet items, but beginning in 2001 all banks must recognize derivatives as either assets or liabilities on the balance sheet, measured at fair value. A derivative may be specifically designated as a "fair value hedge," a "cash flow hedge," or a hedge of a foreign currency exposure. The accounting for changes in the value of a derivative (gains and losses) depends on the intended use of the derivative, its resulting designation, and the effectiveness of the hedge. Derivatives held for purposes other than trading are reported as "other assets" (positive fair values) or "other liabilities" (negative fair values). For a fair value hedge, the gain or loss is recognized in earnings and "effectively" offsets loss or gain on the hedged item attributable to the risk being hedged. Any ineffectiveness of the hedge could result in a net gain or loss on the income statement. Accumulated net gains (losses) on cash flow hedges are recorded on the balance sheet as "accumulated other comprehensive income" and the periodic change in the accumulated net gains (losses) for cash flow hedges is reflected directly in equity as the value of the derivative changes.

Initial transition adjustments upon adoption of FAS 133 are reported as adjustments to net income in the income statement as extraordinary items. Upon implementing FAS 133, a bank may transfer any debt security categorized as held-to-maturity into the available-for-sale category or the trading category. Unrealized gains (losses) on transferred held-to-maturity debt securities on the date of initial application must be reflected as an adjustment to net income if transferred to the trading category or an adjustment to equity if transferred to the available-for-sale category.

**Subchapter S Corporations** —The Small Business Job Protection Act of 1996 changed the Internal Revenue Code to allow financial institutions to elect Subchapter S corporation sta-

tus, beginning in 1997. A Subchapter S corporation is treated as a pass-through entity, similar to a partnership, for federal income tax purposes. It is generally not subject to any federal income taxes at the corporate level. Its taxable income flows through to its shareholders in proportion to their stock ownership, and the shareholders generally pay federal income taxes on their share of this taxable income. This can have the effect of reducing institutions' reported taxes and increasing their after-tax earnings.

The election of Subchapter S status may result in an increase in shareholders' personal tax liability. Therefore, some S corporations may increase the amount of earnings distributed as dividends to compensate for higher personal taxes.

## DEFINITIONS (in alphabetical order)

**BIF-insured deposits** (estimated) – the amount of deposits in accounts of less than \$100,000 insured by the BIF. For SAIF-member "Oakar" institutions, it represents the adjusted attributable amount acquired from BIF members.

**Construction and development loans** – includes loans for all property types under construction, as well as loans for land acquisition and development.

**Derivative contracts, gross fair values (positive/negative)** – are reported separately and represent the amount at which a contract could be exchanged in a transaction between willing parties, other than in a forced or liquidation sale. If a quoted market price is available for a contract, the fair value reported for that contract is calculated using this market price. If quoted market prices are not available, the reporting banks use the best estimate of fair value based on quoted market prices of similar contracts or on valuation techniques such as discounted cash flows. This information is reported only by banks with assets greater than \$100 million.

**Derivatives (notional amount)** – represents the sum of the following: interest-rate contracts (defined as the "notional" value of interest-rate swap, futures, forward and option contracts), foreign-exchange-rate contracts, commodity contracts and equity contracts (defined similarly to interest-rate contracts).

**Futures and forward contracts** – a contract in which the buyer agrees to purchase and the seller agrees to sell, at a specified future date, a specific quantity of an underlying variable or index at a specified price or yield. These contracts exist for a variety of variables or indices, (traditional agricultural or physical commodities, as well as currencies and interest rates). Futures contracts are standardized and are traded on organized exchanges which set limits on counterparty credit exposure. Forward contracts do not have standardized terms and are traded over the counter.

**Option contracts** – a contract in which the buyer acquires the right to buy from or sell to another party some specified amount of an underlying variable or index at a stated price (strike price) during a period or on a specified future date, in return for compensation (such as a fee or premium). The seller is obligated to purchase or sell the variable or index at the discretion of the buyer of the contract.

**Swaps** – an obligation between two parties to exchange a series of cash flows at periodic intervals (settlement dates), for a specified period. The cash flows of a swap are either fixed, or determined for each settlement date by multiplying the quantity (notional principal) of the underlying variable or

index by specified reference rates or prices. Except for currency swaps, the notional principal is used to calculate each payment but is not exchanged.

**Efficiency Ratio** – Noninterest expense less amortization of intangible assets as a percent of net interest income plus non-interest income. This ratio measures the proportion of net operating revenues that are absorbed by overhead expenses, so that a lower value indicates greater efficiency.

**Loans secured by real estate** – includes home equity loans, junior liens secured by 1-4 family residential properties and all other loans secured by real estate.

**Loans to individuals** – includes outstanding credit card balances and other secured and unsecured consumer loans.

**Mortgage-backed securities** – certificates of participation in pools of residential mortgages and collateralized mortgage obligations issued or guaranteed by government-sponsored or private enterprises. Also, see "Securities", below.

**Net charge-offs** – total loans and leases charged off (removed from balance sheet because of uncollectibility), less amounts recovered on loans and leases previously charged off.

**Net interest margin** – the difference between interest and dividends earned on interest-bearing assets and interest paid to depositors and other creditors, expressed as a percentage of average earning assets. No adjustments are made for interest income that is tax exempt.

**Net operating income** – income excluding discretionary transactions such as gains (or losses) on the sale of investment securities and extraordinary items. Income taxes subtracted from operating income have been adjusted to exclude the portion applicable to securities gains (or losses).

**Noncurrent assets** – the sum of loans, leases, debt securities and other assets that are 90 days or more past due, or in nonaccrual status.

**Noncurrent loans & leases** – the sum of loans and leases 90 days or more past due, and loans and leases in nonaccrual status.

**Other real estate owned** – primarily foreclosed property. Direct and indirect investments in real estate ventures are excluded. The amount is reflected net of valuation allowances. For institutions that file a *Thrift Financial Report (TFR)*, the valuation allowance subtracted also includes allowances for other repossessed assets. Also, for TFR filers the components of other real estate owned are reported gross of valuation allowances.

**"Problem" institutions** – federal regulators assign a composite rating to each financial institution, based upon an evaluation of financial and operational criteria. The rating is based on a scale of 1 to 5 in ascending order of supervisory concern. "Problem" institutions are those institutions with financial, operational, or managerial weaknesses that threaten their continued financial viability. Depending upon the degree of risk and supervisory concern, they are rated either a "4" or "5". For all BIF-member institutions, and for all SAIF-member institutions for which the FDIC is the primary federal regulator, FDIC composite ratings are used. For all SAIF-member institutions whose primary federal regulator is the OTS, the OTS compos-

ite rating is used.

**Reserves for losses** – the allowance for loan and lease losses on a consolidated basis. Prior to March 31, 2001 reserves for losses included the allocated transfer risk reserve, which is no longer included as part of the loss reserve, but netted from loans and leases.

**Return on assets** – net income (including gains or losses on securities and extraordinary items) as a percentage of average total assets. The basic yardstick of bank profitability.

**Return on equity** – net income (including gains or losses on securities and extraordinary items) as a percentage of average total equity capital.

**Risk-weighted assets** – assets adjusted for risk-based capital definitions which include on-balance-sheet as well as off-balance-sheet items multiplied by risk-weights that range from zero to 100 percent. A conversion factor is used to

assign a balance sheet equivalent amount for selected off-balance-sheet accounts.

**SAIF-insured deposits (estimated)** – the amount of deposits in accounts of less than \$100,000 insured by the SAIF. For BIF-member “Oakar” institutions, it represents the adjusted attributable amount acquired from SAIF members.

**Securities** – excludes securities held in trading accounts. Banks’ securities portfolios consist of securities designated as “held-to-maturity”, which are reported at amortized cost (book value), and securities designated as “available-for-sale”, reported at fair (market) value.

**Troubled real estate asset rate** – noncurrent real estate loans plus other real estate owned as a percent of total real estate loans and other real estate owned.

## REGIONS

**Northeast** — Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, U.S. Virgin Islands

**Southeast** — Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia

**Central** — Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin

**Midwest** — Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota

**Southwest** — Arkansas, Louisiana, New Mexico, Oklahoma, Texas

**West** — Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, Oregon, Pacific Islands, Utah, Washington, Wyoming