Profits and Balance Sheet Developments at U.S. Commercial Banks in 2000

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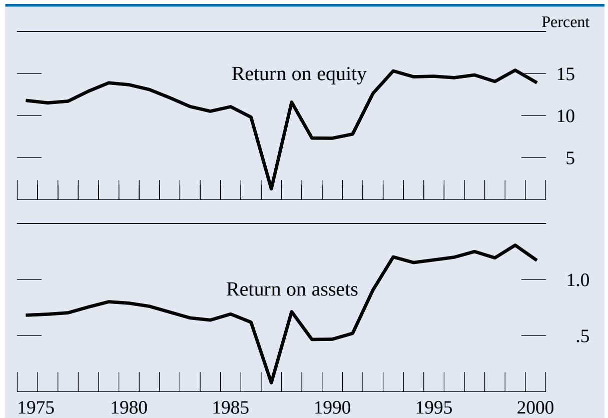
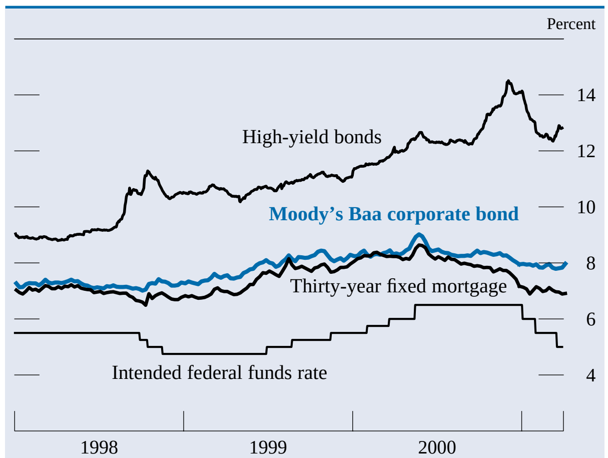
The profitability of the U.S. commercial banking industry remained robust in 2000, but returns on equity and on commercial bank assets fell back somewhat from the peaks reached in 1999 (chart 1). Aggregate earnings were depressed in 2000 by a substantial one-time charge at a single large bank and by the ongoing restructuring at one of the nation's largest bank holding companies. Even after accounting for those special factors, however, overall profitability was still down in 2000. The major factors in the decline were a continuation of the narrowing in net interest margin that dates from the extraordinarily high levels of the early 1990s, a significant increase in loan-loss provisions, and a notable slowing in the growth of noninterest income.

1. Measures of commercial bank profitability, 1975–2000



During the first half of last year, the Federal Reserve raised the intended level of the federal funds rate three times—twice by 25 basis points and once by 50 basis points (chart 2). Longer-term interest rates also moved up over that period, particularly on high-yield debt. By June, however, signs that the economy was cooling from its frenetic pace of the

2. Selected interest rates, 1998–2001:Q1



Source. For intended federal funds rate, Federal Reserve Board (www.federalreserve.gov/fomc/fundsrate.htm); for mortgage rate and Moody's bond rates, Federal Reserve Board, Statistical Release H.15, "Selected Interest Rates" (www.federalreserve.gov.releases/h15); for high-yield bond rates, Merrill Lynch Master II index.

Note. Except where otherwise indicated, data in this article are from the quarterly Reports of Condition and Income (Call Reports) for insured domestic commercial banks and nondeposit trust companies (hereafter, banks). The data consolidate information from foreign and domestic offices and have been adjusted to take account of mergers (see the appendix). For additional information on the adjustments to the data, see the appendix in William B. English and William R. Nelson, "Profits and Balance Sheet Developments at U.S. Commercial Banks in 1997," *Federal Reserve Bulletin,* vol. 84 (June 1997), p. 408.

Size categories, based on assets at the start of each quarter, are as follows: the 10 largest banks, large banks (those ranked 11 through 100), medium-sized banks (those ranked 101 through 1,000), and small banks. At the start of the fourth quarter of 2000, the approximate asset sizes of the banks in those groups were as follows: the 10 largest banks, more than $84 billion; large banks, $6.94 billion to $82 billion; medium-sized banks, $331 million to $6.93 billion; small banks, less than $331 million.

Many of the data series reported here begin in 1985 because the Call Reports were significantly revised in 1984. Data for 1984 and earlier years are taken from Federal Deposit Insurance Corporation, *Statistics on Banking* (FDIC, 1999). The data reported here are also available on the Internet at www.fdic.gov/bank/statistical/statistics/index.html.

Data shown in this article may not match data published in earlier years because of revisions and corrections. In the tables, components may not sum to totals because of rounding.

previous six quarters prompted market participants to lower the odds of further tightening by the Federal Reserve; longer-term interest rates started leveling off or falling, and they generally continued to decline over the second half of the year. By December, the Baa corporate bond rate had fallen more than 1 percentage point from a peak of 9.02 percent in May, and rates on thirty-year fixed-rate mortgages had dropped even more, to 7.13 percent. By contrast, the slowing economy and rising default rates led to problems for below-investment-grade business borrowers; yields on junk bonds rose 296 basis points over the year, to 14.08 percent.

The growth of both loans and securities on banks' books picked up in 2000. The acceleration in loan growth resulted mainly from a marked decline in securitizations, which boosted the growth of consumer loans in bank portfolios. In addition, business and real estate lending was robust. The faster growth of securities was due to a surge in trading accounts, as runoffs of U.S. Treasury securities damped growth of investment accounts.

Following a lull in 1999, bank merger activity bounced back a bit in 2000, but the number of deals remained well below the 1994–98 average of about 575 per year. A spate of bank holding company consolidations of formerly independent bank subsidiaries helped boost to 474 the number of banks that merged, were bought outright, or otherwise changed their charters in 2000. Only five banks failed, two fewer than in 1999. Meanwhile, 215 new banks were created, down from 255 in 1999; the result was a net

1. Annual rates of growth of balance sheet items, 1991–2000

Percent

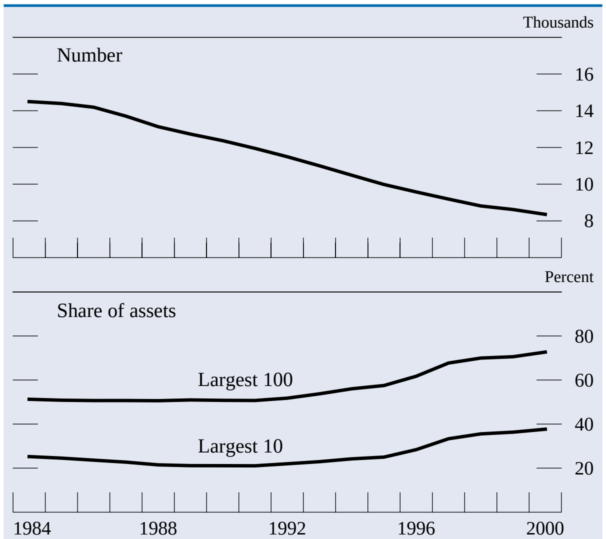
Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	MEMO: Dec. 2000 (billions of dollars)
Assets	1.33	2.19	5.68	8.06	7.55	6.10	9.23	8.25	5.42	8.75	6,170
Interest-earning assets	1.98	2.53	6.56	5.30	7.69	5.68	8.88	8.18	5.98	8.69	5,335
Loans and leases (net)	−2.65	−1.04	6.05	9.83	10.53	8.12	5.33	8.90	8.01	9.36	3,711
Commercial and industrial	−9.10	−4.10	.52	9.33	12.26	7.24	12.02	12.94	8.07	8.00	1,042
Real estate	2.73	1.94	6.13	7.90	8.32	5.45	9.30	7.98	12.18	10.74	1,658
Booked in domestic offices	2.90	2.57	6.17	7.64	8.47	5.51	9.52	7.96	12.32	11.01	1,626
One- to four-family residential	7.76	7.53	11.08	10.09	10.05	4.66	9.67	6.35	9.65	9.28	909
Other	−1.93	−2.86	.22	4.35	6.24	6.75	9.32	10.30	16.03	13.29	718
Booked in foreign offices	−2.35	−17.80	4.67	18.35	2.81	3.18	.34	8.79	6.28	−1.62	32
Consumer	−2.55	−1.66	9.06	16.01	9.50	4.90	−2.19	.99	−1.48	8.65	588
Other loans and leases	−4.91	−4.24	9.97	5.29	14.23	22.28	−7.91	14.07	6.28	8.33	489
Loan-loss reserves and unearned income	−3.78	−4.85	−5.82	−2.21	.25	−.06	−.50	3.49	2.33	7.96	66
Securities	16.23	12.29	12.26	−4.14	.57	.86	8.85	8.39	5.09	6.37	1,219
Investment account	14.42	11.44	8.11	−1.73	−1.58	−1.10	8.66	12.05	6.66	2.87	1,058
U.S. Treasury	32.01	23.95	7.24	−8.46	−19.21	−14.28	−8.86	−25.17	−1.88	−32.72	74
U.S. government agency and corporation obligations	15.88	12.77	9.62	.87	6.43	3.63	14.18	16.98	1.82	3.75	618
Other	−2.56	−5.20	6.09	2.49	4.20	1.83	11.21	26.97	20.83	13.42	366
Trading account	38.88	21.01	51.84	−20.46	18.51	14.44	9.97	−13.30	−6.93	37.16	161
Other	2.82	1.57	−7.90	3.25	7.64	−0.90	45.13	2.34	−7.58	9.73	405
Non-interest-earning assets	−3.10	−.32	−.86	30.22	6.61	8.88	11.47	8.64	1.93	9.18	835
Liabilities	1.01	1.35	5.12	8.31	7.17	5.96	9.12	8.12	5.55	8.59	5,648
Core deposits	5.25	5.09	1.49	−.17	3.96	4.13	4.52	7.05	.20	7.53	2,876
Transaction deposits	3.38	14.62	5.47	−.32	−3.09	−3.44	−4.55	−1.41	−8.99	−1.23	671
Savings and small time deposits	6.24	.18	−.85	−.07	8.37	8.35	9.03	10.73	3.77	10.51	2,206
Managed liabilities[1]	−6.19	−6.07	12.30	17.58	10.44	9.66	13.83	9.60	15.50	8.80	2,369
Deposits booked in foreign offices	3.81	−5.85	15.06	30.89	5.13	4.27	11.13	8.71	14.60	7.84	707
Large time	−19.73	−26.20	−9.21	8.72	19.61	21.17	20.14	9.10	14.18	19.39	564
Subordinated notes and debentures	4.69	34.90	10.82	9.23	6.61	17.74	21.05	17.00	5.07	13.98	86
Other managed liabilities	−1.39	6.94	22.18	12.91	11.24	8.21	12.23	9.87	17.68	3.91	1,012
Other	−4.18	−1.02	15.30	79.17	20.46	2.60	23.79	8.54	−6.38	15.45	403
Equity capital	5.98	13.75	12.58	5.24	12.00	7.73	10.45	9.61	3.92	10.51	522
MEMO											
Commercial real estate loans[2]	−2.58	−4.03	−.60	4.01	6.34	7.67	10.12	11.37	15.39	12.14	717
Mortgage-backed securities	19.27	10.37	9.66	−3.12	.67	2.06	14.15	22.09	−3.34	3.29	464

NOTE. Data are from year-end to year-end.

1. Measured as the sum of deposits in foreign offices, large time deposits in domestic offices, federal funds purchased and securities sold under repurchase agreements, demand notes issued to the U.S. Treasury, subordinated notes and debentures, and other borrowed money.

2. Measured as the sum of construction and land development loans secured by real estate; real estate loans secured by nonfarm nonresidential properties; real estate loans secured by multifamily residential properties; and loans to finance commercial real estate, construction, and land development activities not secured by real estate.

3. Number of commercial banks and share of assets at the largest banks, 1984–2000



reduction of 264 in the number of commercial banks operating in the United States, to 8,356 as of December 31, 2000 (chart 3, top panel).[1]

Mergers enlarged the share of bank assets held by the 100 largest commercial banks, from 71 percent in 1999 to 73 percent in 2000 (chart 3, bottom panel). The combination of Fleet Bank and BankBoston created the nation's fourth largest commercial bank, and as a result, the share of assets held by the 10 largest banks increased more than 2 percentage points, to 38 percent. Adjusted to reflect the effects of mergers, however, assets at the 10 largest banks grew only 4.5 percent, about half the rate of growth of all commercial bank assets.

The number of mergers between bank holding companies (BHCs) declined from 211 in 1999 to 179 in 2000, the lowest level of merger activity since 1992. The number of BHCs declined a net of only 23 over the year, to 5,931. The share of banking and nonbanking assets held by the top 50 BHCs remained at just over 76 percent for the third consecutive year, even though the share was bolstered by the December 31 union of J.P. Morgan and Chase Manhattan.

Balance Sheet Developments

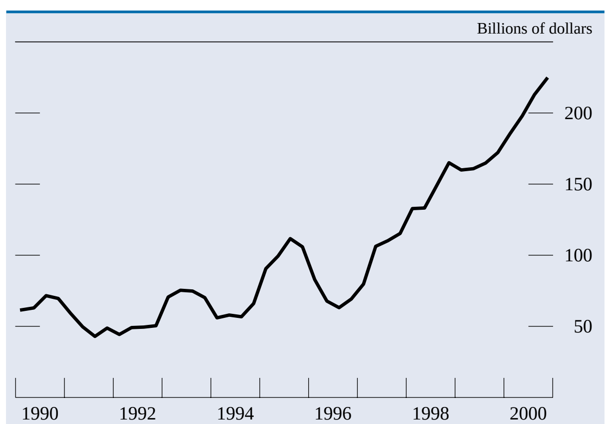
The growth of total bank assets accelerated from 5.4 percent in 1999 to 8.8 percent in 2000 (table 1), the second highest pace since 1985. A vigorous expansion of total loans and leases reflected strong growth in business loans, continued rapid expansion in residential and commercial real estate lending, and a sharp rebound in the growth of consumer loans on banks' books. Despite a record contraction in holdings of U.S. Treasury securities that in part reflected a reduced supply of such instruments, overall growth of securities picked up, especially for those held in trading accounts.

Business lending was supported by merger-related financing and by the rapid pace of business outlays on plant and equipment, which both continued at a vigorous pace well into 2000 despite the rise in market interest rates over much of 1999. During the second half of 2000, however, merger activity and business fixed investment fell off a great deal. Moreover, mounting concerns about a more uncertain and less favorable economic outlook led banks to tighten lending standards and terms. Thus squeezed by a falloff in demand and a crimp in supply, the growth of commercial and industrial (C&I) and commercial real estate loans had slowed appreciably by the end of the year.

Declining mortgage rates over much of 2000 maintained the growth of residential mortgages at about the robust pace of 1999. Generally strong consumer spending also supported lending to households. However, a sharp rebound in consumer loans on banks' books came mainly from a slowdown in securitizations.

Core deposits accelerated smartly in 2000 after a virtual cessation of inflows during 1999. The pickup may have reflected an increased demand for safe and

4. Financing gap at nonfarm nonfinancial corporations, 1990–2000



NOTE. The data are four-quarter moving averages. The financing gap is the difference between capital expenditures and internally generated funds.

SOURCE. Federal Reserve Board, Statistical Release Z.1, "Flow of Funds Accounts of the United States," table L. 101 (www.federalreserve.gov/releases/z1).

1. This count of commercial banks, derived from Call Report data, may vary slightly from measures, such as those in the Federal Reserve's *Annual Report* that are based on the definition of a bank given in the Bank Holding Company Act and implemented in the Federal Reserve's Regulation Y.

liquid assets in the face of declining and sometimes volatile equity markets.

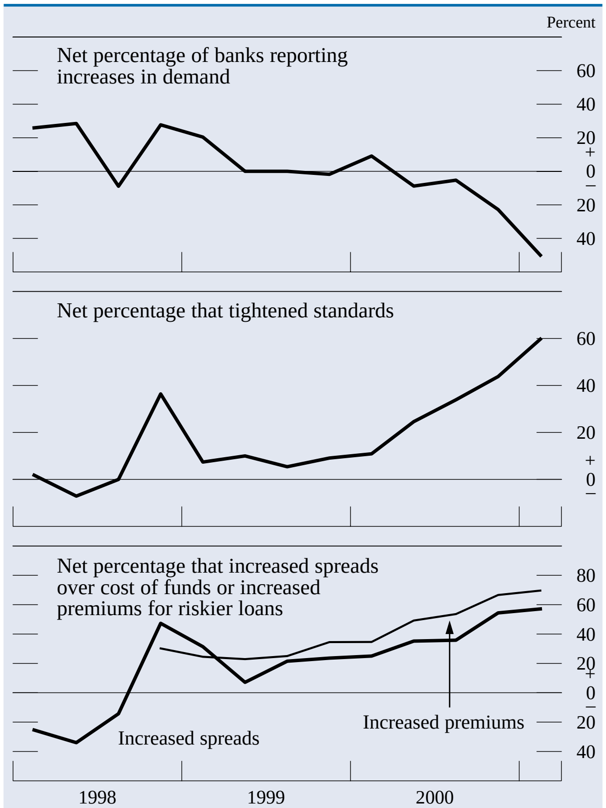
Loans to Businesses

In the first half of 2000, C&I loans expanded at an annual rate of 12.9 percent. This borrowing activity was supported by a rise in spending on capital goods that exceeded the increase in internally generated funds (chart 4). During the second half, however, business fixed investment advanced little, and the need for merger-related financing fell as the total dollar volume of completed mergers and acquisitions among large, domestic, nonfinancial corporations dropped more than half. As a result, C&I loans expanded at only a 2.9 percent annual rate during that period. The reduced need for credit was reflected in a sharp drop in C&I loan demand, as perceived by lenders responding to the Federal Reserve's Senior Loan Officer Opinion Survey on Bank Lending Practices (informally, the bank lending practices survey, or BLPS), which covers about sixty large domestic banks and twenty-four U.S. branches and agencies of foreign banks (chart 5, top panel).

On the supply side, commercial banks significantly tightened their business lending standards, according to BLPS respondents. In the third quarter of 2000, the net percentage of surveyed domestic banks that reported tightening standards and terms on C&I loans to large and medium-sized firms rose to more than 30 percent, which was comparable to that reported during the financial turmoil in the second half of 1998 (chart 5, middle panel). Conditions apparently tightened further in the final quarter of the year, when more than 40 percent of domestic institutions, on net, indicated that they raised standards on C&I loans to large and medium-sized businesses. Similarly, the net percentage of banks that widened loan spreads over their cost of funds and the net percentage of banks that raised premiums charged on riskier loans increased dramatically in the later part of 2000 (chart 5, bottom panel). Apart from increased uncertainty and a less favorable economic outlook, BLPS respondents most often cited a reduced tolerance for risk as reasons for tightening lending standards and terms.

The evidence of a shift to more stringent business credit standards was corroborated by information from the Federal Reserve's quarterly Survey of Terms

5. C&I loan demand and terms of selected commercial banks, large and medium-sized borrowers, 1998–2001:Q1

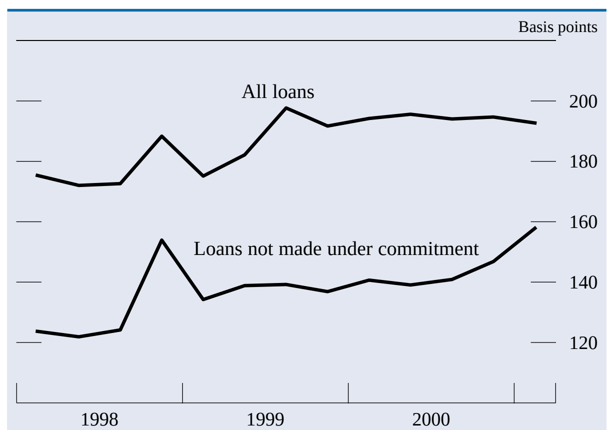


NOTE. Net percentage is the percentage of banks reporting an increase in demand, a tightening of standards, or an increase in spreads or premiums less, in each case, the percentage reporting the opposite. The definition for firm size suggested for, and generally used by, survey respondents is that medium-sized firms are those with sales of between $50 million and $250 million.

Data was collected on risk premiums beginning in 1998:Q4.

SOURCE. Federal Reserve Board, "Senior Loan Officer Opinion Survey on Bank Lending Practices."

6. Average spread between rates on new C&I loans and the intended federal funds rate, 1998–2001:Q1



NOTE. The data are weighted by loan volume. Data are adjusted for compositional effects such as changes in the underlying distribution of maturity, size, and riskiness of loans over time.

SOURCE. Federal Reserve Board, "Survey of Terms of Business Lending."

of Business Lending (STBL).[2] The average spread of rates charged on new C&I loans over the intended federal funds rate (adjusted for changes in the composition of loan originations) remained in a narrow, elevated range during all of last year (chart 6). The overall average spread, however, encompasses loans extended under previous commitments, and such loans were less likely to have been affected by the concerns about the pricing of credit risk that intensified during the latter part of the year. Indeed, in the STBL, the average spread of rates charged on new C&I loan extensions that were not made under previous commitments (adjusted for changes in the composition of loan originations) trended up notably last year (chart 6).

Credit flow patterns from the STBL also suggested tighter financial conditions for business borrowers, particularly for higher-risk loans not made under commitment; such loans fell significantly in 2000, bottoming out at about 6 percent as a share of total C&I loan originations reported in the STBL (chart 7).[3] By contrast, a marked rise late in the year in the share of lower-risk loans made under previous commitments suggested that domestic commercial banks continued to extend credit to their better-rated customers. As noted below, in the section on profitability, such shifts apparently held down interest earnings on business loans last year.

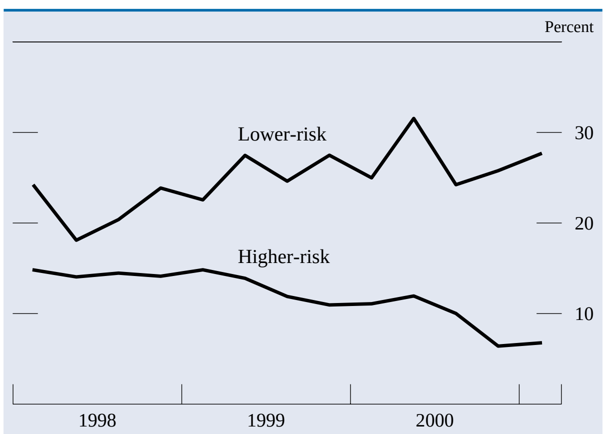
The growth of commercial real estate loans slowed from 15.4 percent in 1999 to a still impressive 12.1 percent in 2000. The within-year pattern of this lending resembled that of C&I lending. Commercial real estate loans expanded at an average annual rate of more than 15 percent for the first half of 2000 as the growth of investment in nonresidential structures accelerated notably. All categories of commercial real estate loans—multifamily housing, construction and land development, and nonfarm, nonresidential real estate—followed the pattern. Buoyed by a strong housing market, multifamily housing loans advanced most rapidly, maintaining the 23 percent rate of growth posted in 1999. Construction and land development loans grew 21 percent, on average, in the first half of 2000, about the same pace as in 1999, and nonfarm, nonresidential real estate loans accelerated from about 12 percent in 1999 to 14 percent over the same period.

In the second half of 2000, however, as the pace of nonresidential investment moderated and as banks started to tighten standards, the average growth of commercial real estate loans slowed to about an 8 percent annual rate (chart 8). The most abrupt slowdown was in multifamily housing, where loan growth dropped more than 20 percentage points to about 2.5 percent. The deceleration in the other two categories was considerably less pronounced.

2. The STBL data are based on a representative sample of up to 348 insured domestic commercial banks and up to 50 foreign-related banking institutions. The sample data are used to estimate the terms of loans extended during the survey period at all domestic banks and at all foreign-related institutions. The data are available at www.federalreserve.gov/releases/E2/.

3. Loans in the STBL receive risk ratings ranging from 1 to 5, which correspond, respectively, to minimal risk, low risk, moderate risk, acceptable risk, and classified. For more information on loan rating categories in the STBL, see Thomas F. Brady, William B. English, and William R. Nelson, "Recent Changes to the Federal Reserve's Survey of Terms of Business Lending." *Federal Reserve Bulletin*, vol. 84 (August 1998), p. 604–15.

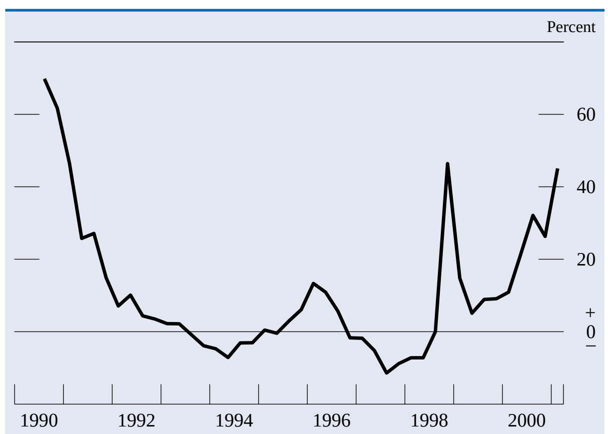
7. Lower-risk and higher-risk C&I loans as a share of all C&I loans, 1998–2001:Q1



NOTE. Lower-risk loans are rated 1 or 2; those shown were made under previous commitment. Higher-risk loans are rated from 3 to 5; those shown were not made under commitment. For definitions of risk ratings, see text note 3.

SOURCE. Federal Reserve Board, "Survey of Terms of Business Lending."

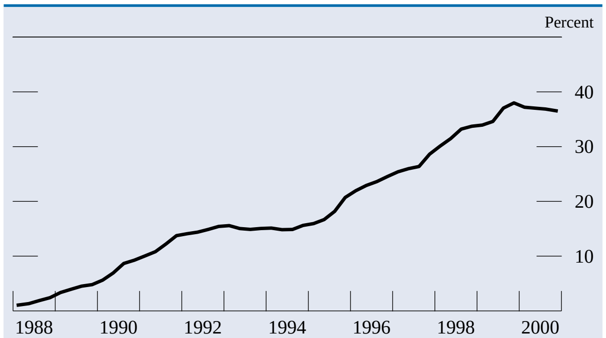
8. Net percentage of selected banks that tightened standards for commercial real estate loans, 1990–2001:Q1



NOTE. Net percentage is the percentage of banks that reported a tightening of standards less the percentage that reported an easing.

SOURCE. Federal Reserve Board, "Senior Loan Officer Opinion Survey on Bank Lending Practices."

9. Securitized share of outstanding consumer loans originated by banks, 1988–2000



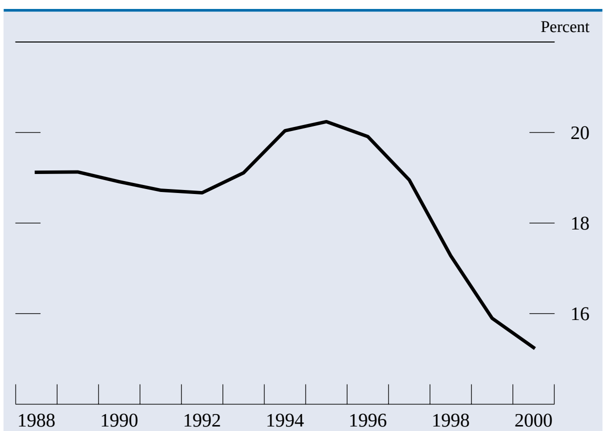
NOTE. The data are seasonally adjusted.
SOURCE. Federal Reserve Board, Statistical Releases H.8, "Assets and Liabilities of Commercial Banks in the United States," and G.19, "Consumer Credit."

Loans to Households

The stock of consumer loans held by banks registered its biggest increase since 1995, rising 8.7 percent. A significant part of last year's advance was due to a sharp slowdown in the rate of securitization of these loans. Including securitized loans, consumer loans originated by domestic commercial banks expanded 7.5 percent in 2000, up from 4.8 percent in 1999, a move supported by resilient consumer spending in the face of a marked slowing in economic growth.

The decline in the proportion of consumer loans that are securitized—the share fell in the first quarter of 2000 for the first time since 1994 and continued to edge lower steadily throughout the year—suggests that the cost of funding these loans on the balance sheet declined relative to the cost of securitizing them (chart 9). Despite the relatively strong growth, consumer loans, as a share of total loans and leases, on banks' books fell to a new low of about 15 percent by the end of last year (chart 10).

10. Consumer loans as a share of total loans and leases, 1988–2000

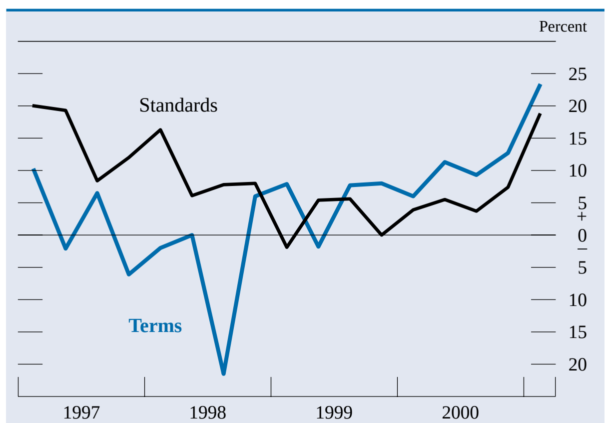


SOURCE. Federal Reserve Board, Statistical Release Z.1, "Flow of Funds Accounts of the United States," table L. 101.

For the first three quarters of 2000, commercial banks appeared to be willing suppliers of consumer credit, according to BLPS respondents. Negligible net fractions of banks reported tightening standards for the approval of consumer loan applications other than for credit cards, and the net percentage of institutions that increased spreads of loan rates over the cost of funds on these types of loans also remained small (chart 11). During the year's final quarter, however, lenders became more cautious, with larger net fractions of banks reporting that they had tightened standards and widened spreads. The final survey of the year also revealed that, on net, banks had tightened standards and widened spreads on credit card loans (chart 12).

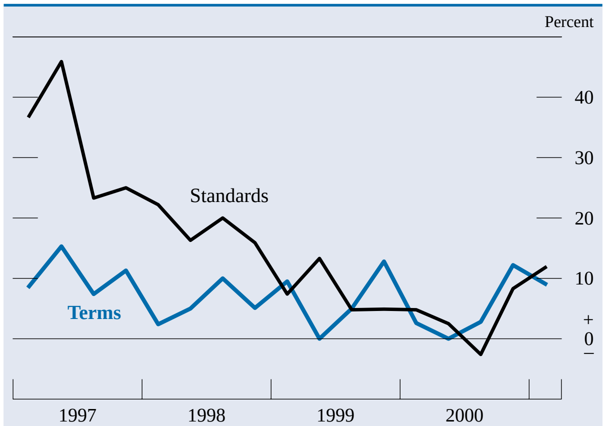
Real estate loans for one- to four-family homes expanded 9.3 percent in 2000, down a touch from 1999. Most of the growth was in the first half, when the robust housing market appeared to be little affected by rising mortgage rates; during this period a substantial share of households turned to adjustable-rate mortgages (ARMs) (chart 13). Indeed, the share of mortgage lenders' originations that were attributable to ARMs remained near its recent peak of 30 percent throughout the first half. By the end of the fourth quarter, however, the higher level of ARM rates and of other shorter-term interest rates, combined with falling rates on fixed-rate mortgages,

11. Net percentage of selected commercial banks that tightened standards and terms on consumer loans other than credit card loans, 1997–2001:Q1



NOTE. Net percentage is the percentage of banks that reported a tightening of standards or terms less the percentage that reported an easing. Tightening or easing of terms represented by increase or decrease respectively in spread of loan yield over bank's cost of funds.
SOURCE. Federal Reserve Board, "Senior Loan Officer Opinion Survey on Bank Lending Practices."

12. Net percentage of selected commercial banks that tightened standards and terms on credit card loans, 1997–2001:Q1



NOTE. See notes to chart 11.

drove down the share of mortgage lenders' originations attributable to ARMs, to below 20 percent. Because ARM cash flows match those of banks' liabilities better than do those of fixed-rate mortgages, the shift away from ARMs likely contributed to increased securitization of household real estate loans later in the year; the share of such loans on bank balance sheets shrank 1.6 percent in the last quarter of 2000.

Home equity loans jumped 24.6 percent in 2000, the largest increase since 1989 and a significant acceleration from the 5.9 percent growth in 1999. The pickup actually began in the final two quarters of 1999 and continued through the third quarter of 2000. Growth slowed appreciably in the fourth quarter, in part because of a pickup in home mortgage refinancing, spurred by the drop in the rate on fixed-rate mortgages (chart 14). In addition, households responded to declining equity prices and concerns about the future course of the economy by scaling back their purchases of consumer durable goods in the fourth quarter. The ratio of outstanding home equity loans to total commitments remained stable at about 40 percent in 2000.

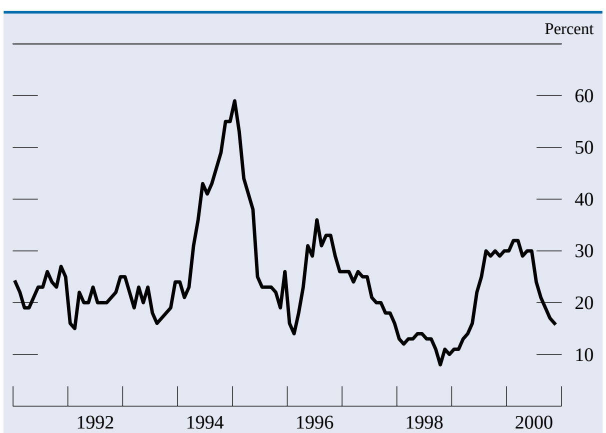
Other Loans and Leases

Other loans and leases grew 8.3 percent in 2000, up 2 percentage points from the pace of the previous year. However, the lease component, which had been expanding at an average rate of about 25 percent since 1994, decelerated to 9.3 percent in 2000.

The increase in lease financing since the mid-1990s has resulted largely from the rapid expansion of outlays on equipment that businesses typically lease, according to BLPS respondents. A shift of leasing activities from nonbank affiliates to banks also contributed to the growth of these assets at domestic banks. Banks reported that more than 60 percent of their leases have been made to nonfinancial corporations and that such leases have been an important source of growth in this component over the past several years. The slowdown in 2000, which was concentrated in the second half of the year, reflected a notable slackening in the growth of outlays on equipment that businesses typically lease. Most of the remaining leases held by banks are to consumers, primarily for automobiles.

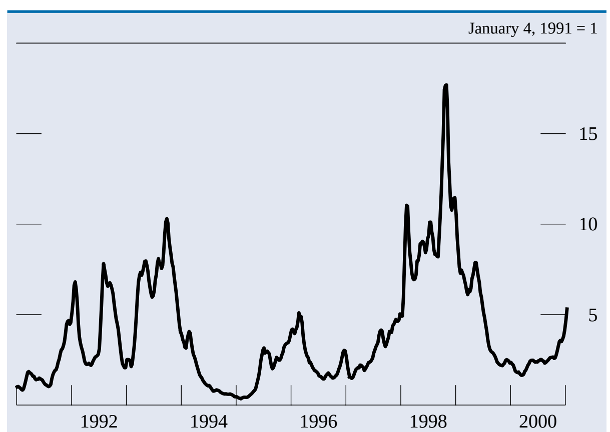
Loans to depository institutions jumped 22.4 percent in 2000, up substantially from the sluggish 2 percent growth in 1999. The surge was concentrated in loans made to depository institutions other than

13. Share of home mortgages originated with adjustable rates, 1991–2000



SOURCE. Federal Home Loan Bank Board.

14. Index of home mortgage refinancing activity, 1991–2000



SOURCE. Mortgage Bankers Association.

banks, although the growth of loans to banks—both in the United States and abroad—remained strong last year. In part, the growth of loans to depository institutions last year may have reflected a significant slowdown in advances from the Federal Home Loan Bank System, which had grown rapidly during the 1998–99 period.

Securities

Banks' holdings of securities in combined investment and trading accounts expanded 6.4 percent in 2000, up from 5.1 percent in 1999. The pickup was entirely in trading accounts, where holdings jumped 37.2 percent after having contracted in 1998 and 1999.

Trading account assets surged, in domestic as well as in foreign trading operations. As a result, the share of assets held in trading accounts moved up in 2000, to 2.6 percent, after having fallen to the lowest level in eight years at the end of 1999. Probably because of the deteriorating environment for stocks, however, the acquisition of equity investments in trading accounts slowed greatly—these investments had been expanding rapidly in recent years but are still a tiny fraction of total assets.

Securities held in investment accounts grew only 2.9 percent, down markedly from the 6.7 percent advance in 1999. Most of the slowdown was during the first half of the year, when, as noted, loan growth was strongest. In the second half, falling interest rates caused the value of investment account securities to rise because 87 percent of these assets were classified as available for sale and were therefore carried at market value. For the year as a whole, the difference between the market and book values of securities held in investment accounts rose from a loss of more than $18 billion to a loss of only $5.5 billion. Abstracting from the effect of this reevaluation, investment account securities grew only about 1.5 percent last year.

The growth of securities in investment accounts was held down by the largest drop on record in bank holdings of U.S Treasury securities, 32.7 percent. The runoff was likely caused by soaring federal budget surpluses, which lower the supply of these securities, driving up their prices and thus reducing their yields in relation to other securities.

Holdings of other securities in investment accounts grew 13.4 percent in 2000, down from the previous two years. This category, however, was boosted significantly in the second half of the year by ongoing shifts of funds by Merrill Lynch from cash management accounts held at its brokerages to money market deposit accounts at two affiliated banks. The two affiliates appear to have used the funds to acquire private securities and to expand their lending to other banking institutions.

Liabilities

After changing little in 1999, core deposits advanced 7.5 percent in 2000, the fastest rate of increase since 1990. As noted, the growth of core deposits during the second half of 2000 was boosted by Merrill Lynch's money fund shifts; abstracting from this special factor, core deposits grew 6.2 percent last year. In addition, a good portion of the increase in core deposits was in the final quarter of the year, when transaction deposits surged 31.9 percent (annual rate). The jump likely reflected declining market interest rates, falling and often volatile equity prices, and increased economic uncertainty, which apparently made liquid bank assets more attractive.

Although bank funding needs picked up last year, the stronger flows into core deposits allowed banks to rely relatively less on managed liabilities. Managed liabilities grew 8.8 percent in 2000, down considerably from the 15.5 percent pace in 1999. Foreign deposits slowed markedly, with most of the deceleration coming in the second half of the year. The other-managed-liabilities category, which had been growing at a rapid pace over the past several years and accounts for about 18 percent of total liabilities, also slowed appreciably last year, to about 4 percent. Large time deposits, in contrast, expanded a hefty 19.4 percent in 2000, with a sharp acceleration during the final quarter.

Capital

Equity capital at banks rose 10.5 percent in 2000 after eking out an advance of less than 4 percent in 1999. The rebound was larger than that for assets, and as a result, the share of assets funded by equity capital moved up 13 basis points, to 8.5 percent. Commercial banks added slightly more than $17 billion to retained earnings in 2000, about $2 billion less than in 1999, as dividend payments were about unchanged even as net income slipped. They also added about $18 billion to paid-in capital, the other source of equity capital. Approximately half of the $18 billion was attributable to new capital, a large portion of which represented capital injections from parent holding companies. The remainder came primarily from the amount by which equity issued to fund mergers exceeded the value of the shares retired in those mergers. Equity capital was also boosted by a swing, on an end-of-period basis, from a $13 billion loss in net unrealized gains on available-for-sale securities in 1999 to a $1 billion gain last year.

The percentage of assets held by well-capitalized banks inched up for the second consecutive year, to almost 98 percent (chart 15, top panel). However, the average margin by which domestic commercial banks remained well capitalized narrowed slightly after having firmed a bit in 1999 (chart 15, bottom panel).[4] Tier 1 capital expanded 7.8 percent last year, a rate substantially below the increase in equity capital. As noted, the latter measure was boosted last year by unrealized gains on securities held in investment accounts; such gains and losses are excluded from regulatory capital.

The ratio of tier 1 capital to risk-weighted assets edged down 8 basis points, to 9.4 percent, as risk-weighted assets expanded 8.7 percent, up markedly from 6 percent in 1999 (chart 16). A smaller drop in the ratio of total capital to risk-weighted assets—3 basis points, to just over 12 percent—reflected a 10.6 percent jump in tier 2 capital. The leverage ratio fell nearly 10 basis points, as the growth of average tangible assets more than doubled.[5]

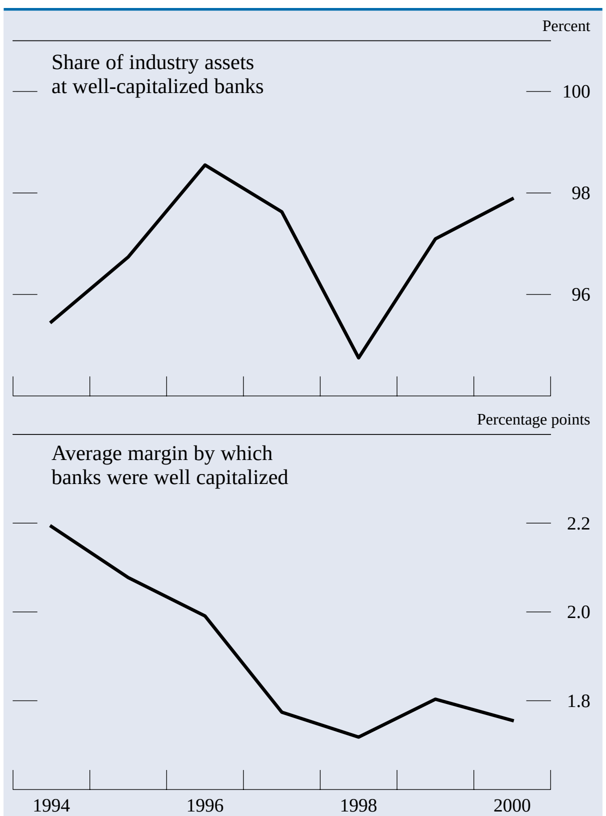
TRENDS IN PROFITABILITY

Total net income of commercial banks declined 2 percent, to $69.8 billion, in 2000. After a strong first quarter, in which profits advanced 8.5 percent compared with the first quarter of 1999, profits fell below year-earlier levels for the rest of the year. In particular, profits dropped considerably in the second

4. The average margin by which banks remained well capitalized was computed as follows. First, among the leverage, tier 1, and total capital ratios of each well-capitalized bank, the institution's tightest capital ratio is defined as the one closest to the regulatory standard for being well capitalized. The bank's margin is then defined as the percentage-point difference between its tightest capital ratio and the corresponding regulatory standard. The average margin among all well-capitalized banks—the measure referred to in the text—is the weighted average of all the individual margins, with the weights being each bank's share of the total assets of well-capitalized banks.

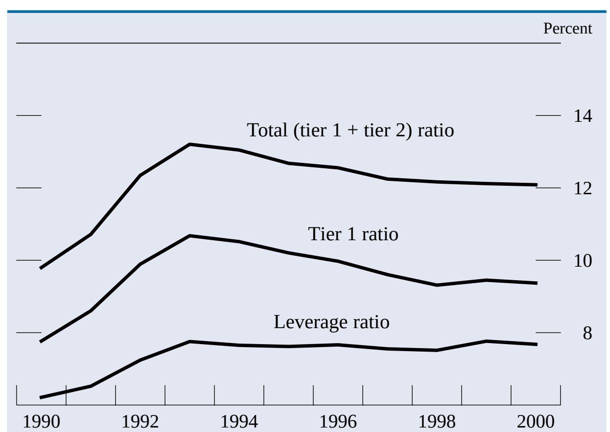
5. The tier 1 ratio is the ratio of tier 1 capital to risk-weighted assets, and the total ratio is the ratio of the sum of tier 1 and tier 2 capital to risk-weighted assets. Tier 1 capital consists primarily of common equity (excluding intangible assets such as goodwill and excluding net unrealized gains on investment account securities classified as available for sale) and certain perpetual preferred stock. Tier 2 capital consists primarily of subordinated debt, preferred stock not included in tier 1 capital, and loan-loss reserves. Risk-weighted assets are calculated by multiplying the amount of assets and the credit-equivalent amount of off-balance-sheet items (an estimate of the potential credit exposure posed by the item) by the risk weight for each category. The risk weights rise from zero to one as the credit risk of the assets increases. The leverage ratio is the ratio of tier 1 capital to average tangible assets. Tangible assets are equal to total assets less assets excluded from common equity in the calculation of tier 1 capital.

15. Assets and regulatory capital at well-capitalized banks, 1994–2000



NOTE. For the definition of well capitalized and of the margin by which banks remain well capitalized, see text note 4.

16. Regulatory capital ratios, 1990–2000



NOTE. For the definition of capital ratios, see text note 5.

2. Selected income and expense items as a proportion of assets, 1992–2000

Percent

Item	1992	1993	1994	1995	1996	1997	1998	1999	2000
Net interest income	3.89	3.90	3.78	3.72	3.73	3.67	3.52	3.52	3.43
Noninterest income	1.95	2.13	2.00	2.02	2.18	2.23	2.40	2.65	2.57
Noninterest expense	3.86	3.94	3.75	3.64	3.71	3.61	3.76	3.76	3.65
Loss provisioning	.78	.47	.28	.30	.37	.41	.41	.39	.49
Realized gains on investment account securities	.11	.09	–.01	.01	.03	.04	.06	.00	–.04
Income before taxes and extraordinary items	1.32	1.70	1.73	1.81	1.85	1.93	1.81	2.03	1.81
Taxes and extraordinary items	.41	.50	.58	.63	.65	.67	.61	.72	.63
Net income (return on assets)	.91	1.20	1.15	1.18	1.20	1.25	1.19	1.31	1.18
Dividends	.41	.62	.73	.75	.90	.90	.80	.96	.89
Retained income	.49	.58	.42	.43	.30	.35	.39	.35	.29

quarter, when First Union Bank and several banks in the Bank One holding company booked substantial restructuring charges. After having peaked in 1999, industrywide return on assets fell 13 basis points, to 1.18 percent (table 2). Return on equity fell 139 basis points, to 14.0 percent. A sharp increase in loan-loss provisioning, a slowdown in the growth of noninterest income, and an increase in the cost of funds that exceeded the rise in earning asset yields all contributed to the decline in profitability last year.

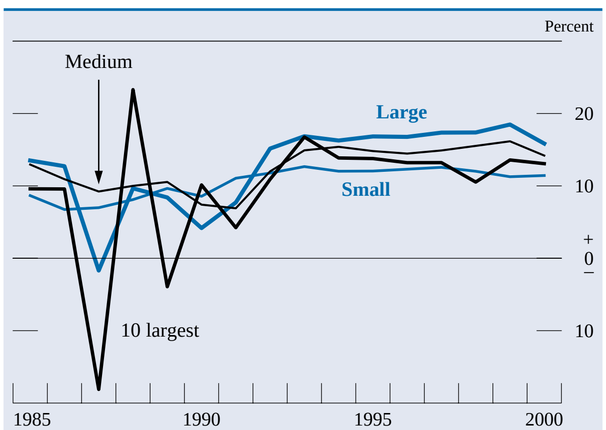
Despite reduced profitability, dividends remained fairly stable, growing about 1 percent. These payments, made primarily to parent holding companies, decreased only 7 basis points as a percentage of assets after having risen by 16 basis points in 1999. Partly as a result, retained income fell to 0.29 percent of assets, the lowest level in a decade.

The number of banks that had negative net income declined to 605 in 2000 from 658 the previous year, reversing an upward trend that had begun in 1995. On the other hand, banks that lost money held 4.5 percent of industry assets last year, a sharp rise from 1.7 percent in 1999 and the largest share since 1992, when banks holding more than 11 percent of the industry's assets lost money. About half of last year's increase in assets of banks losing money was at several large commercial bank subsidiaries of a single large bank holding company.

In 1999, the small-bank size group was the only one to show a decline in profitability; in 2000, this group was alone in posting profitability gains (chart 17). The difference between the two years reflects loss provisioning, which was concentrated at the larger banks last year. The largest 1,000 banks suffered from a 40 percent increase in loan-loss provisions, whereas the smaller banks increased provisioning only 10 percent. The ten largest banks also experienced a big increase in noninterest expense, more than 20 percent of which was the result of the aforementioned restructuring charges at First Union; at small banks this item declined.

Despite some earnings pressure, bank holding company stocks rose in 2000, significantly outperforming the S&P 500, primarily because of gains registered during the second half of the year (chart 18). The Dow Jones bank index advanced 14 percent for the year, boosted substantially by the performance of some of the largest regional bank holding companies. By affecting investors' perceptions, falling market interest rates likely offset moderate declines in actual profitability and increasing concerns about asset quality.

17. Return on equity, by size of bank, 1985–2000

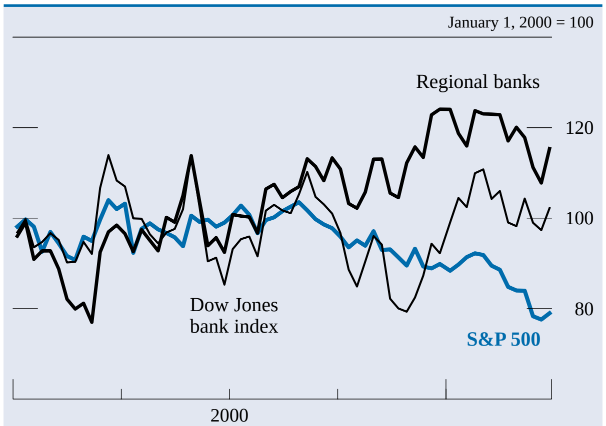


NOTE. For definition of bank size, see text note 1.

Interest Income and Expense

Although market interest rates fell in the latter part of 2000, in many cases to below the levels prevailing as the year began, they were higher on average for the year than in 1999. Gross interest income rose 46 basis points as a percentage of assets, but gross interest expense increased more, 54 basis points. As a result,

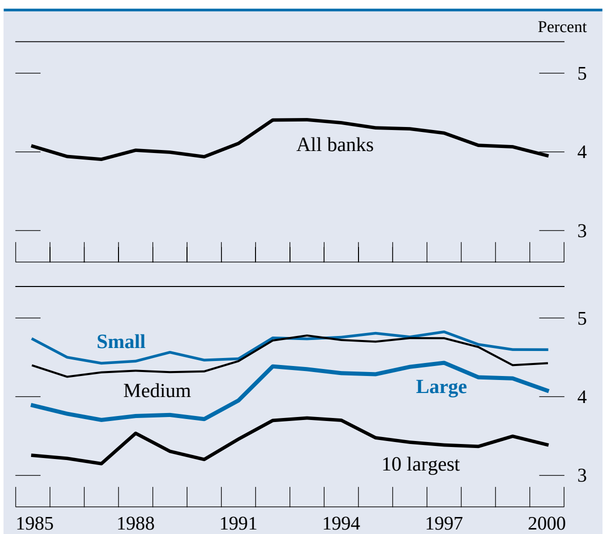
18. Indexes of bank holding company stock prices and the S&P 500, 2000–March 30, 2001



NOTE. Regional banks consist of 22 bank holding companies as defined by Standard and Poor's. The Dow Jones bank index consists of 343 bank holding companies.
SOURCE. Standard and Poor's and Dow Jones.

the industrywide net interest margin—the ratio of net interest income to average interest-earning assets—fell 11 basis points, to 3.93 percent (chart 19, top panel). After trending down throughout much of the past decade, the net interest margin has returned to the levels observed in the late 1980s. The elevated level of the net interest margin in the early 1990s reflected diminished competition for deposit funds and a desire to curb asset growth through tight lending terms to improve capital positions. In part, the subsequent decline reflects increased competition among banks as well as the greater number of non-

19. Net interest margin, by size of bank, 1985–2000



NOTE. Net interest margin is net interest income divided by average interest-earning assets. For definition of bank size, see text note 1.

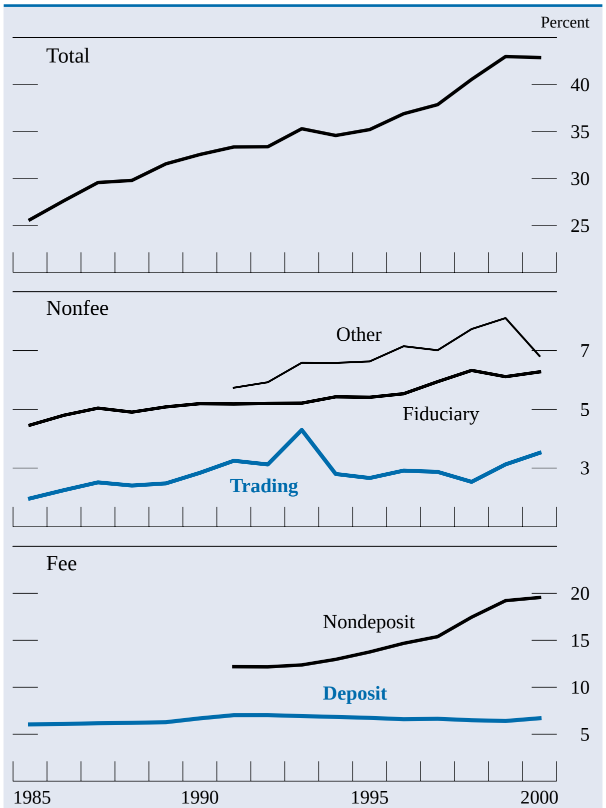
bank alternatives available to both lenders and borrows since the early 1990s. However, somewhat less than half of the decline in the net interest margin is estimated to have come from a shift of banking system assets toward larger banks, which tend to have narrower interest margins but higher returns in other dimensions.

The tightening of standards and terms on business loans as reported in the BLPS (and discussed above in the section on balance sheet developments) likely had offsetting effects on the net interest margin. On one hand, the reported widening of spreads of loan rates over the cost of funds clearly would act to widen margins. On the other hand, more stringent standards and reduced appetite for risk likely increased the share of lending to lower-risk, lower-return customers, a shift that would tend to narrow spreads. As noted above, the evidence from the STBL indicated that the average spread over the intended federal funds rate did not increase, on balance, in 2000. However, those spreads remained rather high, and the percentage of new loans that were made under commitment increased, while the share of higher-risk loan originations decreased. Call Report data reveal that for C&I loans held by banks in 2000, the difference between the average effective interest rate they earned and the average quarterly federal funds rate declined somewhat.

On the household side, 30 percent of banks, on net, reported in the May 2000 BLPS that over the past two years they had lowered the spread of mortgage loan rates over their cost of funds, and 20 percent, on net, indicated that they had reduced their fees on mortgage loan originations. According to Call Report data for all real estate loans held by banks, the spread of the average rate of return over the seven-year constant maturity Treasury rate declined about 14 basis points last year. Part of the decline likely reflected the rise from from 1999 to 2000 in the share of mortgages originated with adjustable rates. The average effective spread on consumer loans over the average quarterly prime rate also slipped in 2000.

The industrywide decline in net interest margin masks important differences, however, across different bank sizes (chart 19, bottom panel). The decrease in net interest margin was concentrated at the largest 100 banks, where it fell 15 basis points, to 3.71 percent. In contrast, at banks outside the top 100, the net interest margin increased 2 basis points, to 4.45 percent. The divergent movements reflected the rising average cost of managed liabilities, which fund a significantly higher percentage of assets at large banks, relative to the average cost of core deposits. Furthermore, the average effective interest rate paid

20. Noninterest income and its components as a share of total revenue, 1985–2000



NOTE. Nondeposit fees and "other nonfee" were first included in the March 1991 Call Report.

on large time deposits increased at large banks by more than it did at small banks, and the spreads (over comparable-maturity Treasury debt) on the subordinated debt issues of several large bank holding companies also rose. Perhaps contributing to the higher funding costs at large banks relative to small banks was the significantly larger increase in delinquency rates at large banks, which may have created the perception that they had become relatively more risky.

Noninterest Income and Expense

The ratio of noninterest income to total revenue slipped to 42.9 percent in 2000, the first decline in that ratio since 1994 (chart 20, top panel). "Other nonfee income"—which includes income from professional services, such as those provided for holding company affiliates; gains or losses on the sale of assets other than securities; and income from venture capital activities, including those at banks' small business investment subsidiaries—accounted for the entire decline (chart 20, middle panel). Losses reported by two large banks and several others on sales of assets that had been leased accounted for almost half of the decrease in this subcomponent. Most of the losses likely resulted from forecasts of auto lease residuals that were too optimistic. "Other nonfee income" also may have been depressed last year by declines in the market value of venture capital investments, especially in technology companies, over the final three quarters.[6]

Trading income increased as a percentage of revenue for the second consecutive year. Revenue from trading in interest rate contracts increased 28 percent in 2000; revenue from foreign exchange contracts advanced about 6 percent after growing only 2 percent in 1999 (table 3). Most of the 50 percent rise in revenue from trading in equities and equity futures contracts was booked during the first and second quarters; by the fourth quarter, such revenue was more than one-third below its year-earlier level. Revenue from trading in contracts for commodity futures

6. Bank holding companies conduct most of their venture capital investment, however, through nonbank subsidiaries.

3. Trading revenue at all U.S. banks, by type of exposure, 1995–2000

Millions of dollars

Year	Total		Interest rate		Foreign exchange		Equity, security, and index		Commodity and other exposures	
	Millions of dollars	Percent change	Millions of dollars	Percent change	Millions of dollars	Percent change	Millions of dollars	Percent change	Millions of dollars	Percent change
1995	6,337	1.4	3,012	n.a.	2,491	n.a.	519	n.a.	116	n.a.
1996	7,523	18.7	4,112	36.5	2,689	8.0	391	–24.7	334	187.9
1997	8,019	6.6	3,995	–2.9	3,951	46.9	49	–87.5	23	–93.1
1998	7,705	–3.9	2,500	–37.4	4,714	19.3	452	822.5	39	69.6
1999	10,478	36.0	3,840	53.6	4,813	2.1	1,225	171.0	602	1,443.6
2000	12,447	18.8	4,910	27.9	5,090	5.8	1,934	57.9	514	–14.6

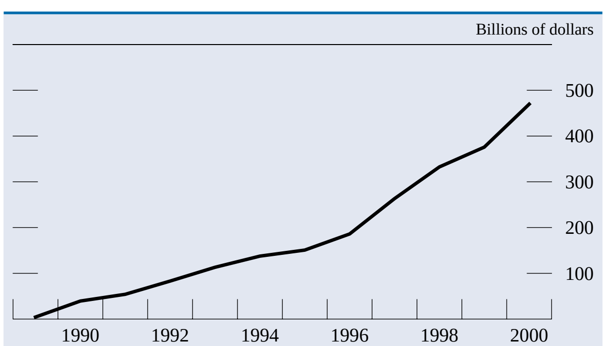
n.a. Not available.

and options declined. Fiduciary income, primarily fees received for services rendered by bank trust departments, resumed its upward trend as a share of revenue after dipping in 1999.

Nondeposit fee income—which consists of fees earned on credit cards, mortgage servicing and refinancing, the sale and servicing of mutual funds and annuities, ATM surcharges, and securitized loans and securities lending—continued to increase as a share of total revenue (chart 20, bottom). Although no data are available on most of the individual elements of this income category, fees from the sale and servicing of mutual funds grew 11 percent in 2000. The gain also likely reflects, in part, the continued rise in securities lent by the trust departments of commercial banks (chart 21). Deposit fees also increased as a percentage of revenue after having declined fairly continuously throughout the 1990s; the turnaround perhaps reflected some results from banks' reported efforts to increase the profitability of transactions accounts.

Relative to 1999, noninterest expense remained about unchanged as a percentage of total revenue, but abstracting from the substantial restructuring charges at First Union, the ratio declined significantly (chart 22, top panel). Continued consolidation presumably helped to sustain last year's extension of the decade-long decline in the cost of buildings and premises as a percentage of total revenue. But noninterest expense was also held in check by a marked decline in the growth rate of employee compensation, from 8 percent in 1999 to just over 3 percent in 2000 (chart 22, bottom panel). The decline in compensation reflected a slowing in the growth rate of the average salary and benefits per employee, from 5 percent in 1999 to less than 2 percent in 2000, and only a slight increase in the number of employees. The slow growth in the number of employees was partly attributable to small declines in employment last year at several large banks that had completed mergers in recent years.

21. Off-balance-sheet securities lent, 1989–2000



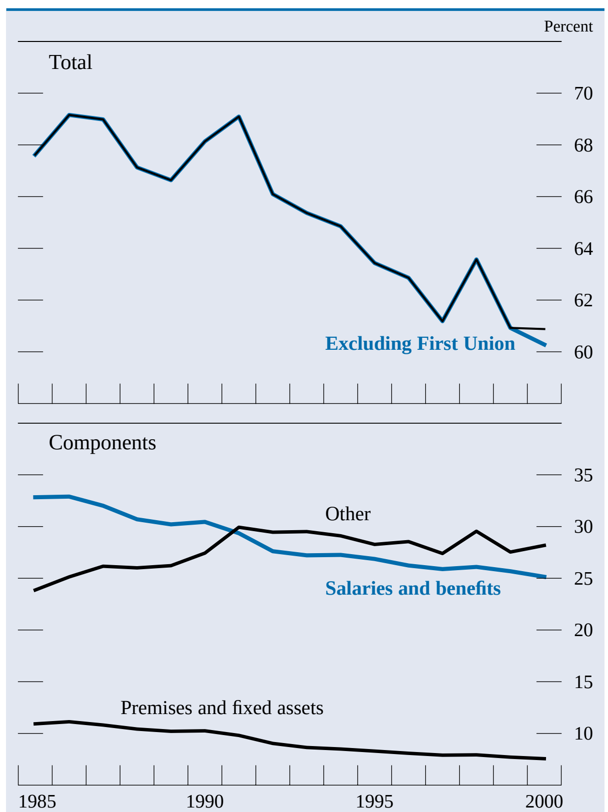
Loan Performance and Loss Provisioning

The slowdown in economic growth during the second half of 2000 brought renewed attention to credit quality, especially in the business sector, where delinquency rates and net charge-off rates increased substantially. On the household side, delinquency rates also increased, on balance, last year. While delinquency rates on residential mortgages remained at a relatively low level, those on credit card and other consumer loans returned to the elevated levels reached in the mid-1990s.

C&I Loans

Delinquencies on C&I loans, which had begun to move up at large domestic banks in 1998, rose further in 2000 (chart 23, top left panel). The delinquency

22. Noninterest expense as a proportion of revenue, 1985–2000



Note. First Union Bank had substantial restructuring charges in 2000:Q2.

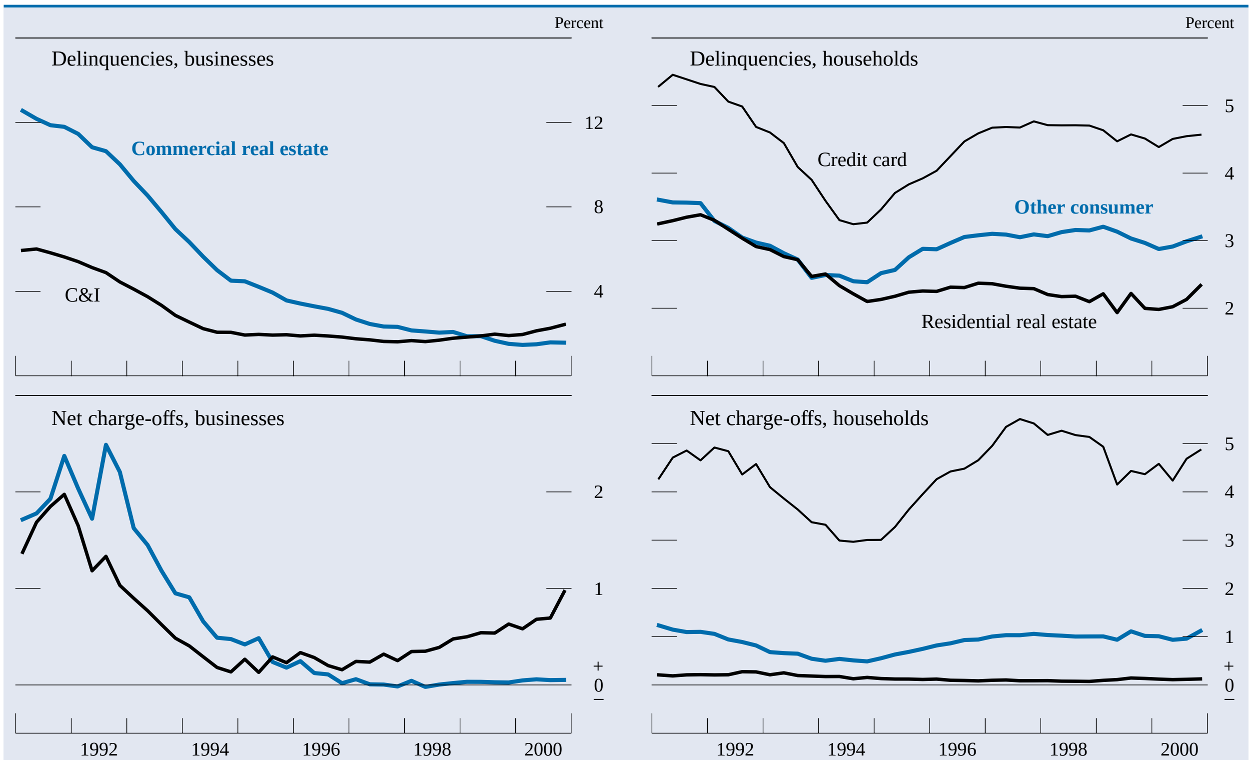
rate on business loans at small banks, which had been relatively stable over the past several years, also increased in 2000. Although the delinquency rates have risen from exceedingly low levels, about half of the banks participating in the November 2000 BLPS indicated that they had been surprised by the extent of deterioration in the credit quality of their C&I loan portfolio since the middle of 1998. During the first half of last year, respondents often noted problems related to specific industries, such as health care and companies exposed to asbestos-related litigation; but by year-end, problem loans reportedly were spread over a wider variety of industries.

Net charge-off rates on C&I loans—which had begun increasing more than a year before delinquency rates—continued to move up in 2000, markedly so in the fourth quarter (chart 23, bottom left panel). In part, net charge-offs increased because recovery rates—defined as gross recoveries divided by total business loans—declined to decade-low levels in 2000. The sustained decline in the C&I recovery rate over the past several years probably arises from the relatively easier bank lending environment, particularly the less restrictive loan covenants and lower collateral requirements, that prevailed before the market turmoil in the second half of 1998. Despite the rise in charge-offs, the fraction of C&I loans that are classified as ''nonaccrual'' has also risen, reaching 1.52 percent in 2000; many nonaccrual loans are later charged off. The ratio of net charge-offs to average delinquencies rose for the sixth consecutive year, to 34 percent, a level higher than it was during the recession of 1990–91.

Commercial Real Estate Loans

In contrast to C&I loans, commercial real estate loans continued to perform well, with delinquency rates remaining below 2 percent and net charge-off rates still almost negligible (chart 23, top and bottom left panels). These loans benefited from low vacancy rates for commercial office space and rising commercial rents even as economic growth slowed in the second half. Nevertheless, many of the largest banks in this sector apparently have not forgotten the heavy

23. Delinquency and charge-off rates for loans to businesses and households, by type of loan, 1991–2000



NOTE. The data are seasonally adjusted. Delinquent loans are loans that are not accruing interest and those that are accruing interest but are more than thirty days past due. The delinquency rate is the end-of-period level of delinquent loans divided by the end-of-period level of outstanding loans. The net charge-off rate is the annualized amount of charge-offs over the period, net of recoveries, divided by the average level of outstanding loans over the period.

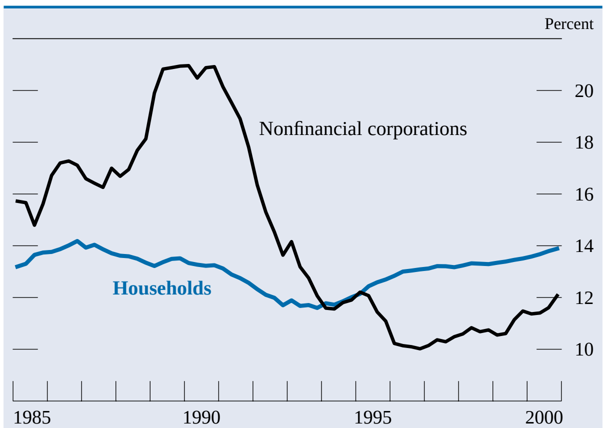
losses suffered in the commercial real estate market during the early 1990s. On net, about 40 percent of banks responding to the BLPS indicated that they had tightened standards on commercial real estate loans at some point in 2000. Also, in the January 2001 survey, 49 percent of domestic banks, on net, indicated that they had increased spreads of loan rates over their cost of funds during 2000, and 42 percent reported that they required higher debt-service-coverage ratios.

Loans to Households

A period of improving quality in consumer loans came to an end in the first quarter of 2000, with delinquency and net charge-off rates on credit card loans and consumer installment loans rising over the rest of the year (chart 23 top and bottom right panels). The delinquency rate on consumer installment loans rose 7 basis points in 2000, to 3.06 percent, although that on credit card loans edged up only 2 basis points, to 4.57 percent. The deterioration in consumers' servicing of their debt probably reflects the pressures brought to bear by the slowdown in economic activity as the year progressed and the continued rise in household debt-service payments as a fraction of disposable income, which reached its highest level in fifteen years (chart 24). In the January 2001 BLPS, 19 percent of banks, on net, reported a tightening of lending standards on all types of consumer loans, a significantly higher fraction than in previous surveys.

The delinquency rate on residential mortgage loans crept up and then rose sharply in the fourth quarter. A fairly recent trend toward relatively easier lending conditions in this market may have added to the effect of a weakening economy and rising debt-service burdens. In the May 2000 BLPS, for example, almost half of the banks surveyed, on net, indicated that over the past two years they had increased the maximum size of their residential mortgage loans. Moreover, about one-fourth, on net, had eased their requirements for down payments, a change reflected in the fraction, albeit small, of mortgage loans extended with no down payment. The easier terms on residential real estate loans have negative implications for the average credit quality in this sector and for the recovery rate on foreclosed properties. Nevertheless, the net charge-off rate on residential mortgages remained very low in 2000, likely as a result of continued strength in existing home sales, which contributed to solid growth in median home prices.

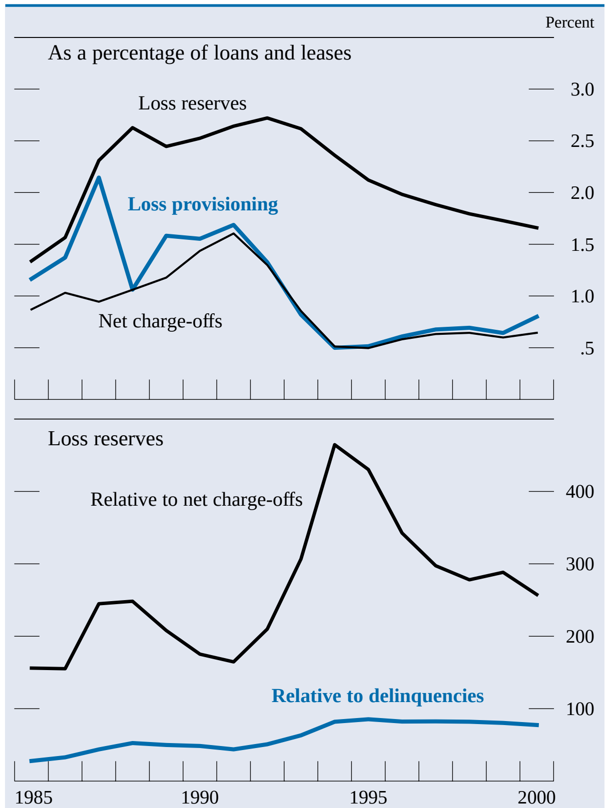
24. Debt burden of businesses and households, 1985–2000



NOTE. The debt burden for nonfinancial corporations is calculated as interest payments as a percentage of cash flow. The debt burden for households is an estimate of the ratio of debt payments to disposable personal income; debt payments consist of the estimated required payments on outstanding mortgage and consumer debt.

SOURCE. National income and product accounts and the Federal Reserve System.

25. Reserves, provisioning, and charge-offs for loan and lease losses, 1985–2000



NOTE. For definitions of delinquencies and net charge-offs, see note to chart 23.

4. Exposures of selected U.S. banking organizations to selected economies at year-end, relative to tier 1 capital, 1998–2000

Percent except as noted

Region or country	All reporting			Large			Other			MEMO: Total exposure, all reporting banks (billions of dollars)		
	1998	1999	2000	1998	1999	2000	1998	1999	2000	1998	1999	2000
Selected Asian countries[1]	15.49	14.37	13.17	24.02	20.73	19.98	2.08	1.75	1.41	37.87	37.45	37.30
Eastern Europe												
All	3.49	2.85	4.35	5.61	4.25	6.83	.16	.08	.08	8.53	7.43	12.33
Russia	.43	.37	.49	.68	.55	.77	.00	.01	.00	1.05	.95	1.39
Latin America												
All	42.93	39.00	37.88	64.20	53.90	54.98	9.51	9.41	8.35	104.96	101.63	107.31
Brazil	11.27	10.49	11.15	17.04	14.53	16.40	.00	2.47	2.08	27.55	27.34	31.59
Total	**61.90**	**56.22**	**55.40**	**93.83**	**78.88**	**81.79**	**11.75**	**11.24**	**9.84**	**151.36**	**146.51**	**156.94**

NOTE. For definition of tier 1 capital, see text note 5. Exposures consist of lending and derivatives exposures for cross-border and local-office operations. Respondents may file information on one bank or on the bank holding company as a whole.

At year-end 2000, "all reporting" banks consisted of 99 institutions with a total of $283 billion in tier 1 capital; of these institutions, 10 were "large" banks (5 money center banks and 5 other large banks) ($179 billion in tier 1 capital), and the remaining 89 were "other" banks ($104 billion). The average "other" bank at year-end 2000 had $16 billion in assets.

1. Indonesia, Korea, Malaysia, Philippines, and Thailand.

SOURCE. Federal Financial Institutions Examination Council Statistical Release E.16, "Country Exposure Survey," available at www.ffiec.gov/E16.htm/

Loss Provisioning

In response to higher delinquency and charge-off rates overall, commercial banks aggressively stepped up loan-loss provisioning in 2000 (chart 25, top panel). Almost 80 percent of the increase was attributable to the largest 100 banks, and among those, much of it was concentrated at the commercial bank subsidiaries of a few large bank holding companies. Nevertheless, because of the increase in net charge-offs, the sharp rise in loss provisioning resulted in only an 8 percent increase in loan-loss reserves—less than the advance in total loans and leases. As a result, the ratio of loan-loss reserves to total loans and leases fell 7 basis points, to 1.66 percent, the lowest level since 1986.

Other measures of the adequacy of loan-loss reserves also fell but remained at fairly high levels relative to historical norms (chart 25, bottom panel). The ratio of loan-loss reserves to delinquent loans dropped 10 percentage points, to 70 percent, still just below the elevated range of the past several years and above its level of the late 1980s and early 1990s. Similarly, the ratio of loan-loss reserves to net charge-offs declined significantly last year but remained above its level of the late 1980s and early 1990s.

International Operations of U.S. Commercial Banks

The share of assets at domestically chartered banks that were booked at foreign offices fell for the third consecutive year in 2000, reaching 12.3 percent. The decline reflected strong U.S. economic growth and the associated rise in lending to U.S. entities over the first half of 2000. Nevertheless, rising income from foreign operations during the first two quarters of the year boosted the share of income attributable to such operations to 10.3 percent, up from 9.9 percent in 1999. The increase in income reflected a rise in interest income, which rebounded notably after slipping in 1999, and—in contrast to domestic operations—a notable reduction in loan-loss provisioning.

Reports from ninety-nine banks for year-end 2000 show that the ten largest of them increased their exposure to Eastern Europe and, by a lesser amount, to Latin America, as a proportion of tier 1 capital, while further paring back their exposure to certain Asian economies (table 4). The rise in exposure to Brazil accounted for almost half of the rise in the large banks' exposure to Latin America, which nonetheless remained below its level of two years ago. The other reporting banks cut back their exposure to all these economies, to below 10 percent of tier 1 capital. For all reporting banks, exposures to all these economies fell slightly, to 55.4 percent of tier 1 capital.

Recent Developments

Over the first three months of 2001, the Federal Reserve lowered the federal funds rate 150 basis points in three 50-point steps, to 5 percent, and almost completely reversed the tightening that had begun in the second half of 1999. Despite the change in the stance of monetary policy, responses to a supplementary survey of bank lending practices in March 2001 indicated that banks, on net, continued to tighten standards and strengthen terms on commercial and industrial loans during the first two months of 2001. The equity prices of bank holding companies declined moderately, on balance, over the first quarter of 2001, although bank share prices continued to perform better than the S&P 500.

The net income of a sample of twenty-five large bank holding companies declined more than 10 percent in the first quarter of 2001 relative to the same quarter last year. Profitability was restrained significantly by continued increases in loan-loss provisioning arising from ongoing deterioration in credit quality; according to several banks, the deterioration remains concentrated in commercial loan portfolios. The decline in net income also reflected reduced revenues from capital market activities, particularly at banking organizations that have substantial venture capital operations. □

A.1. Report of income, all U.S. banks, 1991–2000

Millions of dollars

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Gross interest income	290,692	256,415	244,742	257,065	302,376	313,120	338,225	359,184	366,182	424,299
Taxable equivalent	293,879	259,394	247,620	259,822	305,010	315,579	340,660	361,648	368,809	426,937
Loans	215,019	185,938	178,425	189,764	227,218	239,310	255,499	270,952	278,604	327,277
Securities	52,769	51,825	48,678	48,299	51,030	50,603	52,662	56,596	62,095	67,665
Gross federal funds sold and reverse repurchase agreements	9,149	5,913	4,796	6,415	9,744	9,265	13,658	14,999	12,327	13,530
Other	13,757	12,739	12,843	12,587	14,382	13,944	16,407	16,635	13,155	15,829
Gross interest expense	168,492	122,517	105,615	110,850	147,958	150,047	164,516	177,999	174,870	222,011
Deposits	139,431	98,809	79,503	79,106	105,329	107,467	117,351	125,217	119,640	151,159
Gross federal funds purchased and repurchase agreements	14,439	9,263	8,442	12,476	18,424	16,775	20,440	22,182	21,129	26,847
Other	14,623	14,441	17,669	19,269	24,204	25,806	26,724	30,599	34,101	44,004
Net interest income	122,200	133,898	139,127	146,215	154,418	163,073	173,709	181,185	191,312	202,288
Taxable equivalent	125,387	136,877	142,005	148,972	157,052	165,532	176,144	183,649	193,939	204,926
Loss provisioning[1]	34,871	26,813	16,841	10,991	12,631	16,206	19,173	21,224	21,120	29,038
Noninterest income	61,124	67,044	75,847	77,224	83,851	95,278	105,776	123,490	144,131	151,715
Service charges on deposits	12,884	14,126	14,898	15,281	16,057	17,043	18,558	19,770	21,495	23,717
Income from fiduciary activities	9,499	10,452	11,199	12,124	12,890	14,288	16,604	19,271	20,501	22,213
Trading income	5,954	6,273	9,238	6,249	6,337	7,523	8,019	7,705	10,478	12,447
Other	32,785	36,193	40,513	43,572	48,567	56,424	62,597	76,745	91,656	93,340
Noninterest expense	126,665	132,815	140,523	144,905	151,137	162,401	170,996	193,681	204,365	215,514
Salaries, wages, and employee benefits	53,810	55,484	58,507	60,904	64,013	67,776	72,347	79,508	86,139	89,005
Expenses of premises and fixed assets	17,984	18,152	18,578	18,978	19,760	20,883	22,082	24,160	25,859	26,763
Other	54,871	59,181	63,439	65,023	67,363	73,742	76,568	90,013	92,367	99,744
Net noninterest expense	65,541	65,771	64,676	67,681	67,286	67,123	65,220	70,191	60,234	63,799
Realized gains on investment account securities	2,897	3,957	3,054	−568	481	1,123	1,826	3,087	251	−2,298
Income before taxes and extraordinary items	24,684	45,273	60,662	66,974	74,980	80,866	91,141	92,856	110,208	107,155
Taxes	8,292	14,450	19,861	22,429	26,222	28,431	31,987	31,902	39,262	37,448
Extraordinary items	1,198	401	2,085	−17	28	88	56	506	169	−32
Net income	17,590	31,224	42,886	44,528	48,785	52,522	59,209	61,460	71,114	69,675
Cash dividends declared	15,562	14,226	22,068	28,165	31,105	39,391	42,726	41,206	51,957	52,517
Retained income	2,028	16,997	20,816	16,362	17,681	13,132	16,483	20,253	19,159	17,157

1. Includes provisions for loan and lease losses and for allocated transfer risk.

Table A.2 begins on page 384.

A.2. Portfolio composition, interest rates, and income and expense, all U.S. banks, 1991–2000

A. All banks

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	Balance sheet items as a percentage of average net consolidated assets									
Interest-earning assets	88.04	88.33	88.50	86.60	86.47	86.80	86.58	86.26	86.54	86.66
Loans and leases, net	59.55	57.30	56.25	56.07	58.37	59.89	58.69	58.33	59.36	60.51
Commercial and industrial	17.33	15.78	14.88	14.51	15.20	15.60	15.78	16.37	17.09	17.20
U.S. addressees	15.00	13.54	12.72	12.35	12.87	13.07	13.18	13.62	14.43	14.67
Foreign addressees	82.33	2.24	2.16	2.16	2.33	2.53	2.60	2.75	2.66	2.53
Consumer	11.45	11.00	11.00	11.43	12.08	12.21	11.44	10.36	9.71	9.39
Credit card	3.88	3.80	3.88	4.21	4.69	4.87	4.55	3.96	3.51	3.52
Installment and other	7.57	7.20	7.11	7.22	7.39	7.34	6.89	6.39	6.20	5.88
Real estate	24.87	24.87	24.80	24.43	25.01	25.06	25.02	24.87	25.44	27.04
In domestic offices	24.11	24.18	24.18	23.80	24.36	24.43	24.41	24.30	24.87	26.49
Construction and land development	3.41	2.64	1.99	1.65	1.59	1.63	1.73	1.86	2.18	2.51
Farmland	.53	.56	.57	.56	.56	.56	.55	.55	.56	.56
One- to four-family residential	12.27	12.91	13.49	13.74	14.42	14.43	14.42	14.26	14.10	14.95
Home equity	1.95	2.09	2.07	1.91	1.88	1.85	1.94	1.89	1.76	1.96
Other	10.32	10.83	11.42	11.84	12.54	12.57	12.48	12.37	12.34	13.00
Multifamily residential	.66	.75	.79	.79	.81	.85	.83	.82	.88	.99
Nonfarm nonresidential	7.23	7.32	7.33	7.07	6.97	6.96	6.88	6.81	7.15	7.48
In foreign offices	.76	.69	.62	.63	.65	.63	.61	.57	.57	.54
Depository institutions	1.42	1.24	1.08	1.42	1.88	2.29	1.89	1.88	1.94	1.85
Foreign governments	.75	.73	.67	.41	.30	.26	.18	.15	.16	.12
Agricultural production	1.01	1.02	.99	1.00	.96	.92	.90	.89	.83	.78
Other loans	3.60	3.50	3.56	3.34	3.15	3.36	2.84	2.81	2.76	2.56
Lease-financing receivables	1.09	1.03	.99	1.03	1.19	1.51	1.87	2.14	2.53	2.65
LESS: Unearned income on loans	–.36	–.28	–.21	–.16	–.14	–.12	–.09	–.07	–.06	–.05
LESS: Loss reserves [1]	–1.62	–1.60	–1.51	–1.36	–1.26	–1.21	–1.13	–1.07	–1.04	–1.02
Securities	20.70	23.52	25.37	24.32	21.94	21.01	20.41	20.38	20.40	20.02
Investment account	18.93	21.18	22.50	21.60	19.39	18.20	17.25	17.49	18.33	17.59
Debt	18.62	20.82	22.12	21.21	18.98	17.75	16.75	16.94	17.73	16.93
U.S. Treasury	5.06	6.49	7.08	6.77	5.25	4.20	3.38	2.71	2.14	1.66
U.S. government agency and corporation obligations	8.75	9.86	10.73	10.24	9.81	9.75	9.74	10.28	10.85	10.31
Government-backed mortgage pools	4.51	4.52	4.74	4.67	4.47	4.80	4.94	5.17	5.24	4.75
Collateralized mortgage obligations	2.07	3.12	3.72	3.24	2.67	2.11	1.94	2.13	2.15	1.92
Other	2.16	2.21	2.27	2.33	2.68	2.83	2.86	2.99	3.46	3.63
State and local government	2.28	2.08	2.06	2.02	1.80	1.68	1.59	1.57	1.62	1.52
Private mortgage-backed securities	.94	.82	.73	.64	.62	.61	.50	.67	.88	.95
Other	1.59	1.58	1.52	1.54	1.49	1.51	1.54	1.71	2.24	2.48
Equity	.31	.37	.38	.39	.41	.45	.50	.55	.61	.66
Trading account	1.77	2.34	2.87	2.71	2.55	2.81	3.16	2.90	2.06	2.43
Gross federal funds sold and reverse RPs	4.58	4.54	4.27	3.82	3.93	3.82	5.18	5.37	4.61	4.12
Interest-bearing balances at depositories	3.21	2.97	2.62	2.40	2.23	2.08	2.29	2.17	2.17	2.01
Non-interest-earning assets	11.96	11.67	11.50	13.40	13.53	13.20	13.42	13.74	13.46	13.34
Revaluation gains on off-balance-sheet items [2]	n.a.	n.a.	n.a.	2.95	2.90	2.25	2.59	2.95	2.57	2.29
Other	11.96	11.67	11.50	10.45	10.62	10.95	10.83	10.79	10.89	11.05
Liabilities	93.33	92.82	92.15	92.12	91.99	91.73	91.57	91.51	91.51	91.58
Interest-bearing liabilities	76.58	75.32	73.92	71.86	71.86	71.62	71.36	71.33	72.51	73.28
Deposits	64.45	62.94	60.26	57.34	56.30	55.87	55.01	54.66	54.79	54.66
In foreign offices	8.55	8.37	8.32	9.39	10.28	10.01	10.02	10.15	10.46	10.90
In domestic offices	55.90	54.56	51.94	47.96	46.03	45.86	44.99	44.51	44.33	43.75
Other checkable deposits	6.72	7.65	8.24	7.80	6.63	4.75	3.62	3.11	2.81	2.46
Savings (including MMDAs)	18.00	20.28	20.91	19.60	17.48	18.71	19.13	19.91	21.00	20.64
Small-denomination time deposits	21.30	19.21	16.98	15.33	16.14	15.97	15.17	14.15	13.10	12.49
Large-denomination time deposits	9.89	7.42	5.81	5.23	5.77	6.42	7.08	7.33	7.42	8.16
Gross federal funds purchased and RPs	7.09	7.02	7.47	7.60	7.71	7.18	8.13	7.99	7.97	7.84
Other	5.03	5.36	6.19	6.92	7.85	8.56	8.21	8.68	9.75	10.79
Non-interest-bearing liabilities	16.75	17.50	18.23	20.26	20.13	20.11	20.21	20.18	19.00	18.30
Demand deposits in domestic offices	12.59	13.24	13.86	13.49	12.68	12.82	12.16	11.00	9.78	8.62
Revaluation losses on off-balance-sheet items [2]	n.a.	n.a.	n.a.	2.69	2.88	2.14	2.64	2.97	2.52	2.29
Other	4.16	4.27	4.37	4.55	4.57	5.14	5.41	6.21	6.70	7.39
Capital account	6.67	7.18	7.85	7.88	8.01	8.27	8.43	8.49	8.49	8.42
MEMO										
Commercial real estate loans	12.02	11.34	10.63	9.94	9.83	9.92	9.99	10.12	10.87	11.58
Other real estate owned	.75	.82	.63	.36	.19	.14	.11	.08	.06	.05
Managed liabilities	31.05	28.70	28.28	29.61	32.08	32.73	34.09	34.94	36.58	38.82
Average net consolidated assets (billions of dollars)	3,379	3,442	3,566	3,863	4,148	4,376	4,733	5,144	5,438	5,904

A.2.—Continued

A. All banks

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	Effective interest rate (percent)[3]									
Rates earned										
Interest-earning assets	9.57	8.27	7.61	7.61	8.33	8.14	8.15	7.99	7.70	8.23
Taxable equivalent	9.69	8.37	7.71	7.70	8.41	8.21	8.22	8.06	7.77	8.26
Loans and leases, gross	10.40	9.20	8.69	8.62	9.25	8.99	9.01	8.85	8.48	9.01
Net of loss provisions	8.72	7.87	7.87	8.12	8.74	8.39	8.34	8.15	7.83	8.21
Securities	8.19	7.04	6.08	5.96	6.51	6.42	6.50	6.37	6.25	6.53
Taxable equivalent	8.56	7.34	6.36	6.20	6.73	6.66	6.73	6.63	6.45	6.65
Investment account	8.25	7.11	6.07	5.79	6.35	6.35	6.45	6.29	6.23	6.52
U.S. government and other debt	8.43	7.18	6.07	5.80	6.42	6.47	6.60	6.45	6.39	6.71
State and local	7.25	6.81	6.25	5.87	5.82	5.55	5.41	5.23	5.11	5.21
Equity	6.20	5.32	4.79	4.79	5.51	5.23	5.15	4.92	4.85	4.99
Trading account	7.54	6.40	6.16	7.41	7.73	6.86	6.75	6.85	6.47	6.63
Gross federal funds sold and reverse RPs	5.69	3.58	3.04	4.26	5.63	5.21	5.45	5.29	4.78	5.56
Interest-bearing balances at depositories	8.44	7.31	6.61	5.71	6.84	6.21	6.24	6.32	5.95	6.48
Rates paid										
Interest-bearing liabilities	6.55	4.75	4.01	4.01	4.99	4.82	4.92	4.88	4.47	5.17
Interest-bearing deposits	6.34	4.51	3.65	3.53	4.47	4.33	4.39	4.31	3.87	4.45
In foreign offices	8.54	7.32	6.82	5.59	6.12	5.54	5.44	5.66	4.91	5.61
In domestic offices	6.00	4.07	3.14	3.14	4.11	4.07	4.16	4.01	3.63	4.18
Other checkable deposits	4.34	2.70	1.99	1.85	2.06	2.04	2.25	2.29	2.08	2.34
Savings (including MMDAs)	5.11	3.25	2.50	2.58	3.19	2.99	2.93	2.79	2.49	2.86
Large-denomination time deposits[4]	6.69	4.90	4.00	4.09	5.47	5.39	5.45	5.22	4.92	5.79
Small-denomination time deposits[4]	6.93	5.15	4.19	4.17	5.44	5.40	5.54	5.48	5.09	5.68
Gross federal funds purchased and RPs	5.76	3.64	3.07	4.18	5.65	5.12	5.17	5.19	4.73	5.76
Other interest-bearing liabilities	8.65	7.87	8.02	7.25	7.47	6.93	6.95	6.89	6.48	6.96
	Income and expense as a percentage of average net consolidated assets									
Gross interest income	8.60	7.45	6.86	6.65	7.29	7.16	7.15	6.98	6.73	7.19
Taxable equivalent	8.70	7.54	6.94	6.73	7.35	7.21	7.20	7.03	6.78	7.23
Loans	6.36	5.40	5.00	4.91	5.48	5.47	5.40	5.27	5.12	5.54
Securities	1.56	1.51	1.37	1.25	1.23	1.16	1.11	1.10	1.14	1.15
Gross federal funds sold and reverse RPs	.27	.17	.13	.17	.23	.21	.29	.29	.23	.23
Other	.41	.37	.36	.33	.35	.32	.35	.32	.24	.27
Gross interest expense	4.99	3.56	2.96	2.87	3.57	3.43	3.48	3.46	3.22	3.76
Deposits	4.13	2.87	2.23	2.05	2.54	2.46	2.48	2.43	2.20	2.56
Gross federal funds purchased and RPs	.43	.27	.24	.32	.44	.38	.43	.43	.39	.45
Other	.43	.42	.50	.50	.58	.59	.56	.59	.63	.75
Net interest income	3.62	3.89	3.90	3.78	3.72	3.73	3.67	3.52	3.52	3.43
Taxable equivalent	3.71	3.98	3.98	3.86	3.79	3.78	3.72	3.57	3.57	3.47
Loss provisioning[5]	1.03	.78	.47	.28	.30	.37	.41	.41	.39	.49
Noninterest income	1.81	1.95	2.13	2.00	2.02	2.18	2.23	2.40	2.65	2.57
Service charges on deposits	.38	.41	.42	.40	.39	.39	.39	.38	.40	.40
Income from fiduciary activities	.28	.30	.31	.31	.31	.33	.35	.37	.38	.38
Trading income	.18	.18	.26	.16	.15	.17	.17	.15	.19	.21
Interest rate exposures	n.a.	n.a.	n.a.	n.a.	n.a.	.09	.08	.05	.07	.08
Foreign exchange exposures	n.a.	n.a.	n.a.	n.a.	n.a.	.06	.08	.09	.09	.09
Equity, commodity, and other exposures	n.a.	n.a.	n.a.	n.a.	n.a.	.02	*	.01	.03	.04
Other	.97	1.05	1.14	1.13	1.17	1.29	1.32	1.49	1.69	1.58
Noninterest expense	3.75	3.86	3.94	3.75	3.64	3.71	3.61	3.76	3.76	3.65
Salaries, wages, and employee benefits	1.59	1.61	1.64	1.58	1.54	1.55	1.53	1.55	1.58	1.51
Expenses of premises and fixed assets	.53	.53	.52	.49	.48	.48	.47	.47	.48	.45
Other	1.62	1.72	1.78	1.68	1.62	1.69	1.62	1.75	1.70	1.69
Net noninterest expense	1.94	1.91	1.81	1.75	1.62	1.53	1.38	1.36	1.11	1.08
Realized gains on investment account securities	.09	.11	.09	−.01	.01	.03	.04	.06	*	−.04
Income before taxes and extraordinary items	.73	1.32	1.70	1.73	1.81	1.85	1.93	1.81	2.03	1.81
Taxes	.25	.42	.56	.58	.63	.65	.68	.62	.72	.63
Extraordinary items	.04	.01	.06	*	*	*	*	.01	*	*
Net income (return on assets)	.52	.91	1.20	1.15	1.18	1.20	1.25	1.19	1.31	1.18
Cash dividends declared	.46	.41	.62	.73	.75	.90	.90	.80	.96	.89
Retained income	.06	.49	.58	.42	.43	.30	.35	.39	.35	.29
MEMO: Return on equity	7.80	12.64	15.32	14.63	14.69	14.52	14.84	14.07	15.41	14.01

* In absolute value, less than 0.005 percent.

n.a. Not available. MMDA Money market deposit account. RP Repurchase agreement. CD Certificate of deposit.

1. Includes the allowance for loan and lease losses and the allocated transfer risk reserve.
2. Before 1994, the netted value of off-balance-sheet items appeared in ‘‘trading account securities’’ if a gain and ‘‘other non-interest-bearing liabilities’’ if a loss.
3. When possible, based on the average of quarterly balance sheet data reported on schedule RC-K of the quarterly Call Reports.
4. Before 1997, data for large time open accounts are included in small-denomination time deposits.
5. Includes provisions for loan and lease losses and for allocated transfer risk.

A.2. Portfolio composition, interest rates, and income and expense, all U.S. banks, 1991–2000

B. Ten largest banks by assets

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	Balance sheet items as a percentage of average net consolidated assets									
Interest-earning assets	85.41	85.16	84.79	77.16	77.02	79.94	81.62	81.06	81.28	82.02
Loans and leases, net	62.14	58.34	55.57	49.91	50.05	53.51	50.91	50.76	53.37	55.22
Commercial and industrial	22.42	20.32	18.65	16.43	16.16	17.17	16.90	18.07	19.24	19.95
U.S. addressees	13.44	12.00	10.75	9.16	8.66	9.59	10.24	11.76	13.14	13.94
Foreign addressees	8.97	8.32	7.90	7.27	7.50	7.59	6.66	6.31	6.10	6.01
Consumer	7.20	7.31	7.33	6.59	6.60	6.22	6.40	6.04	5.94	5.45
Credit card	2.53	2.61	2.50	2.28	1.96	1.23	1.34	1.30	1.36	1.34
Installment and other	4.67	4.70	4.83	4.31	4.65	4.99	5.06	4.74	4.58	4.11
Real estate	21.68	19.93	18.54	16.21	15.82	16.53	17.42	16.51	16.96	19.82
In domestic offices	18.37	17.07	15.99	13.80	13.48	14.44	15.69	15.08	15.55	18.48
Construction and land development	3.42	2.48	1.59	.84	.58	.51	.68	.77	.90	.98
Farmland	.08	.07	.07	.06	.06	.06	.09	.09	.10	.11
One- to four-family residential	10.34	10.08	10.29	9.69	9.62	10.43	11.02	10.33	10.77	13.37
Home equity	1.63	1.63	1.60	1.40	1.40	1.53	1.70	1.72	1.54	1.60
Other	8.71	8.46	8.68	8.29	8.22	8.90	9.31	8.61	9.22	11.76
Multifamily residential	.57	.58	.53	.41	.38	.38	.39	.38	.43	.60
Nonfarm nonresidential	3.95	3.86	3.51	2.79	2.83	3.05	3.52	3.51	3.35	3.42
In foreign offices	3.32	2.85	2.55	2.41	2.35	2.09	1.73	1.43	1.41	1.34
Depository institutions	3.05	2.56	2.35	3.37	4.95	6.06	4.14	4.00	4.30	3.75
Foreign governments	2.88	2.75	2.46	1.27	.90	.69	.45	.35	.38	.28
Agricultural production	.31	.28	.27	.25	.21	.23	.31	.28	.26	.23
Other loans	5.61	6.05	6.82	6.44	5.85	6.42	4.21	3.79	3.97	3.68
Lease-financing receivables	1.68	1.51	1.30	1.14	1.14	1.59	2.24	2.81	3.40	3.07
Less: Unearned income on loans	–.35	–.27	–.21	–.16	–.14	–.11	–.07	–.06	–.05	–.04
Less: Loss reserves [1]	–2.34	–2.08	–1.94	–1.63	–1.45	–1.30	–1.08	–1.01	–1.03	–.97
Securities	15.58	19.13	22.74	20.61	19.53	19.83	20.00	19.72	18.34	18.98
Investment account	9.38	10.70	12.45	11.68	10.65	10.60	10.97	12.12	13.08	13.71
Debt	9.08	10.36	12.08	11.30	10.27	10.22	10.55	11.64	12.57	13.03
U.S. Treasury	1.35	2.30	2.39	2.17	2.03	1.93	1.56	1.70	1.98	1.96
U.S. government agency and corporation obligations	3.46	4.45	6.14	5.16	4.46	4.59	5.34	6.31	6.35	6.59
Government-backed mortgage pools	2.26	2.43	3.30	2.79	2.89	3.58	4.26	5.13	5.03	4.88
Collateralized mortgage obligations	1.12	1.97	2.76	2.31	1.50	.95	.93	.93	.79	.93
Other	.08	.05	.08	.06	.08	.06	.15	.26	.52	.78
State and local government	.77	.66	.59	.60	.49	.39	.51	.47	.45	.51
Private mortgage-backed securities	.48	.33	.38	.43	.32	.30	.32	.60	.57	.51
Other	3.01	2.62	2.59	2.94	2.97	3.01	2.81	2.57	3.22	3.47
Equity	.30	.33	.36	.38	.38	.38	.42	.47	.51	.68
Trading account	6.19	8.43	10.30	8.93	8.88	9.23	9.03	7.60	5.25	5.26
Gross federal funds sold and reverse RPs	2.96	3.23	2.71	2.68	3.20	3.10	7.56	7.81	6.64	5.02
Interest-bearing balances at depositories	4.74	4.45	3.76	3.95	4.25	3.50	3.15	2.77	2.94	2.80
Non-interest-earning assets	14.59	14.84	15.21	22.84	22.98	20.06	18.38	18.94	18.72	17.98
Revaluation gains on off-balance-sheet items [2]	n.a.	n.a.	n.a.	11.23	10.77	7.63	7.36	7.62	6.66	5.66
Other	14.59	14.84	15.21	11.61	12.21	12.43	11.02	11.33	12.05	12.32
Liabilities	94.97	94.44	93.24	93.42	93.59	93.04	92.61	92.58	92.28	92.36
Interest-bearing liabilities	74.62	73.08	71.56	64.33	63.37	64.45	65.83	65.81	66.87	67.81
Deposits	57.67	55.73	52.91	48.20	47.49	47.87	47.36	47.65	48.79	49.27
In foreign offices	28.47	27.16	25.51	26.10	28.36	26.41	22.18	20.17	21.04	21.62
In domestic offices	29.19	28.56	27.41	22.10	19.12	21.46	25.18	27.48	27.76	27.66
Other checkable deposits	3.00	3.38	3.45	2.91	2.30	1.61	1.21	.99	.72	.74
Savings (including MMDAs)	13.50	14.91	15.33	12.70	10.56	12.31	14.26	15.83	16.84	16.73
Small-denomination time deposits	6.55	5.72	5.09	3.98	4.04	4.68	5.82	6.03	5.66	5.38
Large-denomination time deposits	6.14	4.56	3.53	2.51	2.23	2.86	3.89	4.62	4.54	4.80
Gross federal funds purchased and RPs	6.80	6.19	6.70	5.83	6.17	5.88	10.26	9.78	8.84	8.89
Other	10.15	11.16	11.94	10.29	9.71	10.69	8.20	8.37	9.24	9.65
Non-interest-bearing liabilities	20.35	21.36	21.68	29.09	30.22	28.59	26.78	26.77	25.41	24.56
Demand deposits in domestic offices	10.36	11.05	11.27	10.15	8.88	9.73	8.98	8.46	7.83	7.28
Revaluation losses on off-balance-sheet items [2]	n.a.	n.a.	n.a.	10.22	10.68	7.27	7.53	7.67	6.51	5.69
Other	9.99	10.30	10.41	10.51	10.66	11.59	10.27	10.65	11.06	11.59
Capital account	5.03	5.56	6.76	6.58	6.41	6.96	7.39	7.42	7.72	7.64
Memo										
Commercial real estate loans	9.05	8.01	6.46	4.65	4.40	4.65	5.45	5.61	5.69	5.87
Other real estate owned	.78	1.13	1.02	.58	.27	.18	.13	.09	.06	.04
Managed liabilities	53.23	50.82	49.23	46.21	47.94	47.39	46.02	44.42	45.49	46.84
Average net consolidated assets (billions of dollars)	717	775	818	949	1,051	1,189	1,514	1,820	1,935	2,234

A.2.—Continued

B. Ten largest banks by assets

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	Effective interest rate (percent)[3]									
Rates earned										
Interest-earning assets	9.92	8.67	8.16	8.15	8.20	7.72	7.55	7.54	7.35	7.77
Taxable equivalent	9.95	8.72	8.20	8.18	8.22	7.74	7.60	7.57	7.39	7.78
Loans and leases, gross	10.46	9.36	9.07	8.89	8.84	8.32	8.25	8.21	7.99	8.46
Net of loss provisions	8.58	7.51	7.95	8.38	8.62	8.11	7.93	7.62	7.50	7.84
Securities	8.52	7.38	6.69	7.09	7.41	6.80	6.70	6.79	6.52	6.52
Taxable equivalent	8.63	7.54	6.77	7.19	7.47	6.85	6.85	6.89	6.65	6.55
Investment account	8.99	7.96	6.90	6.57	7.06	6.71	6.61	6.71	6.50	6.45
U.S. government and other debt	9.29	8.13	6.99	6.70	7.22	6.86	6.80	6.92	6.68	6.70
State and local	7.67	7.40	6.99	6.35	6.23	5.73	5.55	5.50	5.65	5.69
Equity	4.22	4.04	3.72	3.27	4.03	3.84	3.47	2.98	2.93	2.55
Trading account	7.84	6.69	6.45	7.79	7.83	6.90	6.81	6.92	6.56	6.70
Gross federal funds sold and reverse RPs	5.60	3.65	3.02	4.52	5.20	4.92	5.45	5.20	4.52	4.93
Interest-bearing balances at depositories	10.05	9.29	8.34	7.27	7.15	6.71	6.91	7.16	7.22	7.43
Rates paid										
Interest-bearing liabilities	7.71	6.17	5.60	5.43	5.88	5.44	5.41	5.29	4.79	5.37
Interest-bearing deposits	7.09	5.33	4.50	4.32	4.99	4.57	4.54	4.40	3.82	4.40
In foreign offices	8.76	7.55	6.87	6.04	6.07	5.62	5.52	5.83	4.99	5.67
In domestic offices	5.47	3.25	2.36	2.35	3.42	3.32	3.69	3.39	3.04	3.51
Other checkable deposits	3.93	1.97	1.28	1.10	1.29	1.32	1.97	1.67	1.44	1.61
Savings (including MMDAs)	5.09	2.95	2.14	2.35	3.11	2.76	2.68	2.45	2.11	2.43
Large-denomination time deposits[4]	6.50	4.66	3.55	3.12	3.73	4.62	5.17	4.53	4.36	5.35
Small-denomination time deposits[4]	6.09	3.81	3.01	2.80	5.08	4.58	5.45	5.21	4.95	5.50
Gross federal funds purchased and RPs	5.98	4.04	3.26	4.05	5.22	4.93	5.02	5.18	4.53	5.47
Other interest-bearing liabilities	11.20	10.40	11.16	10.87	9.80	8.86	9.13	8.85	8.61	8.15
	Income and expense as a percentage of average net consolidated assets									
Gross interest income	8.77	7.69	7.22	6.37	6.42	6.26	6.31	6.21	6.01	6.39
Taxable equivalent	8.80	7.72	7.25	6.40	6.43	6.27	6.33	6.22	6.03	6.41
Loans	6.77	5.65	5.22	4.49	4.44	4.48	4.31	4.27	4.35	4.74
Securities	.84	.85	.86	.77	.75	.71	.73	.81	.85	.88
Gross federal funds sold and reverse RPs	.17	.14	.11	.15	.21	.18	.45	.42	.30	.25
Other	.98	1.05	1.04	.97	1.00	.88	.82	.70	.51	.51
Gross interest expense	5.81	4.54	4.06	3.52	3.74	3.52	3.55	3.48	3.16	3.60
Deposits	4.23	3.09	2.48	2.15	2.43	2.26	2.26	2.20	1.97	2.33
Gross federal funds purchased and RPs	.43	.28	.24	.24	.35	.31	.54	.54	.40	.49
Other	1.15	1.17	1.35	1.13	.95	.95	.75	.74	.79	.78
Net interest income	2.96	3.15	3.16	2.86	2.68	2.73	2.76	2.73	2.84	2.78
Taxable equivalent	2.99	3.18	3.19	2.88	2.70	2.75	2.79	2.75	2.86	2.80
Loss provisioning[5]	1.21	1.12	.64	.26	.11	.11	.16	.31	.26	.35
Noninterest income	2.40	2.59	2.99	2.33	2.16	2.34	2.12	2.15	2.55	2.51
Service charges on deposits	.26	.30	.30	.26	.25	.28	.32	.33	.37	.40
Income from fiduciary activities	.33	.37	.39	.36	.30	.31	.34	.32	.31	.27
Trading income	.64	.66	.91	.53	.46	.52	.43	.33	.46	.48
Interest rate exposures	n.a.	n.a.	n.a.	n.a.	n.a.	.30	.23	.10	.17	.20
Foreign exchange exposures	n.a.	n.a.	n.a.	n.a.	n.a.	.17	.20	.20	.19	.18
Equity, commodity, and other exposures	n.a.	n.a.	n.a.	n.a.	n.a.	.05	*	.03	.09	.11
Other	1.16	1.27	1.38	1.18	1.15	1.23	1.04	1.17	1.41	1.36
Noninterest expense	3.83	3.86	4.13	3.56	3.32	3.57	3.24	3.47	3.45	3.30
Salaries, wages, and employee benefits	1.79	1.78	1.88	1.65	1.58	1.57	1.45	1.45	1.57	1.46
Expenses of premises and fixed assets	.66	.65	.66	.55	.50	.50	.47	.47	.50	.47
Other	3.38	1.43	1.59	1.36	1.24	1.50	1.33	1.54	1.38	1.38
Net noninterest expense	1.44	1.27	1.14	1.23	1.16	1.23	1.12	1.32	.90	.79
Realized gains on investment account securities	.04	.11	.13	.02	.03	.04	.08	.11	.03	–.03
Income before taxes and extraordinary items	.34	.87	1.50	1.39	1.44	1.44	1.56	1.22	1.71	1.60
Taxes	.17	.26	.53	.48	.55	.52	.58	.44	.66	.60
Extraordinary items	.03	*	.16	*	*	*	*	*	*	*
Net income (return on assets)	.21	.61	1.13	.91	.88	.92	.98	.78	1.05	1.00
Cash dividends declared	.21	.18	.28	.58	.57	.70	.82	.53	.79	.86
Retained income	*	.43	.85	.33	.31	.21	.15	.25	.26	.14
MEMO: Return on equity	4.23	10.91	16.75	13.86	13.78	13.21	13.22	10.53	13.58	13.07

* In absolute value, less than 0.005 percent.

n.a. Not available. MMDA Money market deposit account. RP Repurchase agreement. CD Certificate of deposit.

1. Includes the allowance for loan and lease losses and the allocated transfer risk reserve.
2. Before 1994, the netted value of off-balance-sheet items appeared in ‘‘trading account securities’’ if a gain and ‘‘other non-interest-bearing liabilities’’ if a loss.
3. When possible, based on the average of quarterly balance sheet data reported on schedule RC-K of the quarterly Call Reports.
4. Before 1997, data for large time open accounts are included in small-denomination time deposits.
5. Includes provisions for loan and lease losses and for allocated transfer risk.

A.2. Portfolio composition, interest rates, and income and expense, all U.S. banks, 1991–2000

C. Banks ranked 11 through 100 by assets

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	Balance sheet items as a percentage of average net consolidated assets									
Interest-earning assets	86.88	87.97	88.36	88.16	88.31	87.75	86.95	87.39	87.95	88.25
Loans and leases, net	60.08	58.30	57.33	58.56	62.68	64.24	63.89	64.42	64.28	64.97
Commercial and industrial	20.53	18.83	18.03	18.03	19.26	18.95	19.01	18.92	19.40	18.20
U.S. addressees	19.30	17.78	17.05	16.99	18.10	17.71	17.78	17.59	18.18	17.66
Foreign addressees	1.24	1.05	.98	1.04	1.16	1.24	1.22	1.33	1.22	.55
Consumer	11.66	11.72	11.47	12.62	14.23	15.67	15.62	14.53	13.57	13.80
Credit card	5.04	5.16	5.23	5.99	7.34	8.26	8.50	7.67	6.78	6.98
Installment and other	6.62	6.56	6.24	6.63	6.89	7.40	7.12	6.86	6.79	6.82
Real estate	21.51	21.89	22.11	22.26	23.25	23.26	22.99	24.60	24.81	26.23
In domestic offices	21.37	21.78	22.01	22.17	23.10	23.10	22.85	24.42	24.63	26.13
Construction and land development	4.00	3.02	2.08	1.63	1.50	1.55	1.69	2.03	2.43	3.00
Farmland	.12	.14	.13	.14	.13	.13	.14	.17	.19	.22
One- to four-family residential	10.17	11.36	12.30	12.98	14.16	14.15	13.88	14.86	14.15	14.52
Home equity	2.07	2.50	2.54	2.33	2.19	2.08	2.22	2.17	2.08	2.49
Other	8.10	8.85	9.76	10.65	11.97	12.07	11.65	12.69	12.07	12.03
Multifamily residential	.54	.66	.71	.71	.77	.89	.93	1.00	1.02	1.11
Nonfarm nonresidential	6.53	6.61	6.79	6.72	6.54	6.37	6.21	6.36	6.82	7.28
In foreign offices	.14	.11	.10	.09	.15	.16	.15	.18	.19	.09
Depository institutions	1.58	1.43	1.30	1.49	1.59	1.50	1.27	1.06	.92	1.04
Foreign governments	.39	.33	.30	.28	.20	.20	.09	.06	.06	.03
Agricultural production	.31	.31	.29	.29	.26	.28	.29	.33	.33	.37
Other loans	4.55	4.28	4.05	3.47	3.32	3.30	3.21	3.38	3.01	2.58
Lease-financing receivables	1.53	1.49	1.47	1.60	1.96	2.41	2.70	2.75	3.32	3.87
Less: Unearned income on loans	–.22	–.17	–.11	–.07	–.07	–.06	–.05	–.04	–.04	–.03
Less: Loss reserves[1]	–1.76	–1.79	–1.60	–1.41	–1.32	–1.27	–1.24	–1.16	–1.11	–1.12
Securities	17.38	20.38	21.97	21.19	18.64	16.87	15.80	16.67	17.80	17.33
Investment account	16.25	19.24	20.60	19.82	17.88	16.06	15.07	16.13	17.29	16.11
Debt	16.02	18.99	20.34	19.50	17.51	15.62	14.58	15.58	16.64	15.51
U.S. Treasury	3.78	5.88	7.05	6.85	4.82	3.34	2.81	2.25	1.70	1.12
U.S. government agency and corporation obligations	8.43	9.26	9.55	9.28	9.40	9.12	8.98	9.93	10.58	9.71
Government-backed mortgage pools	5.38	5.22	5.21	5.30	5.06	5.42	5.17	4.98	5.12	4.31
Collateralized mortgage obligations	2.48	3.54	3.71	3.07	2.82	2.16	2.13	2.83	2.89	2.55
Other	.57	.50	.63	.91	1.51	1.54	1.68	2.12	2.56	2.84
State and local government	1.63	1.46	1.31	1.21	1.11	.99	.88	.92	.99	.96
Private mortgage-backed securities	1.09	1.05	1.06	.93	1.02	.96	.73	.96	1.35	1.66
Other	1.10	1.34	1.37	1.22	1.16	1.21	1.18	1.53	2.02	2.06
Equity	.22	.25	.26	.32	.37	.44	.49	.55	.65	.60
Trading account	1.13	1.14	1.37	1.38	.76	.80	.73	.54	.51	1.22
Gross federal funds sold and reverse RPs	4.90	4.78	4.98	5.11	4.52	4.26	4.38	3.57	3.34	3.77
Interest-bearing balances at depositories	4.51	4.52	4.08	3.30	2.47	2.38	2.88	2.72	2.53	2.18
Non-interest-earning assets	13.12	12.03	11.64	11.84	11.69	12.25	13.05	12.61	12.05	11.75
Revaluation gains on off-balance-sheet items[2]	n.a.	n.a.	n.a.	.60	.50	.51	.69	.75	.57	.41
Other	13.12	12.03	11.64	11.23	11.18	11.75	12.36	11.86	11.48	11.34
Liabilities	93.93	93.13	92.56	92.47	92.23	92.02	91.85	91.63	91.65	91.57
Interest-bearing liabilities	76.07	74.66	73.38	72.86	74.05	73.14	72.62	73.40	74.95	76.40
Deposits	59.24	56.99	54.22	53.03	52.32	51.81	51.47	51.51	51.51	51.56
In foreign offices	6.69	6.20	6.78	8.05	8.12	7.52	7.85	8.15	7.97	7.28
In domestic offices	52.54	50.79	47.43	44.98	44.20	44.30	43.62	43.36	43.55	44.28
Other checkable deposits	5.36	6.26	7.21	6.91	5.62	3.06	1.95	1.75	1.60	1.32
Savings (including MMDAs)	17.62	20.21	20.60	20.13	18.78	20.76	21.09	21.41	22.47	22.36
Small-denomination time deposits	17.99	15.98	14.19	13.26	14.24	14.09	13.43	12.84	11.86	11.81
Large-denomination time deposits	11.56	8.34	5.44	4.68	5.55	6.39	7.15	7.36	7.62	8.78
Gross federal funds purchased and RPs	10.94	11.45	11.93	11.48	11.37	10.00	9.36	9.48	9.78	9.28
Other	5.89	6.22	7.23	8.34	10.36	11.32	11.79	12.41	13.67	15.56
Non-interest-bearing liabilities	17.87	18.47	19.18	19.62	18.18	18.89	19.22	18.23	16.70	15.17
Demand deposits in domestic offices	13.76	14.52	15.38	15.27	14.26	14.47	14.17	12.40	10.52	8.62
Revaluation losses on off-balance-sheet items[2]	n.a.	n.a.	n.a.	.57	.49	.49	.68	.76	.58	.41
Other	4.10	3.95	3.80	3.89	3.43	3.93	4.37	5.07	5.59	6.14
Capital account	6.07	6.87	7.44	7.53	7.77	7.98	8.15	8.37	8.35	8.43
Memo										
Commercial real estate loans	11.83	11.09	10.29	9.69	9.42	9.38	9.44	10.11	11.00	12.07
Other real estate owned	.76	.70	.47	.25	.13	.08	.06	.04	.03	.03
Managed liabilities	35.49	32.59	31.76	32.89	35.68	35.60	36.60	38.09	39.81	41.94
Average net consolidated assets (billions of dollars)	1,006	1,003	1,082	1,204	1,338	1,450	1,604	1,745	1,880	2,029

A.2.—Continued

C. Banks ranked 11 through 100 by assets

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	Effective interest rate (percent)[3]									
Rates earned										
Interest-earning assets	9.30	7.97	7.35	7.29	8.31	8.16	8.31	8.10	7.84	8.47
Taxable equivalent	9.39	8.07	7.45	7.37	8.37	8.23	8.36	8.17	7.88	8.49
Loans and leases, gross	9.96	8.75	8.25	8.22	9.10	8.87	9.03	8.82	8.50	9.15
Net of loss provisions	7.98	7.45	7.46	7.68	8.49	8.05	8.11	8.01	7.68	8.13
Securities	8.23	7.00	6.05	5.70	6.38	6.42	6.50	6.21	6.34	6.71
Taxable equivalent	8.57	7.30	6.32	5.92	6.56	6.66	6.70	6.46	6.46	6.77
Investment account	8.37	7.12	6.14	5.70	6.34	6.41	6.52	6.22	6.36	6.74
U.S. government and other debt	8.51	7.16	6.14	5.69	6.38	6.50	6.63	6.31	6.47	6.86
State and local	7.23	6.80	6.30	6.04	6.05	5.84	5.58	5.36	5.21	5.25
Equity	7.36	6.71	5.20	5.00	5.68	4.84	5.07	5.26	5.33	6.36
Trading account	6.46	4.73	4.74	5.75	7.27	6.53	6.05	5.86	5.58	6.25
Gross federal funds sold and reverse RPs	5.80	3.70	3.11	4.31	5.91	5.31	5.45	5.46	5.12	6.04
Interest-bearing balances at depositories	8.15	6.76	6.50	4.69	6.78	5.82	5.77	5.67	4.81	5.49
Rates paid										
Interest-bearing liabilities	6.41	4.43	3.76	3.72	4.94	4.70	4.79	4.76	4.38	5.22
Interest-bearing deposits	6.27	4.30	3.51	3.25	4.35	4.15	4.22	4.15	3.76	4.42
In foreign offices	8.39	7.26	7.37	4.60	6.30	5.29	5.23	5.22	4.70	5.38
In domestic offices	6.01	3.96	2.98	3.03	4.01	3.96	4.04	3.96	3.60	4.26
Other checkable deposits	4.21	2.43	1.70	1.62	1.89	1.78	2.01	2.41	2.03	2.57
Savings (including MMDAs)	5.04	3.07	2.33	2.46	3.10	2.91	2.84	2.76	2.49	2.94
Large-denomination time deposits[4]	6.77	5.10	4.30	4.21	5.70	5.50	5.47	5.32	4.96	5.88
Small-denomination time deposits[4]	6.96	5.07	4.06	4.18	5.35	5.26	5.43	5.35	5.03	5.73
Gross federal funds purchased and RPs	5.75	3.57	3.04	4.28	5.86	5.19	5.29	5.22	4.87	6.02
Other interest-bearing liabilities	6.55	5.77	5.97	5.24	6.43	5.95	5.85	5.81	5.41	6.36
	Income and expense as a percentage of average net consolidated assets									
Gross interest income	8.24	7.12	6.58	6.46	7.40	7.24	7.26	7.16	6.99	7.56
Taxable equivalent	8.31	7.19	6.64	6.51	7.45	7.28	7.30	7.20	7.02	7.59
Loans	6.15	5.23	4.84	4.91	5.79	5.80	5.87	5.79	5.57	6.07
Securities	1.36	1.37	1.26	1.13	1.13	1.03	.98	1.00	1.10	1.09
Gross federal funds sold and reverse RPs	.28	.18	.15	.21	.27	.23	.22	.19	.18	.22
Other	.45	.34	.32	.21	.21	.18	.19	.18	.14	.18
Gross interest expense	4.80	3.26	2.74	2.67	3.62	3.39	3.41	3.45	3.26	3.96
Deposits	3.75	2.48	1.93	1.73	2.29	2.18	2.23	2.23	2.02	2.41
Gross federal funds purchased and RPs	.67	.43	.38	.51	.67	.55	.51	.51	.51	.56
Other	.38	.35	.43	.43	.66	.66	.68	.71	.73	.98
Net interest income	3.43	3.86	3.84	3.79	3.78	3.84	3.85	3.71	3.72	3.60
Taxable equivalent	3.51	3.93	3.91	3.85	3.84	3.89	3.89	3.75	3.76	3.63
Loss provisioning[5]	1.22	.78	.47	.32	.39	.54	.60	.53	.54	.68
Noninterest income	2.05	2.25	2.29	2.25	2.38	2.61	2.76	3.07	3.35	3.14
Service charges on deposits	.41	.44	.46	.45	.44	.44	.44	.42	.42	.42
Income from fiduciary activities	.36	.38	.38	.39	.40	.43	.44	.49	.48	.52
Trading income	.10	.09	.14	.08	.09	.08	.08	.09	.08	.08
Interest rate exposures	n.a.	n.a.	n.a.	n.a.	n.a.	.03	.02	.03	.02	.02
Foreign exchange exposures	n.a.	n.a.	n.a.	n.a.	n.a.	.04	.05	.06	.06	.05
Equity, commodity, and other exposures	n.a.	n.a.	n.a.	n.a.	n.a.	.01	*	*	*	*
Other	1.19	1.33	1.32	1.33	1.45	1.67	1.79	2.07	2.37	2.13
Noninterest expense	3.77	3.98	3.95	3.86	3.79	3.85	3.85	4.03	4.11	3.96
Salaries, wages, and employee benefits	1.52	1.53	1.52	1.50	1.47	1.51	1.51	1.53	1.53	1.44
Expenses of premises and fixed assets	.51	.49	.47	.47	.47	.48	.46	.46	.45	.43
Other	1.74	1.95	1.95	1.89	1.85	1.86	1.88	2.04	2.13	2.10
Net noninterest expense	1.73	1.73	1.65	1.61	1.41	1.24	1.10	.96	.76	.82
Realized gains on investment account securities	.14	.15	.09	−.01	.02	.02	.02	.03	−.01	−.05
Income before taxes and extraordinary items	.62	1.50	1.81	1.85	2.01	2.09	2.18	2.24	2.41	2.04
Taxes	.19	.48	.56	.63	.70	.75	.77	.79	.87	.71
Extraordinary items	.03	.03	*	*	*	*	*	*	*	*
Net income (return on assets)	.47	1.04	1.25	1.22	1.31	1.34	1.42	1.46	1.54	1.34
Cash dividends declared	.47	.46	.76	.86	.85	1.07	.93	.96	1.16	.94
Retained income	*	.58	.49	.36	.46	.26	.48	.50	.38	.40
MEMO: Return on equity	7.71	15.16	16.86	16.27	16.84	16.78	17.36	17.38	18.48	15.85

* In absolute value, less than 0.005 percent.

n.a. Not available. MMDA Money market deposit account. RP Repurchase agreement. CD Certificate of deposit.

1. Includes the allowance for loan and lease losses and the allocated transfer risk reserve.
2. Before 1994, the netted value of off-balance-sheet items appeared in ‘‘trading account securities’’ if a gain and ‘‘other non-interest-bearing liabilities’’ if a loss.
3. When possible, based on the average of quarterly balance sheet data reported on schedule RC-K of the quarterly Call Reports.
4. Before 1997, data for large time open accounts are included in small-denomination time deposits.
5. Includes provisions for loan and lease losses and for allocated transfer risk.

A.2. Portfolio composition, interest rates, and income and expense, all U.S. banks, 1991–2000

D. Banks ranked 101 through 1,000 by assets

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	Balance sheet items as a percentage of average net consolidated assets									
Interest-earning assets	88.90	89.02	89.54	90.09	90.12	90.13	90.30	90.39	90.75	90.54
Loans and leases, net	61.03	58.49	57.93	59.75	62.19	62.63	62.22	61.13	61.49	62.14
Commercial and industrial	15.04	13.34	12.19	12.07	12.70	12.80	12.43	12.48	12.64	12.97
U.S. addressees	14.88	13.16	12.03	11.91	12.54	12.61	12.19	12.16	12.32	12.61
Foreign addressees	.16	.18	.16	.16	.16	.18	.23	.32	.32	.36
Consumer	15.13	14.18	14.82	15.84	16.27	15.88	14.03	12.28	10.79	10.19
Credit card	5.75	5.38	5.63	6.05	6.32	6.66	5.52	4.48	3.37	3.26
Installment and other	9.39	8.80	9.19	9.79	9.95	9.22	8.52	7.80	7.42	6.92
Real estate	27.51	28.11	28.61	29.42	30.81	31.36	33.23	33.94	35.89	36.91
In domestic offices	27.47	28.07	28.58	29.39	30.79	31.34	33.21	33.92	35.87	36.89
Construction and land development	3.67	2.86	2.26	2.08	2.21	2.38	2.69	2.88	3.48	4.16
Farmland	.28	.32	.34	.36	.40	.46	.53	.56	.58	.65
One- to four-family residential	13.21	14.25	15.16	16.25	17.49	17.34	18.14	18.19	18.25	17.14
Home equity	2.53	2.56	2.51	2.33	2.36	2.30	2.30	2.15	1.99	2.10
Other	10.68	11.69	12.66	13.92	15.13	15.03	15.84	16.05	16.26	15.04
Multifamily residential	.80	.95	1.07	1.13	1.21	1.29	1.29	1.26	1.43	1.57
Nonfarm nonresidential	9.50	9.68	9.75	9.57	9.48	9.87	10.56	11.03	12.12	13.36
In foreign offices	.05	.04	.02	.03	.02	.02	.02	.02	.02	.02
Depository institutions	.93	.80	.43	.40	.35	.48	.57	.50	.44	.36
Foreign governments	.07	.05	.03	.02	.02	.02	.02	.03	.03	.03
Agricultural production	.49	.54	.56	.62	.69	.71	.74	.80	.78	.82
Other loans	.81	2.47	2.16	2.00	1.80	1.70	1.50	1.33	1.27	1.24
Lease-financing receivables	.85	.78	.77	.83	.90	1.01	.99	.99	.78	.75
LESS: Unearned income on loans	–.40	–.30	–.21	–.15	–.12	–.10	–.10	–.09	–.08	–.08
LESS: Loss reserves [1]	–1.42	–1.49	–1.44	–1.30	–1.22	–1.22	–1.18	–1.13	–1.06	–1.04
Securities	21.27	24.13	25.92	25.72	23.08	22.67	23.45	24.26	25.16	24.32
Investment account	20.91	23.78	25.63	25.40	22.88	22.55	23.35	24.15	25.09	24.24
Debt	20.54	23.32	25.16	24.96	22.42	22.03	22.74	23.46	24.32	23.44
U.S. Treasury	6.16	7.75	8.63	8.26	6.48	5.61	4.96	3.92	2.53	1.81
U.S. government agency and corporation obligations	9.34	11.08	12.32	12.67	12.23	12.66	13.97	15.13	16.29	15.56
Government-backed mortgage pools	4.51	4.74	4.96	5.57	5.42	5.69	6.22	6.46	6.72	6.22
Collateralized mortgage obligations	2.73	3.95	4.82	4.39	3.56	3.12	3.01	3.22	3.52	3.03
Other	2.10	2.39	2.54	2.72	3.25	3.85	4.73	5.44	6.05	6.31
State and local government	2.65	2.27	2.26	2.29	2.13	2.24	2.44	2.70	2.91	2.91
Private mortgage-backed securities	1.16	1.01	.84	.75	.68	.76	.59	.65	1.00	.99
Other	1.23	1.21	1.10	.99	.89	.77	.78	1.06	1.60	2.18
Equity	.37	.46	.48	.44	.47	.52	.61	.69	.77	.79
Trading account	.36	.35	.28	.31	.20	.12	.10	.11	.08	.09
Gross federal funds sold and reverse RPs	4.71	4.92	4.49	3.64	3.92	3.87	3.60	4.17	3.35	3.41
Interest-bearing balances at depositories	1.89	1.47	1.20	.98	.93	.96	1.03	.83	.75	.67
Non-interest-earning assets	11.10	10.98	10.46	9.91	9.88	9.87	9.70	9.61	9.25	9.46
Revaluation gains on off-balance-sheet items [2]	n.a.	n.a.	n.a.	.02	.05	.02	*	*	.01	.02
Other	11.10	10.98	10.46	9.89	9.83	9.84	9.69	9.61	9.24	9.44
Liabilities	92.90	92.47	91.85	91.62	91.36	91.06	90.78	90.55	90.90	90.95
Interest-bearing liabilities	77.26	75.98	74.42	74.77	75.00	75.06	75.19	75.43	76.76	77.42
Deposits	66.34	65.65	63.05	60.38	59.67	59.99	61.47	62.40	61.94	62.68
In foreign offices	1.76	1.56	1.43	1.69	1.71	1.33	1.23	1.31	1.20	1.28
In domestic offices	64.59	64.09	61.62	58.69	57.96	58.66	60.25	61.09	60.74	61.41
Other checkable deposits	7.82	9.14	9.94	9.70	8.54	6.20	4.96	4.23	3.75	3.33
Savings (including MMDAs)	20.79	23.34	24.06	22.92	20.75	22.50	23.59	25.65	27.35	27.02
Small-denomination time deposits	25.22	23.56	20.78	19.29	21.11	21.61	22.03	21.22	19.60	19.44
Large-denomination time deposits	10.76	8.06	6.84	6.78	7.56	8.34	9.66	9.99	10.04	11.62
Gross federal funds purchased and RPs	7.46	7.18	7.43	8.45	8.31	8.19	7.09	6.16	6.90	6.32
Other	3.46	3.15	3.94	5.94	7.02	6.88	6.62	6.86	7.92	8.42
Non-interest-bearing liabilities	15.64	16.49	17.43	16.85	16.36	16.00	15.60	15.12	14.14	13.53
Demand deposits in domestic offices	13.56	14.39	15.07	14.58	14.07	13.84	13.15	11.90	10.19	8.98
Revaluation losses on off-balance-sheet items [2]	n.a.	n.a.	n.a.	.02	.05	.02	.01	.01	.01	*
Other	2.07	2.10	2.36	2.26	2.24	2.14	2.44	3.21	3.95	4.54
Capital account	7.10	7.53	8.15	8.38	8.64	8.94	9.22	9.45	9.10	9.05
MEMO										
Commercial real estate loans	14.64	13.91	13.37	13.05	13.19	13.83	14.77	15.38	17.28	19.32
Other real estate owned	.77	.80	.57	.28	.17	.13	.11	.09	.08	.07
Managed liabilities	23.48	20.00	19.68	22.89	24.62	24.78	24.66	24.46	26.32	28.00
Average net consolidated assets (billions of dollars)	962	967	978	1,031	1,092	1,076	968	935	972	986

A.2.—Continued

D. Banks ranked 101 through 1,000 by assets

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	Effective interest rate (percent)[3]									
Rates earned										
Interest-earning assets	9.56	8.15	7.43	7.58	8.44	8.41	8.50	8.32	7.84	8.51
Taxable equivalent	9.70	8.26	7.55	7.68	8.53	8.50	8.59	8.44	7.93	8.57
Loans and leases, gross	10.44	9.12	8.57	8.64	9.45	9.39	9.48	9.37	8.75	9.43
Net of loss provisions	8.72	7.83	7.77	8.11	8.77	8.60	8.60	8.61	8.13	8.59
Securities	8.11	6.89	5.78	5.69	6.23	6.32	6.42	6.22	6.02	6.50
Taxable equivalent	8.54	7.19	6.10	5.93	6.50	6.60	6.69	6.57	6.29	6.71
Investment account	8.12	6.90	5.79	5.69	6.24	6.32	6.42	6.21	6.01	6.50
U.S. government and other debt	8.29	6.95	5.76	5.68	6.29	6.41	6.55	6.35	6.15	6.68
State and local	7.25	6.84	6.29	5.92	5.81	5.51	5.35	5.14	4.98	5.10
Equity	6.02	5.06	4.94	5.29	6.06	6.29	6.35	6.34	5.98	6.81
Trading account	7.19	5.62	4.74	5.29	5.55	5.94	6.37	6.84	7.33	9.30
Gross federal funds sold and reverse RPs	5.64	3.48	3.02	4.05	5.45	5.29	5.42	5.31	4.98	6.15
Interest-bearing balances at depositories	6.81	4.62	3.52	4.28	6.09	5.72	5.49	5.77	5.06	5.78
Rates paid										
Interest-bearing liabilities	6.11	4.20	3.33	3.57	4.65	4.58	4.66	4.60	4.19	4.93
Interest-bearing deposits	6.06	4.17	3.26	3.31	4.26	4.27	4.34	4.28	3.84	4.46
In foreign offices	6.38	4.25	3.35	4.31	5.94	5.72	5.42	5.55	5.07	6.13
In domestic offices	6.05	4.17	3.26	3.28	4.21	4.24	4.32	4.25	3.82	4.43
Other checkable deposits	4.28	2.67	2.02	1.86	2.02	1.97	2.16	2.15	1.99	2.27
Savings (including MMDAs)	5.14	3.34	2.58	2.64	3.24	3.11	3.08	2.97	2.65	3.07
Large-denomination time deposits[4]	6.64	4.78	3.90	4.23	5.62	5.48	5.56	5.50	5.17	6.01
Small-denomination time deposits[4]	7.08	5.35	4.40	4.40	5.53	5.57	5.57	5.64	5.11	5.74
Gross federal funds purchased and RPs	5.62	3.46	2.95	4.12	5.61	5.16	5.21	5.14	4.83	5.94
Other interest-bearing liabilities	6.80	5.28	4.44	4.93	6.32	5.89	6.09	6.00	5.36	6.39
	Income and expense as a percentage of average net consolidated assets									
Gross interest income	8.64	7.36	6.74	6.90	7.69	7.68	7.75	7.63	7.19	7.79
Taxable equivalent	8.76	7.46	6.84	6.99	7.78	7.76	7.83	7.71	7.27	7.87
Loans	6.52	5.46	5.06	5.26	5.99	5.99	6.00	5.85	5.48	5.97
Securities	1.70	1.64	1.48	1.45	1.43	1.42	1.50	1.50	1.51	1.57
Gross federal funds sold and reverse RPs	.28	.17	.14	.14	.21	.20	.19	.22	.17	.21
Other	.15	.08	.06	.06	.07	.06	.06	.06	.04	.04
Gross interest expense	4.68	3.17	2.46	2.65	3.46	3.41	3.47	3.44	3.20	3.79
Deposits	4.02	2.75	2.07	2.01	2.56	2.58	2.70	2.71	2.44	2.88
Gross federal funds purchased and RPs	.42	.25	.22	.35	.46	.43	.37	.32	.34	.38
Other	.23	.17	.17	.29	.44	.40	.40	.41	.42	.53
Net interest income	3.96	4.20	4.28	4.25	4.24	4.28	4.28	4.19	3.99	4.01
Taxable equivalent	4.08	4.30	4.37	4.34	4.32	4.35	4.36	4.27	4.07	4.08
Loss provisioning[5]	1.07	.77	.47	.32	.43	.50	.56	.48	.39	.53
Noninterest income	1.65	1.69	1.84	1.86	1.84	1.88	2.08	2.25	2.31	2.36
Service charges on deposits	.40	.44	.45	.42	.42	.41	.40	.39	.38	.36
Income from fiduciary activities	.27	.28	.29	.28	.27	.29	.32	.37	.38	.44
Trading income	.04	.02	.03	.02	.03	.02	.01	.02	.02	.01
Interest rate exposures	n.a.	n.a.	n.a.	n.a.	n.a.	.01	.01	.01	.01	.01
Foreign exchange exposures	n.a.	n.a.	n.a.	n.a.	n.a.	.01	*	*	*	*
Equity, commodity, and other exposures	n.a.	n.a.	n.a.	n.a.	n.a.	*	*	*	*	*
Other	.95	.95	1.08	1.14	1.12	1.16	1.34	1.48	1.53	1.55
Noninterest expense	3.77	3.88	3.92	3.78	3.68	3.69	3.73	3.86	3.70	3.84
Salaries, wages, and employee benefits	1.48	1.51	1.51	1.49	1.44	1.44	1.50	1.57	1.56	1.58
Expenses of premises and fixed assets	.49	.49	.48	.46	.45	.45	.46	.47	.47	.47
Other	1.80	1.88	1.92	1.83	1.79	1.80	1.76	1.83	1.68	1.79
Net noninterest expense	2.12	2.18	2.08	1.92	1.84	1.81	1.65	1.61	1.39	1.48
Realized gains on investment account securities	.09	.10	.06	–.05	–.01	.02	.02	.04	–.01	–.04
Income before taxes and extraordinary items	.86	1.34	1.78	1.96	1.96	1.98	2.10	2.14	2.20	1.96
Taxes	.29	.44	.61	.67	.67	.69	.73	.73	.75	.68
Extraordinary items	–.07	*	.04	*	*	*	*	.06	.01	*
Net income (return on assets)	.49	.90	1.21	1.29	1.28	1.29	1.37	1.47	1.47	1.29
Cash dividends declared	.33	.48	.79	.81	.87	1.04	1.09	1.01	1.06	.91
Retained income	.16	.42	.43	.48	.41	.25	.28	.45	.41	.37
MEMO: Return on equity	6.91	12.01	14.91	15.40	14.82	14.47	14.90	15.53	16.16	14.19

* In absolute value, less than 0.005 percent.

n.a. Not available. MMDA Money market deposit account. RP Repurchase agreement. CD Certificate of deposit.

1. Includes the allowance for loan and lease losses and the allocated transfer risk reserve.
2. Before 1994, the netted value of off-balance-sheet items appeared in "trading account securities" if a gain and "other non-interest-bearing liabilities" if a loss.
3. When possible, based on the average of quarterly balance sheet data reported on schedule RC-K of the quarterly Call Reports.
3. Includes provisions for loan and lease losses and for allocated transfer risk.
4. Before 1997, data for large time open accounts are included in small-denomination time deposits.
5. Includes provisions for loan and lease losses and for allocated transfer risk.

A.2. Portfolio composition, interest rates, and income and expense, all U.S. banks, 1991–2000

E. Banks not ranked among the 1,000 largest by assets

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	Balance sheet items as a percentage of average net consolidated assets									
Interest-earning assets	91.26	91.39	91.67	91.72	91.70	91.64	91.66	91.89	91.84	91.77
Loans and leases, net	54.05	53.03	52.95	54.64	56.61	57.38	58.75	59.11	59.75	62.31
Commercial and industrial	10.60	9.74	9.24	9.31	9.65	9.97	10.16	10.33	10.64	11.09
U.S. addressees	10.56	9.69	9.20	9.26	9.59	9.90	10.08	10.25	10.56	11.02
Foreign addressees	.04	.04	.04	.05	.06	.07	.08	.08	.08	.07
Consumer	10.44	9.68	9.18	9.38	9.54	9.42	8.98	8.46	8.15	7.97
Credit card	1.02	1.00	.92	.96	1.01	1.03	.85	.70	.68	.58
Installment and other	9.43	8.68	8.26	8.42	8.53	8.38	8.14	7.76	7.47	7.39
Real estate	29.34	30.16	31.10	32.19	33.55	34.11	35.55	36.04	36.84	39.29
In domestic offices	29.33	30.15	31.09	32.19	33.55	34.10	35.55	36.04	36.83	39.29
Construction and land development	2.18	1.97	1.93	2.14	2.39	2.61	2.82	3.02	3.28	3.70
Farmland	1.93	2.06	2.20	2.34	2.48	2.55	2.69	2.83	2.96	3.06
One- to four-family residential	16.01	16.44	16.82	16.94	17.45	17.48	18.16	18.04	17.65	18.43
Home equity	1.29	1.34	1.27	1.21	1.20	1.20	1.24	1.21	1.17	1.28
Other	14.72	15.10	15.56	15.73	16.26	16.28	16.92	16.83	16.48	17.15
Multifamily residential	.71	.77	.84	.93	.95	.92	.95	.93	.98	1.04
Nonfarm nonresidential	8.50	8.91	9.30	9.83	10.28	10.54	10.92	11.21	11.97	13.06
In foreign offices	*	*	*	*	*	*	*	*	*	*
Depository institutions	.20	.13	.12	.13	.16	.17	.17	.12	.13	.11
Foreign governments	.01	.01	.02	.01	*	*	*	*	.01	.01
Agricultural production	3.48	3.55	3.58	3.89	3.95	3.93	4.05	4.28	4.06	3.85
Other loans	1.24	.99	.86	.81	.76	.72	.70	.69	.69	.69
Lease-financing receivables	.18	.17	.18	.20	.22	.23	.25	.24	.26	.27
LESS: Unearned income on loans	–.51	–.43	–.36	–.31	–.30	–.27	–.24	–.20	–.15	–.11
LESS: Loss reserves [1]	–.93	–.96	–.97	–.95	–.93	–.90	–.87	–.86	–.87	–.88
Securities	30.00	32.10	33.08	32.90	30.51	29.53	28.24	26.70	26.92	25.41
Investment account	29.95	32.04	33.01	32.86	30.48	29.50	28.21	26.66	26.88	25.39
Debt	29.57	31.60	32.57	32.41	30.03	29.01	27.69	26.12	26.35	24.83
U.S. Treasury	9.24	10.25	10.49	10.81	9.19	7.85	6.70	5.05	3.34	2.12
U.S. government agency and corporation obligations	13.83	15.03	15.80	15.35	15.13	15.67	15.58	15.43	16.89	16.95
Government-backed mortgage pools	5.59	5.52	5.39	4.81	4.19	4.21	4.01	3.90	3.95	3.47
Collateralized mortgage obligations	1.56	2.66	3.33	3.11	2.76	2.46	2.19	2.02	2.00	1.70
Other	6.68	6.85	7.09	7.43	8.18	9.00	9.38	9.51	10.94	11.79
State and local government	4.27	4.29	4.70	5.01	4.69	4.62	4.60	4.80	4.96	4.64
Private mortgage-backed securities	.89	.77	.47	.27	.20	.18	.19	.16	.26	.23
Other	1.34	1.26	1.10	.97	.81	.68	.61	.68	.89	.88
Equity	.38	.44	.45	.44	.45	.49	.52	.54	.53	.56
Trading account	.06	.05	.07	.04	.03	.03	.03	.03	.03	.02
Gross federal funds sold and reverse RPs	5.64	5.10	4.67	3.42	3.91	4.04	3.95	5.13	4.17	3.22
Interest-bearing balances at depositories	1.57	1.16	.97	.76	.67	.69	.71	.96	1.00	.84
Non-interest-earning assets	8.74	8.61	8.33	8.28	8.30	8.36	8.34	8.11	8.16	8.23
Revaluation gains on off-balance-sheet items [2]	n.a.	n.a.	n.a.	*	*	*	*	*	*	*
Other	8.74	8.61	8.33	8.28	8.30	8.36	8.34	8.11	8.16	8.23
Liabilities	91.37	91.07	90.63	90.43	90.04	89.81	89.63	89.54	89.75	89.89
Interest-bearing liabilities	78.39	77.83	76.88	76.19	75.74	75.59	75.47	75.35	75.89	76.05
Deposits	76.41	75.75	74.54	73.14	72.70	72.47	72.05	71.77	71.41	70.54
In foreign offices	.08	.07	.08	.09	.11	.10	.09	.07	.07	.05
In domestic offices	76.34	75.68	74.45	73.05	72.59	72.37	71.96	71.70	71.34	70.49
Other checkable deposits	11.00	12.33	13.16	13.31	12.37	11.75	11.39	11.18	11.07	10.58
Savings (including MMDAs)	19.34	22.10	23.55	23.23	20.41	19.57	18.98	19.01	19.69	19.03
Small-denomination time deposits	35.88	32.85	30.09	28.83	30.92	31.29	31.09	30.42	29.07	28.42
Large-denomination time deposits	10.12	8.40	7.66	7.68	8.89	9.77	10.50	11.10	11.51	12.46
Gross federal funds purchased and RPs	1.31	1.36	1.44	1.89	1.78	1.70	1.67	1.49	1.79	2.06
Other	.67	.72	.90	1.16	1.25	1.41	1.74	2.08	2.69	3.45
Non-interest-bearing liabilities	12.97	13.24	13.74	14.24	14.30	14.23	14.16	14.19	13.86	13.84
Demand deposits in domestic offices	11.83	12.23	12.82	13.34	13.23	13.12	13.10	13.09	12.81	12.65
Revaluation losses on off-balance-sheet items [2]	n.a.	n.a.	n.a.	*	*	*	*	*	*	*
Other	1.14	1.01	.93	.90	1.07	1.10	1.06	1.10	1.05	1.19
Capital account	8.64	8.93	9.37	9.57	9.97	10.19	10.37	10.46	10.25	10.11
MEMO										
Commercial real estate loans	11.73	11.85	12.21	13.02	13.72	14.18	14.80	15.26	16.34	17.91
Other real estate owned	.66	.65	.52	.35	.25	.20	.16	.13	.11	.11
Managed liabilities	12.18	10.56	10.09	10.83	12.05	12.99	14.02	14.76	16.08	18.06
Average net consolidated assets (billions of dollars)	694	697	687	679	666	661	647	644	651	654

A.2.—Continued

E. Banks not ranked among the 1,000 largest by assets

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	Effective interest rate (percent)[3]									
Rates earned										
Interest-earning assets	9.63	8.42	7.62	7.57	8.38	8.33	8.50	8.33	8.05	8.49
Taxable equivalent	9.81	8.58	7.78	7.72	8.53	8.48	8.63	8.49	8.18	8.59
Loans and leases, gross	11.01	9.81	9.13	9.00	9.80	9.72	9.80	9.69	9.28	9.56
Net of loss provisions	10.07	9.05	8.62	8.65	9.39	9.29	9.35	9.21	8.76	9.02
Securities	8.04	6.99	5.93	5.61	6.09	6.09	6.25	5.98	5.89	6.21
Taxable equivalent	8.53	7.40	6.33	5.99	6.49	6.51	6.65	6.46	6.29	6.55
Investment account	8.04	6.99	5.93	5.61	6.09	6.09	6.25	5.98	5.89	6.21
U.S. government and other debt	8.20	7.06	5.92	5.60	6.17	6.22	6.43	6.17	6.08	6.45
State and local	7.17	6.70	6.09	5.69	5.64	5.44	5.33	5.15	5.04	5.11
Equity	7.13	5.67	5.18	5.52	6.26	6.05	6.40	6.12	6.16	6.71
Trading account	8.41	7.12	4.83	6.03	6.12	6.48	6.60	6.01	3.60	4.01
Gross federal funds sold and reverse RPs	5.66	3.50	2.95	4.08	5.95	5.32	5.51	5.35	4.96	6.26
Interest-bearing balances at depositories	7.35	5.59	4.53	4.64	5.91	5.68	5.69	5.66	5.71	6.39
Rates paid										
Interest-bearing liabilities	6.17	4.43	3.54	3.49	4.46	4.48	4.61	4.60	4.28	4.80
Interest-bearing deposits	6.15	4.43	3.53	3.44	4.39	4.43	4.54	4.53	4.21	4.67
In foreign offices	5.95	3.97	2.91	3.92	5.73	5.34	4.77	5.08	4.34	5.14
In domestic offices	6.15	4.43	3.53	3.44	4.39	4.43	4.53	4.53	4.21	4.67
Other checkable deposits	4.61	3.13	2.42	2.29	2.50	2.41	2.46	2.45	2.28	2.46
Savings (including MMDAs)	5.17	3.61	2.91	2.83	3.32	3.24	3.36	3.39	3.20	3.56
Large-denomination time deposits[4]	6.72	4.88	3.96	4.12	5.55	5.48	5.53	5.53	5.21	5.92
Small-denomination time deposits[4]	6.97	5.35	4.39	4.28	5.51	5.59	5.66	5.63	5.24	5.70
Gross federal funds purchased and RPs	5.71	3.72	3.17	4.12	5.61	5.08	5.23	4.99	4.72	5.71
Other interest-bearing liabilities	6.96	5.00	4.68	4.98	6.46	5.78	6.32	6.45	5.63	6.24
	Income and expense as a percentage of average net consolidated assets									
Gross interest income	8.91	7.78	7.06	7.01	7.78	7.74	7.90	7.75	7.48	7.86
Taxable equivalent	9.07	7.93	7.20	7.15	7.91	7.86	8.02	7.87	7.60	7.97
Loans	6.04	5.29	4.92	4.99	5.63	5.66	5.86	5.80	5.62	6.02
Securities	2.41	2.24	1.96	1.84	1.86	1.80	1.76	1.59	1.58	1.58
Gross federal funds sold and reverse RPs	.34	.18	.14	.15	.25	.24	.24	.29	.22	.21
Other	.12	.07	.05	.04	.04	.04	.04	.06	.06	.05
Gross interest expense	4.82	3.45	2.72	2.65	3.37	3.38	3.48	3.46	3.26	3.64
Deposits	4.70	3.36	2.64	2.52	3.19	3.21	3.28	3.25	3.02	3.31
Gross federal funds purchased and RPs	.07	.05	.04	.07	.10	.08	.08	.07	.08	.12
Other	.05	.04	.04	.06	.08	.08	.11	.13	.15	.21
Net interest income	4.09	4.34	4.34	4.36	4.41	4.36	4.42	4.29	4.22	4.22
Taxable equivalent	4.24	4.48	4.48	4.50	4.54	4.49	4.54	4.41	4.34	4.33
Loss provisioning[5]	.51	.41	.27	.19	.24	.25	.27	.29	.31	.34
Noninterest income	1.07	1.16	1.25	1.30	1.38	1.42	1.44	1.52	1.44	1.32
Service charges on deposits	.44	.45	.45	.44	.44	.44	.44	.42	.42	.43
Income from fiduciary activities	.14	.16	.16	.17	.22	.19	.20	.23	.26	.21
Trading income	.01	.01	.01	*	.01	*	*	*	*	*
Interest rate exposures	n.a.	n.a.	n.a.	n.a.	n.a.	*	*	*	*	*
Foreign exchange exposures	n.a.	n.a.	n.a.	n.a.	n.a.	*	*	*	*	*
Equity, commodity, and other exposures	n.a.	n.a.	n.a.	n.a.	n.a.	*	*	*	*	*
Other	.49	.55	.64	.69	.71	.78	.79	.86	.75	.68
Noninterest expense	3.60	3.66	3.74	3.78	3.80	3.69	3.71	3.75	3.73	3.58
Salaries, wages, and employee benefits	1.64	1.69	1.73	1.75	1.79	1.77	1.80	1.82	1.82	1.78
Expenses of premises and fixed assets	.49	.49	.49	.49	.50	.49	.49	.49	.49	.47
Other	1.46	1.49	1.53	1.55	1.51	1.44	1.41	1.43	1.42	1.33
Net noninterest expense	2.53	2.51	2.49	2.48	2.42	2.28	2.27	2.23	2.29	2.26
Realized gains on investment account securities	.06	.09	.07	−.03	*	.01	.01	.02	*	−.01
Income before taxes and extraordinary items	1.11	1.51	1.65	1.66	1.75	1.84	1.89	1.79	1.62	1.60
Taxes	.35	.47	.51	.51	.55	.59	.59	.53	.47	.45
Extraordinary items	.19	.02	.05	*	*	*	*	*	*	*
Net income (return on assets)	.96	1.05	1.19	1.15	1.20	1.25	1.30	1.26	1.15	1.16
Cash dividends declared	.89	.51	.56	.57	.62	.64	.73	.82	.68	.79
Retained income	.07	.54	.63	.58	.58	.62	.57	.44	.48	.37
MEMO: Return on equity	11.06	11.78	12.67	12.03	12.06	12.31	12.57	12.02	11.27	11.44

* In absolute value, less than 0.005 percent.

n.a. Not available. MMDA Money market deposit account. RP Repurchase agreement. CD Certificate of deposit.

1. Includes the allowance for loan and lease losses and the allocated transfer risk reserve.
2. Before 1994, the netted value of off-balance-sheet items appeared in ''trading account securities'' if a gain and ''other non-interest-bearing liabilities'' if a loss.
3. When possible, based on the average of quarterly balance sheet data reported on schedule RC-K of the quarterly Call Reports.
4. Before 1997, data for large time open accounts are included in small-denomination time deposits.
5. Includes provisions for loan and lease losses and for allocated transfer risk.