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Beginning with this issue, the following reprints will no longer appear in the *Bulletin*: "Industrial Production and Capacity Utilization," "Testimony of Federal Reserve Officials," "Minutes of the Federal Open Market Committee," "Treasury and Federal Reserve Foreign Exchange Operations," and "Domestic Open Market Operations." For information about the availability of these documents, see the "Announcements" section on page 20.

The *Federal Reserve Bulletin* is issued monthly under the direction of the staff publications committee. This committee is responsible for opinions expressed except in official statements and signed articles. It is assisted by the Economic Editing Section headed by S. Ellen Dykes, the Graphics Center under the direction of Christine S. Griffith, and Publications Services supervised by Linda C. Kyles.

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Survey of Finance Companies, 2000

Karen E. Dynan, Kathleen W. Johnson, and Samuel M. Slowinski, of the Board's Division of Research and Statistics, prepared this article with assistance from Greg D. Grothe and Hank Leddon.

Finance companies are important providers of credit to households and businesses. For households, they originate loans and leases to finance the purchase of consumer goods such as automobiles, furniture, and household appliances; they also extend personal cash loans and loans secured by junior liens on real estate, such as home equity loans. For businesses, they supply short- and intermediate-term credit (including leases) for such purposes as the purchase of equipment and motor vehicles and the financing of inventories.[1]

With roughly $1 trillion in financial assets as of mid-2000, the finance company sector occupies an intermediate position among the sectors that typically lend to households and businesses: In terms of assets, it is more than twice as large as the credit union sector, about the same size as the thrift sector, but only about one-fifth as large as the commercial banking sector. The approximately 1,000 companies that make up the sector (down from about 1,200 in 1996) range in size from very small to very large and include the "captive" subsidiary finance companies of motor vehicle manufacturers. The companies tend to be diversified, with more than 90 percent of the sector's assets as of mid-2000 held by companies that did not concentrate in any one type of receivable. The larger firms are more likely to be diversified; of the small firms that specialize, most focus on short- and intermediate-term business receivables. The sector is quite concentrated, and has been for some time, with the twenty largest companies accounting for more than two-thirds of total receivables (see box "Industry Concentration").

The Federal Reserve System has surveyed the assets and liabilities of finance companies at roughly five-year intervals since 1955. The surveys provide benchmarks for the System's monthly report on the outstanding accounts receivable of finance companies and provide a comprehensive update on these companies' sources of funds. This information in turn becomes an important input to the estimates of total consumer credit and the U.S. flow of funds accounts produced at the Federal Reserve Board. Summarized in this article are the results of the most recent survey, which collected finance company balance sheet information as of June 30, 2000. (Details on sampling procedures are given in appendix A, and complete balance sheet data are provided in table B.1.)

Finance Company Receivables

The total value of receivables owned or securitized by finance companies increased nearly 50 percent between 1996 and 2000, or approximately 11 percent a year on average (table 1).[2] The gain occurred against a backdrop of brisk economic expansion, with nominal gross domestic product increasing at an average annual rate of about 6 percent over the period. Business lending remained the largest major line of activity, accounting for just under half of all receivables. There was apparently some shift between the other two major lines of activity, however. The share of total receivables accounted for by consumer lending and leasing declined 2 percentage points (to 39 percent); that decline was matched by a comparable rise in the share accounted for by real estate loans (to 17 percent). With most real estate receivables at finance companies being home equity loans, this shift may indicate that households have been substituting lower-cost, collateralized home equity loans for high-cost, uncollateralized consumer loans as a source of credit.

Finance companies sometimes securitize their loans by pooling them and selling them to a bankruptcy-remote entity, which then sells securities backed by the revenue stream generated by the loans.[3] A securitized loan is removed from the

1. For this article, finance companies are defined as financial institutions—other than commercial banks, credit unions, savings and loan associations, cooperative banks, or savings banks—the majority of whose assets are in one or more of the types of accounts receivable described above. (An "account receivable," sometimes referred to as simply a receivable, is a balance due from a debtor on a current account.)

2. Unless otherwise noted, all statistics cited are as of June 30 of the year indicated.

3. A "bankruptcy-remote" entity is one whose assets will not enter receivership if the originating finance company declares bankruptcy.

Industry Concentration

Overall, concentration in the finance company industry was about unchanged between the 1996 and 2000 surveys, marking a break in the steady trend toward consolidation seen in earlier surveys. Total receivables at the twenty largest firms (based on total net assets) represented 69 percent of total industry receivables in mid-2000, compared with 70 percent in mid-1996 (table).

Owned business receivables became markedly less concentrated, with the twenty largest firms accounting for 11 percentage points less of all such receivables in 2000 than they had four years earlier. The underlying data suggest that the shift in owned business receivables toward smaller firms was attributable primarily to a sizable decline in the concentration of business (non–motor vehicle) equipment receivables. As smaller companies are less likely than large ones to identify themselves as diversified, the decline in the concentration of owned business equipment receivables may suggest that specialization has become an increasingly efficient way of providing funds for this type of investment.

The other major components of finance company receivables became more concentrated between 1996 and 2000. The shares of owned consumer and real estate receivables accounted for by the twenty largest firms moved up 3 percentage points and 4 percentage points, respectively. The concentration of securitized receivables rose sharply, with the share of the twenty largest firms 12 percentage points higher in 2000 than in 1996. The concentration of securitized receivables also rose impressively between the 1990 and 1996 surveys. The upward trend suggests that the relative attractiveness of the products of the larger securitization programs has risen over time, possibly because investors have increasingly associated these more-established programs with lower risk.

Total receivables at finance companies, by category, June 30, 1996 and 2000

Billions of dollars except as noted

Category	All finance companies		Twenty largest finance companies[1]			
			Amount		Share of all finance company receivables (percent)	
	1996	2000	1996	2000	1996	2000
Total	**749.1**	**1,119.6**	**524.9**	**770.3**	**70.1**	**68.8**
Owned	626.7	921.5	459.1	639.9	73.3	69.4
Business	305.7	441.9	194.5	232.0	63.6	52.5
Consumer	240.6	321.8	203.5	281.8	84.6	87.6
Real estate	80.4	157.7	61.1	126.1	76.0	79.9
Securitized	122.4	198.1	65.8	130.4	53.8	65.8
MEMO						
Total net assets	815.4	1,259.0	615.9	962.5	75.5	76.4

1. Based on total net assets.

1. Total receivables at finance companies, by category, June 30, 1996 and 2000

Category	Amount (billions of dollars)		Growth, 1996 to 2000 (percent)		Share of total (percent)	
	1996	2000	Cumulative	Average annual	1996	2000
Total	**749.1**	**1,119.6**	**49.5**	**10.6**	**100.0**	**100.0**
Owned	626.7	921.5	47.0	10.1	83.7	82.3
Securitized	122.4	198.1	61.9	12.8	16.3	17.7
Business	341.3	502.5	47.2	10.2	45.6	44.9
Owned	305.7	441.9	44.5	9.6	40.8	39.5
Securitized	35.6	60.6	70.2	14.2	4.8	5.4
Consumer	303.9	431.8	42.1	9.2	40.6	38.6
Owned	240.6	321.8	33.8	7.5	32.1	28.7
Securitized	63.3	110.0	73.6	14.8	8.5	9.8
Real estate	103.8	185.3	78.5	15.6	13.9	16.6
Owned	80.4	157.7	96.3	18.4	10.7	14.1
Securitized	23.5	27.5	17.4	4.1	3.1	2.5

NOTE. In this and subsequent tables, details may not sum to totals, and calculations may not yield the percentages shown, because of rounding.

finance company's balance sheet, although the company typically continues to collect the service payment and would bear the cost of a default.[4] After rising rapidly in the early 1990s, when securitization was a relatively new practice, the proportion of finance company loans that was securitized increased only moderately in the late 1990s, from 16 percent in 1996 to 18 percent in 2000.

Business Receivables

Finance companies owned or had securitized $503 billion in business receivables as of June 30, 2000, accounting for roughly 8 percent of total nonfinancial business credit and close to 22 percent of short- and intermediate-term business credit (table 2). Between 1996 and 2000, finance company business receivables increased at an average annual rate of 10 percent, approximately matching the rates of growth of alternative sources of short-term business finance, such as bank loans, and longer-term instruments, such as corporate bonds and mortgages. As a result, finance companies maintained their share of the market for nonfinancial business credit over the intrasurvey period.

Finance companies appear to be an important source of funds for small businesses—firms with

4. In most securitization deals, finance companies retain the "excess spread"—the difference between the yield on the loans and such expenses as the investor coupon, servicing fee, and losses associated with defaults. As a result, they typically retain the credit risk of securitized portfolios.

2. Credit to nonfinancial businesses from all domestic sources, by instrument, June 30, 1996 and 2000

Instrument	Amount (billions of dollars)		Growth, 1996 to 2000 (percent)		Share of category (percent)		Share of total (percent)	
	1996	2000	Cumulative	Average annual	1996	2000	1996	2000
All credit market instruments	**4,276.2**	**6,337.4**	**48.2**	**10.3**	**100.0**	**100.0**	**100.0**	**100.0**
Short- and intermediate-term instruments	1,598.8	2,333.2	45.9	9.9	100.0	100.0	37.4	36.8
Bank loans n.e.c.	835.0	1,235.5	48.0	10.3	52.2	53.0	19.5	19.5
Other loans and advances	582.0	800.8	37.6	8.3	36.4	34.3	13.6	12.6
Finance company receivables	341.3	502.5	47.2	10.2	21.3	21.5	8.0	7.9
Commercial paper	181.7	296.8	63.3	13.1	11.4	12.7	4.2	4.7
Long-term instruments	2,677.4	4,004.3	49.6	10.6	100.0	100.0	62.6	63.2
Corporate bonds	1,405.0	2,144.5	52.6	11.2	52.5	53.6	32.9	33.8
Mortgages	1,135.3	1,706.4	50.3	10.7	42.4	42.6	26.6	26.9
Municipal securities	137.1	153.4	11.9	2.8	5.1	3.8	3.2	2.4

n.e.c. Not elsewhere classified.

fewer than 500 employees. In 1998, about 14 percent of all small businesses, and roughly 30 percent of small businesses with more than 100 employees or annual sales totaling more than $10 million, used finance companies for loans, leases, and financial management. Small businesses used finance companies mainly for motor vehicle loans and capital leases, areas in which finance companies specialize. Small businesses were only slightly less likely to use a finance company than a commercial bank to finance their motor vehicle purchases and were equally likely to use a finance company or a commercial bank for their capital leases.[5]

Although the overall importance of finance companies in the business credit market apparently remained stable between 1996 and 2000, there were a few shifts in the composition of finance company business lending. These shifts included movements from owned toward securitized equipment loans, from business financing for investment in equipment and motor vehicles toward other types of business finance, and from loans to purchase business motor vehicles toward leases.

Equipment Finance

Loans and leases for business equipment (other than motor vehicles) accounted for close to 60 percent of total finance company business receivables in 2000 (table 3). Such funding typically supports business investment in such items as construction equipment, aircraft, and computers and other office machines. Although the growth of equipment loans and leases tends to be correlated with the growth of business investment in equipment, finance company equipment loans and leases expanded at an average annual rate of 9 percent between 1996 and 2000, somewhat less than the 11 percent average annual increase in investment in business equipment and software (excluding motor vehicles) over the period. For comparison, commercial paper and commercial and industrial loans extended by commercial banks—other sources of short- and intermediate-term business debt that may be used to finance equipment investment—rose at average annual rates of 13 percent and 12 percent, respectively, over the period.

Equipment leases, which account for the lion's share of equipment receivables at finance companies, increased at an average annual rate of about 9 percent between 1996 and 2000.[6] Despite the considerable size of their equipment lease portfolios, finance companies as a whole generally keep these receivables on their balance sheets rather than securitize them. Indeed, only about 3 percent of equipment leases were in securitized pools in 2000. Nonetheless, some small finance companies securitize a large portion of their equipment lease portfolios.

Overall, equipment loans rose at an average annual rate of 8 percent between surveys. Although securitized equipment loans increased much faster (34 percent annually), they continue to account for only a small share of total equipment receivables—about 6 percent in 2000.

5. Marianne P. Bitler, Alicia M. Robb, and John D. Wolken, "Financial Services Used by Small Businesses: Evidence from the 1998 Survey of Small Business Finances," *Federal Reserve Bulletin*, vol. 87 (April 2001), pp. 183–205.

6. Most equipment and business motor vehicle leases extended by finance companies are capital leases. Most capital leases are quite long relative to the useful life of the leased item, and although the finance company retains the title to the item during the leasing period, lease payments are generally applied toward its eventual purchase. In this way, leases are similar to equipment and business motor vehicle loans.

3. Business receivables at finance companies, by category, June 30, 1996 and 2000

Category	Amount (billions of dollars)		Growth, 1996 to 2000 (percent)		Share of category (percent)		Share of total (percent)	
	1996	2000	Cumulative	Average annual	1996	2000	1996	2000
Total	**341.3**	**502.5**	**47.2**	**10.2**	**100.0**	**100.0**	**100.0**	**100.0**
Equipment	205.0	289.9	41.4	9.1	100.0	100.0	60.1	57.7
Leases	141.9	203.4	43.3	9.4	69.2	70.1	41.6	40.5
Owned	137.9	196.9	42.8	9.3	67.3	67.9	40.4	39.2
Securitized	4.1	6.4	58.0	12.1	2.0	2.2	1.2	1.3
Loans	63.0	86.6	37.3	8.3	30.8	29.9	18.5	17.2
Owned	58.2	70.7	21.6	5.0	28.4	24.4	17.0	14.1
Securitized	4.9	15.8	225.0	34.3	2.4	5.5	1.4	3.1
Motor vehicle	89.2	105.9	18.8	4.4	100.0	100.0	26.1	21.1
Wholesale loans	54.5	65.0	19.2	4.5	61.1	61.3	16.0	12.9
Owned	32.3	38.5	19.3	4.5	36.2	36.4	9.5	7.7
Securitized	22.2	26.4	19.0	4.5	24.9	25.0	6.5	5.3
Retail	34.7	41.0	18.1	4.3	38.9	38.7	10.2	8.2
Loans	26.9	22.8	−15.2	−4.0	30.2	21.5	7.9	4.5
Owned	25.0	19.9	−20.4	−5.5	28.1	18.8	7.3	4.0
Securitized	1.9	2.9	53.8	11.4	2.1	2.7	.6	.6
Leases	7.8	18.2	133.7	23.6	8.7	17.1	2.3	3.6
Owned	7.8	15.8	103.1	19.4	8.7	14.9	2.3	3.1
Securitized	*	2.4	...	...	*	2.2	*	.5
Other	47.1	106.6	126.4	22.7	100.0	100.0	13.8	21.2
Owned	44.6	100.0	124.2	22.4	94.7	93.8	13.1	19.9
Securitized	2.5	6.6	164.9	27.6	5.3	6.2	.7	1.3

* Negligible. . . . Not applicable.

Wholesale Motor Vehicle Finance

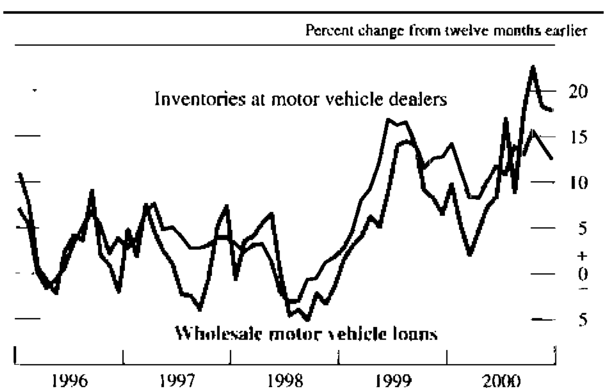
Wholesale motor vehicle loans, which are supplied mainly by the captive subsidiary finance companies of motor vehicle manufacturers, are typically used by automobile dealers to finance their inventories (an activity known as floor-planning). Receivables at finance companies from this activity increased roughly 5 percent a year between surveys, to $65 billion in 2000. As a proportion of total business receivables, however, wholesale motor vehicle loans fell from 16 percent to 13 percent. About 40 percent of wholesale automobile loans were securitized, almost exclusively by the captive financing arms of the Big Three automakers (Chrysler Financial Corporation, Ford Motor Credit, and General Motors Acceptance Corporation).

The growth between 1996 and 2000 of wholesale motor vehicle loans extended by finance companies tracked the growth of inventories at automobile dealers quite closely (chart 1). The rates of growth remained stable until mid-1998, when automobile sales surged. At that time, dealers increased their inventories sharply in order to keep their days' supply of vehicles roughly constant, and they stepped up their borrowing to finance the increase.

Business Retail Motor Vehicle Finance

Finance companies also provide credit for the retail sale to businesses of passenger cars and commercial vehicles such as trucks, buses, taxicabs, and truck trailers. Between 1996 and 2000, retail motor vehicle receivables at finance companies increased an average of 4 percent annually, generally mirroring the expansion of business investment in automobiles and trucks. There has been a clear trend in business retail motor vehicle financing toward leasing. The business retail motor vehicle lease portfolios of finance companies expanded an average of almost 24 percent annually between surveys, and in 2000 leases accounted for just under half of all business retail motor vehicle financing by finance companies. In contrast, finance companies' retail motor vehicle loan portfolios declined an average of 4 percent a year between surveys.

1. Wholesale motor vehicle lending by finance companies, 1996-2000



NOTE. The data on inventories are from the U.S. Census Bureau.

Other Business Receivables

"Other business receivables" include commercial accounts receivable, factored commercial accounts, floor-plan loans to dealers in non-automotive goods, and small cash loans to businesses and farms.[7] Financing in this category rose rapidly between 1996 and 2000, increasing from about 14 percent of total business receivables at finance companies to roughly 21 percent. However, little quantitative information is available to determine which types of business receivables accounted for the gain.

Consumer Receivables

The consumer segment of finance company activity expanded at a robust 9 percent annual pace between surveys, with receivables (including securitized loans and leases) reaching $432 billion by mid-2000 (table 4). At that time, finance company consumer receivables excluding motor vehicle leases accounted for just over 20 percent of total consumer debt.

Finance company consumer receivables increased mainly on the strength of motor vehicle loans. Revolving credit (primarily credit card balances) posted a moderate gain and maintained a fairly small share of overall finance company activity. "Other" consumer loans—a diverse mix of other types of non-mortgage consumer loans—changed little on net in the late 1990s, and as a result, the importance to finance companies of this category of consumer loans continued to diminish.

7. A factored commercial account is an account that has been purchased by a financial institution, such as a finance company. The purchaser assumes the credit risk of nonpayment.

Consumer Motor Vehicle Finance

Financing of consumer motor vehicles by finance companies increased at an average annual rate of 12 percent between 1996 and 2000, reaching a level of $338 billion. Most of the gain was due to growth in loans. Growth in receivables associated with leases slowed considerably from the rate of growth between 1990 and 1996. As a result of the slow growth of leases relative to the growth of loans, leases accounted for 9 percentage points less of consumer motor vehicle finance in 2000 than in 1996.

This shift away from leases partly reversed a 25 percentage point *rise* between 1990 and 1996 in the proportion of consumer motor vehicle finance accounted for by leases. The fourfold increase in car and truck leasing underlying the earlier gain was due largely to aggressive promotion of motor vehicle leases to households by the captive subsidiaries of motor vehicle manufacturers. These subsidiaries, which account for the bulk of finance company consumer motor vehicle lending, have traditionally used financial incentives and other innovations to increase demand for the products of their parent manufacturers. The development of the motor vehicle lease as a consumer product was one such innovation. Generally, consumers became more receptive to leasing as a result of federal tax code revisions in the mid-1980s that phased out the deductibility of consumer loan interest payments, thereby raising the cost of financing vehicle purchases relative to leasing. In addition, leasing was perceived as a way to better reach two specific portions of the consumer market. One portion was households that wanted to drive "new" vehicles at all times but were deterred from replacing their vehicles frequently by the difficulties associated

4. Consumer receivables at finance companies, by category, June 30, 1996 and 2000

Category	Amount (billions of dollars)		Growth, 1996 to 2000 (percent)		Share of category (percent)		Share of total (percent)	
	1996	2000	Cumulative	Average annual	1996	2000	1996	2000
Total	**303.9**	**431.8**	**42.1**	**9.2**	**100.0**	**100.0**	**100.0**	**100.0**
Motor vehicle	217.3	337.6	55.3	11.6	100.0	100.0	71.5	78.2
Loans	123.0	220.6	79.3	15.7	56.6	65.3	40.5	51.1
Owned	86.3	143.1	65.8	13.5	39.7	42.4	28.4	33.1
Securitized	36.7	77.4	111.2	20.5	16.9	22.9	12.1	17.9
Leases	94.3	117.0	24.1	5.5	43.4	34.7	31.0	27.1
Owned	86.7	109.1	25.8	5.9	39.9	32.3	28.5	25.3
Securitized	7.6	7.9	4.1	1.0	3.5	2.3	2.5	1.8
Revolving	29.7	37.8	27.0	6.2	100.0	100.0	9.8	8.7
Owned	29.7	31.1	4.7	1.2	100.0	82.4	9.8	7.2
Securitized	*	6.6	...	...	*	17.6	*	1.5
Other	56.9	56.4	-.8	-.2	100.0	100.0	18.7	13.1
Owned	37.8	38.4	1.7	.4	66.4	68.1	12.4	8.9
Securitized	19.1	18.0	-5.7	-1.5	33.6	31.9	6.3	4.2

* Negligible. . . . Not applicable.

with reselling them. The other portion was households that were unable to make regular payments on vehicle loans but could afford the smaller payments typically associated with leasing.

According to industry analysts, the shift away from leasing in recent years has occurred because consumer auto leasing has turned out to be less profitable for finance companies than anticipated. A softer-than-expected used car market depressed the actual value of many vehicles at the end of the lease period relative to the "residual value" stated in the leasing agreement. The losses associated with these weak used car prices were exacerbated by larger-than-expected turn-in ratios (the fraction of households not exercising their option to purchase the leased vehicle), which left finance companies with large numbers of previously leased vehicles to sell. Both the weakness in used car prices and the high turn-in ratios appear to be at least partly related to the relatively rapid rate of model development and the small price increases that characterized the new car market in the second half of the 1990s.

One pattern in consumer motor vehicle finance that has not changed since the early 1990s is the trend toward securitization. The value of securitized motor vehicle loans at finance companies rose at an average annual rate of 21 percent between 1996 and 2000. In 2000, securitized loans and leases represented just over 25 percent of finance company consumer motor vehicle receivables, up from roughly 20 percent in 1996 and about 15 percent in 1990. The captive finance companies, which account for a sizable portion of outstanding securitized motor vehicle receivables, continued to have reliable access to the securitization market through 2000 because they dealt mainly with higher quality loans.

Revolving Credit

Finance company revolving credit—mostly credit card receivables—rose from $30 billion to $38 billion between 1996 and 2000, or about 6 percent a year on average.[8] Most of the increase was due to an increase in loans in securitized pools. Investor demand for this type of asset remained strong through the late 1990s, as the economic expansion resulted in continued gains in credit quality.

The pace of growth of finance company revolving credit (owned or securitized) was similar to that for such loans from all sources. As a result, finance companies continued to account for a fairly small share of the consumer revolving credit market, about 6 percent of total revolving credit outstanding.

Other Consumer Receivables

Finance company consumer receivables aside from the motor vehicle and revolving credit categories were little changed between 1996 and 2000. The largest component of the "other" category most likely is personal cash loans.[9] Another important component is sales finance contracts—loans typically originated by retail stores to finance the purchase of such items as furniture or appliances and often sold to finance companies. A third component is mobile home loans (these loans constitute the collateral behind most of the securitized loans in the "other" category).

The lackluster performance of finance companies in the "other" category between 1996 and 2000 continued a trend seen in the early 1990s, when growth in the category also lagged growth in the other categories of consumer receivables, albeit to a lesser extent. The declining importance of "other" loans is probably related to the growing role of credit cards. In particular, revolving credit has become more available to consumers who formerly had to rely on non-revolving finance company credit: During the 1990s, banks on balance moved toward riskier households in their marketing of credit cards, and several large finance companies established credit card operations.

Real Estate Receivables

Real estate lending by finance companies increased at an average annual rate of close to 16 percent between 1996 and 2000 (table 5). Despite this impressive pace of expansion, finance companies continued to account for a very small share of total residential and commercial mortgage lending. In mid-2000, outstanding

8. The 1996 data for revolving and "other" consumer receivables in table 4 are lower than those cited in James D. August, Michael R. Grupe, Charles Luckett, and Samuel M. Slowinski, "Survey of Finance Companies, 1996," *Federal Reserve Bulletin*, vol. 83 (July 1997), pp. 543–56. After publication of that article, the receivables of several commercial bank subsidiaries that had been included in the totals reported by some finance companies were removed from the various series.

9. Surveyed companies were first asked about loans for the purchase of motor vehicles, revolving lines of credit, and loans secured by real estate. Then they were asked about loans and other types of credit extended to households that did *not* fall into those three categories; these remaining receivables make up the "other" category. Companies were not asked to report any detail for "other" consumer receivables; see appendix B for more information about the category.

5. Real estate receivables at finance companies, by category, June 30, 1996 and 2000

Category	Amount (billions of dollars)		Growth, 1996 to 2000 (percent)		Share of category (percent)		Share of total (percent)	
	1996	2000	Cumulative	Average annual	1996	2000	1996	2000
Total	103.8	185.3	78.5	15.6	100.0	100.0	100.0	100.0
One- to four-family	70.7	146.8	107.6	20.0	100.0	100.0	68.1	79.2
Owned	47.3	119.4	152.6	26.1	66.8	81.4	45.5	64.4
Securitized	23.4	27.4	16.7	3.9	33.2	18.6	22.6	14.8
Commercial	33.1	38.5	16.4	3.9	100.0	100.0	31.9	20.8
Owned	33.1	38.4	15.9	3.8	100.0	99.5	31.9	20.7
Securitized	*	.2	...	...	*	.5	*	.1

NOTE. Commercial includes multifamily and farm.
* Negligible.
. . Not applicable.

finance company loans totaled $185 billion, less than 3 percent of the overall mortgage market.[10]

Loans to individual homeowners secured by one- to four-family homes are by far the largest component of finance company real estate receivables, and they accounted for the bulk of the growth between 1996 and 2000. Such loans rose at a vigorous average annual rate of 20 percent over the period, reaching $147 billion. Most of the additional lending was retained on the balance sheets of finance companies; securitized loans in this category rose much less rapidly than total loans. Commercial mortgages, including mortgages on farm and multifamily properties, expanded an average of 4 percent a year between 1996 and 2000. As of mid-2000, they represented just under 21 percent of real estate lending by finance companies, down from a 32 percent share in 1996.

Almost all finance company real estate loans to individuals are home equity loans rather than loans to purchase homes.[11] As a result, finance companies represent a larger share of the market for home equity loans than they do of the broader mortgage market. Total home equity lending is estimated to have been a little more than $500 billion in mid-2000. The largest source of this credit was commercial banks, which held more than one-third of the total. Finance companies are estimated to have held about 20 percent of the total, up from roughly 15 percent in mid-1996.

Data on finance company real estate loans to individuals before 1996 are not available.[12] However, the sharp upward trend in the late 1990s mirrors a rapid growth of total home equity lending that began in the middle of the decade. The increase in home equity lending was probably due at least partly to ongoing increases in households' use of this type of credit to consolidate their debt. The presence of collateral for these loans generally holds the interest rates below rates for most credit cards. Further, the repayment period on a home equity loan is typically longer than the implicit repayment period for credit card borrowing. As a result, borrowers who use home equity loans to pay down their credit card balances can substantially reduce their monthly payments. Another advantage of home equity loans over credit card borrowing is that interest paid on home equity loans is deductible for taxpayers who itemize such expenses.

Finance Company Funding Sources

Finance company funding sources remained relatively stable between 1996 and 2000. The companies continued to operate from a narrow equity base. Capital, surplus, and undivided profits as a proportion of total assets was unchanged at about 11 percent (table 6). The most important source of funds, accounting for more than one-third of finance company funding, remained corporate bonds, the primary component of "debt not elsewhere classified." Finance companies' reliance on commercial paper continued to decline, falling 3 percentage points, to 18 percent. Bank borrowing and "other," unspecified, sources continued to fund about 2 percent and 20 percent of assets, respectively. Debt due to a parent company rose at an average annual rate of 14 percent between 1996 and 2000, reaching 8 percent of total funding. As mentioned earlier, finance companies increased their securitization activity rapidly between 1990 and 1996; however, the growth of securitized pools between 1996 and 2000 about equaled the

10. The figures for finance company real estate receivables (indeed, all figures for finance companies) do not include data for mortgage banking companies. These specialized home mortgage lenders, which act primarily as mortgage originators and finance their lending activities almost exclusively through securitization, are not covered by the finance company survey.

11. Although the survey does not ask for details about real estate loans, this is generally believed to be the case.

12. Before the 1996 survey, finance companies were not asked to disaggregate their real estate receivables into their home mortgage and commercial components.

6. Sources of finance company funding, June 30, 1996 and 2000

Source	Outstanding (billions of dollars)		Growth, 1996 to 2000 (percent)		Share of total (percent)	
	1996	2000	Cumulative	Average annual	1996	2000
Liabilities	725.7	1,113.4	53.4	11.3	89.0	88.4
Bank loans	17.7	32.8	85.7	16.7	2.2	2.6
Commercial paper	169.6	224.3	32.3	7.2	20.8	17.8
Debt due to parent	56.3	95.1	68.9	14.0	6.9	7.6
Debt not elsewhere classified	319.0	483.7	51.6	11.0	39.1	38.4
Other	163.2	277.5	70.1	14.2	20.0	22.0
Capital, surplus, and undivided profits	89.7	145.7	62.4	12.9	11.0	11.6
Total	815.4	1,259.0	54.4	11.5	100.0	100.0
MEMO						
Securitized receivables	122.4	198.1	61.9	12.8	13.1	13.6
Total managed assets	937.8	1,457.1	55.4	11.6	100.0	100.0

growth of other forms of financing, and securitized assets remained at about 13 percent of total managed assets in 2000.[13]

DEVELOPMENTS SINCE THE JUNE 2000 BENCHMARK SURVEY

Information on the pattern of finance company activity since the June 2000 benchmark survey is available from the Federal Reserve System's monthly survey of finance companies.[14] Over the fifteen months between the end of June 2000 and the end of September 2001, finance company receivables, adjusted to remove normal seasonal patterns, grew at an average annual rate of close to 9 percent. This pace was slightly less rapid than the trend over the preceding four years. However, the gains were not spread evenly over the post-benchmark period. In particular, the general weakening of macroeconomic activity since late 2000 showed through to overall finance company lending, and the rate of growth of total receivables trended down steadily (chart 2).

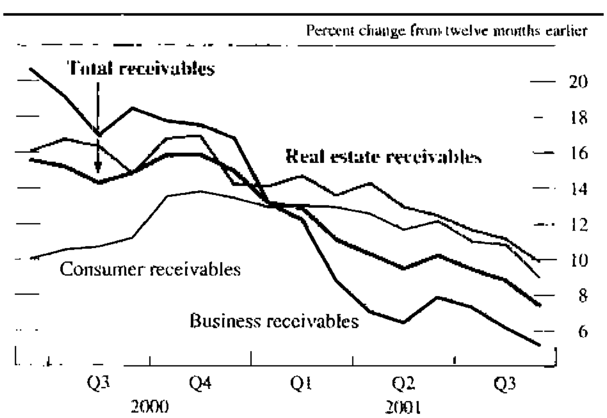
The slowing of overall finance company lending was due primarily to a sharp deceleration in finance company business receivables that began in the second half of 2000. The rate of growth of real estate and consumer receivables moved down much less dramatically. In general, the demand for both home equity loans and consumer loans most likely was buoyed by some households' efforts to sustain the rate of growth of their consumption in the face of what they perceived as a temporary slowing of income and employment growth. Some category-specific factors probably also came into play. Home equity lending likely was boosted by the combination of low mortgage rates and relatively rapid appreciation of house prices. Generous incentives offered by the captive finance company subsidiaries of motor vehicle manufacturers helped maintain solid growth in consumer motor vehicle receivables. Finally, consumer receivables were boosted in late 2000 when a major finance company absorbed the securitized receivables of one of its non–finance company affiliates.[15]

13. Total managed assets equal the sum of total assets and securitized receivables.

14. Among other differences, the sample for the monthly survey is smaller than that for the benchmark survey; thus, the figures are subject to greater measurement and sampling error.

15. This transfer of assets explains some, but not all, of the increase in the rate of growth of finance company consumer receivables in late 2000. Without the transfer, the twelve-month change in the consumer component would have been a little more than 1 percentage point lower beginning in the fourth quarter of 2000, and the twelve-month change in total receivables would have been roughly ½ percentage point lower. Note that estimates of consumer lending from all sources were unaffected by this event because the increase in securitized loans held by finance companies was offset by a decline in securitized loans held elsewhere.

2. Growth of finance company receivables, June 2000–September 2001



Appendix A: Sampling Procedures

As a first step in establishing a population for the 2000 benchmark survey, pre-survey questionnaires were mailed to 2,589 companies that were identified from the mailing list for the 1996 survey and from other sources. Data were collected on the size of the company, its primary type of activity or specialty, and the classification of its parent, if any. Companies that responded to the questionnaire with information showing that they had gone out of business, had been sold to another firm, were not a finance company, or were a subsidiary of another finance company were excluded from the population (table A.1).

Follow-up investigations of companies that did not return the pre-survey questionnaire or whose questionnaires were returned by the Postal Service as undeliverable ("postal returns") were conducted to estimate the number of additional companies that belonged in the population. Investigations of a stratified random sample of 240 companies drawn from the 860 nonresponding companies yielded 78 eligible companies. Projecting this result on the basis of size and specialty class added 280 companies to the population. Similarly, investigations of a stratified random sample of 50 companies drawn from the 573 postal returns yielded 5 eligible companies, adding 57 companies to the population. Combining these estimates with the usable responses to the pre-survey questionnaire, the population of finance companies on June 30, 2000, was initially estimated at 1,012.

The sample for the 2000 benchmark survey consisted of two groups: the 58 finance companies surveyed monthly for the Domestic Finance Company Report (FR 2248) and a stratified random sample of 542 additional companies from the sampling frame. All 58 monthly reporters responded. A total of 121 of the 542 sampled companies provided usable responses. The responses of another 28 of the 542 sampled companies indicated that they no longer fit the definition of "finance company" or had not fit the definition at the time of the questionnaire. These 28 companies were removed from the population, leaving a final estimated population of 984 companies.

A.1. Responses to pre-survey questionnaire

Disposition	Number	Percent of total mailed
Total mailed	2,589	100.0
Not returned	860	33.2
Returned	1,729	66.8
Usable	675	26.1
Not usable	1,054	40.7
Postal return	573	22.1
Not a finance company	164	6.3
Out of business	181	7.0
Finance company subsidiary	90	3.5
Bank subsidiary	26	1.0
Other	20	.8

Estimates of the assets and liabilities of the finance company population were produced using the stratified mean expansion estimator, where the strata were based on both the size and the lending specialty of the company. The estimator was defined as

$$Y = \Sigma Y(h) = \sum \frac{N(h) * y(h)}{n(h)}$$

where

Y = estimated national total

$Y(h)$ = estimated aggregate total for stratum h

$N(h)$ = total number of companies in stratum h

$y(h)$ = sample aggregate total for companies in stratum h

$n(h)$ = number of sample companies in stratum h

Appendix B: Definitions of Balance Sheet Items and Additional Balance Sheet Data

For purposes of this survey, a finance company was defined as a company (excluding commercial banks, credit unions, savings and loan associations, cooperative banks, and savings banks) in which the largest portion of the company's assets was in one or more of the following kinds of receivables:

- *Sales finance receivables.* Installment paper arising from retail sales of passenger cars and mobile homes, other consumer goods, such as general merchandise, apparel, furniture, and household appliances, or from outlays for home-improvement loans not secured by real estate.
- *Personal cash loans to individuals and families.* Unsecured cash loans (including loans to pay for insurance policies) or cash loans secured by insurance policies, autos already paid for, or other collateral.
- *Short- and intermediate-term business receivables (including leases).* Loans on commercial accounts receivable; inventory loans; factoring; lease financing; retail installment sales (or purchases) of commercial, industrial, and farm equipment and commercial vehicles; and wholesale financing of consumer and business goods.

• *Junior liens on real estate.* Loans, whatever the purpose, secured by junior liens (for example, equity loans or second mortgages) on real estate as evidenced by junior mortgages, deeds of trust, land contracts, or other instruments.

Asset Items

Receivables include direct loans and loans and paper purchased from manufacturers and retailers before deduction of capitalized unearned income and reserves for losses.

1. Consumer Receivables

A. Motor Vehicle Financing. Credit arising from retail sales of passenger cars and other vehicles such as vans and pickup trucks to consumers. It excludes fleet sales, personal cash loans secured by automobiles already paid for, loans to finance the purchase of commercial vehicles and farm equipment, and lease financing.

B. Revolving Credit. Retail credit that is extended on a credit-line basis and that arises from the sale of consumer goods other than passenger cars and other vehicles. A single contract governs multiple use of the account, and purchases may be made with a credit card. Generally, credit extensions can be made at the consumer's discretion, provided that they do not cause the outstanding balance of the account to exceed a prearranged credit limit.

C. Other Consumer Receivables. All credit arising from retail sales of non–motor vehicle consumer goods that is not extended under a revolving credit line. It includes financing of general merchandise, apparel, furniture, and household appliances; campers, trailers, mobile homes, motorcycles, airplanes, helicopters, and boats purchased for personal use; loans for automobile repair; credit to finance alterations or improvements in existing residential properties occupied by the borrower; secured and unsecured loans made directly to the borrower for household, family, or other personal expenses; and unsecured loans to purchase auto insurance policies as well as loans secured by insurance policies, automobiles already paid for, and other collateral. It excludes loans for business purposes, rediscounted loans, loans secured by real estate, and wholesale and lease financing.

2. Loans Secured by Real Estate

A. One- to Four-Family. Credit arising from revolving or permanent loans secured by real estate as evidenced by mortgages (FHA, FmHA, VA, or conventional) or other liens (first or junior) on nonfarm property containing one to four dwelling units (including vacation homes) or more than four dwelling units if each is separated from other units by dividing walls that extend from ground to roof (row houses, townhouses, or the like); mobile homes when state laws define the purchase or holding of a mobile home as the purchase or holding of real property and where the loan to purchase the mobile home is secured by that mobile home as evidenced by a mortgage or other instrument on real property; individual condominium dwelling units and loans secured by an interest in individual cooperative units, even if in a building with five or more dwelling units; vacant lots in established single-family residential sections or in areas set aside primarily for one- to four-family homes; and housekeeping dwellings with commercial units combined where use is primarily residential and where only one- to four-family dwelling units are involved.

B. Multifamily. Credit arising from permanent nonfarm residential loans secured by real estate as evidenced by mortgages (FHA or conventional) or other liens on nonfarm properties with five or more dwelling units in structures (including apartment buildings and apartment hotels) used primarily to accommodate households on a more or less permanent basis; housekeeping dwellings of five or more units with commercial units combined where use is primarily residential; cooperative-type apartment buildings containing five or more dwelling units; and vacant lots in established multifamily residential sections or in areas set aside primarily for multifamily residential properties.

C. Commercial and Farm. Credit arising from loans secured by real estate as evidenced by mortgages or other liens on business and industrial properties, hotels, motels, churches, hospitals, educational and charitable institutions, dormitories, clubs, lodges, association buildings, care facilities for aged persons and orphans, golf courses, recreational facilities, and similar properties. It includes all other nonresidential loans secured by real estate as evidenced by mortgages or other liens. It also includes credit arising from loans secured by farmland and improvements thereon as evidenced by mortgages or other liens. Farmland includes all land known to be used or usable for agricultural purposes, such as crop and livestock production, and grazing or pasture land, whether tillable or not and whether wooded or not.

3. Business Receivables

A. Motor Vehicle Financing. Consists of retail credits and wholesale credits.

(1) Retail (commercial vehicles). Credit arising from retail sales of commercial land vehicles to business. It includes trucks, buses, taxicabs, truck trailers, and other on-the-road vehicles for which motor vehicle licensing is required. It also includes fleet sales of passenger cars, but excludes lease financing and paper on business, industrial, or farm equipment.

(2) Wholesale. Credit arising from transactions between manufacturers and dealers or other floor-plan loans secured by passenger cars and commercial land vehicles. It excludes paper secured by mobile homes, passenger car trailers, boats, airplanes, helicopters, and business, industrial, and farm equipment.

B. Business, Industrial, and Farm Equipment. Consists of retail and wholesale credits and capital and leveraged leases.

(1) Retail and wholesale financing. Credit arising from the retail sale to business of (or for the purchase of) business, industrial, and farm equipment. It includes all off-the-road equipment for which motor vehicle licensing is not required as well as airplanes, helicopters, and boats purchased for business use. Loans may be secured by chattel mortgages or conditional sales contracts (purchased money security agreements) on the machinery or equipment. It excludes loans to purchase commercial land vehicles for which motor vehicle licensing is required and loans secured by real estate. It also excludes lease financing. Wholesale financing is credit arising from transactions between manufacturers and dealers or other floor-plan loans secured by business, industrial, and farm equipment. It includes all off-the-road equipment for which motor vehicle licensing is not required, such as airplanes, helicopters, and boats.

(2) Capital and leveraged leases. Lease receivables arising from the leasing of business, industrial, and farm equipment. It includes lease financing of all off-the-road equipment for which motor vehicle licensing is not required and lease financing of airplanes, helicopters, and boats leased for business use. It excludes lease financing of airplanes, helicopters, and boats leased for personal or family use (included in asset item 3.C), and excludes operating leases as defined by Financial Accounting Standards Board Statement of Financial Accounting Standards 13 (SFAS 13).

C. Other Business Receivables (Excluding Operating Leases). All other wholesale financing not reported in asset items 3.A.2 and 3.B.1 above, including floor-plan transactions between manufacturers and dealers for items such as mobile homes, campers, and travel trailers. Includes all other business capital and leveraged lease receivables not reported in asset items 3.B.2 above and not reported in asset items 4.A.2, below, including credit arising from the leasing of mobile homes, campers, and travel trailers. Excludes operating leases as defined by SFAS 13 that are included in asset items 4.B and 5 below. Includes business credit with original maturities of up to five years, including loans secured by commercial accounts receivable less the balances withheld for customers pending collection of receivables; commercial accounts receivable purchased from factored clients less any amount due and payable to factored clients; and secured and unsecured advances of funds to factored clients. It includes dealer loans, capital loans, small loans used primarily for business or farm purposes, multicollateral loans, rediscounted receivables of other finance companies less balances withheld, and all other business loans not elsewhere classified. It excludes loans secured by real estate (unless included as part of a multicollateral loan), which are included in asset items 2.

4. Motor Vehicle Leases

Lease receivables arising from leasing of passenger cars and commercial land vehicles, but excluding leasing of mobile homes, campers, motor trailers, boats, airplanes, helicopters, and business, industrial, and farm equipment.

A. Capital and Leveraged Leases. Consists of consumer and business leases.

(1) Consumer. Refer to credit on types of receivables covered by asset items 1.A above.

(2) Business. Refer to credit on types of receivables covered by asset items 3.A.1 above.

B. Operating Leases (as defined by SFAS 13). Consists of consumer and business leases.
(1) Consumer. Refer to credit on types of receivables covered by asset items 1.A above.
(2) Business. Refer to credit on types of receivables covered by asset items 3.A.1 above.

5. Non–Motor Vehicle Operating Leases

For business, industrial, and farm equipment, refer to credit on types of receivables covered by asset items 3.B.1 above. For all other equipment, refer to credit on types of receivables covered by asset items 1.C and 3.C above. It includes all operating leases as defined by SFAS 13 that are excluded from the asset items above.

A. Consumer. Refer to credit on types of receivables covered by asset items 1.C above.

B. Business. Refer to credit on types of receivables covered by asset items 3.B.1 and 3.C above.

6. All Other Assets and Accounts and Notes Receivable

All assets not already included above, including consolidated companies' investments in nonconsolidated foreign and domestic subsidiaries and affiliates. Nonconsolidated subsidiary and affiliate company claims on consolidated companies (except debt due to parent) are netted against the consolidated companies' investment. It excludes operating leases reported as asset items 4.B and 5 above and excludes overdrafts.

7. Reserves

A. Reserves for Unearned Income. Includes unearned discounts and service charges on the above receivables.

B. Reserves for Losses. Allowances for bad debts, unallocated charge-offs, and any other valuation allowances except the amount of unearned income applicable to the receivables included above.

8. Total Assets, Net

Sum of asset items 1.A through 6 minus asset items 7.A and 7.B.

Securitized Asset Items

Securitized assets include receivables that have been packaged and sold by the reporting finance company to a trustee or other third party who uses the receivables package as collateral for an asset-backed security that is sold to investors. These assets are no longer on the balance sheet of the reporting finance company and thus are not included in the asset items. Securitized assets consist of the total amount outstanding, including all receivables securitized in the current month and in prior months. They include assets such as leases that were never on the company books, but whose securitizations may be counted as a managed asset, and exclude the amounts of outright asset sales that have not been packaged to collateralize an asset-backed security. Securitized assets are reported using the same definitions used for their unsecuritized counterparts in asset items 1 through 5 above.

Liabilities and Capital Items

1. Bank Loans

Short- and long-term loans and notes payable to banks. Includes overdrafts but excludes commercial paper and bank portions of participation loans.

2. Commercial Paper

Promissory notes of large denominations sold directly or through dealers to investors and issued for not longer than 270 days. It includes short-term or demand "master" notes and paper backed by letters of credit or other guarantees, but excludes nonnegotiable promissory notes held by officers of the firm, their families, and other individuals (which are included in liabilities and capital item 4).

3. Debt Due to Parent

For a company that is the subsidiary of another company (which is not a finance company), it includes all short- and long-term indebtedness owed to the parent company, but excludes the parent company's equity (which is included in liabilities and capital item 6).

4. Debt Not Elsewhere Classified

All other short- and long-term loans, notes, certificates, negotiable paper, or other indebtedness not elsewhere classified. It excludes bank debt already included in liabilities and capital items 1 and 3.

5. All Other Liabilities

All liabilities not already reported above or netted against assets. It includes dealer reserves, all tax accruals, short-term certificates of thrift or investment, deposit liabilities (other than those not withdrawable during term of loan), and all other liabilities. It excludes liabilities of consolidated companies to nonconsolidated subsidiaries of affiliated companies, which are netted against assets in asset items 6 or shown in liabilities and capital items 3. It also excludes borrower repayment deposits accumulated but not credited against indebtedness until repayment is made in full, which are netted against appropriate receivables under asset items above.

6. Capital, Surplus, and Undivided Profits

All common and preferred stock and other capital or surplus accounts, including undivided profits.

7. Total Liabilities and Capital

Sum of liabilities and capital items 1 through 6. □

Table B.1 appears on the following page.

B.1 Assets and liabilities outstanding at finance companies, by size of company, June 30, 2000
Millions of dollars

Item	All	Size of company (net assets, millions of dollars)					
		20,000 and more	1,000–19,999	200–999	50–199	10–49	Less than 10
ASSETS							
Consumer receivables	321,839	249,854	62,699	4,724	2,514	1,447	603
Motor vehicle financing	252,256	214,330	31,933	3,673	1,384	732	205
Loans	143,115	127,321	10,319	3,168	1,380	732	194
Leases	109,141	87,009	21,613	505	4	0	10
Capital and leveraged	21,392	12,708	8,420	250	4	0	10
Operating	87,749	74,301	13,193	255	0	0	0
Revolving credit	31,142	20,034	10,655	0	109	336	8
Other	38,441	15,490	20,111	1,051	1,021	379	390
Loans secured by real estate	157,745	108,988	43,838	4,284	387	127	120
One- to four-family	119,393	86,774	29,284	2,883	251	122	80
Other	38,352	22,214	14,555	1,401	136	5	40
Business receivables	441,876	179,403	234,640	21,761	3,817	1,565	691
Motor vehicle financing	74,220	57,171	15,331	133	1,415	169	0
Wholesale	38,516	35,129	3,343	44	0	0	0
Retail	35,704	22,042	11,988	90	1,415	169	0
Loans	19,926	11,045	8,811	0	69	0	0
Leases	15,778	10,996	3,177	90	1,346	169	0
Capital and leveraged	11,033	9,324	1,291	90	180	148	0
Operating	4,746	1,672	1,886	0	1,166	22	0
Business, industrial, and farm equipment	238,240	68,256	153,154	13,451	2,276	680	423
Loans (retail and wholesale)	70,745	29,213	39,411	2,000	0	0	120
Leases (capital and leveraged)	167,494	39,043	113,742	11,451	2,276	680	303
Other	99,996	41,447	53,806	4,011	126	467	139
Non–motor vehicle operating leases	29,420	12,529	12,348	4,165	0	249	129
All other assets	419,440	341,287	71,070	4,870	1,324	652	238
Total assets, gross	1,340,901	879,532	412,246	35,639	8,042	3,790	1,651
Less reserves for unearned income	66,147	29,807	32,061	2,618	1,234	338	89
Less reserves for losses	15,715	7,730	6,735	874	226	114	36
Total assets, net	**1,259,039**	**841,995**	**373,450**	**32,147**	**6,582**	**3,338**	**1,526**
LIABILITIES AND CAPITAL							
Bank loans	32,847	4,680	17,436	6,195	2,351	1,563	621
Commercial paper	224,256	166,480	54,389	3,249	0	123	14
Debt due to parent	95,087	36,718	47,563	9,450	1,321	12	24
Debt not elsewhere classified	483,703	334,251	142,775	5,314	609	421	333
All other liabilities	277,488	212,482	59,444	4,238	762	475	87
Capital, surplus, and undivided profits	145,657	87,384	51,843	3,701	1,539	744	446
Total liabilities and capital	**1,259,039**	**841,995**	**373,450**	**32,147**	**6,582**	**3,338**	**1,526**
MEMO							
SECURITIZED RECEIVABLES							
Consumer receivables	109,959	102,465	7,363	0	83	41	8
Motor vehicle financing	85,316	77,864	7,363	0	83	0	6
Loans	77,443	71,909	5,445	0	83	0	6
Leases (capital and leveraged)	7,873	5,956	1,917	0	0	0	0
Revolving credit	6,635	6,634	0	0	0	0	1
Other consumer receivables	18,008	17,966	0	0	0	41	1
Loans secured by real estate	27,543	26,166	450	927	0	0	0
One- to four-family	27,360	26,062	437	861	0	0	0
Other	183	104	12	67	0	0	0
Business receivables	60,589	41,207	16,140	1,893	1,339	0	10
Motor vehicle financing	31,721	27,767	3,876	0	78	0	0
Wholesale	26,440	24,920	1,520	0	0	0	0
Retail	5,281	2,847	2,356	0	78	0	0
Loans	2,904	548	2,356	0	0	0	0
Leases	2,377	2,299	0	0	78	0	0
Capital and leveraged	2,377	2,299	0	0	78	0	0
Operating	0	0	0	0	0	0	0
Business, industrial, and farm equipment	22,258	12,788	7,586	614	1,261	0	10
Loans (retail and wholesale)	15,810	12,586	3,214	0	0	0	10
Leases (capital and leveraged)	6,448	202	4,372	614	1,261	0	0
Other	6,610	653	4,678	1,279	0	0	0
Total securitized receivables	**198,091**	**169,838**	**23,952**	**2,820**	**1,422**	**41**	**18**
Number of companies responding to survey	179	11	27	19	20	25	77
Estimated number of companies in population	984	11	57	61	57	128	670

Announcements

FOMC DIRECTIVE AND DISCOUNT RATE DECREASE

The Federal Open Market Committee decided on December 11, 2001, to lower its target for the federal funds rate by 25 basis points to 1¾ percent. In a related action, the Board of Governors approved a 25 basis point reduction in the discount rate to 1¼ percent.

Economic activity remains soft, with underlying inflation likely to edge lower from relatively modest levels. To be sure, weakness in demand shows signs of abating, but those signs are preliminary and tentative. The Committee continues to believe that, against the background of its long-run goals of price stability and sustainable economic growth and of the information currently available, the risks are weighted mainly toward conditions that may generate economic weakness in the foreseeable future.

Although the necessary reallocation of resources to enhance security may restrain advances in productivity for a time, the long-term prospects for productivity growth and the economy remain favorable and should become evident once the unusual forces restraining demand abate.

In taking the discount rate action, the Federal Reserve Board approved the requests submitted by the boards of directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Chicago, and San Francisco.

The Federal Reserve Board also approved action by the board of directors of the Federal Reserve Bank of St. Louis, decreasing the discount rate at the bank from 1½ percent to 1¼ percent, effective Wednesday, December 12, 2001.

On December 13, 2001, the Federal Reserve Board approved actions by the boards of directors of the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Minneapolis, Kansas City, and Dallas, decreasing the discount rate at the banks from 1½ percent to 1¼ percent, effective immediately.

RESIGNATION OF BOARD GOVERNOR KELLEY

Edward W. Kelley, Jr., submitted his resignation Wednesday, December 12, 2001, as a member of the Board of Governors of the Federal Reserve System, effective December 31, 2001.

Kelley, who has been a member of the Board since May 26, 1987, submitted his letter of resignation to President Bush. In view of his impending departure and in keeping with Board practice, he did not attend the December 11 meeting of the Federal Open Market Committee.

"During his more than fourteen years on the Board, I have valued his sound judgment, hard work and, above all, his friendship," Chairman Alan Greenspan said. "I know of no one in public life with greater integrity or higher principles."

Kelley, the senior member of the Board, said he was resigning to turn his attention to family and other personal interests. He had announced on June 4 that he planned to leave the Board after at least one of two vacant seats was filled. Susan Schmidt Bies and Mark W. Olson were sworn in to fill those seats on December 7, 2001.

Kelley, 69, was first appointed to the Board by President Ronald Reagan. President George H.W. Bush reappointed him in 1990 to a term that expires on January 31, 2004. During much of his tenure, he served as chairman of the Board's Committee on Reserve Bank Affairs, overseeing the operations and payment services of the twelve Federal Reserve Banks. He led the Reserve Banks' efforts to prepare their computer systems for a smooth transition during the century date change.

Before becoming a member of the Board, Kelley had been chairman of the board of Investment Advisers, Inc., in Houston, Texas, and president and chief executive officer of Kelley Industries, Inc., a Houston-based company with subsidiaries in manufacturing, distribution, and business services.

NEW BOARD GOVERNORS BIES AND OLSON SWORN IN TO OFFICE

Susan Schmidt Bies and Mark W. Olson took the oath of office as members of the Board of Governors of the Federal Reserve System on Friday, December 7, 2001. The oath was administered by Chairman Alan Greenspan in the Chairman's office.

President Bush announced his intention to nominate Dr. Bies on June 8 and his intention to nominate Mr. Olson on July 10. The Senate confirmed them on December 6.

Dr. Bies was nominated to a vacant seat last held by Susan M. Phillips, whose term expired. Dr. Bies's term expires January 31, 2012.

Dr. Bies was born on May 5, 1947, in Buffalo, New York. She received a B.S. in education from the State College of New York at Buffalo in 1967 and an M.A. (1968) and a Ph.D. (1972), both in economics, from Northwestern University. Dr. Bies has served as a Fellow at the Federal Reserve Bank of Chicago (1969–70) and as a Fellow at the Northwestern University Center for Urban Affairs (1968–69).

Before becoming a member of the Board, Dr. Bies was the executive vice president for risk management and auditor at First Tennessee National Corporation, Memphis, Tennessee (1995–2001). From 1979 to 1995, she served in various other positions at First Tennessee, including executive vice president and chief financial officer, senior vice president and chief financial officer, senior vice president and treasurer, vice president for corporate development, tactical planning manager, and economist.

Before joining First Tennessee, Dr. Bies was associate professor of economics, Rhodes College, Memphis, Tennessee (1977–79); assistant professor of economics, Wayne State University, Detroit, Michigan (1972–77); and chief regional and banking structure economist at the Federal Reserve Bank of St. Louis (1970–72).

Dr. Bies has been active in leadership positions for various organizations, including the Emerging Issues Task Force of the Financial Accounting Standards Board, the Committee on Corporate Reporting of the Financial Executives Institute, the End Users of Derivatives Association, the American Bankers Association, and the Bank Administration Institute.

She has also served with numerous other business, professional, academic, civic, and charitable organizations, including the American Economic Association, Institute of Management Accountants, International Women's Forum, American Economic Association, Economic Association of Memphis, University of Memphis, Memphis Area Chamber of Commerce, Memphis Youth Initiative, and Memphis Partners. Dr. Bies is married and has two adult sons.

Mr. Olson was nominated to the seat vacated by the resignation of Alice M. Rivlin on July 16, 1999. The term expires January 31, 2010.

Mr. Olson was born March 17, 1943, in Fergus Falls, Minnesota. He received a B.A. in economics in 1965 from Saint Olaf College.

Before becoming a member of the Board, Mr. Olson served as staff director of the Securities Subcommittee of the Banking, Housing, and Urban Affairs Committee, U.S. Senate (2000–01). The Securities Subcommittee's legislative jurisdiction included the Securities and Exchange Commission, accounting policy issues, and the insurance industry. During Mr. Olson's tenure, the subcommittee held oversight hearings on implementation of key sections of the Gramm–Leach–Bliley Act.

From 1988 to 1999, he served as a partner with Ernst & Young LLP and its predecessor, Arthur Young & Company. At Ernst and Young, he was national director of the firm's Regulatory Consulting Practice for the financial services industry. Mr. Olson also consulted on issues of management and board corporate governance, strategic planning, and management evaluation. In addition, Mr. Olson was selected to join a 1991–92 Treasury Department effort to assist Eastern European bankers in adapting to a free-market economy.

From 1976 to 1988, Mr. Olson was president and chief executive officer of Security State Bank, Fergus Falls, Minnesota. Mr. Olson's father had been the lead organizer in chartering Security State Bank in 1957. During his years at Security State Bank, Mr. Olson was also actively involved in public policy issues involving the banking industry. He served on the American Bankers Association board of directors and as chairman of the ABA Government Relations Council. In 1986, Mr. Olson, at age 43, became the youngest person ever elected as president of the American Bankers Association.

Mr. Olson served former Congressman Bill Frenzel (R-Minn.) as legislative assistant for banking issues (1971–72) and as director of his Minnesota district office (1974–76). Mr. Olson began his banking career in 1966 with First Bank System (now U.S. Bancorp) and was named an officer in 1969.

Mr. Olson has been a frequent author and speaker on the public policy aspects of financial services. He has testified before the Congress, and his articles have appeared in numerous industry publications.

Mr. Olson is married to Renee Korda and has two children, Ben and Stephanie.

REVISION OF PAYMENTS SYSTEM RISK POLICY

The Federal Reserve Board announced on December 11, 2001, that it had revised its Policy Statement on Payments System Risk (PSR policy).

The revised PSR policy incorporates, with minor modifications, the Board's interim policy that became effective May 30, 2001. This policy allows certain depository institutions to pledge collateral to the Federal Reserve to access additional daylight overdraft capacity above their net debit caps. The revised policy also modifies the net debit cap calculation for U.S. branches and agencies of foreign banks. These changes should alleviate liquidity pressures identified during a broad review of the PSR policy.

The revised policy also modifies the time electronic check presentments are posted to depository institutions' Federal Reserve accounts for purposes of measuring daylight overdrafts, which should remove a potential impediment to the use of electronic check presentment. In addition, the Board has decided to retain the $50 million limit on the value of book-entry securities transfers.

The revised policy statement is effective December 10, 2001, with the following exceptions: (1) revisions to the criteria used to determine the U.S. capital equivalency measure for foreign banking organizations will take effect on February 21, 2002, and (2) the modification to post electronic check presentments to depository institutions' Federal Reserve accounts at 1:00 p.m. local time will take effect on April 1, 2002.

Final Amendment to Regulation Z Regarding HOEPA and Predatory Lending

The Federal Reserve Board approved on December 12, 2001, and sent for publication to the *Federal Register* on December 14, 2001, a final rule that amends its regulations aimed at curbing predatory lending. Compliance with the amendments becomes mandatory on October 1, 2002.

The amendments to Regulation Z (Truth in Lending) broaden the scope of loans subject to the protections of the Home Ownership and Equity Protection Act (HOEPA) of 1994 by adjusting the price triggers that determine coverage under the act. The rate-based trigger is lowered by 2 percentage points for first-lien loans, and the fee-based trigger is revised to include the cost of optional insurance and similar debt protection products paid at closing. Certain acts and practices in connection with home-secured loans are prohibited, including a rule to restrict creditors from engaging in repeated refinancings of their own HOEPA loans over a short time period when the transactions are not in the borrower's interest.

HOEPA's prohibition against extending credit without regard to a consumer's repayment ability is strengthened by requiring creditors to document and verify income for HOEPA-covered loans.

Disclosures received by consumers before closing for HOEPA-covered loans would include the total amount of money borrowed and whether that amount includes the cost of optional credit insurance or similar products.

HOEPA was enacted in response to anecdotal evidence of predatory lending practices in the home equity lending market. HOEPA imposes additional disclosure requirements. It also imposes substantive limitations, such as restrictions on short-term balloon notes, on certain home equity loans with rates and fees above a certain percentage or amount.

HOEPA authorizes the Board to expand HOEPA's coverage and prohibit certain acts and practices in connection with mortgage lending generally. After holding public hearings on possible ways to curb predatory lending using its regulatory authority, the Board published proposed amendments in December 2000.

The term "predatory lending" encompasses a variety of practices. Oftentimes homeowners in certain communities—particularly the elderly and minorities—are targeted with offers of high-cost, home-secured credit. The loans carry high up-front fees and may be based on the homeowners' equity in their homes, not their ability to make the scheduled payments. When homeowners have problems repaying the debt, they are often encouraged to refinance the loan. Frequently this leads to another high-fee loan that provides little or no economic benefit to the borrower.

Proposed Revisions to Staff Commentary on Regulation Z Regarding Consumer Credit Disclosures

The Federal Reserve Board published on December 7, 2001, proposed revisions to the official staff commentary that applies and interprets the requirements of Regulation Z, which implements the Truth in Lending Act. Comment is requested by February 1, 2002.

The proposed revisions clarify how creditors that place Truth in Lending Act disclosures on the same document with the credit contract may satisfy the requirement for providing the disclosures in a form the consumer may keep before consummation. In addition, the proposed revisions provide guidance on disclosing costs for certain credit insurance policies and on the definition of "business day" for purposes of the right to rescind certain home-secured loans.

Interagency Adoption of Final Rule on Recourse Obligations, Direct Credit Substitutes, and Residual Interests

The federal bank and thrift regulatory agencies announced on November 29, 2001, the publication of a final rule that changes their regulatory capital standards to address the treatment of recourse obligations, residual interests, and direct credit substitutes that expose banks, bank holding companies, and thrift institutions (collectively, banking organizations) to credit risk.

The final rule, published in the *Federal Register*, synthesizes the capital treatment outlined in two notices of proposed rulemakings issued in 2000—"Recourse and Direct Credit Substitutes" and

"Residual Interests in Asset Securitizations or Other Transfers of Financial Assets." The final rule treats recourse obligations and direct credit substitutes more consistently than the agencies' current risk-based capital standards and introduces a credit-ratings-based approach to assigning risk weights within a securitization. The final rule also imposes a "dollar-for-dollar" capital charge on residual interests and a concentration limit on credit-enhancing, interest-only strips, a subset of residual interests.

The rule is effective on January 1, 2002. Any transactions settled on or after January 1, 2002, are subject to this final rule. Banking organizations that enter into transactions before January 1, 2002, may elect early adoption, as of November 29, 2001, of any provision of the final rule that results in a reduced capital requirement. Conversely, banking organizations that have entered into transactions before January 1, 2002, that result in increased capital requirements under the final rule may delay the application of this rule to those transactions until December 31, 2002.

Interagency Guidance on Compliance with Consumer Privacy Regulations

Staff of the federal agencies that supervise banks, thrift institutions, and credit unions issued guidance on December 12, 2001, to help financial institutions comply with these agencies' consumer privacy regulations.

The agencies' regulations implementing the privacy provisions of the Gramm–Leach–Bliley Act of 1999 were issued last year after interagency consultation and coordination. Financial institutions have been required to comply with the privacy rules since July 1, 2001. The agencies' privacy rules are substantially identical, although each agency's rule differs slightly due to the type of financial institutions subject to that agency's jurisdiction. In general, the privacy regulations govern the circumstances under which a financial institution must provide a consumer with a notice explaining the institution's privacy policies and practices and provide a consumer a reasonable opportunity to prevent, or "opt out" of, disclosures of certain information to nonaffiliated third parties.

The staff guidance issued a series of frequently asked questions, or FAQs, covering various aspects of the privacy rules, including the following:

- Which entities are covered by the privacy rules
- When financial institutions must deliver privacy and opt-out notices
- Limits that apply to the use and disclosure of customer information received from an unrelated financial institution
- Limits that apply to the disclosure of customer account numbers
- How to comply with the exception for disclosures under a joint marketing arrangement with an unrelated financial institution.

These FAQs were developed jointly by staff of the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, and Office of Thrift Supervision. They consulted with staff of the Commodity Futures Trading Commission, Federal Trade Commission, and Securities and Exchange Commission. Staff of the depository institution agencies may supplement or revise the FAQs as necessary or appropriate in light of further questions and experience.

Each of these agencies will both post the FAQs on its web site and make them available to the financial institutions the agency supervises.

Results of Study on Retail Payment Systems

New data collected by the Federal Reserve System, released on November 14, 2001, suggest that check writing in the United States is steadily giving way to electronic forms of payment as consumers, businesses, and financial institutions seek to be more efficient and cost-effective.

American consumers and businesses make 80 billion retail payments annually, nearly 50 billion by check and 30 billion by electronic instruments, such as credit cards, debit cards, and the automated clearinghouse (ACH), according to the first comprehensive studies of the retail payment system by the Federal Reserve System in more than twenty years. Checks have declined from approximately 85 percent of non-cash payments since the last study in 1979 to about 60 percent today.

Approximately 1,300 financial institutions, including banks, thrift institutions, and credit unions, and 89 electronic payment processors responded to three surveys that looked at methods and volumes of retail payments.

"The Federal Reserve Banks conducted the study to gain a better understanding of the dynamics of the retail payment system," said Roger W. Ferguson, Jr., vice chairman of the Federal Reserve Board, "and we believe the results clearly paint a picture of a payments system in migration. The data show strong growth in electronic payments since the early 1980s and lower-than-expected check volumes."

Since 1979, the total number of non-cash retail payments has doubled from approximately 37 billion to 80 billion. The number of checks has grown about 55 percent from the 1979 estimate of 32 billion. Although checks remain the dominant form of non-cash payment, over the past twenty years, electronic payments have replaced checks in large numbers.

The data collection effort was commissioned by the Reserve Banks and consisted of three main studies—the Depository Financial Institution (DFI) Check Study, the Check Sample Study, and the Electronic Payment Instruments Study. The DFI Check Study was designed to count the total or aggregate number of checks processed in the United States for a twelve-month period. The Check Sample Study gathered information on the composition of the check market, namely, who (consumers, businesses, or government) writes checks to (consumers, businesses, or government) and why (remittance, point of sale, income, or casual payment). The Electronic Payment Instruments Study gathered data on the volume and value of electronic payments processed during 2000.

The DFI check study, which gathered paid check volume and value data from financial institutions, estimates that about 50 billion checks are written annually in the United States, totaling about $48 trillion in payments. The study also revealed that approximately 30 percent of checks are "on-us" items, meaning the bank of first deposit for these items is also the paying bank. The remaining checks are cleared and settled between financial institutions.

Conducted as a complementary study, the Check Sample Study involved 149 financial institutions examining more than approximately 29,000 randomly selected deposited checks and categorizing them by type of payor, payee, and purpose. The study found that consumers write approximately 50 percent of all checks and businesses receive about half of all checks. The study also established that more checks are written for remittance or bill payment than for any other purpose (25.7 percent of check volume). The next primary use for checks was at the point of sale, where 19 percent of checks are written. Income payments, such as salary and benefits payments, from businesses and governments to consumers equal 17.8 percent of all check payments.

The results from the third study on electronic payment instruments show that during 2000, about 30 billion retail electronic payments were originated in the United States with a value of more than $7 trillion. Major electronic funds transfer networks, credit card associations, ACH operators, electronic benefits transfer contractors, and private label credit card issuers, eighty-nine in all, shared data on their 2000 volume and value of electronic payment transactions.

Credit card transactions represent about half of electronic payments (15 billion, worth $1.23 trillion). Debit cards remain the second most dominant electronic instrument with 8.3 billion transactions worth $348 billion. Surprisingly, the survey revealed that while the ACH is the third most commonly used electronic payment method for retail transactions (5.6 billion items, which does not include cash concentration settlement transactions), the ACH carries more than three-quarters of all electronic payment value ($5.67 trillion).

"If you compare these results with 1979 research estimates, it seems clear that the proportion of check payments is declining as substitution for electronic payment instruments accelerates," according to Cathy E. Minehan, president of the Federal Reserve Bank of Boston. "Not only do we have a much better idea about the size of the total retail payments system, we clearly see that electronic payments are taking a strong hold of the market and are poised for significant growth in the next few years." The Fed anticipates repeating the study every two to three years to provide detailed information on changing behaviors and trends in the use of payment instruments.

According to Patrick K. Barron, first vice president of the Atlanta Federal Reserve Bank, "We are hopeful that these data and further details we will share with the industry in the future will enable all participants in the payment system to make more informed decisions regarding future investments in payments technology."

The Reserve Banks hired Boston-based strategy firm Dove Consulting to conduct the electronic payment study and Global Concepts and Westat to execute the two check studies. The Federal Reserve Bank of Atlanta and the Bank Administration Institute conducted the last study of this type in 1979.

Additional details on the research studies are available on the Federal Reserve System's financial services website: www.frbservices.org.

ANNUAL ADJUSTMENT IN TRIGGER AMOUNT FOR ADDITIONAL MORTGAGE LOAN DISCLOSURES

The Federal Reserve Board published on November 14, 2001, its annual adjustment of the dollar amount that triggers additional disclosure requirements under the Truth in Lending Act for mortgage loans that bear rates or fees above a certain amount.

Under the revision to the Board's staff commentary to Regulation Z, the dollar amount of the fee-based trigger has been adjusted from $465 for 2001 to $480 for 2002 based on the annual percent change reflected in the consumer price index that was in effect on June 1, 2001. The adjustment is effective January 1, 2002.

The Home Ownership and Equity Protection Act of 1994 bars credit terms such as balloon payments and requires additional disclosures when total points and fees payable by the consumer exceed the fee-based trigger, initially set at $400 and adjusted annually, or 8 percent of the total loan amount, whichever is larger.

Board Discount Rate Meeting Minutes

The Federal Reserve Board released on November 16, 2001, the minutes of its discount rate meetings from September 24 to October 2, 2001.

Anthrax Tests at the Board

On December 6, 2001, the Board announced that a preliminary test of mail delivered to a secure, closed mail-handling facility outside the main Federal Reserve Board building tested positive for anthrax exposure that afternoon.

Board officials notified, and are working with, the FBI. This mail, handled by three Board and three contract employees, all wearing protective environmental suits, has been secured within the mail-handling facility. Further testing will be conducted within this secured facility. Any mail found to be contaminated will be sent to a military facility for analysis by the FBI.

Since the first public reports of anthrax-contaminated mail surfaced, the Board has processed all mail through the secure mail-handling facility, and it is not distributed inside Federal Reserve buildings until it has been cleared.

The Board announced that it would be open for business on Friday, December 7, 2001. However, while the investigation is under way, the Board decided to postpone public events for security reasons. A public Board meeting scheduled for 10:00 a.m. that Friday was rescheduled.

Elimination of Selected Reprints in the *Federal Reserve Bulletin*

The Federal Reserve Board announced on December 11, 2001, that five documents that have regularly been reprinted in the *Federal Reserve Bulletin* will not appear in the *Bulletin* after the December 2001 issue.

The materials are being eliminated from the monthly journal because they are widely available both in a more timely fashion on the web and in print copies available by subscription. The documents are the following:

- "Industrial Production and Capacity Utilization"
- "Minutes of the Federal Open Market Committee"
- "Testimony of Federal Reserve Officials"
- The quarterly report "Treasury and Federal Reserve Foreign Exchange Operations"
- The annual report "Domestic Open Market Operations."

What follows is a Q&A section that explains the reasons for the elimination of the reprints and where they may be obtained elsewhere.

What documents will not be reprinted in the Bulletin after December 2001? The documents are (1) the "Industrial Production and Capacity Utilization" statistical release, (2) the "Minutes of the Federal Open Market Committee," (3) the "Testimony of Federal Reserve Officials," (4) the quarterly report "Treasury and Federal Reserve Foreign Exchange Operations," and (5) the annual report "Domestic Open Market Operations."

Industrial Production and Capacity Utilization

How do I obtain the release when it is published? The Federal Reserve's monthly G.17 statistical release "Industrial Production and Capacity Utilization" is available as soon as it is released on the Board's web site (www.federalreserve.gov/releases/g17). The releases are also available in paper copies by subscription and on diskettes from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551 (phone: 202-452-3244).

How do I obtain archival copies of the release? Historical data back to 1919 are available on the Board's web site (www.federalreserve.gov/releases/g17).

Where should I direct my questions about the availability of the release? Questions should be directed to Public Affairs, Mail Stop 58, Board of Governors of the Federal Reserve System, Washington, DC 20551 (phone: 202-452-3204).

Minutes of the Federal Open Market Committee

How do I obtain the minutes? When the minutes are released to the public, usually two days after the next FOMC meeting, they are simultaneously placed on the Board's public web site (www.federalreserve.gov/fomc). Paper copies of the minutes are available by subscription from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551 (phone: 202-452-3244).

How do I obtain archival copies of the minutes? The minutes are available back to 1996 on the Board's web site (www.federalreserve.gov/fomc); they are also reprinted in the Board's *Annual Report* (www.federalreserve.gov/boarddocs/RptCongress). Paper copies of the minutes, including those before 1996, are available from Publications Services.

Where should I direct my questions about the availability of the minutes? Questions should be directed to Public Affairs, Mail Stop 58, Board of Governors of the Federal Reserve System, Washington, DC 20551 (phone: 202-452-3204).

Testimony of Federal Reserve Officials

How do I obtain testimony? When testimony is released to the public, it is simultaneously placed on the Board's public web site (www.federalreserve.gov/boarddocs/testimony). Paper copies are available by subscription from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551 (phone: 202-452-3244).

How do I obtain archival copies of testimony? Testimony back to 1996 is available on the Board's web site (www.federalreserve.gov / boarddocs / testimony / 1996). Paper copies, including testimony before 1996, are available from Publications Services.

Where should I direct my questions about the availability of testimony? Questions should be directed to Public Affairs, Mail Stop 58, Board of Governors of the Federal Reserve System, Washington, DC 20551 (phone: 202-452-3204).

Treasury and Federal Reserve Foreign Exchange Operations

How do I obtain the report when it is published? This report is published quarterly by the Federal Reserve Bank of New York. Each quarter's report is available soon after the end of the quarter on the web site of the New York Reserve Bank (www.newyorkfed.org/pihome/news/forex). Paper copies of the reports are available from the Public Information Department, Federal Reserve Bank of New York, 33 Liberty Street, New York, NY 10045 (phone: 212-720-5424).

How do I obtain archival copies of the report? Reports back to 1996 are available on the web site of the Federal Reserve Bank of New York (www.newyorkfed.org/pihome/news/forex). Paper copies of the reports, including those before 1996, are available from the Public Information Department, Federal Reserve Bank of New York.

Where should I direct my questions about the availability of the report? Questions should be directed to the Public Information Department, Federal Reserve Bank of New York, 33 Liberty Street, New York, NY 10045 (phone: 212-720-5424).

Domestic Open Market Operations

How do I obtain the annual report "Domestic Open Market Operations" when it is published? This report is published annually by the Federal Reserve Bank of New York and is available soon after the end of the year on the web site of the New York Reserve Bank (www.newyorkfed.org/pihome/annual.html). Paper copies of the reports are available from the Public Information Department, Federal Reserve Bank of New York, New York, NY 10045 (phone: 212-720-5424). The text portion of "Domestic Open Market Operations" will be reprinted in the Board's *Annual Report* beginning with the report for 2001.

How do I obtain archival copies of the report? The reports back to 1996 are available on the web site of the Federal Reserve Bank of New York (www.newyorkfed.org/pihome/annual.html). Paper copies of the reports, including those before 1996, are available from the Public Information Department, Federal Reserve Bank of New York.

Where should I direct my questions about the availability of the report? Questions should be directed to the Public Information Department, Federal Reserve Bank of New York, 33 Liberty Street, New York, NY 10045 (phone: 212-720-5424).

PUBLICATION OF THE DECEMBER 2001 UPDATE TO THE *BANK HOLDING COMPANY SUPERVISION MANUAL*

The December 2001 update to the *Bank Holding Company Supervision Manual*, Supplement No. 21, has been published and is now available. The *Manual* comprises the Federal Reserve System's bank holding company supervisory and inspection guidance. The supplement includes new or revised supervisory information and examiner guidance on the following:

1. *FFIEC Interagency Policy Statement on the Allowance for Loan and Lease Losses Methodologies and Documentation for Banks and Savings Institutions.* The policy statement, issued on July 2, 2001, is briefly summarized. It clarifies the agencies' expectations for the documenta-

tion that supports the allowance for loan and lease losses (ALLL) methodology. The statement supplements existing guidance and emphasizes the need for appropriate ALLL policies and procedures, including an effective loan-review system. The statement provides examples of appropriate supporting documentation and illustrations on how to implement this guidance. See Supervision and Regulation (SR) Letter 01-17 and its attachment. (SR Letters are the Federal Reserve's primary means of communicating key policy directives to its examiners, supervisory staff, and the banking industry. SR Letters can be viewed on the Board's public web site at www.federalreserve.gov/board/docs/srletters.)

2. *Interagency Guidance on Leveraged Financing.* This federal bank supervisory guidance, issued on April 9, 2001, emphasized the sound risk management of leveraged financing by depository institutions. It focuses on risk rating of leveraged-finance loans and how the imputed value of a business (enterprise value) should be evaluated in the risk-rating process. Institutions must use sound valuation methodologies in addition to ongoing stress testing and monitoring of those values. The holding company's board of directors and senior management should consider the guidance as they oversee the holding company's depository institution subsidiaries and as they supervise the leveraged-financed lending activities of nonbank subsidiaries. (See SR Letter 01-9.)

3. *Intercompany Transactions with Affiliates.* Several new interim and final rules, exemptions, and interpretations are discussed that pertain to the limitations imposed on intercompany transactions by sections 23A and 23B of the Federal Reserve Act. The interpretations and exemptions involve derivatives, intraday extensions of credit, and transactions involving depository institution loans made to a customer who uses the loan's proceeds (1) to purchase a security or other asset through a depository institution broker–dealer affiliate that acts as a riskless principal or (2) to purchase a security from a depository institution broker–dealer affiliate when the loan was made pursuant to a pre-existing line of credit that was not entered into in contemplation of the purchase of securities from the depository institution affiliate. Another final rule expands the types of securities that are eligible for a bank to purchase from its registered broker–dealer affiliates under section 23A(d)(6) of the act, consistent with safe and sound banking practices.

4. *Consequences of U.S. Depository Institutions of Financial Holding Companies Failing to Comply with Well-Capitalized, Well-Managed, and CRA Rating Requirements.* This update revises the discussion of the December 2000 Regulation Y standards for U.S. BHCs that are electing to operate as FHCs. The update discusses the consequences when an FHC controls a depository institution subsidiary that fails to continue meeting the well-capitalized and well-managed requirements. It also includes the consequences when an FHC controls a depository institution subsidiary that fails to maintain a satisfactory or better Community Reinvestment Act rating. See Regulation Y, sections 225.83 and 225.84. For additional related statutory, regulatory, and supervisory procedures and guidance, see SR Letter 00-01.

5. *Standards for Safeguarding Customer Information.* The federal banking agencies, in implementing sections 501 and 505 of the Gramm–Leach–Bliley Act, jointly issued guidelines, effective July 1, 2001, establishing standards for safeguarding customer information. The standards pertain to administrative, technical, and physical safeguards for customer records and information. The Federal Reserve's guidelines require FHCs and BHCs to establish written information security programs to assess and control the risks to customer information. The programs must be appropriate for the institution's size, complexity, nature, and the scope of its operations. (See SR Letter 01-15.)

6. *Risk-Based Capital Treatment for Forward Equity Transactions Involving a Banking Organization's Common Stock.* Some banking organization's common stock, covered by forward equity transaction agreements, has been treated as tier 1 capital. The Federal Reserve determined that any banking organization's common stock that is covered by forward equity transactions entered into after November 9, 2001, must be excluded from tier 1 capital (of a bank holding company or state member bank), other than those specified for deferred compensation or other employee benefit plans. (See SR Letter 01-27.)

A more detailed summary of changes is included with the update package. The *Manual* and updates, including pricing information, are available from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551 (or charge by facsimile: 202-728-5886). The *Manual* is also available on the Board's public web site (www.federalreserve.gov/boarddocs/supmanual).

ENFORCEMENT ACTIONS

Federal and state banking regulators announced on November 14, 2001, the issuance of a joint order to cease and desist and order of assessment of a civil money penalty and monetary payment against the State Bank of India, Mumbai, India, and the bank's three branches in New York, New York, its branch in Chicago, Illinois, and its agency in Los Angeles, California.

The State Bank of India, without admitting to any allegations, consented to the issuance of the order.

The State Bank of India paid a total of $7.5 million in fines under the order issued by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the New York State Banking Department. One-half of this amount will be paid to the U.S. Department of the Treasury and the other half to the State of New York under applicable federal and state laws.

The fines result from the bank's apparent engagement in unsafe and unsound practices related to its failure to establish and maintain procedures reasonably designed to ensure and monitor compliance with the Bank Secrecy Act, violations of the FDIC's regulations relating to Bank Secrecy Act compliance, failure to maintain correct and accurate books and records, and violations of New York State law relating to the bank's obligation to maintain accurate books and records and to make reports to the New York State Banking Department.

The Federal Reserve Board announced on November 16, 2001, the execution of a written agreement by and among Cerritos Valley Bancorp, Artesia, California; the Cerritos Valley Bank, Artesia, California; and the Federal Reserve Bank of San Francisco.

The Federal Reserve Board announced on November 28, 2001, the issuance of a cease and desist order against the Gulf Bank, Miami, Florida.

The Federal Reserve Board announced on December 3, 2001, the execution of a written agreement by and among the Bank of Little Rock, Little Rock, Arkansas, the Federal Reserve Bank of St. Louis, and the Arkansas State Bank Department.

BOARD ORGANIZATIONAL AND STAFF CHANGES

The Board has approved the following organizational changes, changes in officer assignments, and officer appointments, effective December 17, 2001.

Management Division

The Division of Support Services will merge with the Management Division. Mr. William R. Jones has been appointed director of the newly constituted division.

The EEO Programs Office will be transferred from the Management Division to the Office of the Staff Director for Management.

Office of Board Members

Mr. Donald Winn, Assistant to the Board, will assume the role of division director. Ms. Michelle Smith, Assistant to the Board, has been promoted and will continue to manage the Public Affairs Office. She will become Senior Adviser to the Board for communications policy and serve as assistant secretary to the FOMC.

Ms. Lynn Fox, Assistant to the Board, will assume responsibility for coordinating projects under way within the Office of Board Members and the Office of Staff Director for Management related to internal communications, Board publications, and recruitment.

Division of Monetary Affairs

Mr. James Clouse has been appointed Assistant Director and Chief of Monetary and Financial Market Analysis, and Mr. William English has been appointed Assistant Director.

Mr. Clouse has oversight responsibility for the Monetary and Financial Market Analysis Section. He joined the Board in 1989 in the Money and Reserve Projections Section, where he moved up to the position of senior economist. In 1998, he became Chief of the Monetary and Financial Market Analysis Section. Mr. Clouse holds a bachelor's degree in economics from Princeton University and master's and doctoral degrees in economics from Northwestern University.

Mr. English is responsible for overseeing the work of the Banking Analysis Section. This includes overseeing the construction, projection, publication, interpretation, and seasonal adjustment of bank credit aggregates and monitoring developments in commercial banking. Coming from the faculty of the University of Pennsylvania, Mr. English joined the Board in 1992 as an economist in the Banking and Money Market Statistics Section. Mr. English has a bachelor's degree in mathematics and economics from Yale College and a doctorate in economics from MIT.

Mr. William Whitesell has been promoted to Deputy Associate Director over Money and Reserve Analysis and Monetary Studies.

Mr. Richard Porter will become Senior Adviser, responsible for overseeing the recruitment of economists and planning and budgeting of information resources.

Reorganization of the Division of Reserve Bank Operations and Payment Systems

A new section, Clearance and Settlement, has been created in the Division of Reserve Bank Operations and Payment Systems. The section will develop and shape policies that foster sound risk controls, promote efficiency, and serve as a source of technical and policy expertise on clearing and settlement issues. Mr. Jeff Stehm, Assistant Director, will provide oversight of the new section.

Mr. Jack Walton has been appointed Assistant Director. He will have oversight responsibility for the division's Retail Payments and Wholesale Payments Programs. Since 1999, Mr. Walton has been the manager of the Retail Payments Program. He joined the Board in 1977 as an economist in the Division of Research and Statistics. He moved to the Division of Reserve Bank Operations in 1982 to assist in the implementation of the priced-services requirements of the Monetary Control Act. In 1994, he became manager of the Check Payments Section. Mr. Walton received his bachelor's degree in economics and mathematics from Rockhurst College and his master's degree in economics from the University of Maryland.

Division of Information Technology

Mr. Robert Taylor has been appointed Assistant Director and will be responsible for planning and managing program resources of the Supervisory Systems Branch, including statistical data collection, information systems development for the National Information Center (NIC), and Banking Organization National Desktop (BOND) programs. Mr. Taylor joined the Board in 1970 and has managed various sections in the Division of Information Technology. He has managed the development of many of the Board's most complex and critical software development projects. Mr. Taylor holds a bachelor's degree in economics from Dickinson College.

Ms. Tillena Clark, Assistant Director, will complete her rotational assignment in the Division of Reserve Bank Operations and Payment Systems. She will return to the division and assume responsibility of the Financial Systems Branch and the division's administrative function.

Ms. Sharon Mowry, Assistant Director, will begin a rotational assignment in February 2002 to the Office of the Secretary as Visiting Assistant Secretary.

On November 26, 2001, the Board announced that Raymond H. Massey, associate director in the Division of Information Technology, would retire on December 3, 2001, after more than twenty-nine years of service at the Federal Reserve Board. □

Legal Developments

FINAL RULE-AMENDMENT TO REGULATION A

The Board of Governors is amending 12 C.F.R. Part 201, its Regulation A (Extensions of Credit by Federal Reserve Banks; Change in Discount Rate), to reflect its approval of a decrease in the basic discount rate at each Federal Reserve Bank. The Board acted on requests submitted by the Boards of Directors of the twelve Federal Reserve Banks.

Effective November 6, 2001, 12 C.F.R. Part 201 is amended as follows:

Part 201—Extensions of Credit by Federal Reserve Banks (Regulation A)

1. The authority citation for 12 C.F.R. Part 201 continues to read as follows:

Authority: 12 U.S.C. 343 *et seq.*, 347a, 347b, 347c, 347d, 348 *et seq.*, 357, 374, 374a and 461.

2. Section 201.51 is revised to read as follows:

Section 201.51—Adjustment credit for depository institutions.

The rates for adjustment credit provided to depository institutions under section 201.3(a) are:

Federal Reserve Bank	Rate	Effective
Boston	1.5	November 8, 2001
New York	1.5	November 6, 2001
Philadelphia	1.5	November 7, 2001
Cleveland	1.5	November 8, 2001
Richmond	1.5	November 6, 2001
Atlanta	1.5	November 8, 2001
Chicago	1.5	November 7, 2001
St. Louis	1.5	November 7, 2001
Minneapolis	1.5	November 7, 2001
Kansas City	1.5	November 8, 2001
Dallas	1.5	November 8, 2001
San Francisco	1.5	November 6, 2001

FINAL RULE-AMENDMENT TO REGULATION Z

The Board of Governors is amending 12 C.F.R. Part 226, its Regulation Z (Truth in Lending). The final rule amends the staff commentary that interprets the requirements of Regulation Z. The Board is required to adjust annually the dollar amount that triggers requirements for certain mortgages bearing fees above a certain amount. The Home Ownership and Equity Protection Act of 1994 (HOEPA) sets forth rules for home-secured loans in which the total points and fees payable by the consumer at or before loan consummation exceed the greater of $400 or 8 percent of the total loan amount. In keeping with the statute, the Board has annually adjusted the $400 amount based on the annual percentage change reflected in the Consumer Price Index that is in effect on June 1. The adjusted dollar amount for 2002 is $480.

Effective January 1, 2002, 12 C.F.R. Part 226 is amended as follows:

Part 226— Truth in Lending (Regulation Z)

1. The authority citation for Part 226 continues to read as follows:

Authority: 12 U.S.C. 3806; 15 U.S.C. 1604 and 1637(c)(5).

2. In Supplement I to Part 226, under *Section 226.32—Requirements for Certain Closed-End Home Mortgages*, under Paragraph 32(a)(1)(ii), paragraph 2.vii. is added.

Supplement I to Part 226-Official Staff Interpretations

* * * * *

Subpart E-Special Rules for Certain Home Mortgage Transactions

* * * * *

Section 226.32—Requirements for Certain Closed-End Home Mortgages

32(a) Coverage

* * * * *

Paragraph 32(a)(1)(ii)

* * * * *

2. *Annual adjustment of $400 amount.*

* * * * *

vii. For 2002, $480, reflecting a 3.27 percent increase in the CPI-U from June 2000 to June 2001, rounded to the nearest whole dollar.

JOINT FINAL RULE—AMENDMENT TO RISK-BASED CAPITAL GUIDELINES, CAPITAL ADEQUACY GUIDELINES, AND CAPITAL MAINTENANCE

The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board), the Federal Deposit Insurance Corporation (FDIC), and the Office of Thrift Supervision (OTS) (collectively, the agencies) are changing their regulatory capital standards to address the treatment of recourse obligations, residual interests and direct credit substitutes that expose banks, bank holding companies, and thrifts (collectively, banking organizations) primarily to credit risk. The final rule treats recourse obligations and direct credit substitutes more consistently than the agencies' current risk-based capital standards and adds new standards for the treatment of residual interests, including a concentration limit for credit-enhancing interest-only strips. In addition, the agencies use credit ratings and certain alternative approaches to match the risk-based capital requirement more closely to a banking organization's relative risk of loss for certain positions in asset securitizations. The final rule does not include the proposed requirement that the sponsor of a revolving credit securitization that involves an early amortization feature hold capital against the amount of assets under management.

This rule is intended to result in a more consistent treatment for similar transactions among the agencies, more consistent regulatory capital treatment for certain transactions involving similar risk, and capital requirements that more closely reflect a banking organization's relative exposure to credit risk.

The text of the other Agencies' final rules can be found in 12 C.F.R. Parts 3, 325, and 567, and was published in the *Federal Register* on November 29, 2001 (66 *Federal Register* 59613 (2001)). The Board adopted the amendment to Regulation H, Membership of State Banking Institutions in the Federal Reserve System, and Regulation Y, Bank Holding Companies ad Change in Bank Control, 12 C.F.R. Parts 208 and 225, on November 8, 2001.

Effective January 1, 2002, 12 C.F.R. Parts 208 and 225 are amended as follows. Any transactions settled on or after January 1, 2002, are subject to this final rule. Banking organizations that enter into transactions before January 1, 2002, may elect early adoption, as of November 29, 2001, of any provision of the final rule that results in a reduced capital requirement. Conversely, banking organizations that enter into transactions before January 1, 2002, that result in increased capital requirements under the final rule may delay the application of this rule to those transactions until December 31, 2002.

Part 208—Membership of State Banking Institutions in the Federal Reserve System (Regulation H)

1. The authority citation for Part 208 continues to read as follows:

Authority: 12 U.S.C. 24, 24a, 36, 92a, 93a, 248(a), 248(c), 321–338a, 371d, 461, 481–486, 601, 611, 1814, 1816, 1818, 1820(d)(9), 1823(j), 1828(o), 1831o, 1831p-1, 1831r-1, 1831w, 1835a, 1882, 2901-2907, 3105, 3310, 3331-3351, and 3906-3909; 15 U.S.C. 78b, 78l(b), 78l(g), 78l(i), 78o-4(c)(5), 78q, 78q-1, and 78w; 31 U.S.C. 5318; 42 U.S.C. 4012a, 4104a, 4104b, 4106, and 4128.

2. In Appendix A to Part 208:

A. The three introductory paragraphs of section II, the first five paragraphs of section II.A.1, and the first seven paragraphs of section II.A.2. are revised and footnote 5 is removed and reserved;
B. In section II.B., a new paragraph (i)(c) is added, section II.B.1.b. and footnote 14 are revised, new sections II.B.1.c. through II.B.1.g. are added, and section II.B.4. is revised;
C. In section III.A., a new undesignated fifth paragraph is added at the end of the section;
D. In section III.B., paragraph 3 is revised and footnote 23 is removed, and in paragraph 4, footnote 24 is removed;
E. In section III.C., paragraphs 1 through 3, footnotes 25 through 39 are redesignated as footnotes 23 through 37, and paragraph 4 is revised;
F. In section III.D., the introductory paragraph and paragraph 1 are revised;
G. In sections III.D. and III.E., footnote 46 is removed and footnotes 47 through 51 are redesignated as footnotes 44 through 48;
H. In section IV.B., footnote 52 is removed; and
I. Attachment II is revised.

Appendix A To Part 208 — Capital Adequacy Guidelines For State Member Banks: Risk-Based Measure

* * * * *

II. * * *
A bank's qualifying total capital consists of two types of capital components: "core capital elements" (comprising tier 1 capital) and "supplementary capital elements" (comprising tier 2 capital). These capital elements and the various limits, restrictions, and deductions to which they are subject, are discussed below and are set forth in Attachment II.

The Federal Reserve will, on a case-by-case basis, determine whether and, if so, how much of any instrument that does not fit wholly within the terms of one of the capital categories set forth below or that does not have an ability to absorb losses commensurate with the capital treatment otherwise specified below will be counted as an element of tier 1 or tier 2 capital. In making such a determination, the Federal Reserve will consider the similarity of the instrument to instruments explicitly treated in the guidelines, the ability of the instrument to absorb losses while the bank operates as a going concern, the maturity and redemption features of the instrument, and other relevant terms and factors. To qualify as an element of tier 1 or tier 2 capital, a capital instrument may not contain or be covered by any covenants, terms, or restrictions that are inconsistent with safe and sound banking practices.

Redemptions of permanent equity or other capital instruments before stated maturity could have a significant impact on a bank's overall capital structure. Consequently, a bank considering such a step should consult with the Federal Reserve before redeeming any equity or debt capital instrument (prior to maturity) if such redemption could have a material effect on the level or composition of the institution's capital base.[4]

A. * * *

1. *Core capital elements (tier 1 capital).* The tier 1 component of a bank's qualifying capital must represent at least 50 percent of qualifying total capital and may consist of the following items that are defined as core capital elements:
   (i) Common stockholders' equity;
   (ii) Qualifying noncumulative perpetual preferred stock (including related surplus); and
   (iii) Minority interest in the equity accounts of consolidated subsidiaries.

Tier 1 capital is generally defined as the sum of core capital elements[5] less goodwill, other intangible assets, and interest-only strips receivables that are required to be deducted in accordance with section II.B.1. of this appendix.

* * * * *

2. *Supplemtary capital elements (tier 2 capital).* The tier 2 component of a bank's qualifying capital may consist of the following items that are defined as supplementary capital elements:
   (i) Allowance for loan and lease losses (subject to limitations discussed below);
   (ii) Perpetual preferred stock and related surplus (subject to conditions discussed below);
   (iii) Hybrid capital instruments (as defined below), and mandatory convertible debt securities;
   (iv) Term subordinated debt and intermediate-term preferred stock, including related surplus (subject to limitations discussed below);
   (v) Unrealized holding gains on equity securities (subject to limitations discussed in section II.A.2.e. of this appendix).

The maximum amount of tier 2 capital that may be included in a bank's qualifying total capital is limited to 100 percent of tier 1 capital (net of goodwill, other intangible assets, and interest-only strips receivables that are required to be deducted in accordance with section II.B.1. of this appendix).

* * * * *

B. * * *

(i) * * *

(c) Certain credit-enhancing interest-only strips receivables – deducted from the sum of core capital elements in accordance with sections II.B.1.c. through e. of this appendix.

* * * * *

1. *Goodwill, other intangible assets, and residual interests.* * * *
   b. *Other intangible assets.*
      i. All servicing assets, including servicing assets on assets other than mortgages (*i.e.*, nonmortgage servicing assets), are included in this appendix as identifiable intangible assets. The only types of identifiable intangible assets that may be included in, that is, not deducted from, a bank's capital are readily marketable mortgage servicing assets, nonmortgage servicing assets, and purchased credit card relationships. The total amount of these assets that may be included in capital is subject to the limitations described below in sections II.B.1.d. and e. of this appendix.
      ii. The treatment of identifiable intangible assets set forth in this section generally will be used in the calculation of a bank's capital ratios for supervisory and applications purposes. However, in making an overall assessment of a bank's capital adequacy for applications purposes, the Board may, if it deems appropriate, take into account the quality and composition of a bank's capital, together with the quality and value of its tangible and intangible assets.
   c. *Credit-enhancing interest-only strips receivables (I/Os).*
      i. Credit-enhancing I/Os are on-balance sheet assets that, in form or in substance, represent the contractual right to receive some or all of the interest due on transferred assets and expose the bank to credit risk directly or indirectly associated with transferred assets that exceeds a *pro rata* share of the bank's claim on the assets, whether through subordination provisions or other credit enhancement techniques. Such I/Os, whether purchased or retained, including other similar "spread" assets, may be included in, that is, not deducted from, a bank's capital subject to the limitations described below in sections II.B.1.d. and e. of this appendix.
      ii. Both purchased and retained credit-enhancing I/Os, on a non-tax adjusted basis, are included in the total amount that is used for purposes of determining whether a bank

4. Consultation would not ordinarily be necessary if an instrument were redeemed with the proceeds of, or replaced by, a like amount of a similar or higher quality capital instrument and the organization's capital position is considered fully adequate by the Federal Reserve.

5. Reserved.

exceeds the tier 1 limitation described below in this section. In determining whether an I/O or other types of spread assets serve as a credit enhancement, the Federal Reserve will look to the economic substance of the transaction.

d. *Fair value limitation.* The amount of mortgage servicing assets, nonmortgage servicing assets, and purchased credit card relationships that a bank may include in capital shall be the lesser of 90 percent of their fair value, as determined in accordance with section II.B.1.f. of this appendix, or 100 percent of their book value, as adjusted for capital purposes in accordance with the instructions in the commercial bank Consolidated Reports of Condition and Income (Call Reports). The amount of I/Os that a bank may include in capital shall be its fair value. If both the application of the limits on mortgage servicing assets, nonmortgage servicing assets, and purchased credit card relationships and the adjustment of the balance sheet amount for these assets would result in an amount being deducted from capital, the bank would deduct only the greater of the two amounts from its core capital elements in determining tier 1 capital.

e. *Tier 1 capital limitation.*

   i. The total amount of mortgage servicing assets, nonmortgage servicing assets, and purchased credit card relationships that may be included in capital, in the aggregate, cannot exceed 100 percent of tier 1 capital. The aggregate of nonmortgage servicing assets and purchased credit card relationships are subject to a separate sublimit of 25 percent of tier 1 capital. In addition, the total amount of credit-enhancing I/Os (both purchased and retained) that may be included in capital cannot exceed 25 percent of tier 1 capital.[14]

   ii. For purposes of calculating these limitations on mortgage servicing assets, nonmortgage servicing assets, purchased credit card relationships, and credit-enhancing I/Os, tier 1 capital is defined as the sum of core capital elements, net of goodwill, and net of all identifiable intangible assets other than mortgage servicing assets, nonmortgage servicing assets, and purchased credit card relationships, prior to the deduction of any disallowed mortgage servicing assets, any disallowed nonmortgage servicing assets, any disallowed purchased credit card relationships, any disallowed credit-enhancing I/Os (both purchased and retained), and any disallowed deferred-tax assets, regardless of the date acquired.

   iii. Banks may elect to deduct disallowed mortgage servicing assets, disallowed nonmortgage servicing assets, and disallowed credit-enhancing I/Os (both purchased and retained) on a basis that is net of any associated deferred tax liability. Deferred tax liabilities netted in this manner cannot also be netted against deferred-tax assets when determining the amount of deferred-tax assets that are dependent upon future taxable income.

f. *Valuation.* Banks must review the book value of all intangible assets at least quarterly and make adjustments to these values as necessary. The fair value of mortgage servicing assets, nonmortgage servicing assets, purchased credit card relationships, and credit-enhancing I/Os also must be determined at least quarterly. This determination shall include adjustments for any significant changes in original valuation assumptions, including changes in prepayment estimates or account attrition rates. Examiners will review both the book value and the fair value assigned to these assets, together with supporting documentation, during the examination process. In addition, the Federal Reserve may require, on a case-by-case basis, an independent valuation of a bank's intangible assets or credit-enhancing I/Os.

g. *Growing organizations.* Consistent with long-standing Board policy, banks experiencing substantial growth, whether internally or by acquisition, are expected to maintain strong capital positions substantially above minimum supervisory levels, without significant reliance on intangible assets or credit-enhancing I/Os.

* * * * *

4. *Defferred-tax assets.*

   a. The amount of deferred-tax assets that is dependent upon future taxable income, net of the valuation allowance for deferred-tax assets, that may be included in, that is, not deducted from, a bank's capital may not exceed the lesser of:

14. Amounts of servicing assets, purchased credit card relationships, and credit-enhancing I/Os (both retained and purchased) in excess of these limitations, as well as all other identifiable intangible assets, including core deposit intangibles and favorable leaseholds, are to be deducted from a bank's core capital elements in determining tier 1 capital. However, identifiable intangible assets (other than mortgage servicing assets and purchased credit card relationships) acquired on or before February 19, 1992, generally will not be deducted from capital for supervisory purposes, although they will continue to be deducted for applications purposes.

i. The amount of these deferred-tax assets that the bank is expected to realize within one year of the calendar quarter-end date, based on its projections of future taxable income for that year,[20] or

ii. 10 percent of tier 1 capital.

b. The reported amount of deferred-tax assets, net of any valuation allowance for deferred-tax assets, in excess of the lesser of these two amounts is to be deducted from a bank's core capital elements in determining tier 1 capital. For purposes of calculating the 10 percent limitation, tier 1 capital is defined as the sum of core capital elements, net of goodwill and net of all identifiable intangible assets other than mortgage servicing assets, nonmortgage servicing assets, purchased credit card relationships, prior to the deduction of any disallowed mortgage servicing assets, any disallowed nonmortgage servicing assets, any disallowed purchased credit card relationships, any disallowed credit-enhancing I/Os, and any disallowed deferred-tax assets. There generally is no limit in tier 1 capital on the amount of deferred-tax assets that can be realized from taxes paid in prior carry-back years or from future reversals of existing taxable temporary differences, but, for banks that have a parent, this may not exceed the amount the bank could reasonably expect its parent to refund.

* * * * *

III. * * *

A. * * *

The Federal Reserve will, on a case-by-case basis, determine the appropriate risk weight for any asset or credit equivalent amount of an off-balance sheet item that does not fit wholly within one of the risk weight categories set forth below or that imposes risks on a bank that are incommensurate with the risk weight otherwise specified below for the asset or off-balance sheet item. In addition, the Federal Reserve will, on a case-by-case basis, determine the appropriate credit conversion factor for any off-balance sheet item that does not fit wholly within one of the credit conversion factors set forth below or that imposes risks on a bank that are incommensurate with the credit conversion factors otherwise specified below for the off-balance sheet item. In making such a determination, the Federal Reserve will consider the similarity of the asset or off-balance sheet item to assets or off-balance sheet items explicitly treated in the guidelines, as well as other relevant factors.

* * * * *

B. * * *

3. *Recourse obligations, direct credit substitutes, residual interests, and asset- and mortgage-backed securities.* Direct credit substitutes, assets transferred with recourse, and securities issued in connection with asset securitizations and structured financings are treated as described below. The term "asset securitizations" or "securitizations" in this rule includes structured financings, as well as asset securitization transactions.

a. *Definitions* —

i. *Credit derivative* means a contract that allows one party (the "protection purchaser") to transfer the credit risk of an asset or off-balance sheet credit exposure to another party (the "protection provider"). The value of a credit derivative is dependent, at least in part, on the credit performance of the "reference asset."

ii. *Credit-enhancing representations and warranties* means representations and warranties that are made or assumed in connection with a transfer of assets (including loan servicing assets) and that obligate the bank to protect investors from losses arising from credit risk in the assets transferred or the loans serviced. Credit-enhancing representations and warranties include promises to protect a party from losses resulting from the default or nonperformance of another party or from an insufficiency in the value of the collateral. Credit-enhancing representations and warranties do not include:

1. Early default clauses and similar warranties that permit the return of, or premium refund clauses covering, 1–4 family residential first mortgage loans that qualify

20. To determine the amount of expected deferred-tax assets realizable in the next 12 months, an institution should assume that all existing temporary differences fully reverse as of the report date. Projected future taxable income should not include net operating loss carry-forwards to be used during that year or the amount of existing temporary differences a bank expects to reverse within the year. Such projections should include the estimated effect of tax-planning strategies that the organization expects to implement to realize net operating losses or tax-credit carry-forwards that would otherwise expire during the year. Institutions do not have to prepare a new 12-month projection each quarter. Rather, on interim report dates, institutions may use the future-taxable income projections for their current fiscal year, adjusted for any significant changes that have occurred or are expected to occur.

for a 50 percent risk weight for a period not to exceed 120 days from the date of transfer. These warranties may cover only those loans that were originated within 1 year of the date of transfer;

2. Premium refund clauses that cover assets guaranteed, in whole or in part, by the U.S. Government, a U.S. Government agency or a government-sponsored enterprise, provided the premium refund clauses are for a period not to exceed 120 days from the date of transfer; or

3. Warranties that permit the return of assets in instances of misrepresentation, fraud or incomplete documentation.

iii. *Direct credit substitute* means an arrangement in which a bank *assumes*, in form or in substance, credit risk associated with an on- or off-balance sheet credit exposure that was not previously owned by the bank (third-party asset) and the risk assumed by the bank exceeds the *pro rata* share of the bank's interest in the third-party asset. If the bank has no claim on the third-party asset, then the bank's assumption of *any* credit risk with respect to the third party asset is a direct credit substitute. Direct credit substitutes include, but are not limited to:

1. Financial standby letters of credit that support financial claims on a third party that exceed a bank's *pro rata*share of losses in the financial claim;

2. Guarantees, surety arrangements, credit derivatives, and similar instruments backing financial claims that exceed a bank's *pro rata* share in the financial claim;

3. Purchased subordinated interests or securities that absorb more than their *pro rata* share of losses from the underlying assets;

4. Credit derivative contracts under which the bank assumes more than its *pro rata* share of credit risk on a third party exposure;

5. Loans or lines of credit that provide credit enhancement for the financial obligations of an account party;

6. Purchased loan servicing assets if the servicer is responsible for credit losses or if the servicer makes or assumes credit-enhancing representations and warranties with respect to the loans serviced. Mortgage servicer cash advances that meet the conditions of section III.B.3.a.viii. of this appendix are not direct credit substitutes; and

7. Clean-up calls on third party assets are direct credit substitutes. Clean-up calls that are 10 percent or less of the original pool balance that are exercisable at the option of the bank are not direct credit substitutes.

iv. *Externally rated* means that an instrument or obligation has received a credit rating from a nationally-recognized statistical rating organization.

v. *Face amount* means the notional principal, or face value, amount of an off-balance sheet item; the amortized cost of an asset not held for trading purposes; and the fair value of a trading asset.

vi. *Financial assset* means cash or other monetary instrument, evidence of debt, evidence of an ownership interest in an entity, or a contract that conveys a right to receive or exchange cash or another financial instrument from another party.

vii. *Financial standby letter credit* means a letter of credit or similar arrangement that represents an irrevocable obligation to a third-party beneficiary:

1. To repay money borrowed by, or advanced to, or for the account of, a second party (the account party), or

2. To make payment on behalf of the account party, in the event that the account party fails to fulfill its obligation to the beneficiary.

viii. *Mortgage servicer cash advance* means funds that a residential mortgage loan servicer advances to ensure an uninterrupted flow of payments, including advances made to cover foreclosure costs or other expenses to facilitate the timely collection of the loan. A mortgage servicer cash advance is not a recourse obligation or a direct credit substitute if:

1. The servicer is entitled to full reimbursement and this right is not subordinated to other claims on the cash flows from the underlying asset pool; or

2. For any one loan, the servicer's obligation to make nonreimbursable advances is contractually limited to an insignificant amount of the outstanding principal balance of that loan.

ix. *Nationally recognized statistical rating organization (NRSRO)* means an entity recognized by the Division of Market Regulation of the Securities and Exchange Commission (or any successor Division) (Commission) as a nationally recognized statistical rating organization for various purposes, including the Commission's uniform net capital requirements for brokers and dealers.

x. *Recourse* means the retention, by a bank, in form or in substance, of any credit risk directly or indirectly associated with an asset it has transferred and sold that exceeds a *pro rata* share of the bank's claim on the asset. If a bank has no claim on a transferred asset, then the retention of any risk of credit loss is recourse. A recourse obligation typically arises when a bank transfers assets and retains an explicit obligation to repurchase the assets or absorb losses due to a default on the payment of principal or interest or any other deficiency in the performance of the underlying obligor or some other party. Recourse may also exist implicitly if a bank provides credit enhancement beyond any contractual obligation to support assets it has sold. The following are examples of recourse arrangements:

1. Credit-enhancing representations and warranties made on the transferred assets;

2. Loan servicing assets retained pursuant to an agreement under which the bank will be responsible for credit losses associated with the loans being serviced. Mortgage servicer cash advances that meet the conditions of section III.B.3.a.viii. of this appendix are not recourse arrangements;

3. Retained subordinated interests that absorb more than their *pro rata* share of losses from the underlying assets;

4. Assets sold under an agreement to repurchase, if the assets are not already included on the balance sheet;

5. Loan strips sold without contractual recourse where the maturity of the transferred loan is shorter than the maturity of the commitment under which the loan is drawn;

6. Credit derivatives issued that absorb more than the bank's *pro rata* share of losses from the transferred assets; and

7. Clean-up calls at inception that are greater than 10 percent of the balance of the original pool of transferred loans. Clean-up calls that are 10 percent or less of the original pool balance that are exercisable at the option of the bank are not recourse arrangements.

xi. *Residual interest* means any on-balance sheet asset that represents an interest (including a beneficial interest) created by a transfer that qualifies as a sale (in accordance with generally accepted accounting principles) of financial assets, whether through a securitization or otherwise, and that exposes the bank to credit risk directly or indirectly associated with the transferred assets that exceeds a *pro rata* share of the bank's claim on the assets, whether through subordination provisions or other credit enhancement techniques. Residual interests generally include credit-enhancing I/Os, spread accounts, cash collateral accounts, retained subordinated interests, other forms of over-collateralization, and similar assets that function as a credit enhancement. Residual interests further include those exposures that, in substance, cause the bank to retain the credit risk of an asset or exposure that had qualified as a residual interest before it was sold. Residual interests generally do not include interests purchased from a third party, except that purchased credit-enhancing I/Os are residual interests for purposes of this appendix.

xii. *Risk participation* means a participation in which the originating party remains liable to the beneficiary for the full amount of an obligation (*e.g.*, a direct credit substitute) notwithstanding that another party has acquired a participation in that obligation.

xiii. *Securitization* means the pooling and repackaging by a special purpose entity of assets or other credit exposures into securities that can be sold to investors. Securitization includes transactions that create stratified credit risk positions whose performance is dependent upon an underlying pool of credit exposures, including loans and commitments.

xiv. *Structured finance program* means a program where receivable interests and asset-backed securities issued by multiple participants are purchased by a special purpose entity that repackages those exposures into securities that can be sold to investors. Structured finance programs allocate credit risks, generally, between the participants and credit enhancement provided to the program.

xv. *Traded position* means a position that is externally rated and is retained, assumed, or issued in connection with an asset securitization, where there is a reasonable expectation that, in the near future, the rating will be relied upon by unaffiliated investors to purchase the position; or an unaffiliated third party to enter into a transaction involving the position, such as a purchase, loan, or repurchase agreement.

b. *Credit equivalent amounts and risk weight of recourse obligations and direct credit substitutes.*

i. *Credit equivalent amount.* Except as otherwise provided in sections III.B.3.c. through f. and III.B.5. of this appendix, the credit equivalent amount for a recourse obligation or direct credit substitute is the full amount of the credit-enhanced assets for which the bank directly or indirectly retains or assumes credit risk multiplied by a 100 percent conversion factor.

ii. *Risk-weight factor.* To determine the bank's risk-weight factor for off-balance sheet recourse obligations and direct credit substitutes, the credit equivalent amount is assigned to the risk category appropriate to the obligor in the underlying transaction, after considering any associated guarantees or collateral. For a direct credit substitute that is an on-balance sheet asset (*e.g.*, a purchased subordinated security), a bank must calculate risk-weighted assets using the amount of the direct credit substitute and the full amount of the assets it supports, *i.e.*, all the more senior positions in the structure. The treatment of direct credit substitutes that have been syndicated or in which risk participations have been conveyed or acquired is set forth in section III.D.1 of this appendix.

c. *Externally-rated positions: credit equivalent amounts and risk weights of recourse obligations, direct credit substitutes, residual interests, and asset- and mortgage-backed securities (including asset-backed commercial paper).*

i. *Traded positions.* With respect to a recourse obligation, direct credit substitute, residual interest (other than a credit-enhancing I/O strip) or asset- and mortgage-backed security (including asset-backed commercial paper) that is a traded position and that has received an external rating on a long-term position that is one grade below investment grade or better or a short-term rating that is investment grade, the bank may multiply the face amount of the position by the appropriate risk weight, determined in accordance with the tables below. Stripped mortgage-backed securities and other similar instruments, such as interest-only or principal-only strips that are not credit enhancements, must be assigned to the 100 percent risk category. If a traded position has received more than one external rating, the lowest single rating will apply.

Long-term Rating Category	Examples	Risk Weight
Highest or second highest investment grade	AAA, AA	20 percent
Third highest investment grade	A	50 percent
Lowest investment grade	BBB	100 percent
One category below investment grade	BB	200 percent
Short-term Rating	**Examples**	**Risk Weight**
Highest investment grade	A-1, P-1	20 percent
Second highest investment grade	A-2, P-2	50 percent
Lowest investment grade	A-3, P-3	100 percent

ii. *Non-traded positions* A recourse obligation, direct credit substitute, or residual interest (but not a credit-enhancing I/O strip) extended in connection with a securitization that is not a traded position may be assigned a risk weight in accordance with section III.B.3.c.i. of this appendix if:

1. It has been externally rated by more than one NRSRO;

2. It has received an external rating on a long-term position that is one grade below investment grade or better or on a short-term position that is investment grade by all NRSROs providing a rating;

3. The ratings are publicly available; and

4. The ratings are based on the same criteria used to rate traded positions. If the ratings are different, the lowest rating will determine the risk category to which the recourse obligation, direct credit substitute, or residual interest will be assigned.

d. *Senior positions not externally rated.* For a recourse obligation, direct credit substitute, residual interest, or asset- or mortgage-backed security that is not externally rated but is senior or preferred in all features to a traded position (including collateralization and maturity), a bank may apply a risk weight to the face amount of the senior position in accordance with section III.B.3.c.i. of this appendix, based on the traded position, subject to any current or prospective supervisory guidance and the bank satisfying the Federal Reserve that this treatment is appropriate. This section will apply only if the traded subordinated position provides substantive credit support to the unrated position until the unrated position matures.

e. *Capital requirement for residual interests –*

i. *Capital requirement for credit-enhancibg I/O strips.* After applying the concentration limit to credit-enhancing I/O strips (both purchased and retained) in accordance with sections II.B.2.c. through e. of this appendix, a bank must maintain risk-based capital for a credit-enhancing I/O strip (both purchased and retained), regardless of the external rating on that position, equal to the remaining amount of the credit-enhancing I/O strip (net of any existing associated deferred tax liability), even if the amount of risk-based capital required to be maintained exceeds the full risk-based capital requirement for the assets transferred. Transactions that, in substance, result in the retention of credit risk associated with a transferred credit-enhancing I/O strip will be treated as if the credit-enhancing I/O strip was retained by the bank and not transferred.

ii. *Capital requirement for other residual interests.*

1. If a residual interest does not meet the requirements of sections III.B.3.c.or d. of this appendix, a bank must maintain risk-based capital equal to the remaining amount of the residual interest that is retained on the balance sheet (net of any existing associated deferred tax liability), even if the amount of risk-based capital required to be maintained exceeds the full risk-based capital requirement for the assets transferred. Transactions that, in substance, result in the retention of credit risk associated with a transferred residual interest will be treated as if the residual interest was retained by the bank and not transferred.

2. Where the aggregate capital requirement for residual interests and other recourse obligation in connection with the same transfer of assets exceed the full risk-based capital requirement for those assets, a bank must maintain risk-based capital equal to the greater of the risk-based capital requirement for the residual interest as calculated under section III.B.3.e.ii.*1* of this appendix or the full risk-based capital requirement for the assets transferred.

f. *Positions that are not rated by an NRSRO.* A position (but not a residual interest) maintained in connection with a securitization and that is not rated by a NRSRO may be risk-weighted based on the bank's determination of the credit rating of the position, as specified in the table below, multiplied by the face amount of the position. In order to obtain this treatment, the bank's system for determining the credit rating of the position must meet one of the three alternative standards set out in sections III.B.3.f.i. through III.B.3.f.iii. of this appendix.

Rating Category	Examples	Risk Weight
Highest or second highest investment grade	AAA,AA	100 percent
Third highest investment grade	A	100 percent
Lowest investment grade	BBB	100 percent
One category below investment grade	BB	200 percent

i. *Internal risk rating used for asset-backed programs.* A direct credit substitute (other than a purchased credit-enhancing I/O) is assumed in connection with an asset-backed commercial paper program sponsored by the bank and the bank is able to demonstrate to the satisfaction of the Federal Reserve, prior to relying upon its use, that the bank's internal credit risk rating system is adequate. Adequate internal credit risk rating systems usually contain the following criteria:

1. The internal credit risk system is an integral part of the bank's risk management system, which explicitly incorporates the full range of risks arising from a bank's participation in securitization activities;

2. Internal credit ratings are linked to measurable outcomes, such as the probability that the position will experience any loss, the position's expected loss given default, and the degree of variance in losses given default on that position;

3. The bank's internal credit risk system must separately consider the risk associated with the underlying loans or borrowers, and the risk associated with the structure of a particular securitization transaction;

4. The bank's internal credit risk system must identify gradations of risk among "pass" assets and other risk positions;

5. The bank must have clear, explicit criteria that are used to classify assets into each internal risk grade, including subjective factors;

6. The bank must have independent credit risk management or loan review personnel assigning or reviewing the credit risk ratings;

7. The bank must have an internal audit procedure that periodically verifies that the internal credit risk ratings are assigned in accordance with the established criteria;

8. The bank must monitor the performance of the internal credit risk ratings assigned to nonrated, nontraded direct credit substitutes over time to determine the appropriateness of the initial credit risk rating assignment and adjust individual credit risk ratings, or the overall internal credit risk ratings system, as needed; and

9. The internal credit risk system must make credit risk rating assumptions that are consistent with, or more conservative than, the credit risk rating assumptions and methodologies of NRSROs.

ii. *Program Ratings.* A direct credit substitute or recourse obligation (other than a residual interest) is assumed or retained in connection with a structured finance program and a NRSRO has reviewed the terms of the program and stated a rating for positions associated with the program. If the program has options for different combinations of assets, standards, internal credit enhancements and other relevant factors, and the NRSRO specifies ranges of rating categories to them, the bank may apply the rating category that corresponds to the bank's position. In order to rely on a program rating, the bank must demonstrate to the Federal Reserve's satisfaction that the credit risk rating assigned to the program meets the same standards generally used by NRSROs for rating traded positions. The bank must also demonstrate to the Federal Reserve's satisfaction that the criteria underlying the NRSRO's assignment of ratings for the program are satisfied for the particular position. If a bank participates in a securitization sponsored by another party, the Federal Reserve may authorize the bank to use this approach based on a programmatic rating obtained by the sponsor of the program.

iii. *Computer Program.* The bank is using an acceptable credit assessment computer program to determine the rating of a direct credit substitute or recourse obligation (but not residual interest) issued in connection with a structured finance program. A NRSRO must have developed the computer program, and the bank must demonstrate to the Federal Reserve's satisfaction that ratings under the program correspond credibly and reliably with the rating of traded positions.

g. *Limitations on risk-based capital requirements.*

i. *Low-level exposure.* If the maximum contractual exposure to loss retained or assumed by a bank in connection with a recourse obligation or a direct credit substitute is less than the effective risk-based capital requirement for the enhanced assets, the risk-based capital requirement is limited to the maximum contractual exposure, less any recourse liability account established in accordance with generally accepted accounting principles. This limitation does not apply when a bank provides credit enhancement beyond any contractual obligation to support assets it has sold.

ii. *Mortgage-related securities or participation certificates retained in a mortgage loan swap.* If a bank holds a mortgage-related security or a participation certificate as a result of a mortgage loan swap with recourse, capital is required to support the recourse obligation plus the percentage of the mortgage-related security or participation certificate that is not covered by the recourse obligation. The total amount of capital required for the on-balance sheet asset and the recourse obligation, however, is limited to the capital requirement for the underlying loans, calculated as if the bank continued to hold these loans as on-balance sheet assets.

iii. *Related on-balance sheet asssets.* If a recourse obligation or direct credit substitute subject to section III.B.3. of this appendix also appears as a balance sheet asset, the balance sheet asset is not included in a bank's risk-weighted assets to the extent the value of the balance sheet asset is already included in the off-balance sheet credit equivalent amount for the recourse obligation or direct credit substitute, except in the case of loan servicing assets and similar arrangements with embedded recourse obligations or direct credit substitutes. In that case, both the on-balance sheet assets and the related recourse obligations and direct credit substitutes must be separately risk-weighted and incorporated into the risk-based capital calculation.

* * * * *

C. * * *

4. *Category 4: 100 percent.*

a. All assets not included in the categories above are assigned to this category, which comprises standard risk assets. The bulk of the assets typically found in a loan portfolio would be assigned to the 100 percent category.

b. This category includes long-term claims on, and the portions of long-term claims that are guaranteed by, non-OECD banks, and all claims on non-OECD central governments that entail some degree of transfer risk.[36] This category includes all claims on foreign and domestic private-sector obligors not included in the categories above (including loans to nondepository financial institutions and bank holding companies); claims on commercial firms owned by the public sector; customer liabilities to the bank on acceptances outstanding involving standard risk claims;[37] investments in fixed assets,

36. Such assets include all nonlocal currency claims on, and the portions of claims that are guaranteed by, non-OECD central governments and those portions of local currency claims on, or guaranteed by, non-OECD central governments that exceed the local currency liabilities held by the bank.

37. Customer liabilities on acceptances outstanding involving nonstandard risk claims, such as claims on U.S. depository institutions, are assigned to the risk category appropriate to the identity of the obligor or, if relevant, the nature of the collateral or guarantees

premises, and other real estate owned; common and preferred stock of corporations, including stock acquired for debts previously contracted; all stripped mortgage-backed securities and similar instruments; and commercial and consumer loans (except those assigned to lower risk categories due to recognized guarantees or collateral and loans secured by residential property that qualify for a lower risk weight).

c. Also included in this category are industrial-development bonds and similar obligations issued under the auspices of states or political subdivisions of the OECD-based group of countries for the benefit of a private party or enterprise where that party or enterprise, not the government entity, is obligated to pay the principal and interest, and all obligations of states or political subdivisions of countries that do not belong to the OECD-based group.

d. The following assets also are assigned a risk weight of 100 percent if they have not been deducted from capital: investments in unconsolidated companies, joint ventures, or associated companies; instruments that qualify as capital issued by other banking organizations; and any intangibles, including those that may have been grandfathered into capital.

* * * * *

D. * * *

The face amount of an off-balance sheet item is generally incorporated into risk-weighted assets in two steps. The face amount is first multiplied by a credit conversion factor, except for direct credit substitutes and recourse obligations as discussed in section III.D.1. of this appendix. The resultant credit equivalent amount is assigned to the appropriate risk category according to the obligor or, if relevant, the guarantor or the nature of the collateral.[38] Attachment IV to this appendix sets forth the conversion factors for various types of off-balance sheet items.

1. *Items with a 100 percent conversion factor.*

   a. Except as otherwise provided in section III.B.3. of this appendix, the full amount of an asset or transaction supported, in whole or in part, by a direct credit substitute or a recourse obligation. Direct credit substitutes and recourse obligations are defined in section III.B.3. of this appendix.

   b. Sale and repurchase agreements and forward agreements. Forward agreements are legally binding contractual obligations to purchase assets with certain drawdown at a specified future date. Such obligations include forward purchases, forward forward deposits placed,[39] and partly-paid shares and securities; they do not include commitments to make residential mortgage loans or forward foreign exchange contracts.

   c. Securities lent by a bank are treated in one of two ways, depending upon whether the lender is at risk of loss. If a bank, as agent for a customer, lends the customer's securities and does not indemnify the customer against loss, then the transaction is excluded from the risk-based capital calculation. If, alternatively, a bank lends its own securities or, acting as agent for a customer, lends the customer's securities and indemnifies the customer against loss, the transaction is converted at 100 percent and assigned to the risk weight category appropriate to the obligor, or, if applicable, to any collateral delivered to the lending bank, or the independent custodian acting on the lending bank's behalf. Where a bank is acting as agent for a customer in a transaction involving the lending or sale of securities that is collateralized by cash delivered to the bank, the transaction is deemed to be collateralized by cash on deposit in the bank for purposes of determining the appropriate risk-weight category, provided that any indemnification is limited to no more than the difference between the market value of the securities and the cash collateral received and any reinvestment risk associated with that cash collateral is borne by the customer.

   d. In the case of direct credit substitutes in which a risk participation[40] has been conveyed, the full amount of the assets that are supported, in whole or in part, by the credit enhancement are converted to a credit equivalent amount at 100 percent. However, the *pro rata* share of the credit equivalent amount that has been conveyed through a

backing the claims. Portions of acceptances conveyed as risk participations to U.S. depository institutions or foreign banks are assigned to the 20 percent risk category appropriate to short-term claims guaranteed by U.S. depository institutions and foreign banks.

38. The sufficiency of collateral and guarantees for off-balance-sheet items is determined by the market value of the collateral or the amount of the guarantee in relation to the face amount of the item, except for derivative contracts, for which this determination is generally made in relation to the credit equivalent amount. Collateral and guarantees are subject to the same provisions noted under section III.B. of this appendix A.

39. Forward forward deposits accepted are treated as interest rate contracts.

40. That is, a participation in which the originating bank remains liable to the beneficiary for the full amount of the direct credit substitute if the party that has acquired the participation fails to pay when the instrument is drawn.

risk participation is assigned to whichever risk category is lower: the risk category appropriate to the obligor, after considering any relevant guarantees or collateral, or the risk category appropriate to the institution acquiring the participation.[41] Any remainder is assigned to the risk category appropriate to the obligor, guarantor, or collateral. For example, the *pro rata* share of the full amount of the assets supported, in whole or in part, by a direct credit substitute conveyed as a risk participation to a U.S. domestic depository institution or foreign bank is assigned to the 20 percent risk category.[42]

e. In the case of direct credit substitutes in which a risk participation has been acquired, the acquiring bank's percentage share of the direct credit substitute is multiplied by the full amount of the assets that are supported, in whole or in part, by the credit enhancement and converted to a credit equivalent amount at 100 percent. The credit equivalent amount of an acquisition of a risk participation in a direct credit substitute is assigned to the risk category appropriate to the account party obligor or, if relevant, the nature of the collateral or guarantees.

f. In the case of direct credit substitutes that take the form of a syndication where each bank is obligated only for its *pro rata* share of the risk and there is no recourse to the originating bank, each bank will only include its *pro rata* share of the assets supported, in whole or in part, by the direct credit substitute in its risk-based capital calculation.[43]

* * * * *

Attachment II—Summary of Definition of Qualifying Capital for State Member Banks*

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3. In Appendix B to part 208, section II.b is revised to read as follows:

Appendix B To Part 208—Capital Adequacy Guidelines For State Member Banks: Tier 1 Leverage Measure

* * * * *

II. * * *

b. A bank's tier 1 leverage ratio is calculated by dividing its tier 1 capital (the numerator of the ratio) by its average total consolidated assets (the denominator of the ratio). The ratio will also be calculated using period-end assets whenever necessary, on a case-by-case basis. For the purpose of this leverage ratio, the definition of tier 1 capital as set forth in the risk-based capital guidelines contained in appendix A of this part will be used.[2] As a general matter, average total consolidated assets are defined as the quarterly average total assets (defined net of the allowance for loan and lease losses) reported on the bank's Reports of Condition and Income (Call Reports), less goodwill; amounts of mortgage servicing assets, nonmortgage servicing assets, and purchased credit card relationships that, in the aggregate, are in excess of 100 percent of tier 1 capital; amounts of nonmortgage servicing assets, purchased credit card relationships that, in the aggregate, are in excess of 25 percent of tier 1 capital; amounts of credit-enhancing interest-only strips that are in excess of 25 percent of tier 1 capital; all other identifiable intangible assets; any investments in subsidiaries or associated companies that the Federal Reserve determines should be deducted from tier 1 capital; and deferred tax assets that are dependent upon future taxable income, net of their valuation allowance, in excess of the limitation set forth in section II.B.4 of appendix A of this part.[3]

* * * * *

41. A risk participation in bankers acceptances conveyed to other institutions is also assigned to the risk category appropriate to the institution acquiring the participation or, if relevant, the guarantor or nature of the collateral.

42. Risk participations with a remaining maturity of over one year that are conveyed to non-OECD banks are to be assigned to the 100 percent risk category, unless a lower risk category is appropriate to the obligor, guarantor, or collateral.

43. For example, if a bank has a 10 percent share of a $10 syndicated direct credit substitute that provides credit support to a $100 loan, then the bank's $1 *pro rata* share in the enhancement means that a $10 *pro rata* share of the loan is included in risk weighted assets.

2. Tier 1 capital for state member banks includes common equity, minority interest in the equity accounts of consolidated subsidiaries, and qualifying noncumulative perpetual preferred stock. In addition, as a general matter, tier 1 capital excludes goodwill; amounts of mortgage servicing assets, nonmortgage servicing assets, and purchased credit card relationships that, in the aggregate, exceed 100 percent of tier 1 capital; amounts of nonmortgage servicing assets and purchased credit card relationships that, in the aggregate, exceed 25 percent of tier 1 capital; amounts of credit-enhancing interest-only strips in excess of 25 percent of tier 1 capital; all other identifiable intangible assets; and deferred tax assets that are dependent upon future taxable income, net of their valuation allowance, in excess of certain limitations. The Federal Reserve may exclude certain investments in subsidiaries or associated companies as appropriate.

3. Deductions from tier 1 capital and other adjustments are discussed more fully in section II.B. of appendix A of this part.

Part 225—Bank Holding Companies and Change in Bank Control (Regulation Y)

1. The authority citation for part 225 continues to read as follows:

Authority: 12 U.S.C. 1817(j)(13), 1818, 1828(o), 1831i, 1831p-1, 1843(c)(8), 1843(k), 1844(b), 1972(1), 3106, 3108, 3310, 3331-3351, 3907, and 3909.

2. In appendix A to part 225:
   A. The three introductory paragraphs of section II, the first six paragraphs of section II.A.1, and the first seven paragraphs of section II.A.2. are revised and footnote 6 is removed and reserved;
   B. In section II.B., a new paragraph (i)(c) is added, section II.B.1.b. and footnote 15 are revised, new sections II.B.1.c. through II.B.1.g. are added, and section II.B.4. is revised;
   C. In section III.A., a new undesignated fourth paragraph is added at the end of the section;
   D. In section III.B., paragraph 3 is revised and footnote 26 is removed, and in paragraph 4, footnote 27 is removed;
   E. In section III.C., paragraphs 1 through 4, footnotes 28 through 42 are redesignated as footnotes 26 through 40, and paragraph 4 is revised;
   F. In section III.D., the introductory paragraph and paragraph 1 are revised;
   G. In sections III.D. and III.E., footnotes 50 and 52 are removed, footnote 51 is redesignated as footnote 47, footnotes 53 through 55 are redesignated as footnotes 48 through 50;
   H. In sections IV.A. and IV.B., footnote 57 is removed and footnote 56 is redesignated as footnote 51; and
   I. Attachment II is revised.

Appendix A To Part 225-Capital Adequacy Guidelines For Bank Holding Companies: Risk-Based Measure

* * * * *

II. * * *

An institution's qualifying total capital consists of two types of capital components: "core capital elements" (comprising tier 1 capital) and "supplementary capital elements" (comprising tier 2 capital). These capital elements and the various limits, restrictions, and deductions to which they are subject, are discussed below and are set forth in Attachment II.

The Federal Reserve will, on a case-by-case basis, determine whether, and if so how much of, any instrument that does not fit wholly within the terms of one of the capital categories set forth below or that does not have an ability to absorb losses commensurate with the capital treatment otherwise specified below will be counted as an element of tier 1 or tier 2 capital. In making such a determination, the Federal Reserve will consider the similarity of the instrument to instruments explicitly treated in the guidelines, the ability of the instrument to absorb losses while the institution operates as a going concern, the maturity and redemption features of the instrument, and other relevant terms and factors. To qualify as an element of tier 1 or tier 2 capital, a capital instrument may not contain or be covered by any covenants, terms, or restrictions that are inconsistent with safe and sound banking practices.

Redemptions of permanent equity or other capital instruments before stated maturity could have a significant impact on an organization's overall capital structure. Consequently, an organization considering such a step should consult with the Federal Reserve before redeeming any equity or debt capital instrument (prior to maturity) if such redemption could have a material effect on the level or composition of the organization's capital base.[5]

* * * * *

A. * * *

1. *Core capital elements (tier 1 capital).* The tier 1 component of an institution's qualifying capital must represent at least 50 percent of qualifying total capital and may consist of the following items that are defined as core capital elements:
   (i) Common stockholders' equity;
   (ii) Qualifying noncumulative perpetual preferred stock (including related surplus);
   (iii) Qualifying cumulative perpetual preferred stock (including related surplus), subject to certain limitations described below; and
   (iv) Minority interest in the equity accounts of consolidated subsidiaries.

Tier 1 capital is generally defined as the sum of core capital elements[6] less goodwill, other intangible assets, and interest-only strips receivables that are required to be deducted in accordance with section II.B.1. of this appendix.

* * * * *

5. Consultation would not ordinarily be necessary if an instrument were redeemed with the proceeds of, or replaced by, a like amount of a similar or higher quality capital instrument and the organization's capital position is considered fully adequate by the Federal Reserve. In the case of limited-life tier 2 instruments, consultation would generally be obviated if the new security is of equal or greater maturity than the one it replaces.

6. [Reserved.]

Attachment II -- Summary of Definition of Qualifying Capital for State Member Banks*

Using the Year-End 1992 Standard

Components	Minimum Requirements
CORE CAPITAL (Tier 1)	Must equal or exceed 4% of weighted-risk assets
Common stockholders' equity	No limit
Qualifying noncumulative perpetual preferred stock	No limit; banks should avoid undue reliance on preferred stock in tier 1.
Minority interest in equity accounts of consolidated subsidiaries	Banks should avoid using minority interests to subsidiaries introduce elements not otherwise qualifying for tier 1 capital.
Less: Goodwill, other intangible assets, and credit-enhancing interest-only strips required to be deducted from capital[1]	
SUPPLEMENTARY CAPITAL (Tier 2)	Total of tier 2 is limited to 100% of tier 1[2]
Allowance for loan and lease losses	Limited to 1.25% of weighted-risk assets[2]
Perpetual preferred stock	No limit within tier 2
Hybrid capital instruments and equity contract notes	No limit within tier 2
Subordinated debt and intermediate-term preferred stock (original weighted average maturity of 5 years or more)	Subordinated debt and intermediate-term preferred stock are limited to 50% of tier 1,[2] amortized for capital purposes as they approach maturity.
Revaluation reserves (equity and building)	Not included; banks encouraged to disclose; may be evaluated on a case-by-case basis for international comparisons; and taken into account in making an overall assessment of capital
DEDUCTIONS (from sum of tier 1 and tier 2)	
Investment in unconsolidated subsidiaries	As a general rule, one-half of the aggregate investments will be deducted from tier 1 capital and one-half from tier 2 capital.[3]
Reciprocal holdings of banking organizations' capital securities	
Other deductions (such as other subsidiaries or joint ventures) as determined by supervisory authority	On a case-by-case basis or as a matter of policy after a formal rulemaking
TOTAL CAPITAL (tier 1 + tier 2 - deductions)	Must equal or exceed 8% or weighted-risk assets

[1] Requirements for the deduction of other intangible assets and residual interests are set forth in section II.B.1. of this appendix.
[2] Amount in excess of limitations are permitted but do not qualify as capital.
[3] A proportionately greater amount may be deducted from tier 1 capital, if the risks associated with the subsidiary so warrant.
* See discussion in section II of the guidelines for a complete description of the requirements for, and the limitations on, the components of qualifying capital.

2. *Supplementary capital elements (tier 2 capital)*

The tier 2 component of an institution's qualifying capital may consist of the following items that are defined as supplementary capital elements:

(i) Allowance for loan and lease losses (subject to limitations discussed below);
(ii) Perpetual preferred stock and related surplus (subject to conditions discussed below);
(iii) Hybrid capital instruments (as defined below), perpetual debt, and mandatory convertible debt securities;
(iv) Term subordinated debt and intermediate-term preferred stock, including related surplus (subject to limitations discussed below);
(v) Unrealized holding gains on equity securities (subject to limitations discussed in section II.A.2.e. of this appendix).

The maximum amount of tier 2 capital that may be included in an institution's qualifying total capital is limited to 100 percent of tier 1 capital (net of goodwill, other intangible assets, and interest-only strips receivables that are required to be deducted in accordance with section II.B.1. of this appendix).

* * * * *

B. * * *

(i) * * *

(c) Certain credit-enhancing interest-only strips receivables - deducted from the sum of core capital elements in accordance with sections II.B.1.c. through e. of this appendix.

* * * * *

1. *Goodwill, other intangible assets, and residual interests.* * * *

b. *Other intangible interests.*

i. All servicing assets, including servicing assets on assets other than mortgages (i.e., nonmortgage servicing assets), are included in this appendix as identifiable intangible assets. The only types of identifiable intangible assets that may be included in, that is, not deducted from, an organization's capital are readily marketable mortgage servicing assets, nonmortgage servicing assets, and purchased credit card relationships. The total amount of these assets that may be included in capital is subject to the limitations described below in sections II.B.1.d. and e. of this appendix.

ii. The treatment of identifiable intangible assets set forth in this section generally will be used in the calculation of a bank holding company's capital ratios for supervisory and applications purposes. However, in making an overall assessment of a bank holding company's capital adequacy for applications purposes, the Board may, if it deems appropriate, take into account the quality and composition of an organization's capital, together with the quality and value of its tangible and intangible assets.

c. *Credit-enhancing interest-only strips receivables (I/Os).*

i. Credit-enhancing I/Os are on-balance sheet assets that, in form or in substance, represent a contractual right to receive some or all of the interest due on transferred assets and expose the bank holding company to credit risk directly or indirectly associated with transferred assets that exceeds a *pro rata* share of the bank holding company's claim on the assets, whether through subordination provisions or other credit enhancement techniques. Such I/Os, whether purchased or retained, including other similar "spread" assets, may be included in, that is, not deducted from, a bank holding company's capital subject to the limitations described below in sections II.B.1.d. and e. of this appendix.

ii. Both purchased and retained credit-enhancing I/Os, on a non-tax adjusted basis, are included in the total amount that is used for purposes of determining whether a bank holding company exceeds the tier 1 limitation described below in this section. In determining whether an I/O or other types of spread assets serve as a credit enhancement, the Federal Reserve will look to the economic substance of the transaction.

d. *Fair value limitation.* The amount of mortgage servicing assets, nonmortgage servicing assets, and purchased credit card relationships that a bank holding company may include in capital shall be the lesser of 90 percent of their fair value, as determined in accordance with section II.B.1.f. of this appendix, or 100 percent of their book value, as adjusted for capital purposes in accordance with the instructions to the Consolidated Financial Statements for Bank Holding Companies (FR Y-9C Report). The amount of credit-enhancing I/Os that a bank holding company may include in capital shall be its fair value. If both the application of the limits on mortgage servicing assets, nonmortgage servicing assets, and purchased credit card relationships and the adjustment of the balance sheet amount for these assets would result in an amount being deducted from capital, the bank holding company would deduct only the greater of the two amounts from its core capital elements in determining tier 1 capital.

e. *Tier 1 capital limitation.*
   i. The total amount of mortgage servicing assets, nonmortgage servicing assets, and purchased credit card relationships that may be included in capital, in the aggregate, cannot exceed 100 percent of tier 1 capital. Nonmortgage servicing assets and purchased credit card relationships are subject, in the aggregate, to a separate sublimit of 25 percent of tier 1 capital. In addition, the total amount of credit-enhancing I/Os (both purchased and retained) that may be included in capital cannot exceed 25 percent of tier 1 capital.[15]
   ii. For purposes of calculating these limitations on mortgage servicing assets, nonmortgage servicing assets, purchased credit card relationships, and credit-enhancing I/Os, tier 1 capital is defined as the sum of core capital elements, net of goodwill, and net of all identifiable intangible assets other than mortgage servicing assets, nonmortgage servicing assets, and purchased credit card relationships, prior to the deduction of any disallowed mortgage servicing assets, any disallowed nonmortgage servicing assets, any disallowed purchased credit card relationships, any disallowed credit-enhancing I/Os (both purchased and retained), and any disallowed deferred-tax assets, regardless of the date acquired.
   iii. Bank holding companies may elect to deduct disallowed mortgage servicing assets, disallowed nonmortgage servicing assets, and disallowed credit-enhancing I/Os (both purchased and retained) on a basis that is net of any associated deferred tax liability. Deferred tax liabilities netted in this manner cannot also be netted against deferred-tax assets when determining the amount of deferred-tax assets that are dependent upon future taxable income.

f. *Valuation.* Bank holding companies must review the book value of all intangible assets at least quarterly and make adjustments to these values as necessary. The fair value of mortgage servicing assets, nonmortgage servicing assets, purchased credit card relationships, and credit-enhancing I/Os also must be determined at least quarterly. This determination shall include adjustments for any significant changes in original valuation assumptions, including changes in prepayment estimates or account attrition rates. Examiners will review both the book value and the fair value assigned to these assets, together with supporting documentation, during the inspection process. In addition, the Federal Reserve may require, on a case-by-case basis, an independent valuation of a bank holding company's intangible assets or credit-enhancing I/Os.

g. *Growing organizations.* Consistent with long-standing Board policy, banking organizations experiencing substantial growth, whether internally or by acquisition, are expected to maintain strong capital positions substantially above minimum supervisory levels, without significant reliance on intangible assets or credit-enhancing I/Os.

* * * * *

4. *Deferred-tax assets.*
   a. The amount of deferred-tax assets that is dependent upon future taxable income, net of the valuation allowance for deferred-tax assets, that may be included in, that is, not deducted from, a bank holding company's capital may not exceed the lesser of:

15. Amounts of servicing assets, purchased credit card relationships, and credit-enhancing I/Os (both retained and purchased) in excess of these limitations, as well as all other identifiable intangible assets, including core deposit intangibles and favorable leaseholds, are to be deducted from a bank holding company's core capital elements in determining tier 1 capital. However, identifiable intangible assets (other than mortgage servicing assets and purchased credit card relationships) acquired on or before February 19, 1992, generally will not be deducted from capital for supervisory purposes, although they will continue to be deducted for applications purposes.

i. The amount of these deferred-tax assets that the bank holding company is expected to realize within one year of the calendar quarter-end date, based on its projections of future taxable income for that year,[23] or
ii. 10 percent of tier 1 capital.

b. The reported amount of deferred-tax assets, net of any valuation allowance for deferred-tax assets, in excess of the lesser of these two amounts is to be deducted from a banking organization's core capital elements in determining tier 1 capital. For purposes of calculating the 10 percent limitation, tier 1 capital is defined as the sum of core capital elements, net of goodwill and net of all identifiable intangible assets other than mortgage servicing assets, nonmortgage servicing assets, and purchased credit card relationships, prior to the deduction of any disallowed mortgage servicing assets, any disallowed nonmortgage servicing assets, any disallowed purchased credit card relationships, any disallowed credit-enhancing I/Os, and any disallowed deferred-tax assets. There generally is no limit in tier 1 capital on the amount of deferred-tax assets that can be realized from taxes paid in prior carry-back years or from future reversals of existing taxable temporary differences.

* * * * *

III. * * *

A. * * *

The Federal Reserve will, on a case-by-case basis, determine the appropriate risk weight for any asset or credit equivalent amount of an off-balance sheet item that does not fit wholly within the terms of one of the risk weight categories set forth below or that imposes risks on a bank holding company that are incommensurate with the risk weight otherwise specified below for the asset or off-balance sheet item. In addition, the Federal Reserve will, on a case-by-case basis, determine the appropriate credit conversion factor for any off-balance sheet item that does not fit wholly within the terms of one of the credit conversion factors set forth below or that imposes risks on a banking organization that are incommensurate with the credit conversion factors otherwise specified below for the off-balance sheet item. In making such a determination, the Federal Reserve will consider the similarity of the asset or off-balance sheet item to assets or off-balance sheet items explicitly treated in the guidelines, as well as other relevant factors.

* * * * *

B. * * *

3. *Recourse obligations, direct credit substitutes, residual interests, and asset- and mortgage-backed securities.* Direct credit substitutes, assets transferred with recourse, and securities issued in connection with asset securitizations and structured financings are treated as described below. The term "asset securitizations" or "securitizations" in this rule includes structured financings, as well as asset securitization transactions.

a. *Definitions.*

i. *Credit derivative* means a contract that allows one party (the "protection purchaser") to transfer the credit risk of an asset or off-balance sheet credit exposure to another party (the "protection provider"). The value of a credit derivative is dependent, at least in part, on the credit performance of the "reference asset."

ii. *Credit-enhancing representations and warranties* means representations and warranties that are made or assumed in connection with a transfer of assets (including loan servicing assets) and that obligate the bank holding company to protect investors from losses arising from credit risk in the assets transferred or the loans serviced. Credit-enhancing representations and warranties include promises to protect a party from losses resulting from the default or nonperformance of another party or from an insufficiency in the value of the collateral. Credit-enhancing representations and warranties do not include:

1. Early default clauses and similar warranties that permit the return of, or premium refund clauses covering, 1–4 family residential first mortgage loans that qualify for a 50 percent risk weight for a

23. To determine the amount of expected deferred-tax assets realizable in the next 12 months, an institution should assume that all existing temporary differences fully reverse as of the report date. Projected future taxable income should not include net operating loss carry-forwards to be used during that year or the amount of existing temporary differences a bank holding company expects to reverse within the year. Such projections should include the estimated effect of tax-planning strategies that the organization expects to implement to realize net operating losses or tax-credit carry-forwards that would otherwise expire during the year. Institutions do not have to prepare a new 12-month projection each quarter. Rather, on interim report dates, institutions may use the future-taxable income projections for their current fiscal year, adjusted for any significant changes that have occurred or are expected to occur.

period not to exceed 120 days from the date of transfer. These warranties may cover only those loans that were originated within 1 year of the date of transfer;

2. Premium refund clauses that cover assets guaranteed, in whole or in part, by the U.S. Government, a U.S. Government agency or a government-sponsored enterprise, provided the premium refund clauses are for a period not to exceed 120 days from the date of transfer; or

3. Warranties that permit the return of assets in instances of misrepresentation, fraud or incomplete documentation.

iii. *Direct credit substitute* means an arrangement in which a bank holding company *assumes*, in form or in substance, credit risk associated with an on- or off-balance sheet credit exposure that was not previously owned by the bank holding company (third-party asset) and the risk assumed by the bank holding company exceeds the *pro rata* share of the bank holding company's interest in the third-party asset. If the bank holding company has no claim on the third-party asset, then the bank holding company's assumption of *any* credit risk with respect to the third- party asset is a direct credit substitute. Direct credit substitutes include, but are not limited to:

1. Financial standby letters of credit that support financial claims on a third party that exceed a bank holding company's *pro rata* share of losses in the financial claim;

2. Guarantees, surety arrangements, credit derivatives, and similar instruments backing financial claims that exceed a bank holding company's *pro rata* share in the financial claim;

3. Purchased subordinated interests or securities that absorb more than their *pro rata* share of losses from the underlying assets;

4. Credit derivative contracts under which the bank holding company assumes more than its *pro rata* share of credit risk on a third party exposure;

5. Loans or lines of credit that provide credit enhancement for the financial obligations of an account party;

6. Purchased loan servicing assets if the servicer is responsible for credit losses or if the servicer makes or assumes credit-enhancing representations and warranties with respect to the loans serviced. Mortgage servicer cash advances that meet the conditions of section III.B.3.a.viii. of this appendix are not direct credit substitutes; and

7. Clean-up calls on third party assets are direct credit substitutes. Clean-up calls that are 10 percent or less of the original pool balance that are exercisable at the option of the bank holding company are not direct credit substitutes.

iv. *Externally rated* means that an instrument or obligation has received a credit rating from a nationally-recognized statistical rating organization.

v. *Face amount* means the notional principal, or face value, amount of an off-balance sheet item; the amortized cost of an asset not held for trading purposes; and the fair value of a trading asset.

vi. *Financial asset* means cash or other monetary instrument, evidence of debt, evidence of an ownership interest in an entity, or a contract that conveys a right to receive or exchange cash or another financial instrument from another party.

vii. *Financial standby letter of credit* means a letter of credit or similar arrangement that represents an irrevocable obligation to a third-party beneficiary:

1. To repay money borrowed by, or advanced to, or for the account of, a second party (the account party), or

2. To make payment on behalf of the account party, in the event that the account party fails to fulfill its obligation to the beneficiary.

viii. *Mortgage servicer cash advance* means funds that a residential mortgage loan servicer advances to ensure an uninterrupted flow of payments, including advances made to cover foreclosure costs or other expenses to facilitate the timely collection of the loan. A mortgage servicer cash advance is not a recourse obligation or a direct credit substitute if:

   1. The servicer is entitled to full reimbursement and this right is not subordinated to other claims on the cash flows from the underlying asset pool; or
   2. For any one loan, the servicer's obligation to make nonreimbursable advances is contractually limited to an insignificant amount of the outstanding principal balance of that loan.

ix. *Nationally recognized statistical rating organization (NRSRO)* means an entity recognized by the Division of Market Regulation of the Securities and Exchange Commission (or any successor Division) (Commission) as a nationally recognized statistical rating organization for various purposes, including the Commission's uniform net capital requirements for brokers and dealers.

x. *Recourse* means the retention, by a bank holding company, in form or in substance, of any credit risk directly or indirectly associated with an asset it has transferred and sold that exceeds a *pro rata* share of the banking organization's claim on the asset. If a banking organization has no claim on a transferred asset, then the retention of any risk of credit loss is recourse. A recourse obligation typically arises when a bank holding company transfers assets and retains an explicit obligation to repurchase the assets or absorb losses due to a default on the payment of principal or interest or any other deficiency in the performance of the underlying obligor or some other party. Recourse may also exist implicitly if a bank holding company provides credit enhancement beyond any contractual obligation to support assets it has sold. The following are examples of recourse arrangements:

   1. Credit-enhancing representations and warranties made on the transferred assets;
   2. Loan servicing assets retained pursuant to an agreement under which the bank holding company will be responsible for credit losses associated with the loans being serviced. Mortgage servicer cash advances that meet the conditions of section III.B.3.a.viii. of this appendix are not recourse arrangements;
   3. Retained subordinated interests that absorb more than their *pro rata* share of losses from the underlying assets;
   4. Assets sold under an agreement to repurchase, if the assets are not already included on the balance sheet;
   5. Loan strips sold without contractual recourse where the maturity of the transferred loan is shorter than the maturity of the commitment under which the loan is drawn;
   6. Credit derivatives issued that absorb more than the bank holding company's *pro rata* share of losses from the transferred assets; and
   7. Clean-up calls at inception that are greater than 10 percent of the balance of the original pool of transferred loans. Clean-up calls that are 10 percent or less of the original pool balance that are exercisable at the option of the bank holding company are not recourse arrangements.

xi. *Residual interest* means any on-balance sheet asset that represents an interest (including a beneficial interest) created by a transfer that qualifies as a sale (in accordance with generally accepted accounting principles) of financial assets, whether through a securitization or otherwise, and that exposes the bank holding company to credit risk directly or indirectly associated with the transferred assets that exceeds a *pro rata* share of the bank holding company's claim on the assets, whether through subordination provisions or other credit enhancement techniques. Residual interests generally include credit-enhancing I/Os, spread accounts, cash collateral accounts, retained subordinated interests, other forms of over-collateralization, and similar assets that function as a credit enhancement. Residual interests further include those exposures that, in substance, cause the bank holding company to retain the credit risk of an asset or exposure that had qualified as a residual interest before it was sold. Residual interests generally do not include interests purchased from a third party, except that purchased credit-enhancing I/Os are residual interests for purposes of this appendix.

xii. *Risk participation* means a participation in which the originating party remains liable to the beneficiary for the full amount of an obligation (e.g., a direct credit substitute) notwithstanding that another party has acquired a participation in that obligation.

xiii. *Securitization* means the pooling and repackaging by a special purpose entity of assets or other credit exposures into securities that can be sold to investors. Securitization includes transactions that create stratified credit risk positions whose performance is dependent upon an underlying pool of credit exposures, including loans and commitments.

xiv. *Structured finance program* means a program where receivable interests and asset-backed securities issued by multiple participants are purchased by a special purpose entity that repackages those exposures into securities that can be sold to investors. Structured finance programs allocate credit risks, generally, between the participants and credit enhancement provided to the program.

xv. *Traded position* means a position that is externally rated, and is retained, assumed, or issued in connection with an asset securitization, where there is a reasonable expectation that, in the near future, the rating will be relied upon by unaffiliated investors to purchase the position; or an unaffiliated third party to enter into a transaction involving the position, such as a purchase, loan, or repurchase agreement.

b. *Credit equivalent amounts and risk weight of recourse obligations and direct credit substitutes.*

i. *Credit equivalent amount.* Except as otherwise provided in sections III.B.3.c. through f. and III.B.5. of this appendix, the credit-equivalent amount for a recourse obligation or direct credit substitute is the full amount of the credit-enhanced assets for which the bank holding company directly or indirectly retains or assumes credit risk multiplied by a 100 percent conversion factor.

ii. *Risk-weight factor.* To determine the bank holding company's risk-weight factor for off-balance sheet recourse obligations and direct credit substitutes, the credit equivalent amount is assigned to the risk category appropriate to the obligor in the underlying transaction, after considering any associated guarantees or collateral. For a direct credit substitute that is an on-balance sheet asset (*e.g.*, a purchased subordinated security), a bank holding company must calculate risk-weighted assets using the amount of the direct credit substitute and the full amount of the assets it supports, *i.e.*, all the more senior positions in the structure. The treatment of direct credit substitutes that have been syndicated or in which risk participations have been conveyed or acquired is set forth in section III.D.1 of this appendix.

c. *Externally-rated positions: credit-equivalent amounts and risk weights of recourse obligations, direct credit substitutes, residual interests, and asset- and mortgage-backed securities (including asset-backed commercial paper).*

i. *Traded positions.* With respect to a recourse obligation, direct credit substitute, residual interest (other than a credit-enhancing I/Ostrip) or asset- and mortgage-backed security (including asset-backed commercial paper) that is a traded position and that has received an external rating on a long-term position that is one grade below investment grade or better or a short-term rating that is investment grade, the bank holding company may multiply the face amount of the position by the appropriate risk weight, determined in accordance with the tables below. Stripped mortgage-backed securities and other similar instruments, such as interest-only or principal-only strips that are not credit enhancements, must be assigned to the 100 percent risk category. If a traded position has received more than one external rating, the lowest single rating will apply.

Long-term Rating Category	Examples	Risk Weight
Highest or second highest investment grade	AAA, AA	20 percent
Third highest investment grade	A	50 percent
Lowest investment grade	BBB	100 percent
One category below investment grade	BB	200 percent
Short-term Rating	**Examples**	**Risk Weight**
Highest investment grade	A-1, P-1	20 percent
Second highest investment grade	A-2, P-2	50 percent
Lowest investment grade	A-3, P-3	100 percent

ii. *Non-traded positions.* A recourse obligation, direct credit substitute, or residual interest (but not a credit-enhancing I/O strip) extended in connection with a securitization that is not a traded position may be assigned a risk weight in accordance with section III.B.3.c.i.of this appendix if:
   1. It has been externally rated by more than one NRSRO;
   2. It has received an external rating on a long-term position that is one grade below investment grade or better or on a short-term position that is investment grade by all NRSROs providing a rating;
3. The ratings are publicly available; and
4. The ratings are based on the same criteria used to rate traded positions. If the ratings are different, the lowest rating will determine the risk category to which the recourse obligation, direct credit substitute, or residual interest will be assigned.

d. *Senior positions not externally rated.* For a recourse obligation, direct credit substitute, residual interest, or asset- or mortgage-backed security that is not externally rated but is senior or preferred in all features to a traded position (including collateralization and maturity), a bank holding company may apply a risk weight to the face amount of the senior position in accordance with section III.B.3.c.i. of this appendix, based on the traded position, subject to any current or prospective supervisory guidance and the bank holding company satisfying the Federal Reserve that this treatment is appropriate. This section will apply only if the traded subordinated position provides substantive credit support to the unrated position until the unrated position matures.

e. *Capital requirement for residual interests.*
   i. *Capital requirement for credit-enhancing I/O strips.* After applying the concentration limit to credit-enhancing I/O strips (both purchased and retained) in accordance with sections II.B.2.c. through e. of this appendix, a bank holding company must maintain risk-based capital for a credit-enhancing I/O strip (both purchased and retained), regardless of the external rating on that position, equal to the remaining amount of the credit-enhancing I/O (net of any existing associated deferred tax liability), even if the amount of risk-based capital required to be maintained exceeds the full risk-based capital requirement for the assets transferred. Transactions that, in substance, result in the retention of credit risk associated with a transferred credit-enhancing I/O strip will be treated as if the credit-enhancing I/O strip was retained by the bank holding company and not transferred.
   ii. *Capital requirements for other residual interest.*
      1. If a residual interest does not meet the requirements of sections III.B.3.c. or d. of this appendix, a bank holding must maintain risk-based capital equal to the remaining amount of the residual interest that is retained on the balance sheet (net of any existing associated deferred tax liability), even if the amount of risk-based capital required to be maintained exceeds the full risk-based capital requirement for the assets transferred.

Transactions that, in substance, result in the retention of credit risk associated with a transferred residual interest will be treated as if the residual interest was retained by the bank holding company and not transferred.

2. Where the aggregate capital requirement for residual interests and other recourse obligations in connection with the same transfer of assets exceed the full risk-based capital requirement for those assets, a bank holding company must maintain risk-based capital equal to the greater of the risk-based capital requirement for the residual interest as calculated under section III.B.3.e.ii. *1.* of this appendix or the full risk-based capital requirement for the assets transferred.

f. *Positions that are not rated by an NRSRO.* A position (but not a residual interest) maintained in connection with a securitization and that is not rated by a NRSRO may be risk-weighted based on the bank holding company's determination of the credit rating of the position, as specified in the table below, multiplied by the face amount of the position. In order to obtain this treatment, the bank holding company's system for determining the credit rating of the position must meet one of the three alternative standards set out in sections III.B.3.f.i. through III.B.3.f.iii. of this appendix.

Rating Category	Examples	Risk Weight
Highest or second highest investment grade	AAA,AA	100 percent
Third highet investment grade	A	100 percent
Lowest investment grade	BBB	100 percent
One category below investment grade	BB	200 percent

i. *Internal risk rating used for asset-backed program.* A direct credit substitute (other than a purchased credit-enhancing I/O) is assumed in connection with an asset-backed commercial paper program sponsored by the bank holding company and the bank holding company is able to demonstrate to the satisfaction of the Federal Reserve, prior to relying upon its use, that the bank holding company's internal credit risk rating system is adequate. Adequate internal credit risk rating systems usually contain the following criteria:

1. The internal credit risk system is an integral part of the bank holding company's risk management system, which explicitly incorporates the full range of risks arising from a bank holding company's participation in securitization activities;

2. Internal credit ratings are linked to measurable outcomes, such as the probability that the position will experience any loss, the position's expected loss given default, and the degree of variance in losses given default on that position;

3. The bank holding company's internal credit risk system must separately consider the risk associated with the underlying loans or borrowers, and the risk associated with the structure of a particular securitization transaction;

4. The bank holding company's internal credit risk system must identify gradations of risk among "pass" assets and other risk positions;

5. The bank holding company must have clear, explicit criteria that are used to classify assets into each internal risk grade, including subjective factors;

6. The bank holding company must have independent credit risk management or loan review personnel assigning or reviewing the credit risk ratings;

7. The bank holding company must have an internal audit procedure that periodically verifies that the internal credit risk ratings are assigned in accordance with the established criteria;

8. The bank holding company must monitor the performance of the internal credit risk ratings assigned to nonrated, nontraded direct credit substitutes over time to determine the appropriateness of the initial credit risk rating assignment and adjust individual credit risk ratings, or the overall internal credit risk ratings system, as needed; and

9. The internal credit risk system must make credit risk rating assumptions that are consistent with, or more conservative than, the credit risk rating assumptions and methodologies of NRSROs.

ii. *Program Ratings*. A direct credit substitute or recourse obligation (other than a residual interest) is assumed or retained in connection with a structured finance program and a NRSRO has reviewed the terms of the program and stated a rating for positions associated with the program. If the program has options for different combinations of assets, standards, internal credit enhancements and other relevant factors, and the NRSRO specifies ranges of rating categories to them, the bank holding company may apply the rating category that corresponds to the bank holding company's position. In order to rely on a program rating, the bank holding company must demonstrate to the Federal Reserve's satisfaction that the credit risk rating assigned to the program meets the same standards generally used by NRSROs for rating traded positions. The bank holding company must also demonstrate to the Federal Reserve's satisfaction that the criteria underlying the NRSRO's assignment of ratings for the program are satisfied for the particular position. If a bank holding company participates in a securitization sponsored by another party, the Federal Reserve may authorize the bank holding company to use this approach based on a programmatic rating obtained by the sponsor of the program.

iii. *Computer Program*. The bank holding company is using an acceptable credit assessment computer program to determine the rating of a direct credit substitute or recourse obligation (but not residual interest) issued in connection with a structured finance program. A NRSRO must have developed the computer program, and the bank holding company must demonstrate to the Federal Reserve's satisfaction that ratings under the program correspond credibly and reliably with the rating of traded positions.

g. *Limitations on risk-based capital requirements*.

i. *Low-level exposure*. If the maximum contractual exposure to loss retained or assumed by a bank holding company in connection with a recourse obligation or a direct credit substitute is less than the effective risk-based capital requirement for the enhanced assets, the risk-based capital requirement is limited to the maximum contractual exposure, less any liability account established in accordance with generally accepted accounting principles. This limitation does not apply when a bank holding company provides credit enhancement beyond any contractual obligation to support assets it has sold.

ii. *Mortgage-related securities or participation certificates retained in a mortgage loan swap*. If a bank holding company holds a mortgage-related security or a participation certificate as a result of a mortgage loan swap with recourse, capital is required to support the recourse obligation plus the percentage of the mortgage-related security or participation certificate that is not covered by the recourse obligation. The total amount of capital required for the on-balance sheet asset and the recourse obligation, however, is limited to the capital requirement for the underlying loans, calculated as if the organization continued to hold these loans as on-balance sheet assets.

iii. *Related on-balance sheet assets*. If a recourse obligation or direct credit substitute subject to section III.B.3. of this appendix also appears as a balance sheet asset, the balance sheet asset is not included in an organization's risk-weighted assets to the extent the value of the balance sheet asset is already included in the off-balance sheet credit equivalent amount for the recourse obligation or direct credit substitute, except in the case of loan servicing assets and similar arrangements with embedded recourse obligations or direct credit substitutes. In that case, both the on-balance sheet assets and the related recourse obligations and direct credit substitutes are incorporated into the risk-based capital calculation.

* * * * *

C. * * *

4. *Category 4: 100 percent*.

a. All assets not included in the categories above are assigned to this category, which comprises standard risk assets. The bulk of the assets typically found in a loan portfolio would be assigned to the 100 percent category.

b. This category includes long-term claims on, and the portions of long-term claims that are guaranteed by, non-OECD banks, and all claims on non-OECD central governments that entail some degree of transfer risk.[39] This category includes all claims on foreign and domestic private-sector obligors not included in the categories above (including loans to nondepository financial institutions and bank holding companies); claims on commercial firms owned by the public sector; customer liabilities to the organization on acceptances outstanding involving standard risk claims;[40] investments in fixed assets, premises, and other real estate owned; common and preferred stock of corporations, including stock acquired for debts previously contracted; all stripped mortgage-backed securities and similar instruments; and commercial and consumer loans (except those assigned to lower risk categories due to recognized guarantees or collateral and loans secured by residential property that qualify for a lower risk weight).

c. Also included in this category are industrial-development bonds and similar obligations issued under the auspices of states or political subdivisions of the OECD-based group of countries for the benefit of a private party or enterprise where that party or enterprise, not the government entity, is obligated to pay the principal and interest, and all obligations of states or political subdivisions of countries that do not belong to the OECD-based group.

d. The following assets also are assigned a risk weight of 100 percent if they have not been deducted from capital: investments in unconsolidated companies, joint ventures, or associated companies; instruments that qualify as capital issued by other banking organizations; and any intangibles, including those that may have been grandfathered into capital.

* * * * *

D. * * *

The face amount of an off-balance sheet item is generally incorporated into risk-weighted assets in two steps. The face amount is first multiplied by a credit conversion factor, except for direct credit substitutes and recourse obligations as discussed in section III.D.1. of this appendix. The resultant credit equivalent amount is assigned to the appropriate risk category according to the obligor or, if relevant, the guarantor or the nature of the collateral.[41] Attachment IV to this appendix A sets forth the conversion factors for various types of off-balance sheet items.

1. *Items with a 100 percent conversion factor.*

a. Except as otherwise provided in section III.B.3. of this appendix, the full amount of an asset or transaction supported, in whole or in part, by a direct credit substitute or a recourse obligation. Direct credit substitutes and recourse obligations are defined in section III.B.3. of this appendix.

b. Sale and repurchase agreements and forward agreements. Forward agreements are legally binding contractual obligations to purchase assets with certain drawdown at a specified future date. Such obligations include forward purchases, forward forward deposits placed,[42] and partly-paid shares and securities; they do not include commitments to make residential mortgage loans or forward foreign exchange contracts.

c. Securities lent by a banking organization are treated in one of two ways, depending upon whether the lender is at risk of loss. If a banking organization, as agent for a customer, lends the customer's securities and does not indemnify the customer against loss, then the transaction is excluded from the risk-based capital calculation. If, alternatively, a banking organization lends its own securities or, acting as agent for a customer, lends the customer's securities and indemnifies the customer against loss, the transaction is converted at 100 percent and assigned to the risk weight category appropriate to the obligor, or, if applicable, to any collateral deliv-

39. Such assets include all nonlocal currency claims on, and the portions of claims that are guaranteed by, non-OECD central governments and those portions of local currency claims on, or guaranteed by, non-OECD central governments that exceed the local currency liabilities held by subsidiary depository institutions.

40. Customer liabilities on acceptances outstanding involving nonstandard risk claims, such as claims on U.S. depository institutions, are assigned to the risk category appropriate to the identity of the obligor or, if relevant, the nature of the collateral or guarantees backing the claims. Portions of acceptances conveyed as risk participations to U.S. depository institutions or foreign banks are assigned to the 20 percent risk category appropriate to short-term claims guaranteed by U.S. depository institutions and foreign banks.

41. The sufficiency of collateral and guarantees for off-balance-sheet items is determined by the market value of the collateral or the amount of the guarantee in relation to the face amount of the item, except for derivative contracts, for which this determination is generally made in relation to the credit equivalent amount. Collateral and guarantees are subject to the same provisions noted under section III.B. of this appendix A.

42. Forward forward deposits accepted are treated as interest rate contracts.

ered to the lending organization, or the independent custodian acting on the lending organization's behalf. Where a banking organization is acting as agent for a customer in a transaction involving the lending or sale of securities that is collateralized by cash delivered to the banking organization, the transaction is deemed to be collateralized by cash on deposit in a subsidiary depository institution for purposes of determining the appropriate risk-weight category, provided that any indemnification is limited to no more than the difference between the market value of the securities and the cash collateral received and any reinvestment risk associated with that cash collateral is borne by the customer.

d. In the case of direct credit substitutes in which a risk participation[43] has been conveyed, the full amount of the assets that are supported, in whole or in part, by the credit enhancement are converted to a credit equivalent amount at 100 percent. However, the *pro rata* share of the credit equivalent amount that has been conveyed through a risk participation is assigned to whichever risk category is lower: the risk category appropriate to the obligor, after considering any relevant guarantees or collateral, or the risk category appropriate to the institution acquiring the participation.[44] Any remainder is assigned to the risk category appropriate to the obligor, guarantor, or collateral. For example, the *pro rata* share of the full amount of the assets supported, in whole or in part, by a direct credit substitute conveyed as a risk participation to a U.S. domestic depository institution or foreign bank is assigned to the 20 percent risk category.[45]

e. In the case of direct credit substitutes in which a risk participation has been acquired, the acquiring banking organization's percentage share of the direct credit substitute is multiplied by the full amount of the assets that are supported, in whole or in part, by the credit enhancement and converted to a credit equivalent amount at 100 percent. The credit equivalent amount of an acquisition of a risk participation in a direct credit substitute is assigned to the risk category appropriate to the account party obligor or, if relevant, the nature of the collateral or guarantees.

f. In the case of direct credit substitutes that take the form of a syndication where each banking organization is obligated only for its *pro rata* share of the risk and there is no recourse to the originating banking organization, each banking organization will only include its *pro rata* share of the assets supported, in whole or in part, by the direct credit substitute in its risk-based capital calculation.[46]

43. That is, a participation in which the originating banking organization remains liable to the beneficiary for the full amount of the direct credit substitute if the party that has acquired the participation fails to pay when the instrument is drawn.

44. A risk participation in bankers acceptances conveyed to other institutions is also assigned to the risk category appropriate to the institution acquiring the participation or, if relevant, the guarantor or nature of the collateral.

45. Risk participations with a remaining maturity of over one year that are conveyed to non-OECD banks are to be assigned to the 100 percent risk category, unless a lower risk category is appropriate to the obligor, guarantor, or collateral.

46. For example, if a banking organization has a 10 percent share of a $10 syndicated direct credit substitute that provides credit support to a $100 loan, then the banking organization's $1 *pro rata* share in the enhancement means that a $10 *pro rata* share of the loan is included in risk weighted assets.

* * * * *

3. In Appendix D to part 225, section II.b. is revised to read as follows:

Appendix D To Part 225—Capital Adequacy Guidelines For Bank Holding Companies: Tier 1 Leverage Measure

* * * * *

II. * * *

b. A banking organization's tier 1 leverage ratio is calculated by dividing its tier 1 capital (the numerator of the ratio) by its average total consolidated assets (the denominator of the ratio). The ratio will also be calculated using period-end assets whenever necessary, on a case-by-case basis. For the purpose of this leverage ratio, the definition of tier 1 capital as set forth in the risk-based capital guidelines contained in appendix A of this part will be used.[3] As a general matter, average total consolidated assets are defined as the quarterly average total assets (defined net of the allowance for loan and lease losses) reported on the organization's Consolidated Financial Statements (FR Y-9C Report), less goodwill; amounts of mortgage servicing assets, nonmortgage servicing assets, and purchased credit card relation-

3. Tier 1 capital for banking organizations includes common equity, minority interest in the equity accounts of consolidated subsidiaries, qualifying noncumulative perpetual preferred stock, and qualifying cumulative perpetual preferred stock. (Cumulative perpetual preferred stock is limited to 25 percent of tier 1 capital.) In addition, as a general matter, tier 1 capital excludes goodwill; amounts of mortage servicing assets, nonmortgage servicing assets, and purchased credit card relationships that, in the aggregate, exceed 100 percent of tier 1 capital; amounts of nonmortgage servicing assets and purchased credit card relationships that, in the aggregate, exceed 25 percent of tier 1 capital; amounts of credit-enhancing interest-only strips that are in excess of 25 percent of tier 1capital; all other identifiable intangible assets; and deferred tax assets that are dependent upon future taxable income, net of their valuation allowance, in excess of certain limitations. The Federal Reserve may exclude certain investments in subsidiaries or associated companies as appropriate.

ships, that, in the aggregate, are in excess of 100 percent of tier 1 capital; amounts of nonmortgage servicing assets, and purchased credit card relationships that, in the aggregate, are in excess of 25 percent of tier 1 capital; the amounts of credit-enhancing interest-only strips that are in excess of 25 percent of tier 1 capital; all other identifiable intangible assets; any investments in subsidiaries or associated companies that the Federal Reserve determines should be deducted from tier 1 capital; and deferred tax assets that are dependent upon future taxable income, net of their valuation allowance, in excess of the limitation set forth in section II.B.4. of appendix A of this part.[4]

* * * * *

4. Deductions from tier 1 capital and other adjustments are discussed more fully in section II.B. of appendix A of this part.

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

The Royal Bank of Scotland Group plc
Edinburgh, Scotland

The Royal Bank of Scotland plc
Edinburgh, Scotland

RBSG International Holdings Ltd.
Edinburgh, Scotland

Citizens Financial Group, Inc.
Providence, Rhode Island

Order Approving the Acquisition of Banks

The Royal Bank of Scotland Group plc ("RBS Group"), The Royal Bank of Scotland plc ("RBS"), RBSG International Holdings Ltd., and Citizens Financial Group, Inc. ("Citizens") (collectively, "Applicants"), have requested the Board's approval under section 3 of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842) to acquire all the voting shares of Citizens Bank of Pennsylvania, Philadelphia, Pennsylvania ("Citizens PA"), and Citizens Bank, Wilmington, Delaware ("Citizens DE"), both in formation. Citizens PA and Citizens DE are being formed to acquire 345 of the Mid-Atlantic retail branches of banks controlled by Mellon Financial Corporation, Pittsburgh, Pennsylvania ("Mellon"), and certain other business operations of Mellon.[1] The proposed acquisition of the branches and other operations of Mellon are subject to review by the FDIC under the Bank Merger Act (12 U.S.C. § 1828(c)).[2] The FDIC has completed its review under the Act and has approved the transaction after reviewing essentially the same factors that the Board is required to review under the BHC Act.[3]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (66 *Federal Register* 45,588 (2001)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3 of the BHC Act.

RBS Group, with total consolidated assets equivalent to approximately $479.9 billion is the 18th largest banking organization in the world.[4] Citizens, with total consolidated assets of $32.3 billion, is the 32nd largest commercial banking organization in the United States.[5] Citizens operates subsidiary depository institutions in Rhode Island, Massachusetts, Connecticut, and New Hampshire that control approximately $23.3 billion in deposits, representing less than 1 percent of total deposits in insured depository institutions in the United States ("total U.S. insured deposits").[6]

Mellon operates subsidiary depository institutions in California, Delaware, Florida, Massachusetts, New Jersey, and Pennsylvania that control approximately $29 billion in deposits, representing less than 1 percent of total U.S. insured deposits. The branches of Mellon to be acquired by Citizens are in Pennsylvania, Delaware, Maryland, and New Jersey and control deposits of approximately $13.4 billion.[7] On consummation of this proposal, Citi-

1. Applicants propose to form Citizens PA as a Pennsylvania-chartered savings bank and Citizens DE as a Delaware-chartered bank, both of which would be insured and supervised by the Federal Deposit Insurance Corporation ("FDIC").

2. Through the proposed purchase-and-assumption transaction, Citizens PA would acquire 321 retail branches in Pennsylvania, New Jersey, and Maryland from Mellon Bank, N.A., Pittsburgh, Pennsylvania ("Mellon Bank"), and Citizens DE would acquire 19 retail branches in Delaware from Mellon Bank (DE) National Association, Wilmington, Delaware ("Mellon DE"), together with certain related assets and liabilities. Citizens PA also would acquire five additional branch buildings in Pennsylvania from Mellon Bank, but not the deposits or loans of these branches. In addition, Mellon would transfer to Citizens PA and Citizens DE its automatic teller machine network and the consumer lending, lower middle-market commercial lending, and automobile dealer floor plan lending operations of Mellon Bank and Mellon DE. Mellon also would transfer its interests in certain insurance brokerage and agency-related activities to Citizens PA and Citizens' subsidiary bank, Citizens Bank of Rhode Island, Providence, Rhode Island, which also is supervised by the FDIC.

3. The FDIC also has granted deposit insurance to Citizens PA and Citizens DE under the Federal Deposit Insurance Act (12 U.S.C. § 1815), and each relevant state banking regulatory authority has approved the proposal under applicable state laws.

4. Foreign asset and ranking data are as of June 30, 2001.

5. Asset and domestic ranking data are as of June 30, 2001.

6. Deposit data are as of June 30, 2001, unless otherwise noted.

7. Under the proposal, Citizens would acquire assets from Mellon totaling approximately $11 billion. Citizens PA would acquire 315 branches in Pennsylvania that control deposits of approximately $12.8 billion, representing approximately 11.9 percent of the total deposits of insured depository institutions in the state ("state deposits"); and four branches in New Jersey that control deposits of approximately $114.2 million, representing less than 1 percent of state deposits. In addition, Citizens PA would acquire two branches from Mellon in Maryland that control deposits of approximately $50 mil-

zens, with total consolidated assets of $48.9 billion, would become the 22nd largest commercial banking organization in the United States, controlling deposits of approximately $36.7 billion, representing approximately 1.1 percent of total U.S. insured deposits.[8]

Factors Governing Board Review of Bank Acquisition

The BHC Act sets forth the factors that the Board must consider when reviewing the formation of bank holding companies or the acquisition of banks. These factors are the competitive effects of the proposal in the relevant geographic markets; the convenience and needs of the community to be served, including the records of performance of the insured depository institutions involved in the transaction under the Community Reinvestment Act ("CRA");[9] the financial and managerial resources and future prospects of the companies and banks involved in the proposal; the availability of information needed to determine and enforce compliance with the BHC Act and other applicable federal banking laws; and, in the case of applications involving a foreign bank such as RBS, whether the foreign bank is subject to comprehensive supervision and regulation on a consolidated basis by its home country supervisor.[10] The Board also must consider the concentration of deposits in the nation and relevant individual states as well as compliance with other provisions of section 3(d) of the BHC Act in reviewing proposed interstate acquisitions.[11]

The Board has considered these factors in light of a record that includes information provided by Applicants, confidential supervisory and examination information, publicly reported financial and other information, and public comments submitted on the proposal. The Board also has consulted with and considered information collected from the primary home country supervisor of RBS Group and various federal and state supervisory agencies, including the FDIC, the Pennsylvania Department of Banking, and the State of Delaware Office of the State Bank Commissioner.

Interstate Analysis

Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such bank holding company if certain conditions are met. For purposes of the BHC Act, the home state of Applicants is Rhode Island, and Applicants would acquire banks in Pennsylvania, New Jersey, Maryland, and Delaware.[12] All the conditions for an interstate acquisition enumerated in section 3(d) are met in this case.[13] In view of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or be in furtherance of a monopoly. The BHC Act also prohibits the Board from approving a proposal that would substantially lessen competition in any relevant banking market unless the anticompetitive effects of the proposal in that banking market are clearly outweighed in the public interest by the probable effects of the proposal in meeting the convenience and needs of the community to be served.[14]

The subsidiary depository institutions of Citizens and Mellon currently do not compete directly in any banking market where the Mellon branches to be acquired are located, and the number of competitors in the relevant banking markets would remain unchanged or increase after consummation of the proposal. Accordingly, based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of banking resources in any relevant banking market, and that competitive considerations are consistent with approval.

Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board is required to consider the effects of the proposal on the convenience and needs of the communities to be served and to take into account the records of the relevant insured depository institutions under the CRA. The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of local communities in which they operate, consistent with safe and sound operation, and requires the appropriate federal financial supervisory agency to take into account an institution's record of meeting the credit needs of its entire

lion, as of March 31, 2001. The branches in Maryland did not begin accepting deposits until September 1999. Citizens DE would acquire 19 branches in Delaware that control deposits of approximately $392 million, representing less than 1 percent of state deposits. State deposits data in this footnote are as of June 30, 2000.

8. Mellon would retain four branches in Pennsylvania, one branch in Maryland, one branch in Delaware, and no branches in New Jersey. The deposits to be retained by Mellon in Pennsylvania, Maryland, and Delaware would represent less than 1 percent of total state deposits in each of these states.

9. 12 U.S.C. § 2901 *et seq.*

10. *See* 12 U.S.C. § 1842(c).

11. *See* 12 U.S.C. § 1842(d).

12. For purposes of section 3(d), the Board considers a bank to be located in the states in which the bank is chartered or headquartered or operates a branch.

13. *See* 12 U.S.C. §§ 1842(d)(1)(A) and (B), 1842(d)(2)(A) and (B). Applicants meet the capital and managerial requirements established under applicable law. In addition, Applicants would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States and would not exceed the deposit limits with respect to any state. The laws of Pennsylvania, New Jersey, and Maryland do not impose a minimum age requirement on banks to be acquired, and Delaware law does not impose such a requirement on banks chartered after September 29, 1995. All other requirements under section 3(d) of the BHC Act are met in this case.

14. *See* 12 U.S.C. § 1842(c)(1).

Attachment II -- Summary of Definition of Qualifying Capital for Bank Holding Companies*

Using the Year-End 1992 Standard

Components	Minimum Requirements
CORE CAPITAL (Tier 1)	Must equal or exceed 4% of weighted-risk assets
Common stockholders' equity	No limit
Qualifying noncumulative perpetual preferred stock	No limit; banks should avoid undue reliance on preferred stock in tier 1.
Qualifying cumulative preferred stock	Limited to 25% of the sum of common stock, qualifying perpetual preferred stock, and minority interests.
Minority interest in equity accounts of consolidated subsidiaries	Banks should avoid using minority interests to subsidiaries introduce elements not otherwise qualifying for tier 1 capital.
Less: Goodwill, other intangible assets, and credit-enhancing interest-only strips required to be deducted from capital[1]	
SUPPLEMENTARY CAPITAL (Tier 2)	Total of tier 2 is limited to 100% of tier 1[2]
Allowance for loan and lease losses	Limited to 1.25% of weighted-risk assets[2]
Perpetual preferred stock	No limit within tier 2
Hybrid instruments, perpetual debt and mandatory convertible securities	No limit within tier 2
Subordinated debt and intermediate-term preferred stock (original weighted average maturity of 5 years or more)	Subordinated debt and intermediate-term preferred stock are limited to 50% of tier 1,[2] amortized for capital purposes as they approach maturity.
Revaluation reserves (equity and building)	Not included; banks encouraged to disclose; may be evaluated on a case-by-case basis for international comparisons; and taken into account in making an overall assessment of capital
DEDUCTIONS (from sum of tier 1 and tier 2)	
Investment in unconsolidated subsidiaries	As a general rule, one-half of the aggregate investments will be deducted from tier 1 capital and one-half from tier 2 capital.[3]
Reciprocal holdings of banking organizations' capital securities	
Other deductions (such as other subsidiaries or joint ventures) as determined by supervisory authority	On a case-by-case basis or as a matter of policy after a formal rulemaking
TOTAL CAPITAL (tier 1 + tier 2 - deductions)	Must equal or exceed 8% or weighted-risk assets

[1] Requirements for the deduction of other intangible assets and residual interests are set forth in section II.B.1. of this appendix.
[2] Amount in excess of limitations are permitted but do not qualify as capital.
[3] A proportionately greater amount may be deducted from tier 1 capital, if the risks associated with the subsidiary so warrant.
* See discussion in section II of the guidelines for a complete description of the requirements for, and the limitations on, the components of qualifying capital.

* * * * *

community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansionary proposals. The Board has carefully considered the convenience and needs factor and the CRA performance records of the subsidiary depository institutions of Citizens and Mellon in light of all the facts of record, including public comments received on the effect the proposal would have on the communities to be served by the institutions resulting from this proposal.

Two community groups jointly submitted comments opposing the proposal and expressing concerns about the record of Citizens in meeting the convenience and needs of the communities it serves. The commenters criticized Citizens' record of home mortgage lending to LMI borrowers and small business lending in LMI communities. Based on data submitted under the Home Mortgage Disclosure Act ("HMDA"),[15] the commenters also alleged that Citizens engaged in disparate treatment of minority individuals in its assessment areas with respect to home mortgage lending.

CRA Performance Examiners

As provided in the CRA, the Board has evaluated the convenience and needs factor in light of examinations by the appropriate federal supervisors of the CRA performance records of the relevant insured depository institutions. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.[16]

Citizens Bank of Massachusetts, Boston, Massachusetts ("CBMA"), the lead depository institution of Citizens, and all of Citizens' other subsidiary depository institutions received "outstanding" ratings at their most recent CRA performance examinations by the FDIC, as of October 12, 1999 (collectively, "1999 Citizens Evaluation").[17] Mellon Bank also received an "outstanding" rating at its most recent CRA performance examination by the Office of the Comptroller of the Currency ("OCC").[18]

As noted above, Citizens' two new subsidiary banks would acquire most of the Mid-Atlantic retail banking branches of Mellon, and the branches to be acquired would become subject to the CRA policies of Citizens. Accordingly, the Board has particularly considered the 1999 Citizens Evaluations and the fair lending policies and procedures of Citizens and its subsidiary banks (collectively, "Citizens banks"). The Board also has consulted with the FDIC and considered confidential supervisory information on the CRA performance of the Citizens banks. In addition, the Board has evaluated substantial information submitted by Citizens concerning the CRA performance of the Citizens banks since the 1999 Citizens Evaluations and has considered the lending policies, practices, and data of Citizens' lending affiliate, Citizens Mortgage Company ("CMC").[19]

CRA Performance Record of Citizens

Lending. In the 1999 Citizens Evaluations, examiners commended the Citizens banks for their strong lending record during the review period.[20] All the Citizens banks received "outstanding" ratings under the lending tests except CBNH, which received a "high satisfactory" rating. Examiners commended the home mortgage lending activities of the Citizens banks for demonstrating excellent responsiveness to the credit needs of all segments of their assessment areas during the review period, including segments comprised of LMI borrowers and communities. Examiners determined that the records of the Citizens banks in making HMDA-reportable loans to LMI borrowers during the review period were strong and generally exceeded the lending performance of the aggregate of lenders ("aggregate lenders") in 1998.[21] For example, CBMA's lending to LMI borrowers as a percentage of its total HMDA-reportable lending was almost twice that of the aggregate lenders in 1998. The 2000 HMDA data indicate that the loans to LMI borrowers made by each of the Citizens banks as a percentage of their total HMDA-reportable loans exceeded or were comparable with that of the aggregate lenders. In the 1999 Citizens Evaluation, examiners also noted that the records of the Citizens banks in lending in LMI census tracts during the review period generally were comparable with or exceeded that of the aggregate lenders.[22]

15. 12 U.S.C. § 2801 *et seq.*

16. *See Interagency Questions and Answers Regarding Community Reinvestment*, 66 *Federal Register* 36,620 and 36,639 (2001).

17. These institutions include Citizens Bank of Rhode Island, Providence, Rhode Island ("CBRI"); Citizens Bank of Connecticut, New London, Connecticut ("CBCT"); and Citizens Bank of New Hampshire, Manchester, New Hampshire ("CBNH"). United States Trust Company, Boston, Massachusetts, a subsidiary of Citizens, is a limited-purpose trust company and, therefore, not subject to the CRA.

18. The OCC rated Mellon Bank "outstanding," as of November 26, 1997. Mellon's other subsidiary banks subject to the CRA received "satisfactory" ratings at their most recent CRA performance examinations: Mellon DE, by the OCC, as of December 3, 1997, and Mellon 1st Business Bank, Los Angeles, California, by the FDIC, as of November 29, 1999.

19. CMC is a subsidiary of CBRI. Citizens stated that CMC serves as the central underwriter, processor, and servicer for standard residential first mortgage loan products offered by the Citizens banks, and that the individual Citizens banks originate all other housing-related loans. CMC's HMDA data were considered in the evaluation of the lending records of the Citizens banks in the 1999 Citizens Evaluations by the FDIC.

20. The review period for the 1999 Citizens Evaluations was January 1, 1998, through September 30, 1999.

21. In this context, "HMDA-reportable loans" refers to loans reportable under HMDA, which includes home purchase, home improvement, and multifamily mortgage loans and refinancings of such loans. Loans made by the aggregate of lenders refers to all HMDA-reportable loans made in the assessment areas of the Citizens banks by all lenders required to report under HMDA.

22. Examiners noted that, although CBCT's record of HMDA-reportable lending in LMI census tracts during the review period was adequate, its performance in this category fell below that of the

Examiners commended all the Citizens banks for extensively using innovative and flexible loan programs to better serve local credit needs, particularly those of LMI individuals and communities.[23] For example, examiners found that CBMA offered a number of programs with reduced costs and flexible underwriting standards to provide affordable housing loans to LMI families and in LMI communities throughout its Massachusetts assessment area. The bank provided more than 630 loans totaling approximately $42 million through these programs during the review period. Through similar programs, CBRI provided more than 320 loans totaling approximately $22 million in its Rhode Island assessment area. Examiners also noted that CBCT developed a flexible mortgage product for homebuyers in the low-income census tracts in New Haven, Connecticut, and committed $5 million to a program that offers mortgage loans without down payment requirements to homebuyers in LMI communities in three Connecticut cities.

Citizens stated that since the evaluations in 1999, the Citizens banks have increased their lending under these programs. The Citizens banks collectively made more than 1800 housing related loans totaling more than $180 million through these innovative and flexible loan programs during 2000 and the first six months of 2001.

Examiners also commended the small business lending activities of the Citizens banks. In particular, examiners noted that the banks' records of small business lending reflected a good distribution among various income geographies and businesses of different sizes. Examiners stated that CBRI's record of small business lending in LMI census tracts in Rhode Island compared favorably with that of the aggregate lenders during the review period and commended the bank for consistently being named the leading lender of Small Business Administration ("SBA") loans in Rhode Island.[24] In addition, examiners commended CBMA for innovative commercial lending programs, such as its $40 million commitment to provide below-market financing to small businesses in Boston's Enterprise Zone during a 10-year period. Examiners also commended CBCT's participation in three programs that offered flexible loan terms for small businesses in LMI census tracts in several Connecticut cities.

Based on the small business loan data reported by Citizens, the overall volume of small business loans provided by all the Citizens banks increased from 1999 to 2000, except for CBCT. In addition, each of the Citizens banks, including CBCT, outperformed the aggregate lenders in 2000 in terms of the percentage of their total small business loans that were extended to businesses with revenues of $1 million or less. Moreover, the percentage of each of the Citizens banks' loans to small businesses in LMI census tracts in 1999 and 2000 significantly exceeded that of the aggregate lenders in both years.

In the 1999 Citizens Evaluations, examiners generally found that the majority of the banks' small business loans during the review period were for amounts of $100,000 or less, but that their percentages of such small business loans were below that of the aggregate lenders in 1998. Examiners noted, however, that community development was the primary purpose of a large number of the loans reported as small business loans by the Citizens banks. For example, examiners found that CBRI made 36 small business loans totaling $6.7 million that had community development as their primary purpose, including $2 million in loans to organizations that provide affordable housing for LMI individuals and communities in Rhode Island.

In the 1999 Citizens Evaluations, examiners commended each of the banks for their level of community development lending. During the review period, the banks made community development loans totaling more than $48 million. For example, CBMA made a $4.1 million loan to develop an assisted living facility that reserved 50 percent of its units for LMI elders, and CBRI made a loan of $2.1 million to a nonprofit organization that provided counseling and intervention services to LMI individuals. CBCT issued a $10 million line of credit for a redevelopment project in a LMI census tract in New London, Connecticut. In addition, examiners reported that most of the $5.5 million in community development loans that CBNH made during the review period helped finance affordable housing for LMI individuals.

The Citizens banks have maintained a high level of community development lending since the 1999 Citizens Evaluations. Citizens stated that its subsidiary banks collectively made community development loans totaling more than $83 million during 2000 and the first six months of 2001.

Investment. In the 1999 Citizens Evaluations, examiners rated the investment activities of CBMA and CBRI as "high satisfactory" and those of CBCT and CBNH as "outstanding." During the review period, the banks made qualified CRA investments totaling more than $58 million and grants totaling more than $2.3 million. These qualified investments included affordable housing mortgage-backed securities totaling more than $24 million purchased by CBMA and CBRI. Examiners also noted that CBMA in-

aggregate lenders. Examiners attributed this performance to the strong competition from local and regional banks, the very low percentage of owner-occupied housing units in the low-income census tracts, and the bank's limited number of mortgage loan originators. Examiners found, however, that the percentage of CBCT's HMDA-reportable lending to LMI borrowers during the review period exceeded that of the aggregate lenders in 1998. To further increase its residential lending in LMI communities and to LMI borrowers, CBCT has increased its mortgage staff and added loan products and programs to assist LMI borrowers. The 2000 HMDA data indicate that the percentages of its HMDA-reportable loans made in LMI census tracts and to LMI borrowers exceeded or were comparable with that of the aggregate lenders.

23. All the Citizens banks offer a number of special programs to promote affordable home loans to LMI individuals and in LMI communities, small business lending in LMI communities, and community development. Many of these programs were created by the banks as in-house programs or in partnership with community organizations. In addition, the Citizens banks and CMC offer a full array of government-sponsored or -insured loans.

24. CBRI has been the leading SBA lender in Rhode Island for the last six years, and CBNH has been the leading SBA lender in New Hampshire for the last three years.

vested $4.6 million in the Massachusetts Housing Partnership Fund ("MHPF") and committed more than $2.8 million in new equity to the Massachusetts Housing and Equity Fund ("MHEF").[25] Both organizations finance affordable housing in LMI communities throughout the state. In addition, examiners reported that CBCT created new funds to finance affordable housing and economic development in LMI areas in Connecticut. Examiners also noted that CBNH invested $3 million in an investment fund for low-income multifamily housing projects and invested in tax credit projects and programs through the New Hampshire Community Development Finance Authority to support lending to small businesses and employment-transition programs for welfare recipients. Citizens stated that its subsidary banks collectively made qualified investments and grants totaling more than $24.8 million during 2000 and the first six months of 2001.

Services. All the Citizens subsidiary banks received an "outstanding" rating under the services test in the 1999 Citizens Evaluations. Examiners determined that the banks' retail banking services were readily accessible to all portions of their assessment areas, including LMI communities. Examiners also noted that the banks offered a variety of alternative delivery systems and low-cost checking accounts for individuals and small businesses. In addition, examiners commended the excellent level of community services provided by the Citizens banks and the active involvement of their employees with community development organizations throughout the banks' assessment areas.

HMDA Data and Fair Lending Record

The Board also has carefully considered Citizens' lending record in light of comments on HMDA data reported by its subsidiaries.[26] Except for CBMA, all the Citizens banks experienced a decline in the number of loans reported under HMDA in 2000 compared with 1999, but the aggregate lenders in each bank's assessment area also experienced similar declines during the same time period. Significantly, the percentage of total HMDA-reportable loans that each Citizens bank made to African-American and Hispanic applicants either increased or remained essentially the same in 2000 compared with 1999, despite the general decline in the number of originations. Moreover, the percentage of total HMDA-reportable loans that the Citizens banks originated to African-American and Hispanic individuals and in minority census tracts generally exceeded that of the aggregate lenders in 1999 and 2000.[27] In addition, the HMDA data indicate that the banks' denial disparity ratios for African-American and Hispanic applicants in 2000 were lower than or comparable with the aggregate lenders' denial disparity ratios for these applicants.[28]

The HMDA data, however, reflect certain disparities in the rates of loan applications, originations, and denials among members of different racial groups. For example, CBCT's lending to African-American and Hispanic applicants in 1999 and 2000, as a percentage of its total HMDA-reportable lending, was slightly below that of the aggregate lenders in both years. However, the bank's denial disparity ratios for African-American and Hispanic applicants in 2000 were less than or comparable with the denial disparity ratios of the aggregate lenders.

Importantly, the HMDA data do not indicate that the Citizens banks were excluding any segment of the population or geographic areas on a prohibited basis. The Board nevertheless is concerned when the record of an institution indicates disparities in lending and believes that all banks are obligated to ensure that their lending practices are based on criteria to ensure not only safe and sound lending, but also equal access to credit by creditworthy applicants regardless of their race or income level. The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community because these data cover only a few categories of housing-related lending. HMDA data, moreover, provide only limited information about covered loans.[29] HMDA data, therefore, have limitations that make them an inadequate basis, absent other information, for concluding that an institution has not assisted adequately in meeting its community's credit needs or has engaged in illegal lending discrimination.

Because of the limitations of HMDA data, the Board has considered these data carefully in light of other information, including examination reports that provide an on-site evaluation of compliance by the Citizens banks with fair lending laws. Examiners found no evidence of prohibited discrimination or other illegal credit practices at any subsidiary depository institution controlled by Citizens. The record also indicates that Citizens has taken a number of affirmative steps to ensure compliance with fair lending laws. The Citizens banks have a mandatory and ongoing program in which all employees receive training on compliance with fair lending and other consumer protection

25. As of the 1999 Citizens Evaluation, CBMA had made total commitments of $29 million to the MHPF and $7.1 million to the MHEF.

26. Based on 2000 HMDA data, the commenters alleged that the Citizens banks disproportionately excluded and denied African-American and Hispanic applicants for home mortgage loans in various Metropolitan Statistical Areas ("MSAs") and Primary MSAs in Massachusetts, Rhode Island, Connecticut, New Hampshire, Vermont, and Maine.

27. For purposes of this HMDA analysis, "minority census tracts" means census tracts with a minority population of 80 percent or more.

28. The denial disparity ratio compares the denial rate for minority loan applicants with that for nonminority applicants.

29. The data, for example, do not account for the possibility that an institution's outreach efforts may attract a larger proportion of marginally qualified applicants than other institutions attract and do not provide a basis for an independent assessment of whether an applicant who was denied credit was, in fact, creditworthy. Credit history problems and excessive debt levels relative to income (reasons most frequently cited for a credit denial) are not available from HMDA data.

laws. In addition, Citizens has established a formal fair lending committee ("Committee") that disseminates legislative, regulatory, and industry information on fair lending matters to the appropriate employees of the Citizens banks. The Committee also reviews the Citizens banks' lending data to evaluate potential fair lending issues with respect to credit decisions and compensation incentives, and conducts comparative file analyses. As part of a secondary review process, the Committee also compares denied applicants with approved applicants to ensure that no prohibited basis was a factor in the credit decision.

The Board also has considered the HMDA data in light of Citizens' overall lending and community development activities discussed above, which show that the Citizens banks significantly assist in helping to meet the credit needs of their entire communities.[30] The Board believes that, viewed in light of the entire record, the HMDA data indicate that Citizens' record of performance in helping to serve the credit needs of its communities is consistent with approval of the proposal.

Conclusion on Convenience and Needs Considerations

In reviewing the effect of the proposal on the convenience and needs of the communities to be served, the Board has carefully considered the entire record, all the information provided by the commenters and Citizens, evaluations of the performance of the Citizens banks under the CRA, and confidential supervisory information.

Based on all the facts of record and for reasons discussed above, the Board concludes that considerations relating to the convenience and needs factor, including the CRA performance records of the relevant depository institutions, are consistent with approval.

30. Commenters alleged that RBS Group has indirectly supported predatory lending by a number of unaffiliated consumer lenders through the securitization activities and warehouse lending services of its subsidiary, Greenwich Capital Markets, Greenwich, Connecticut ("GCM"). Applicants stated that GCM underwrites securities backed by consumer loans, including subprime mortgage loans originated by unaffiliated third parties. In addition, GCM's affiliate, Greenwich Capital Financial Products, Inc. ("GCFP"), provides warehouse finance and repurchase facilities to unaffiliated mortgage originators, including some engaged in subprime lending. Applicants also noted that GCM has invested in securities backed by subprime loan pools that are issued by unaffiliated parties.

The Board has considered all the facts of record, including the relationships of GCM, GCFP, and Citizens with unaffiliated consumer lenders. Applicants stated that GCM, GCFP, and Citizens do not play any formal or informal role in the loan origination process or in developing the loan originator's lending practices or credit approval processes. They noted, however, that GCM conducts due diligence reviews in connection with its securitization activities that typically includes reviews to determine if the originators are complying with federal and state laws. Moreover, the Board notes that the Federal Trade Commission, Department of Housing and Urban Development, and Department of Justice have responsibility for enforcing the compliance with fair lending laws of nondepository institutions.

Financial, Managerial, and Other Supervisory Factors

The BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in a bank acquisition proposal.[31] In assessing the financial and managerial strength of Applicants and the banks to be acquired, the Board has reviewed information provided by Applicants, confidential supervisory and examination information, publicly reported and other financial information, and public comments.[32] In addition, the Board consulted with relevant supervisory authorities in the United Kingdom.

In evaluating financial factors in expansion proposals by banking organizations, the Board consistently has considered capital adequacy to be especially important. The proposed acquisition is structured as a purchase-and-assumption transaction financed with the proceeds of a recent equity issuance by RBS Group. Citizens PA and Citizens DE would be well capitalized and the risk-based regulatory capital ratios of Citizens on a consolidated basis would remain above the well-capitalized thresholds on consummation of the proposal. In addition, the capital ratios of RBS Group on a consolidated basis and RBS would continue to exceed the minimum levels that would be required under the Basel Capital Accord. These ratios are considered equivalent to the capital ratios that would be required of a U.S. banking organization.

The Board also has considered the managerial resources of Applicants, including the examination records of Citizens and its subsidiary depository institutions by the appropriate federal financial supervisory agencies. In addition, the Board has considered the plans of Applicants to implement the proposal, including their available managerial resources and record of successfully integrating acquisitions into existing operations. After reviewing all the facts of record, the Board concludes that Applicants, including the subsidiary depository institutions of Citizens, have adequate managerial resources and appropriate risk management systems in place. Based on these and all the facts of record, the Board concludes that the financial and managerial resources and future prospects of Applicants and their subsidiary banks are consistent with approval.

Section 3 of the BHC Act also provides that the Board may not approve an application involving a foreign bank unless the bank is subject to comprehensive consolidated supervision or regulation on a consolidated basis by the appropriate authorities in the bank's home country.[33] The

31. *See* 12 U.S.C. § 1842(c)(2).

32. The commenters also expressed concern that the activities of RBS Group and its affiliates in Indonesia ignored human rights concerns, damaged the environment, or caused other societal harm. These contentions contain no allegations of illegality or action that would affect the safety and soundness of the institutions involved in the proposal, and are outside the limited statutory factors that the Board is authorized to consider when reviewing an application under the BHC Act. *See Western Bancshares, Inc. v. Board of Governors*, 480 F.2d 749 (10th Cir. 1973).

33. 12 U.S.C. § 1842(c)(3)(B). Under Regulation Y, the Board uses the standards enumerated in Regulation K to determine whether a

home country supervisor of RBS Group is the United Kingdom's Financial Services Agency ("FSA"), which is responsible for the supervision and regulation of United Kingdom financial institutions.

In approving applications under the BHC Act and the International Banking Act (12 U.S.C. §§ 3101 *et seq.*) ("IBA"), the Board previously has determined that United Kingdom banks, including RBS, were subject to home country supervision on a consolidated basis.[34] In this case, the Board finds that the FSA continues to supervise RBS in substantially the same manner as it supervised United Kingdom banks at the time of those previous determinations. Based on this finding and all the facts of record, the Board concludes that RBS continues to be subject to comprehensive supervision on a consolidated basis by its home country supervisor.

In addition, section 3 of the BHC Act requires the Board to determine that a foreign bank has provided adequate assurances that it will make available to the Board such information on its operations and activities and those of its affiliates that the Board deems appropriate to determine and enforce compliance with the BHC Act.[35] The Board has reviewed the restrictions on disclosure in relevant jurisdictions in which RBS Group operates and has communicated with relevant government authorities concerning access to information. In addition, RBS Group and RBS previously have committed to make available to the Board such information on the operations of RBS Group and its affiliates that the Board deems necessary to determine and enforce compliance with the BHC Act, the IBA, and other applicable federal law. RBS Group and RBS also previously have committed to cooperate with the Board to obtain any waivers or exemptions that may be necessary to enable RBS Group and its affiliates to make such information available to the Board. In light of these commitments, the Board concludes that RBS Group and RBS have provided adequate assurances of access to any appropriate information that the Board may request. Based on these and all the facts of record, the Board concludes that the supervisory factors it is required to consider are consistent with approval.[36]

Conclusion

Based on the foregoing and in light of all the facts of record, the Board has determined that the applications should be, and hereby are, approved.[37] In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act and other applicable statutes. The Board's approval is specifically conditioned on compliance by Applicants with all the representations and commitments made in connection with the application and prior commitments referenced in this order. These representations, commitments, and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The transaction shall not be consummated before the fifteenth calendar day after the effective date of this order, and the proposal may not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Boston, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 9, 2001.

Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Kelley, Meyer, and Gramlich.

ROBERT DEV. FRIERSON
Deputy Secretary of the Board

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foreign bank that has applied under section 3 of the BHC Act is subject to consolidated home country supervision. *See* 12 C.F.R. 225.13(a)(4). Regulation K provides that a foreign bank will be considered to be subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that the bank is supervised or regulated in such a manner that its home country supervisor receives sufficient information on the worldwide operations of the bank, including its relationship to any affiliates, to assess the bank's overall financial condition and its compliance with law and regulation. *See* 12 C.F.R. 211.24(c)(1).

34. *See Abbey National Treasury Services plc*, 87 *Federal Reserve Bulletin* 750 (2001); *see also The Royal Bank of Scotland Group*, 82 *Federal Reserve Bulletin* 428 (1996).

35. *See* 12 U.S.C. § 1842(c)(3)(A).

36. A commenter questioned the policies and procedures of RBS concerning correspondent banking relationships in connection with certain directives and action requests recently issued to financial institutions by government authorities. In evaluating the managerial and supervisory factors, the Board reviewed these comments in light of information submitted by RBS regarding its policies and procedures on correspondent bank and certain other customer account relationships and additional confidential information.

37. The commenters also requested that the Board hold a public hearing on the proposal. Section 3 of the BHC Act does not require the Board to hold a public hearing on an application unless the appropriate supervisory authority for any of the banks to be acquired makes a timely written recommendation of denial of the application. The Board has not received such a recommendation from the appropriate supervisory authority. Under its rules, the Board also may, in its discretion, hold a public meeting or hearing on an application to acquire a bank if a meeting or hearing is necessary or appropriate to clarify factual issues related to the application and to provide an opportunity for testimony. 12 C.F.R. 225.16(e). The Board has considered carefully the commenters' requests in light of all the facts of record. In the Board's view, the public has had ample opportunity to submit comments on the proposal, and in fact, the commenters have submitted written comments that the Board has considered carefully in acting on the proposal. Commenters' requests fail to demonstrate why their written comments do not present their views adequately or why a meeting or hearing otherwise would be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has determined that a public hearing is not required or warranted in this case. Accordingly, the requests for a public hearing on the proposal are denied.

ORDERS ISSUED UNDER INTERNATIONAL BANKING ACT

Jamaica National Building Society Kingston, Jamaica

Order Approving Establishment of a Representative Office

Jamaica National Building Society ("Bank"), Kingston, Jamaica, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 10(a) of the IBA (12 U.S.C. § 3107(a)) to establish a representative office in Fort Lauderdale, Florida. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a representative office in the United States.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in Fort Lauderdale (*Sun-Sentinel*, June 26, 1998). The time for filing comments has expired, and all comments have been considered.

Bank, with total consolidated assets of approximately $527 million,[1] is the fourth largest deposit-taking institution and the largest building society in Jamaica.[2] Bank primarily engages in residential mortgage lending and retail banking activities through 18 domestic offices. Bank also engages in real estate development, investment management, leasing, data processing, mortgage lending, and insurance and stock brokerage activities through a number of domestic subsidiaries. Outside Jamaica, Bank maintains representative offices in London, United Kingdom, and Toronto, Canada, and offers money transmission and mortgage lending services, primarily to Jamaicans living abroad, through subsidiaries operating in London, Toronto, New York, and Fort Lauderdale.

The proposed representative office would provide information on Bank, Bank's services in Jamaica, the Jamaican economy, and opportunities in Jamaica to Bank's members residing in Florida and to the wider population of Jamaicans living in Florida. The proposed office would assist borrowers in completing mortgage application forms, transmit completed loan application documents to the head office in Jamaica for review and approval, and promote Bank's mortgage services generally.

In acting on an application to establish a representative office, the IBA and Regulation K provide that the Board shall take into account whether the foreign bank engages directly in the business of banking outside of the United States and has furnished to the Board the information it needs to assess the application adequately. The Board also shall take into account whether the foreign bank and any foreign bank parent is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor (12 U.S.C. § 3107(a)(2); 12 C.F.R. 211.24(d)(2)).[3] The Board will consider that this standard regarding supervision has been met where it determines that the applicant bank is subject to a supervisory framework that is consistent with the activities of the proposed representative office, taking into account the nature of such activities and the operating record of the applicant.[4] In addition, the Board may take into account additional standards set forth in the IBA and Regulation K (12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)).

In connection with this application, Bank has provided certain commitments that limit the activities of the representative office. It has committed that the representative office would not make credit decisions on behalf of the parent building society, solicit deposits on behalf of the home office (other than from institutional investors), or engage in activities related to trading or money transmission. The representative office also would not share office space or premises with Bank's U.S. money transmitter subsidiary.

As noted above, Bank engages directly in the business of banking outside the United States. Bank also has provided the Board with information necessary to assess the application through submissions that address the relevant issues.

Bank has provided the following information regarding home country supervision. Bank's primary home country supervisor is the Bank of Jamaica ("BOJ"), Jamaica's central bank.[5] The BOJ supervises and regulates Bank through a combination of regular on-site reviews and off-site monitoring. On-site examinations include a review of

1. Unless otherwise indicated, data are as of March 31, 2001.

2. Bank is a mutual organization with more than 300,000 members. Each of Bank's members is considered to be a shareholder and has one vote. No single shareholder is considered to control the organization.

3. In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisors:

(i) Ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide;

(ii) Obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, and audit reports, or otherwise;

(iii) Obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic;

(iv) Receive from the bank financial reports that are consolidated on a worldwide basis or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis;

(v) Evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis.

These are indicia of comprehensive, consolidated supervision. No single factor is essential, and other elements may inform the Board's determination.

4. *See, e.g., RHEINHYP Rheinische Hypothekenbank AG*, 87 *Federal Reserve Bulletin* 558 (2001); *see also Promstroybank of Russia*, 82 *Federal Reserve Bulletin* 599 (1996); *Komercni Banka, a.s.*, 82 *Federal Reserve Bulletin* 597 (1996); *Commercial Bank "Ion Tiriac", S.A.*, 82 *Federal Reserve Bulletin* 592 (1996).

5. The BOJ has been supervising building societies, including Bank, since 1995. The laws governing Jamaican building societies are, in some respects, outdated, and the existing supervisory system has certain deficiencies. The BOJ is working to improve its oversight of building societies, however, by, among other things, sponsoring legislation that would strengthen the framework for supervision of such entities and strengthen their operations.

Bank's head office and branch operations, but not a review of Bank's foreign offices or foreign or domestic subsidiaries. Off-site monitoring consists of a review of periodic reports, most of which contain bank-only data.[6] The reports address, among other prudential matters, Bank's compliance with restrictions on transactions with affiliates.[7]

Bank is required to have its annual financial statements audited by an independent public accountant. External auditors are required to report to the BOJ on significant issues revealed, and the BOJ reviews the results of the external audit. In addition, Bank is required to establish and has established internal controls, policies, and procedures consistent with standards adopted by the BOJ. The BOJ reviews the Bank's internal audit function during on-site examinations.

The Jamaican Minister of Finance, in consultation with the BOJ, has the authority to take a range of remedial actions against building societies in appropriate circumstances.

Jamaica has enacted laws and the BOJ has promulgated implementing regulations aimed at preventing money laundering. The laws and regulations require financial institutions, including building societies, to establish and implement policies, procedures, and controls for the purpose of preventing and detecting money laundering, and to report certain cash transactions, as well as suspicious transactions, to appropriate authorities. An institution's compliance with applicable laws and regulations is monitored by the BOJ and the institution's external auditors. Bank has policies and procedures to comply with these laws and regulations.

Based on all the facts of record, including the commitments provided by Bank limiting the activities of the proposed office, it has been determined that factors relating to the supervision of Bank by its home country supervisors are consistent with approval of the proposed representative office.

The additional standards set forth in section 7 of the IBA and Regulation K (*see* 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)) have also been taken into account. The BOJ has no objection to establishment of the proposed representative office.

With respect to the financial and managerial resources of Bank, taking into consideration Bank's record of operations in its home country, its overall financial resources, and its standing with its home country supervisor, financial and managerial factors are consistent with approval of the proposed representative office. Bank appears to have the experience and capacity to support the proposed representative office and has established controls and procedures for the proposed representative office to ensure compliance with U.S. law.

With respect to access to information on Bank's operations, the restrictions on disclosure in relevant jurisdictions in which Bank operates have been reviewed and relevant government authorities have been communicated with regarding access to information. Bank has committed to make available to the Board such information on the operations of Bank and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable federal law. To the extent that the provision of such information to the Board may be prohibited by law or otherwise, Bank has committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties for disclosure of such information. In addition, subject to certain conditions, the BOJ may share information on Bank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the condition described below, it has been determined that Bank has provided adequate assurances of access to any necessary information that the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank, and the terms and conditions set forth in this order, Bank's application to establish the representative office is hereby approved.[8] Should any restrictions on access to information on the operations or activities of Bank or any of its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by Bank or its affiliates with applicable federal statutes, the Board may require or recommend termination of any of Bank's direct and indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by Bank with the commitments made in connection with this application and with the conditions in this order.[9] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision and may be enforced in proceedings against Bank and its affiliates under 12 U.S.C § 1818.

By order, approved pursuant to authority delegated by the Board, effective November 6, 2001.

ROBERT DEV. FRIERSON
Deputy Secretary of the Board

6. The exception to reporting bank-only data is Bank's filing of consolidated audited financial statements annually.

7. These limits were put into place in 1996 after much of the Jamaican financial sector experienced extreme difficulties.

8. Approved by the Director of the Division of Banking Supervision and Regulation, with the concurrence of the General Counsel, pursuant to authority delegated by the Board.

9. The Board's authority to approve the establishment of the proposed representative office parallels the continuing authority of the State of Florida to license offices of a foreign bank. Approval of this application does not supplant the authority of the State of Florida, or its agent, the Florida Department of Banking and Finance ("Department"), to license the proposed office of Bank in accordance with any terms or conditions that the Department may impose.

INDEX OF ORDERS ISSUED OR ACTIONS TAKEN BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM (July 1, 2001 - September 30, 2001)

Applicant	Merged or Acquired Bank of Activity	Date of Approval	*Bulletin* Volume and Page
Abbey National Treasury Services plc, London, England	To establish a branch in Stamford, Connecticut	September 17, 2001	87, 750
Banco de Credito del Peru, Lima, Peru	To establish an agency in Miami, Florida	August 9, 2001	87, 708
Canadian Imperial Bank of Commerce, Toronto, Canada CIBC World Markets Inc., Toronto, Canada CIBC Delaware Holdings Inc., New York, New York Amicus Holdings Inc., Falls Church, Virginia	Juniper Financial Corp., Wilmington, Delaware Juniper Bank, Wilmington, Delaware	August 17, 2001	87, 678
The Chase Manhattan Bank, New York, New York	Chase Bank of Texas B San Angelo, National Association, San Angelo, Texas	July 9, 2001	87, 626
Citigroup Inc., New York, New York Citigroup Holdings Company, Wilmington, Delaware Citicorp, New York, New York	European American Bank, Uniondale, New York	July 2, 2001	87, 600
Citigroup Inc., New York, New York Citigroup Holdings Company, Wilmington, Delaware Citicorp, New York, New York	Grupo Financiero Banamex Accival, S.A. de C.V., Mexico City, Mexico Banco Nacional de Mexico, S.A., Mexico City, Mexico Banamex USA Bancorp, Los Angeles, California California Commerce Bank, Los Angeles, California	July 16, 2001	87, 613
DePfa Bank AG, Wiesbaden, Germany	To establish a representative office in New York, New York	August 9, 2001	87, 710
First Union Corporation, Charlotte, North Carolina	Wachovia Corporation, Winston-Salem, North Carolina Wachovia Bank, National Association, Winston-Salem, North Carolina Atlantic Savings Bank, FSB, Hilton Head Island, South Carolina	August 13, 2001	87, 683
First Western Bancorp, Inc., Huron, South Dakota	American Bank Shares, Inc., Rapid City, South Dakota American State Bank, Rapid City, South Dakota	August 9, 2001	87, 681
Harrodsburg First Financial Bancorp, Inc., Harrodsburg, Kentucky	Citizens Financial Bank, Inc., Glasgow, Kentucky First Financial Bank, Harrodsburg, Kentucky	July 2, 2001	87, 624
Native American Bancorporation Co., Denver, Colorado	Blackfeet National Bank, Browning, Montana Native American Community Development Corporation, Denver, Colorado	September 28, 2001	87, 747

Applications Approved Under Bank Holding Company Act
By Federal Reserve Banks

Recent applications have been approved by the Federal Reserve Banks as listed below. Copies are available upon request to the Reserve Banks.

Section 3

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Capitol Bancorp Ltd., Lansing, Michigan Sun Community Bancorp Limited, Phoenix, Arizona	First California Northern Bancorp, Napa, California	Chicago	November 9, 2001
Capitol Bancorp Ltd., Lansing, Michigan Sun Community Bancorp Limited, Phoenix, Arizona	Nevada Community Bancorp Limited, Las Vegas, Nevada Bank of Las Vegas, Las Vegas, Nevada	Chicago	November 9, 2001
Dunlap Iowa Holding Co., Dunlap, Iowa	EWN Investments, Inc., Ute, Iowa Ute State Bank, Ute, Iowa	Chicago	November 7, 2001
First California Northern Bancorp, Napa, California	Napa Community Bank, Napa, California	Chicago	November 9, 2001
First National Bank of Berryville Employee Stock Ownership Trust, Berryville, Arkansas	First Carroll Bankshares, Inc., Berryville, Arkansas	St. Louis	November 8, 2001
Manito Bank Services, Inc., Manito, Illinois	Peoples State Bank, Manito, Illinois	Chicago	November 8, 2001
PRP Bancorp, Inc., Corbin, Kentucky	PRP National Bank, Pleasure Ridge Park, Kentucky	St. Louis	November 6, 2001

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
SouthTrust Corporation, Birmingham, Alabama SouthTrust of Alabama, Inc., Birmingham, Alabama	Community Bankshares, Incorporated, Richmond, Virginia Commerce Bank, Richmond, Virginia	Atlanta	November 9, 2001

Applications Approved Under Bank Merger Act
By Federal Reserve Banks

Recent applications have been approved by the Federal Reserve Banks as listed below. Copies are available upon request to the Reserve Banks.

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Colonial Bank, Montgomery, Alabama	Manufacturers Bank of Florida, Tampa, Florida Israel Discount Bank of New York, New York, New York	Atlanta	November 9, 2001
SouthTrust Bank, Birmingham, Alabama	Commerce Bank, Richmond, Virginia	Atlanta	November 9, 2001

Pending Cases Involving the Board of Governors

This list of pending cases does not include suits against the Federal Reserve Banks in which the Board of Governors is not named a party.

Community Bank & Trust v. United States, No. 01–571C (Ct. Fed. Cl., filed October 3, 2001). Action challenging failure to pay interest on reserve accounts held at Federal Reserve Bank.

Emran v. Greenspan, No. 1:01CV1992 (PLF) (D.D.C., filed September 20, 2001). Employment discrimination claim.

Bettersworth v. Board of Governors, No. 01–444 (United States Supreme Court, docketed September 14, 2001). Petition for *certiorari* seeking review of denial of petitioner's Privacy Act claims. On November 13, 2001, the Supreme Court denied the petition.

Laredo National Bancshares, Inc. v. Whalen v. Board of Governors, No. 01-CV-134 (S.D. Tex., removed on September 5, 2001, from No. 99CVQ00940-D3 (District Court, 341st Judicial District, Webb County, Texas, originally filed July 26, 2001). Third-party petition seeking indemnification or contribution from the Board in connection with a claim asserted against defendant Whalen alleging tortious interference with a contract.

Radfar v. United States, No. 1:01CV1292 (PLF) (D.D.C., complaint filed June 11, 2001). Action under the Federal Tort Claims Act for injury on Board premises.

Artis v. Greenspan, No. 01-CV-0400(ESG) (D.D.C., complaint filed February 22, 2001. Employment discrimination action. On August 15, 2001, the district court consolidated the action with *Artis v. Greenspan, No.* 99-CV-2073 (EGS) (D.D.C., filed August 3, 1999), also an employment discrimination action.

Howe v. Bank for International Settlements, No. 00CV12485 RCL (D. Mass., filed December 7, 2000). Action seeking damages in connection with gold market activities and the repurchase of privately-owned shares of the Bank for International Settlements.

Trans Union LLC v. Federal Trade Commission, et al., No. 01–5202 (D.C. Cir., filed June 4, 2001). Appeal of district court order entered April 30, 2001, upholding an interagency rule regarding Privacy of Consumer Finance Information.

Albrecht v. Board of Governors, No. 00-CV-317 (CKK) (D.D.C., filed February 18, 2000). Action challenging the method of funding of the retirement plan for certain Board employees. On March 30, 2001, the district court granted in part and denied in part the Board's motion to dismiss.

Guerrero v. United States, No. CV-F-99–6771(OWW) (E.D. Cal., filed November 29, 1999). Prisoner suit.

Fraternal Order of Police v. Board of Governors, No. 1:98CV03116 (WBB)(D.D.C., filed December 22, 1998). Declaratory judgment action challenging Board labor practices. On February 26, 1999, the Board filed a motion to dismiss the action.

Membership of the Board of Governors of the Federal Reserve System, 1913–2001

APPOINTIVE MEMBERS[1]

Name	Federal Reserve District	Date of initial oath of office	Other dates and information relating to membership[2]
Charles S. Hamlin	Boston	Aug. 10, 1914	Reappointed in 1916 and 1926. Served until Feb. 3, 1936.[3]
Paul M. Warburg	New York	Aug. 10, 1914	Term expired Aug. 9, 1918.
Frederic A. Delano	Chicago	Aug. 10, 1914	Resigned July 21, 1918.
W.P.G. Harding	Atlanta	Aug. 10, 1914	Term expired Aug. 9, 1922.
Adolph C. Miller	San Francisco	Aug. 10, 1914	Reappointed in 1924. Reappointed in 1934 from the Richmond District. Served until Feb. 3, 1936.[3]
Albert Strauss	New York	Oct. 26, 1918	Resigned Mar. 15, 1920.
Henry A. Moehlenpah	Chicago	Nov. 10, 1919	Term expired Aug. 9, 1920.
Edmund Platt	New York	June 8, 1920	Reappointed in 1928. Resigned Sept. 14, 1930.
David C. Wills	Cleveland	Sept. 29, 1920	Term expired Mar. 4, 1921.
John R. Mitchell	Minneapolis	May 12, 1921	Resigned May 12, 1923.
Milo D. Campbell	Chicago	Mar. 14, 1923	Died Mar. 22, 1923.
Daniel R. Crissinger	Cleveland	May 1, 1923	Resigned Sept. 15, 1927.
George R. James	St. Louis	May 14, 1923	Reappointed in 1931. Served until Feb. 3, 1936.[4]
Edward H. Cunningham	Chicago	May 14, 1923	Died Nov. 28, 1930.
Roy A. Young	Minneapolis	Oct. 4, 1927	Resigned Aug. 31, 1930.
Eugene Meyer	New York	Sept. 16, 1930	Resigned May 10, 1933.
Wayland W. Magee	Kansas City	May 18, 1931	Term expired Jan. 24, 1933.
Eugene R. Black	Atlanta	May 19, 1933	Resigned Aug. 15, 1934.
M.S. Szymczak	Chicago	June 14, 1933	Reappointed in 1936 and 1948. Resigned May 31, 1961.
J.J. Thomas	Kansas City	June 14, 1933	Served until Feb. 10, 1936.[3]
Marriner S. Eccles	San Francisco	Nov. 15, 1934	Reappointed in 1936, 1940, and 1944. Resigned July 14, 1951.
Joseph A. Broderick	New York	Feb. 3, 1936	Resigned Sept. 30, 1937.
John K. McKee	Cleveland	Feb. 3, 1936	Served until Apr. 4, 1946.[3]
Ronald Ransom	Atlanta	Feb. 3, 1936	Reappointed in 1942. Died Dec. 2, 1947.
Ralph W. Morrison	Dallas	Feb. 10, 1936	Resigned July 9, 1936.
Chester C. Davis	Richmond	June 25, 1936	Reappointed in 1940. Resigned Apr. 15, 1941.
Ernest G. Draper	New York	Mar. 30, 1938	Served until Sept. 1, 1950.[3]
Rudolph M. Evans	Richmond	Mar. 14, 1942	Served until Aug. 13, 1954.[3]
James K. Vardaman, Jr.	St. Louis	Apr. 4, 1946	Resigned Nov. 30, 1958.
Lawrence Clayton	Boston	Feb. 14, 1947	Died Dec. 4, 1949.
Thomas B. McCabe	Philadelphia	Apr. 15, 1948	Resigned Mar. 31, 1951.
Edward L. Norton	Atlanta	Sept. 1, 1950	Resigned Jan. 31, 1952.
Oliver S. Powell	Minneapolis	Sept. 1, 1950	Resigned June 30, 1952.
Wm. McC. Martin, Jr.	New York	April 2, 1951	Reappointed in 1956. Term expired Jan. 31, 1970.
A.L. Mills, Jr.	San Francisco	Feb. 18, 1952	Reappointed in 1958. Resigned Feb. 28, 1965.
J.L. Robertson	Kansas City	Feb. 18, 1952	Reappointed in 1964. Resigned Apr. 30, 1973.
C. Canby Balderston	Philadelphia	Aug. 12, 1954	Served through Feb. 28, 1966.
Paul E. Miller	Minneapolis	Aug. 13, 1954	Died Oct. 21, 1954.
Chas. N. Shepardson	Dallas	Mar. 17, 1955	Retired Apr. 30, 1967.
G.H. King, Jr.	Atlanta	Mar. 25, 1959	Reappointed in 1960. Resigned Sept. 18, 1963.
George W. Mitchell	Chicago	Aug. 31, 1961	Reappointed in 1962. Served until Feb. 13, 1976.[3]
J. Dewey Daane	Richmond	Nov. 29, 1963	Served until Mar. 8, 1974.[3]
Sherman J. Maisel	San Francisco	Apr. 30, 1965	Served through May 31, 1972.
Andrew F. Brimmer	Philadelphia	Mar. 9, 1966	Resigned Aug. 31, 1974.
William W. Sherrill	Dallas	May 1, 1967	Reappointed in 1968. Resigned Nov. 15, 1971.
Arthur F. Burns	New York	Jan. 31, 1970	Term began Feb. 1, 1970. Resigned Mar. 31, 1978.
John E. Sheehan	St. Louis	Jan. 4, 1972	Resigned June 1, 1975.
Jeffrey M. Bucher	San Francisco	June 5, 1972	Resigned Jan. 2, 1976.
Robert C. Holland	Kansas City	June 11, 1973	Resigned May 15, 1976.
Henry C. Wallich	Boston	Mar. 8, 1974	Resigned Dec. 15, 1986.
Philip E. Coldwell	Dallas	Oct. 29, 1974	Served through Feb. 29, 1980.

Name	Federal Reserve District	Date of initial oath of office	Other dates and information relating to membership[2]
Philip C. Jackson, Jr.	Atlanta	July 14, 1975	Resigned Nov. 17, 1978.
J. Charles Partee	Richmond	Jan. 5, 1976	Served until Feb. 7, 1986.[3]
Stephen S. Gardner	Philadelphia	Feb. 13, 1976	Died Nov. 19, 1978.
David M. Lilly	Minneapolis	June 1, 1976	Resigned Feb. 24, 1978.
G. William Miller	San Francisco	Mar. 8, 1978	Resigned Aug. 6, 1979.
Nancy H. Teeters	Chicago	Sept. 18, 1978	Served through June 27, 1984.
Emmett J. Rice	New York	June 20, 1979	Resigned Dec. 31, 1986.
Frederick H. Schultz	Atlanta	July 27, 1979	Served through Feb. 11, 1982.
Paul A. Volcker	Philadelphia	Aug. 6, 1979	Resigned August 11, 1987.
Lyle E. Gramley	Kansas City	May 28, 1980	Resigned Sept. 1, 1985.
Preston Martin	San Francisco	Mar. 31, 1982	Resigned April 30, 1986.
Martha R. Seger	Chicago	July 2, 1984	Resigned March 11, 1991.
Wayne D. Angell	Kansas City	Feb. 7, 1986	Served through Feb. 9, 1994.
Manuel H. Johnson	Richmond	Feb. 7, 1986	Resigned August 3, 1990.
H. Robert Heller	San Francisco	Aug. 19, 1986	Resigned July 31, 1989.
Edward W. Kelley, Jr.	Dallas	May 26, 1987	Reappointed in 1990.
Alan Greenspan	New York	Aug. 11, 1987	Reappointed in 1992.
John P. LaWare	Boston	Aug. 15, 1988	Resigned April 30, 1995.
David W. Mullins, Jr.	St. Louis	May 21, 1990	Resigned Feb. 14, 1994.
Lawrence B. Lindsey	Richmond	Nov. 26, 1991	Resigned Feb. 5, 1997.
Susan M. Phillips	Chicago	Dec. 2, 1991	Served through June 30, 1998.
Alan S. Blinder	Philadelphia	June 27, 1994	Term expired Jan. 31, 1996.
Janet L. Yellen	San Francisco	Aug. 12, 1994	Resigned Feb. 17, 1997.
Laurence H. Meyer	St. Louis	June 24, 1996	
Alice M. Rivlin	Philadelphia	June 25, 1996	Resigned July 16, 1999.
Roger W. Ferguson, Jr.	Boston	Nov. 5, 1997	Reappointed in 2001.
Edward M. Gramlich	Richmond	Nov. 5, 1997	
Susan S. Bies	Chicago	Dec. 7, 2001	
Mark W. Olson	Minneapolis	Dec. 7, 2001	

Chairmen[4]

Charles S. Hamlin	Aug. 10, 1914–Aug. 9, 1916
W.P.G. Harding	Aug. 10, 1916–Aug. 9, 1922
Daniel R. Crissinger	May 1, 1923–Sept. 15, 1927
Roy A. Young	Oct. 4, 1927–Aug. 31, 1930
Eugene Meyer	Sept. 16, 1930–May 10, 1933
Eugene R. Black	May 19, 1933–Aug. 15, 1934
Marriner S. Eccles	Nov. 15, 1934–Jan. 31, 1948[5]
Thomas B. McCabe	Apr. 15, 1948–Mar. 31, 1951
Wm. McC. Martin, Jr.	Apr. 2, 1951–Jan. 31, 1970
Arthur F. Burns	Feb. 1, 1970–Jan. 31, 1978
G. William Miller	Mar. 8, 1978–Aug. 6, 1979
Paul A. Volcker	Aug. 6, 1979–Aug. 11, 1987
Alan Greenspan	Aug. 11, 1987–[6]

Vice Chairmen[4]

Frederic A. Delano	Aug. 10, 1914–Aug. 9, 1916
Paul M. Warburg	Aug. 10, 1916–Aug. 9, 1918
Albert Strauss	Oct. 26, 1918–Mar. 15, 1920
Edmund Platt	July 23, 1920–Sept. 14, 1930
J.J. Thomas	Aug. 21, 1934–Feb. 10, 1936
Ronald Ransom	Aug. 6, 1936–Dec. 2, 1947
C. Canby Balderston	Mar. 11, 1955–Feb. 28, 1966
J.L. Robertson	Mar. 1, 1966–Apr. 30, 1973
George W. Mitchell	May 1, 1973–Feb. 13, 1976
Stephen S. Gardner	Feb. 13, 1976–Nov. 19, 1978
Frederick H. Schultz	July 27, 1979–Feb. 11, 1982
Preston Martin	Mar. 31, 1982–Apr. 30, 1986
Manuel H. Johnson	Aug. 4, 1986–Aug. 3, 1990
David W. Mullins, Jr.	July 24, 1991–Feb. 14, 1994
Alan S. Blinder	June 27, 1994–Jan. 31, 1996
Alice M. Rivlin	June 25, 1996–July 16, 1999
Roger W. Ferguson, Jr.	Oct. 5, 1999–

EX-OFFICIO MEMBERS[1]

Secretaries of the Treasury

W.G. McAdoo	Dec. 23, 1913–Dec. 15, 1918
Carter Glass	Dec. 16, 1918–Feb. 1, 1920
David F. Houston	Feb. 2, 1920–Mar. 3, 1921
Andrew W. Mellon	Mar. 4, 1921–Feb. 12, 1932
Ogden L. Mills	Feb. 12, 1932–Mar. 4, 1933
William H. Woodin	Mar. 4, 1933–Dec. 31, 1933
Henry Morgenthau, Jr.	Jan. 1, 1934–Feb. 1, 1936

Comptrollers of the Currency

John Skelton Williams	Feb. 2, 1914–Mar. 2, 1921
Daniel R. Crissinger	Mar. 17, 1921–Apr. 30, 1923
Henry M. Dawes	May 1, 1923–Dec. 17, 1924
Joseph W. McIntosh	Dec. 20, 1924–Nov. 20, 1928
J.W. Pole	Nov. 21, 1928–Sept. 20, 1932
J.F.T. O'Connor	May 11, 1933–Feb. 1, 1936

1. Under the provisions of the original Federal Reserve Act, the Federal Reserve Board was composed of seven members, including five appointive members, the Secretary of the Treasury, who was ex-officio chairman of the Board, and the Comptroller of the Currency. The original term of office was ten years, and the five original appointive members had terms of two, four, six, eight, and ten years respectively. In 1922 the number of appointive members was increased to six, and in 1933 the term of office was increased to twelve years. The Banking Act of 1935, approved Aug. 23, 1935, changed the name of the Federal Reserve Board to the Board of Governors of the Federal Reserve System and provided that the Board should be composed of seven appointive members; that the Secretary of the Treasury and the Comptroller of the Currency should continue to serve as members until Feb. 1, 1936; that the appointive members in office on the date of that act should continue to serve until Feb. 1, 1936, or until their successors were appointed and had qualified; and that thereafter the terms of members should be fourteen years and that the designation of Chairman and Vice Chairman of the Board should be for a term of four years.

2. Date after words "Resigned" and "Retired" denotes final day of service.

3. Successor took office on this date.

4. Chairman and Vice Chairman were designated Governor and Vice Governor before Aug. 23, 1935.

5. Served as Chairman Pro Tempore from February 3, 1948, to April 15, 1948.

6. Served as Chairman Pro Tempore from March 3, 1996, to June 20, 1996.

Financial and Business Statistics

Guide to Tables

SYMBOLS AND ABBREVIATIONS

c	Corrected
e	Estimated
n.a.	Not available
n.e.c.	Not elsewhere classified
p	Preliminary
r	Revised (Notation appears in column heading when about half the figures in the column have been revised from the most recently published table.)
*	Amount insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given in millions)
0	Calculated to be zero
. . .	Cell not applicable
ABS	Asset-backed security
ATS	Automatic transfer service
BIF	Bank insurance fund
CD	Certificate of deposit
CMO	Collateralized mortgage obligation
CRA	Community Reinvestment Act of 1977
FAMC	Federal Agriculture Mortgage Corporation
FFB	Federal Financing Bank
FHA	Federal Housing Administration
FHLBB	Federal Home Loan Bank Board
FHLMC	Federal Home Loan Mortgage Corporation
FmHA	Farmers Home Administration
FNMA	Federal National Mortgage Association
FSA	Farm Service Agency
FSLIC	Federal Savings and Loan Insurance Corporation
G-7	Group of Seven
G-10	Group of Ten
GDP	Gross domestic product
GNMA	Government National Mortgage Association
GSE	Government-sponsored enterprise
HUD	Department of Housing and Urban Development
IMF	International Monetary Fund
IOs	Interest only, stripped, mortgage-backed securities
IPCs	Individuals, partnerships, and corporations
IRA	Individual retirement account
MMDA	Money market deposit account
MSA	Metropolitan statistical area
NAICS	North American Industry Classification System
NOW	Negotiable order of withdrawal
OCDs	Other checkable deposits
OPEC	Organization of Petroleum Exporting Countries
OTS	Office of Thrift Supervision
PMI	Private mortgage insurance
POs	Principal only, stripped, mortgage-backed securities
REIT	Real estate investment trust
REMICs	Real estate mortgage investment conduits
RHS	Rural Housing Service
RP	Repurchase agreement
RTC	Resolution Trust Corporation
SCO	Securitized credit obligation
SDR	Special drawing right
SIC	Standard Industrial Classification
TIIS	Treasury inflation-indexed securities
VA	Department of Veterans Affairs

GENERAL INFORMATION

In many of the tables, components do not sum to totals because of rounding.

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the U.S. Treasury.

"State and local government" also includes municipalities, special districts, and other political subdivisions.

1.10 RESERVES, MONEY STOCK, AND DEBT MEASURES

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	2000	2001			2001				
	Q4[r]	Q1[r]	Q2[r]	Q3[r]	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.
Reserves of depository institutions[2]									
1 Total	−9.0	−2.1	1.9	71.7	−3.9	25.8	8.7	540.1	−266.0
2 Required	−11.3	−3.6	4.3	10.4	−14.7	26.1	14.4	4.4	160.2
3 Nonborrowed	−6.7	.4	.9	60.4	−4.4	24.3	11.8	445.8	−210.8
4 Monetary base[3]	2.8	6.4	5.4	14.7	5.6	11.6	15.4	47.2	−19.1
Concepts of money and debt[4]									
5 M1	−3.3	5.0	5.5	14.5	6.6	13.8	8.6	58.1	−41.3
6 M2	6.0	9.8	9.7	10.7	9.9	9.1	8.2	26.7	−1.5
7 M3	7.3	13.1	14.7	9.7	13.0	6.9	.8	25.0	10.6
8 Debt	4.4	4.8	5.9	5.8	6.1	3.8	6.7	8.0	n.a.
Nontransaction components									
9 In M2[5]	8.8	11.2	10.9	9.6	10.8	7.8	8.1	18.0	9.9
10 In M3 only[6]	10.4	20.7	25.9	7.6	19.7	2.2	−14.8	21.1	37.0
Time and savings deposits									
Commercial banks									
11 Savings, including MMDAs	12.1	17.4	20.4	19.8	19.1	12.4	24.5	32.9	12.4
12 Small time[7]	5.6	2.5	−7.8	−10.3	−10.3	−13.9	−7.5	−8.6	−11.2
13 Large time[8,9]	4.1	−1.3	−.2	−4.0	9.2	−11.4	−19.4	6.7	23.7
Thrift institutions									
14 Savings, including MMDAs	.4	6.5	22.3	25.3	25.1	23.1	24.3	22.9	33.4
15 Small time[7]	9.3	6.5	4.0	−4.8	−3.1	−8.2	−9.9	−4.5	−14.9
16 Large time[8]	10.6	11.1	12.8	16.0	−8.7	20.7	31.1	13.6	1.0
Money market mutual funds									
17 Retail	10.4	12.2	7.0	4.9	10.5	13.4	−9.6	17.1	16.2
18 Institution-only	20.5	50.8	55.1	21.9	44.9	9.7	−20.1	53.0	76.4
Repurchase agreements and eurodollars									
19 Repurchase agreements[10]	2.1	−7.1	21.0	−9.6	1.6	−12.4	−11.5	−40.8	−11.1
20 Eurodollars[10]	10.3	38.6	8.1	6.4	−16.0	28.5	−4.9	26.8	−12.3
Debt components[4]									
21 Federal	−8.0	−5.2	−7.0	3.1	1.6	4.5	7.6	12.3	n.a.
22 Nonfederal	7.4	7.1	8.7	6.3	7.1	3.6	6.5	7.1	n.a

1. Unless otherwise noted, rates of change are calculated from average amounts outstanding during preceding month or quarter.

2. Figures incorporate adjustments for discontinuities, or "breaks," associated with regulatory changes in reserve requirements (See also table 1.20.)

3. The seasonally adjusted, break-adjusted monetary base consists of (1) seasonally adjusted, break-adjusted total reserves (line 1), plus (2) the seasonally adjusted currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all weekly reporters whose vault cash exceeds their required reserves) the seasonally adjusted, break-adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements.

4. Composition of the money stock measures and debt is as follows:

M1: (1) currency outside the U.S. Treasury, Federal Reserve Banks, and the vaults of depository institutions, (2) travelers checks of nonbank issuers, (3) demand deposits at all commercial banks other than those owed to depository institutions, the U.S. government, and foreign banks and official institutions, less cash items in the process of collection and Federal Reserve float, and (4) other checkable deposits (OCDs), consisting of negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at depository institutions, credit union share draft accounts, and demand deposits at thrift institutions. Seasonally adjusted M1 is computed by summing currency, travelers checks, demand deposits, and OCDs, each seasonally adjusted separately.

M2: M1 plus (1) savings (including MMDAs), (2) small-denomination time deposits (time deposits—including retail RPs—in amounts of less than $100,000), and (3) balances in retail money market mutual funds. Excludes individual retirement accounts (IRAs) and Keogh balances at depository institutions and money market funds. Seasonally adjusted M2 is calculated by summing savings deposits, small-denomination time deposits, and retail money fund balances, each seasonally adjusted separately, and adding this result to seasonally adjusted M1.

M3: M2 plus (1) large-denomination time deposits (in amounts of $100,000 or more), (2) balances in institutional money funds, (3) RP liabilities (overnight and term) issued by all depository institutions, and (4) eurodollars (overnight and term) held by U.S residents at foreign branches of U.S. banks worldwide and at all banking offices in the United Kingdom and Canada. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Seasonally adjusted M3 is calculated by summing large time deposits, institutional money fund balances, RP liabilities, and eurodollars, each seasonally adjusted separately, and adding this result to seasonally adjusted M2.

Debt: The debt aggregate is the outstanding credit market debt of the domestic nonfinancial sectors—the federal sector (U.S. government, not including government-sponsored enterprises or federally related mortgage pools) and the nonfederal sectors (state and local governments, households and nonprofit organizations, nonfinancial corporate and nonfarm noncorporate businesses, and farms). Nonfederal debt consists of mortgages, tax-exempt and corporate bonds, consumer credit, bank loans, commercial paper, and other loans. The data, which are derived from the Federal Reserve Board's flow of funds accounts, are break-adjusted (that is, discontinuities in the data have been smoothed into the series) and month-averaged (that is, the data have been derived by averaging adjacent month-end levels).

5. Sum of (1) savings deposits (including MMDAs), (2) small time deposits, and (3) retail money fund balances, each seasonally adjusted separately.

6. Sum of (1) large time deposits, (2) institutional money fund balances, (3) RP liabilities (overnight and term) issued by depository institutions, and (4) eurodollars (overnight and term) of U.S. addressees, each seasonally adjusted separately.

7. Small time deposits—including retail RPs—are those issued in amounts of less than $100,000. All IRA and Keogh account balances at commercial banks and thrift institutions are subtracted from small time deposits.

8. Large time deposits are those issued in amounts of $100,000 or more, excluding those booked at international banking facilities.

9. Large time deposits at commercial banks less those held by money market funds, depository institutions, the U.S. government, and foreign banks and official institutions.

10. Includes both overnight and term.

1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT[1]

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	2001			2001						
	Aug.	Sept.	Oct.	Sept. 19	Sept. 26	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	599,962	628,193	613,448	671,614	611,158	612,892	615,543	616,686	606,617	617,176
U.S. government securities[2]										
2 Bought outright—System account[3]	539,769	533,581	541,533	523,359	530,998	534,515	540,135	541,322	543,577	543,435
3 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
Federal agency obligations										
4 Bought outright	10	10	10	10	10	10	10	10	10	10
5 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
6 Repurchase agreeements—triparty[4]	22,971	44,704	33,035	75,296	39,333	41,250	32,719	33,154	27,405	37,843
7 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
8 Adjustment credit	23	3,344	9	1,502	1,065	11	8	7	10	10
9 Seasonal credit	165	89	68	95	67	83	81	67	64	54
10 Special Liquidity Facility credit	0	0	0	0	0	0	0	0	0	0
11 Extended credit	0	0	0	0	0	0	0	0	0	0
12 Float	35	7,551	490	27,252	1,906	−665	1,737	915	−38	−146
13 Other Federal Reserve assets	36,989	38,914	38,302	44,101	37,778	37,689	40,852	41,213	35,589	35,968
14 Gold stock	11,044	11,044	11,045	11,043	11,043	11,045	11,045	11,045	11,045	11,045
15 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
16 Treasury currency outstanding	32,846	32,984	33,045	32,985	32,999	33,013	33,027	33,041	33,055	33,069
ABSORBING RESERVE FUNDS										
17 Currency in circulation	607,335	613,474	615,444	615,347	612,964	613,154	616,701	616,113	614,807	614,653
18 Reverse repurchase agreements—triparty[4]	0	0	0	0	0	0	0	0	0	0
19 Treasury cash holdings	413	424	438	426	429	422	428	442	451	438
Deposits, other than reserve balances, with Federal Reserve Banks										
20 Treasury	5,040	6,644	5,234	6,291	8,462	7,728	5,076	4,722	5,321	5,121
21 Foreign	89	292	505	157	605	619	649	632	579	112
22 Service-related balances and adjustments	7,558	7,796	8,160	7,707[r]	8,139[r]	8,016	8,327	8,096	8,057	8,223
23 Other	303	342	262	382	298	235	283	257	262	236
24 Other Federal Reserve liabilities and capital	18,220	19,081	17,892	20,660	18,787	17,855	17,898	17,958	17,844	17,879
25 Reserve balances with Federal Reserve Banks[5]	7,092	26,368[r]	11,802	66,873[r]	7,716	11,121	12,454	14,753	5,595	16,827
	End-of-month figures			Wednesday figures						
	Aug.	Sept.	Oct.	Sept. 19	Sept. 26	Oct 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	608,399	619,548	625,350	607,777	614,659	608,192	620,130	624,125	610,745	625,350
U.S. government securities[2]										
2 Bought outright—System account[3]	541,807	534,136	544,287	526,624	526,817	537,834	540,111	544,024	544,190	544,287
3 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
Federal agency obligations										
4 Bought outright	10	10	10	10	10	10	10	10	10	10
5 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
6 Repurchase agreeements—triparty[4]	29,755	47,880	45,050	39,600	51,290	32,755	33,505	37,045	30,050	45,050
7 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
8 Adjustment credit	6	7	15	2,587	20	0	46	1	42	15
9 Seasonal credit	117	81	40	87	75	85	75	64	60	40
10 Special Liquidity Facility credit	0	0	0	0	0	0	0	0	0	0
11 Extended credit	0	0	0	0	0	0	0	0	0	0
12 Float	463	−549	244	1,258	−1,560	50	5,323	1,640	646	244
13 Other Federal Reserve assets	36,241	37,983	35,703	37,613	38,007	37,459	41,061	41,342	35,747	35,703
14 Gold stock	11,044	11,045	11,045	11,043	11,043	11,045	11,045	11,045	11,045	11,045
15 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
16 Treasury currency outstanding	32,957	33,013	33,069	32,985	32,999	33,013	33,027	33,041	33,055	33,069
ABSORBING RESERVE FUNDS										
17 Currency in circulation	613,266	612,069	616,853	615,464	613,590	615,245	618,009	616,220	615,437	616,853
18 Reverse repurchase agreements—triparty[4]	0	0	0	0	0	0	0	0	0	0
19 Treasury cash holdings	416	422	435	430	422	426	440	453	439	435
Deposits, other than reserve balances, with Federal Reserve Banks										
20 Treasury	5,533	9,796	5,112	5,413	9,668	5,972	5,107	5,038	4,297	5,112
21 Foreign	80	609	75	258	635	609	603	744	282	75
22 Service-related balances and adjustments	7,569	8,016	8,223	7,707[r]	8,139[r]	8,016	8,327	8,096	8,057	8,223
23 Other	276	191	271	288	237	283	259	256	251	271
24 Other Federal Reserve liabilities and capital	18,139	17,875	17,773	20,071	17,760	17,663	17,838	17,734	17,597	17,773
25 Reserve balances with Federal Reserve Banks[5]	9,321	16,829	22,923	4,374[r]	10,450[r]	6,237	15,819	21,872	10,685	22,923

1. Amounts of cash held as reserves are shown in table 1.12, line 2.
2. Includes securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and excludes securities sold and scheduled to be bought back under matched sale–purchase transactions.
3. Includes compensation that adjusts for the effects of inflation on the principal of inflation-indexed securities.
4. Cash value of agreements arranged through third-party custodial banks. These agreements are collateralized by U.S. government and federal agency securities.
5. Excludes required clearing balances and adjustments to compensate for float.

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1998	1999	2000	2001						
	Dec.	Dec.	Dec.[r]	Apr.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.
1 Reserve balances with Reserve Banks[2]	9,026	5,262	7,022	6,860	7,604	7,041	7,665	7,552	25,564	12,127
2 Total vault cash[3]	44,294	60,619	45,245	43,672	43,267	43,139	43,911	44,007	43,436	45,022
3 Applied vault cash[4]	36,183	36,392	31,451	31,729	31,771	31,174	31,619	32,051	31,940	32,477
4 Surplus vault cash[5]	8,111	24,227	13,794	11,943	11,497	11,966	12,291	11,956	11,496	12,546
5 Total reserves[6]	45,209	41,654	38,473	38,589	39,374	38,215	39,285	39,603	57,504	44,604
6 Required reserves	43,695	40,357	37,046	37,312	38,355	36,855	37,904	38,397	38,491	43,590
7 Excess reserve balances at Reserve Banks[7]	1,514	1,297	1,427	1,277	1,019	1,360	1,380	1,206	19,013	1,015
8 Total borrowing at Reserve Banks	117	320	210	51	213	229	283	183	3,385	127
9 Adjustment	101	179	99	15	134	110	109	19	3,292	60
10 Seasonal	15	67	111	35	79	120	174	164	93	67
11 Special Liquidity Facility[8]	0	74	0	.	.	.	.	...	..	.
12 Extended credit[9]	0	0	0	0	0	0	0	0	0	0
	Biweekly averages of daily figures for two-week periods ending on dates indicated									
	2001									
	June 27[r]	July 11[r]	July 25[r]	Aug. 8[r]	Aug. 22[r]	Sept. 5[r]	Sept. 19[r]	Oct. 3[r]	Oct. 17	Oct. 31
1 Reserve balances with Reserve Banks[2]	7,257	7,346	7,927	7,642	7,029	8,287	44,460	9,368	13,635	11,212
2 Total vault cash[3]	43,820	44,214	43,328	44,716	44,326	42,883	42,992	44,254	45,739	44,471
3 Applied vault cash[4]	31,961	31,429	31,478	32,298	32,111	31,739	30,976	33,260	32,392	32,394
4 Surplus vault cash[5]	11,859	12,785	11,850	12,418	12,215	11,145	12,016	10,994	13,347	12,077
5 Total reserves[6]	39,218	38,775	39,405	39,940	39,140	40,026	75,436	42,628	46,027	43,606
6 Required reserves	37,797	37,241	38,043	38,799	38,088	38,523	37,301	39,992	45,187	42,763
7 Excess reserve balances at Reserve Banks[7]	1,421	1,534	1,361	1,141	1,052	1,502	38,134	2,635	839	842
8 Total borrowing at Reserve Banks	166	244	344	214	184	156	6,717	613	82	69
9 Adjustment	36	89	159	27	9	29	6,622	538	8	10
10 Seasonal	130	155	185	188	175	127	95	75	74	59
11 Special Liquidity Facility[8]	.	..	.	.	.	.	.	.	.	.
12 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

1. Data in this table also appear in the Board's H.3 (502) weekly statistical release. For ordering address, see inside front cover. Data are not break-adjusted or seasonally adjusted.
2. Excludes required clearing balances and adjustments to compensate for float and includes other off-balance-sheet "as-of" adjustments.
3. Vault cash eligible to satisfy reserve requirements. It includes only vault cash held by those banks and thrift institutions that are not exempt from reserve requirements. Dates refer to the maintenance periods in which the vault cash can be used to satisfy reserve requirements.
4. All vault cash held during the lagged computation period by "bound" institutions (that is, those whose required reserves exceed their vault cash) plus the amount of vault cash applied during the maintenance period by "nonbound" institutions (that is, those whose vault cash exceeds their required reserves) to satisfy current reserve requirements.
5. Total vault cash (line 2) less applied vault cash (line 3).
6. Reserve balances with Federal Reserve Banks (line 1) plus applied vault cash (line 3).
7. Total reserves (line 5) less required reserves (line 6).
8. Borrowing at the discount window under the terms and conditions established for the Century Date Change Special Liquidity Facility in effect from October 1, 1999, through April 7, 2000.
9. Consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as with traditional short-term adjustment credit, the money market effect of extended credit is similar to that of nonborrowed reserves.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment credit[1]			Seasonal credit[2]			Extended credit[3]		
	On 12/14/01	Effective date	Previous rate	On 12/14/01	Effective date	Previous rate	On 12/14/01	Effective date	Previous rate
Boston	1.25	12/11/01	1.50	1.90	12/13/01	2.00	2.40	12/13/01	2.50
New York		12/11/01							
Philadelphia		12/11/01							
Cleveland		12/13/01							
Richmond		12/13/01							
Atlanta		12/13/01							
Chicago		12/11/01							
St. Louis		12/12/01							
Minneapolis		12/13/01							
Kansas City		12/13/01							
Dallas		12/13/01							
San Francisco	1.25	12/11/01	1.50	1.90	12/13/01	2.00	2.40	12/13/01	2.50

Range of rates for adjustment credit in recent years[4]

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec 31, 1981	12	12
1982—July 20	11.5–12	11.5
23	11.5	11.5
Aug. 2	11–11.5	11
3	11	11
16	10.5	10.5
27	10–10.5	10
30	10	10
Oct 12	9.5–10	9.5
13	9.5	9.5
Nov. 22	9–9.5	9
26	9	9
Dec. 14	8.5–9	9
15	8.5–9	8.5
17	8.5	8.5
1984—Apr. 9	8.5–9	9
13	9	9
Nov. 21	8.5–9	8.5
26	8.5	8.5
Dec. 24	8	8
1985—May 20	7.5–8	7.5
24	7.5	7.5
1986—Mar. 7	7–7.5	7
10	7	7
Apr. 21	6.5–7	6.5
23	6.5	6.5
July 11	6	6
Aug. 21	5.5–6	5.5
22	5.5	5.5
1987—Sept. 4	5.5–6	6
11	6	6
1988—Aug. 9	6–6.5	6.5
11	6.5	6.5
1989—Feb. 24	6.5–7	7
27	7	7
1990—Dec. 19	6.5	6.5
1991—Feb. 1	6–6.5	6
4	6	6
Apr. 30	5.5–6	5.5
May 2	5.5	5.5

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1991—Sept. 13	5–5.5	5
17	5	5
Nov. 6	4.5–5	4.5
7	4.5	4.5
Dec. 20	3.5–4.5	3.5
24	3.5	3.5
1992—July 2	3–3.5	3
7	3	3
1994—May 17	3–3.5	3.5
18	3.5	3.5
Aug. 16	3.5–4	4
18	4	4
Nov. 15	4–4.75	4.75
17	4.75	4.75
1995—Feb. 1	4.75–5.25	5.25
9	5.25	5.25
1996—Jan. 31	5.00–5.25	5.00
Feb. 3	5.00	5.00
1998—Oct 15	4.75–5.00	4.75
16	4.75	4.75
Nov. 17	4.50–4.75	4.50
19	4.50	4.50
1999—Aug. 24	4.50–4.75	4.75
26	4.75	4.75
Nov. 16	4.75–5.00	4.75
18	5.00	5.00
2000—Feb. 2	5.00–5.25	5.25
4	5.25	5.25
Mar. 21	5.25–5.50	5.50
23	5.50	5.50
May 16	5.50–6.00	5.50
19	6.00	6.00
2001—Jan. 3	5.75–6.00	5.75
4	5.50–5.75	5.50
5	5.50	5.50
31	5.00–5.50	5.00
Feb. 1	5.00	5.00
Mar. 20	4.50–5.00	4.50
21	4.50	4.50
Apr. 18	4.00–4.50	4.00
20	4.00	4.00

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
2001—May 15	3.50–4.00	3.50
17	3.50	3.50
June 27	3.25–3.50	3.25
29	3.25	3.25
Aug. 21	3.00–3.25	3.00
23	3.00	3.00
Sept. 17	2.50–3.00	2.50
18	2.50	2.50
Oct. 2	2.00–2.50	2.00
4	2.00	2.00
Nov. 6	1.50–2.00	1.50
8	1.50	1.50
Dec. 11	1.25–1.50	1.25
13	1.25	1.25
In effect Dec. 14, 2001	1.25	1.25

1. Available on a short-term basis to help depository institutions meet temporary needs for funds that cannot be met through reasonable alternative sources. The highest rate established for loans to depository institutions may be charged on adjustment credit loans of unusual size that result from a major operating problem at the borrower's facility.

2. Available to help relatively small depository institutions meet regular seasonal needs for funds that arise from a clear pattern of intrayearly movements in their deposits and loans and that cannot be met through special industry lenders. The discount rate on seasonal credit takes into account rates charged by market sources of funds and ordinarily is reestablished on the first business day of each two-week reserve maintenance period; however, it is never less than the discount rate applicable to adjustment credit.

3. May be made available to depository institutions when similar assistance is not reasonably available from other sources, including special industry lenders. Such credit may be provided when exceptional circumstances (including sustained deposit drains, impaired access to money market funds, or sudden deterioration in loan repayment performance) or practices involve only a particular institution, or to meet the needs of institutions experiencing difficulties adjusting to changing market conditions over a longer period (particularly at times of deposit disintermediation). The discount rate applicable to adjustment credit ordinarily is charged on extended-credit loans outstanding less than thirty days; however, at the discretion of the Federal Reserve Bank, this time period may be shortened. Beyond this initial period, a flexible rate somewhat above rates charged on market sources of funds is charged. The rate ordinarily is reestablished on the first business day of each two-week reserve maintenance period, but it is never less than the discount rate applicable to adjustment credit plus 50 basis points.

4. For earlier data, see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914–1941,* and *1941–1970,* and the *Annual Statistical Digest, 1970–1979,* and *1980–1989.* See also the Board's Statistics: Releases and Historical Data web pages (http://www.federalreserve.gov/releases/H15/data.htm).

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Type of deposit	Requirement	
	Percentage of deposits	Effective date
Net transaction accounts[2]		
1 $0 million–$42.8 million[3]	3	12/30/99
2 More than $42.8 million[4]	10	12/30/99
3 Nonpersonal time deposits[5]	0	12/27/90
4 Eurocurrency liabilities[6]	0	12/27/90

1. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmember institutions may maintain reserve balances with a Federal Reserve Bank indirectly, on a pass-through basis, with certain approved institutions. For previous reserve requirements, see earlier editions of the *Annual Report* or the *Federal Reserve Bulletin.* Under the Monetary Control Act of 1980, depository institutions include commercial banks, savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

2. Transaction accounts include all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, or telephone or preauthorized transfers for the purpose of making payments to third persons or others. However, accounts subject to the rules that permit no more than six preauthorized, automatic, or other transfers per month (of which no more than three may be by check, draft, debit card, or similar order payable directly to third parties) are savings deposits, not transaction accounts.

3. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 of each year. Effective with the reserve maintenance period beginning December 28, 2000, for depository institutions that report weekly, and with the period beginning January 18, 2001, for institutions that report quarterly, the amount was decreased from $44.3 million to $42.8 million.

Under the Garn–St. Germain Depository Institutions Act of 1982, the Board adjusts the amount of reservable liabilities subject to a zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is made in the event of a decrease. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement. Effective with the reserve maintenance period beginning December 28, 2000, for depository institutions that report weekly, and with the period beginning January 18, 2001, for institutions that report quarterly, the exemption was raised from $5.0 million to $5.5 million.

4. The reserve requriement was reduced from 12 percent to 10 percent on Apr. 2, 1992, for institutions that report weekly, and on Apr. 16, 1992, for institutions that report quarterly.

5. For institutions that report weekly, the reserve requirement on nonpersonal time deposits with an original maturity of less than 1.5 years was reduced fom 3 percent to 1.5 percent for the maintenance period that began Dec. 13, 1990, and to zero for the maintenance period that began Dec. 27, 1990. For institutions that report quarterly, the reserve requirement on nonpersonal time deposits with an original maturity of less than 1.5 years was reduced from 3 percent to zero on Jan. 17, 1991.

The reserve requirement on nonpersonal time deposits with an original maturity of 1.5 years or more has been zero since Oct. 6, 1983.

6. The reserve requirement on eurocurrency liabilities was reduced from 3 percent to zero in the same manner and on the same dates as the reserve requirement on nonpersonal time deposits with an original maturity of less than 1.5 years (see note 5).

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1998	1999	2000	2001						
				Mar.	Apr.	May	June	July	Aug.	Sept.
U.S. TREASURY SECURITIES[2]										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	3,550	0	8,676	579	308	624	2,165	718	2,899	348
2 Gross sales	0	0	0	0	0	0	0	0	0	0
3 Exchanges	450,835	464,218	477,904	46,712	38,317	47,112	40,363	42,001	55,231	42,268
4 For new bills	450,835	464,218	477,904	46,712	38,317	47,112	40,363	42,001	55,231	42,268
5 Redemptions	2,000	0	24,522	211	3,537	3,939	0	0	0	1,543
Others within one year										
6 Gross purchases	6,297	11,895	8,809	67	3,027	2,174	1,410	235	1,385	0
7 Gross sales	0	0	0	0	0	0	0	0	0	0
8 Maturity shifts	46,062	50,590	62,025	0	12,204	8,117	0	7,088	9,379	0
9 Exchanges	−49,434	−53,315	−54,656	0	−7,000	−8,965	0	−7,667	−6,873	0
10 Redemptions	2,676	1,429	3,779	0	4,368	2,287	0	4,668	1,055	0
One to five years										
11 Gross purchases	12,901	19,731	14,482	1,883	4,480	2,685	1,428	4,193	810	851
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Maturity shifts	−37,777	−44,032	−52,068	0	−12,204	−1,913	0	1,838	−9,379	0
14 Exchanges	37,154	42,604	46,177	0	7,000	6,508	0	7,667	5,290	0
Five to ten years										
15 Gross purchases	2,294	4,303	5,871	0	1,390	657	0	756	935	0
16 Gross sales	0	0	0	0	0	0	0	0	0	0
17 Maturity shifts	−5,908	−5,841	−6,801	0	0	−5,130	0	−8,926	1,043	0
18 Exchanges	7,439	7,583	6,585	0	0	2,457	0	0	1,043	0
More than ten years										
19 Gross purchases	4,884	9,428	5,833	1,000	913	1,241	1,419	815	720	0
20 Gross sales	0	0	0	0	0	0	0	0	0	0
21 Maturity shifts	−2,377	−717	−3,155	0	0	−1,074	0	0	−1,043	0
22 Exchanges	4,842	3,139	1,894	0	0	0	0	0	540	0
All maturities										
23 Gross purchases	29,926	45,357	43,670	3,529	10,118	7,380	6,422	6,716	6,749	1,199
24 Gross sales	0	0	0	0	0	0	0	0	0	0
25 Redemptions	4,676	1,429	28,301	211	7,905	6,226	0	4,668	1,055	1,543
Matched transactions										
26 Gross purchases	4,430,457	4,413,430	4,399,257	396,029	381,667	398,039	367,462	392,721	406,143	508,129
27 Gross sales	4,434,358	4,431,685	4,381,188	395,151	381,895	397,600	366,411	394,381	405,627	515,429
Repurchase agreements										
28 Gross purchases	512,671	281,599	0	0	0	0	0	0	0	0
29 Gross sales	514,186	301,273	0	0	0	0	0	0	0	0
30 Net change in U.S. Treasury securities	19,835	5,999	33,439	4,196	1,984	1,592	7,472	388	6,211	−7,645
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
31 Gross purchases	0	0	0	0	0	0	0	0	0	0
32 Gross sales	25	0	0	0	0	0	0	0	0	0
33 Redemptions	322	157	51	0	0	0	0	0	0	0
Repurchase agreements										
34 Gross purchases	284,316	360,069	0	0	0	0	0	0	0	0
35 Gross sales	276,266	370,772	0	0	0	0	0	0	0	0
36 Net change in federal agency obligations	7,703	−10,859	−51	0	0	0	0	0	0	0
Reverse repurchase agreements										
37 Gross purchases	0	0	0	0	0	0	0	0	0	0
38 Gross sales	0	0	0	0	0	0	0	0	0	0
Repurchase agreements										
39 Gross purchases	0	304,989	890,236	86,472	85,166	120,135	65,005	106,355	103,255	406,930
40 Gross sales	0	164,349	987,501	88,142	82,154	114,832	72,065	103,255	99,850	388,805
41 Net change in triparty obligations	0	140,640	−97,265	−1,670	3,012	5,303	−7,060	3,100	3,405	18,125
42 **Total net change in System Open Market Account**	**27,538**	**135,780**	**−63,877**	**2,526**	**4,996**	**6,895**	**412**	**3,488**	**9,616**	**10,480**

1. Sales, redemptions, and negative figures reduce holdings of the System Open Market Account; all other figures increase such holdings.

2. Transactions exclude changes in compensation for the effects of inflation on the principal of inflation-indexed securities.

1.18 FEDERAL RESERVE BANKS Condition and Federal Note Statements[1]

Millions of dollars

Account	Wednesday 2001 Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31	End of month 2001 Aug.	Sept.	Oct.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,045	11,045	11,045	11,045	11,045	11,044	11,045	11,045
2 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
3 Coin	1,122	1,110	1,105	1,113	1,123	1,096	1,141	1,123
Loans								
4 To depository institutions	85	121	65	102	55	123	88	55
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Triparty obligations								
7 Repurchase agreements—triparty[2]	32,755	33,505	37,045	30,050	45,050	29,755	47,880	45,050
Federal agency obligations[3]								
8 Bought outright	10	10	10	10	10	10	10	10
9 Held under repurchase agreements	0	0	0	0	0	0	0	0
10 **Total U.S. Treasury securities**[3]	**537,834**	**540,111**	**544,024**	**544,190**	**544,287**	**541,807**	**534,136**	**544,287**
11 Bought outright[4]	537,834	540,111	544,024	544,190	544,287	541,807	534,136	544,287
12 Bills	179,276	181,553	183,373	183,033	182,652	183,600	175,104	182,652
13 Notes	256,557	256,557	258,389	258,389	258,389	256,196	257,030	258,389
14 Bonds	102,001	102,001	102,261	102,768	103,246	102,012	102,002	103,246
15 Held under repurchase agreements	0	0	0	0	0	0	0	0
16 **Total loans and securities**	**570,684**	**573,747**	**581,144**	**574,352**	**589,403**	**571,694**	**582,114**	**589,403**
17 Items in process of collection	10,074	16,088	8,097	7,709	7,676	5,821	5,089	7,676
18 Bank premises	1,509	1,510	1,511	1,514	1,513	1,510	1,508	1,513
Other assets								
19 Denominated in foreign currencies[5]	15,341	15,311	15,233	15,009	15,090	15,365	15,366	15,090
20 All other[6]	20,492	20,935	21,278	21,751	21,633	19,203	20,947	21,633
21 **Total assets**	**632,467**	**641,946**	**641,612**	**634,694**	**649,682**	**627,932**	**639,410**	**649,682**
LIABILITIES								
22 Federal Reserve notes	583,780	586,533	584,736	583,933	585,342	581,820	580,619	585,342
23 Reverse repurchase agreements—triparty[2]	0	0	0	0	0	0	0	0
24 **Total deposits**	**22,242**	**26,413**	**31,333**	**25,958**	**38,735**	**22,808**	**35,532**	**38,735**
25 Depository institutions	15,378	20,445	25,295	21,128	33,278	16,918	24,937	33,278
26 U.S. Treasury—General account	5,972	5,107	5,038	4,297	5,112	5,533	9,796	5,112
27 Foreign—Official accounts	609	603	744	282	75	80	609	75
28 Other	283	259	256	251	271	276	191	271
29 Deferred credit items	8,782	11,162	7,810	7,205	7,833	5,166	5,384	7,833
30 Other liabilities and accrued dividends[7]	2,926	2,916	2,847	2,827	2,773	3,137	2,971	2,773
31 **Total liabilities**	**617,730**	**627,024**	**626,725**	**619,923**	**634,683**	**612,931**	**624,506**	**634,683**
CAPITAL ACCOUNTS								
32 Capital paid in	7,266	7,268	7,271	7,275	7,269	7,191	7,266	7,269
33 Surplus	6,745	6,741	6,744	6,735	6,738	6,747	6,741	6,738
34 Other capital accounts	725	913	872	760	993	1,063	896	993
35 **Total liabilities and capital accounts**	**632,467**	**641,946**	**641,612**	**634,694**	**649,682**	**627,932**	**639,410**	**649,682**
MEMO								
36 Marketable U.S. Treasury securities held in custody for foreign and international accounts	n.a.	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	n.a.
	Federal Reserve note statement							
37 Federal Reserve notes outstanding (issued to Banks)	742,915	743,447	743,345	742,877	741,957	739,560	742,539	741,957
38 LESS: Held by Federal Reserve Banks	159,136	156,915	158,610	158,944	156,615	157,740	161,920	156,615
39 Federal Reserve notes, net	583,780	586,533	584,736	583,933	585,342	581,820	580,619	585,342
Collateral held against notes, net								
40 Gold certificate account	11,045	11,045	11,045	11,045	11,045	11,044	11,045	11,045
41 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
42 Other eligible assets	0	0	0	0	0	0	0	0
43 U.S. Treasury and agency securities	570,535	573,288	571,491	570,689	572,097	568,576	567,374	572,097
44 **Total collateral**	**583,780**	**586,533**	**584,736**	**583,933**	**585,342**	**581,820**	**580,619**	**585,342**

1. Some of the data in this table also appear in the Board's H.4.1 (503) weekly statistical release. For ordering address, see inside front cover.
2. Cash value of agreements arranged through third-party custodial banks.
3. Face value of the securities.
4. Includes securities loaned—fully guaranteed by U.S. Treasury securities pledged with Federal Reserve Banks—and includes compensation that adjusts for the effects of inflation on the principal of inflation-indexed securities. Excludes securities sold and scheduled to be bought back under matched sale–purchase transactions.
5. Valued monthly at market exchange rates.
6. Includes special investment account at the Federal Reserve Bank of Chicago in Treasury bills maturing within ninety days.
7. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign exchange commitments.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	2001					2001		
	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31	Aug.	Sept.	Oct.
1 **Total loans**	**85**	**121**	**65**	**102**	**55**	**123**	**88**	**55**
2 Within fifteen days[1]	15	54	61	98	44	106	69	44
3 Sixteen days to ninety days	70	67	4	4	11	17	19	11
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 **Total U.S. Treasury securities**[2]	**537,834**	**540,111**	**544,024**	**544,190**	**544,287**	**541,807**	**534,137**	**544,287**
6 Within fifteen days[1]	15,876	13,296	22,407	22,095	19,638	3,906	10,737	19,638
7 Sixteen days to ninety days	116,513	122,288	115,828	116,721	113,438	125,620	117,454	113,438
8 Ninety-one days to one year	129,490	128,573	130,569	129,647	134,127	136,653	129,491	134,127
9 One year to five years	141,805	141,805	146,198	146,198	147,078	141,453	142,304	147,078
10 Five years to ten years	55,570	55,570	50,204	50,204	50,204	55,584	55,571	50,204
11 More than ten years	78,579	78,579	78,817	79,324	79,802	78,590	78,581	79,802
12 **Total federal agency obligations**	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**
13 Within fifteen days[1]	0	0	0	0	0	0	0	0
14 Sixteen days to ninety days	0	0	0	0	0	0	0	0
15 Ninety-one days to one year	0	0	0	0	0	0	0	0
16 One year to five years	10	10	10	10	10	10	10	10
17 Five years to ten years	0	0	0	0	0	0	0	0
18 More than ten years	0	0	0	0	0	0	0	0

1. Holdings under repurchase agreements are classified as maturing within fifteen days in accordance with maximum maturity of the agreements.

2. Includes compensation that adjusts for the effects of inflation on the principal of inflation-indexed securities.

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE[1]

Billions of dollars, averages of daily figures

Item	1997 Dec.	1998 Dec.	1999 Dec.	2000 Dec.[r]	2001 Mar.[r]	2001 Apr.	2001 May[r]	2001 June[r]	2001 July[r]	2001 Aug.[r]	2001 Sept.[r]	2001 Oct.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	46.85	45.18	41.78	38.44	38.27	38.79	38.88	38.76	39.59	39.88	57.82	45.01
2 Nonborrowed reserves[4]	46.52	45.07	41.46	38.23	38.21	38.74	38.67	38.53	39.31	39.69	54.44	44.88
3 Nonborrowed reserves plus extended credit[5]	46.52	45.07	41.46	38.23	38.21	38.74	38.67	38.53	39.31	39.69	54.44	44.88
4 Required reserves	45.16	43.67	40.48	37.01	36.87	37.51	37.86	37.40	38.21	38.67	38.81	43.99
5 Monetary base[6]	479.47	513.49	593.09	583.82	592.42	595.93	599.08	601.87	607.67	615.48	639.71	629.51
	Not seasonally adjusted											
6 Total reserves[7]	48.01	45.31	41.89	38.53	37.77	38.65[r]	39.46	38.31	39.40	39.73	57.66	44.79
7 Nonborrowed reserves	47.69	45.19	41.57	38.32	37.71	38.60[r]	39.24	38.08	39.12	39.55	54.28	44.66
8 Nonborrowed reserves plus extended credit[5]	47.69	45.19	41.57	38.32	37.71	38.60[r]	39.24	38.08	39.12	39.55	54.28	44.66
9 Required reserves[8]	46.33	43.80	40.59	37.10	36.37	37.38	38.44	36.95	38.02	38.53	38.65	43.77
10 Monetary base[9]	484.98	518.27	600.72	590.06	591.37	594.92	598.57	601.67	608.22	614.51	637.94	627.86
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	47.92	45.21	41.65	38.47	37.72	38.59	39.37	38.22	39.29	39.60	57.50	44.60
12 Nonborrowed reserves	47.60	45.09	41.33	38.26	37.67	38.54	39.16	37.99	39.00	39.42	54.12	44.48
13 Nonborrowed reserves plus extended credit[5]	47.60	45.09	41.33	38.26	37.67	38.54	39.16	37.99	39.00	39.42	54.12	44.48
14 Required reserves	46.24	43.70	40.36	37.05	36.32	37.31	38.36	36.86	37.90	38.40	38.49	43.59
15 Monetary base[12]	491.79	525.06	608.02	596.98	598.20	601.84	605.48	608.81	615.55	621.99	645.68	635.96
16 Excess reserves[13]	1.69	1.51	1.30	1.43	1.40	1.28	1.02	1.36	1.38	1.21	19.01	1.02
17 Borrowings from the Federal Reserve	.32	.12	.32	.21	.06	.05	.21	.23	.28	.18	3.39	.13

1. Latest monthly and biweekly figures are available from the Board's H.3 (502) weekly statistical release. Historical data starting in 1959 and estimates of the effect on required reserves of changes in reserve requirements are available from the Money and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

2. Figures reflect adjustments for discontinuities, or "breaks," associated with regulatory changes in reserve requirements. (See also table 1.10.)

3. Seasonally adjusted, break-adjusted total reserves equal seasonally adjusted, break-adjusted required reserves (line 4) plus excess reserves (line 16).

4. Seasonally adjusted, break-adjusted nonborrowed reserves equal seasonally adjusted, break-adjusted total reserves (line 1) less total borrowings of depository institutions from the Federal Reserve (line 17).

5. Extended credit consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as with traditional short-term adjustment credit, the money market effect of extended credit is similar to that of nonborrowed reserves.

6. The seasonally adjusted, break-adjusted monetary base consists of (1) seasonally adjusted, break-adjusted total reserves (line 1), plus (2) the seasonally adjusted currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the seasonally adjusted, break-adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements.

7. Break-adjusted total reserves equal break-adjusted required reserves (line 9) plus excess reserves (line 16).

8. To adjust required reserves for discontinuities that are due to regulatory changes in reserve requirements, a multiplicative procedure is used to estimate what required reserves would have been in past periods had current reserve requirements been in effect Break-adjusted required reserves include required reserves against transactions deposits and nonpersonal time and savings deposits (but not reservable nondeposit liabilities).

9. The break-adjusted monetary base equals (1) break-adjusted total reserves (line 6), plus (2) the (unadjusted) currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the break-adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements.

10. Reflects actual reserve requirements, including those on nondeposit liabilities, with no adjustments to eliminate the effects of discontinuities associated with regulatory changes in reserve requirements.

11. Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements.

12. The monetary base, not break-adjusted and not seasonally adjusted, consists of (1) total reserves (line 11), plus (2) required clearing balances and adjustments to compensate for float at Federal Reserve Banks, plus (3) the currency component of the money stock, plus (4) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the difference between current vault cash and the amount applied to satisfy current reserve requirements. Since February 1984, currency and vault cash figures have been measured over the computation periods ending on Mondays.

13. Unadjusted total reserves (line 11) less unadjusted required reserves (line 14).

1.21 MONEY STOCK AND DEBT MEASURES[1]

Billions of dollars, averages of daily figures

Item	1997 Dec.	1998 Dec.	1999 Dec.[r]	2000 Dec.[r]	2001 July[r]	2001 Aug.[r]	2001 Sept.[r]	2001 Oct.
	Seasonally adjusted							
Measures[2]								
1 M1	1,073.4	1,097.0	1,124.8	1,088.1	1,136.0	1,144.1	1,199.5	1,158.2
2 M2	4,030.0[r]	4,384.1[r]	4,651.8	4,937.4	5,225.5	5,261.2	5,378.4	5,371.7
3 M3	5,432.3[r]	6,029.7[r]	6,531.0	7,114.3	7,674.5	7,679.9	7,839.7	7,908.9
4 Debt	15,227.9[r]	16,279.9[r]	17,363.5	18,282.5	18,841.6	18,947.3	19,073.2	n.a.
M1 components								
5 Currency[3]	424.3	459.2	516.7	529.9	553.8	562.6	568.0	571.5
6 Travelers checks[4]	8.1	8.2	8.2	8.0	8.6	8.8	8.4	8.1
7 Demand deposits[5]	395.4	379.4	356.2	311.2	313.4	315.2	365.6	327.4
8 Other checkable deposits[6]	245.7	250.1	243.6	239.0	260.2	257.4	257.4	251.2
Nontransaction components								
9 In M2[7]	2,956.6[r]	3,287.1[r]	3,527.0	3,849.3	4,089.4	4,117.1	4,178.9	4,213.5
10 In M3 only[8]	1,402.3[r]	1,645.6[r]	1,879.2	2,176.9	2,449.0	2,418.7	2,461.3	2,537.2
Commercial banks								
11 Savings deposits, including MMDAs	1,021.1	1,185.8	1,287.2	1,422.2	1,581.2	1,613.5	1,657.7	1,674.8
12 Small time deposits[9]	625.5	626.4	635.5	699.8	672.9	668.7	663.9	657.7
13 Large time deposits[10,11]	517.3[r]	575.1[r]	648.4	726.3	706.1	694.7	698.6	712.4
Thrift institutions								
14 Savings deposits, including MMDAs	376.8	414.1	449.0	451.6	508.0	518.3	528.2	542.9
15 Small time deposits[9]	342.9	325.8	320.6	344.8	350.3	347.4	346.1	341.8
16 Large time deposits[10]	85.5	88.7	91.3	103.1	111.8	114.7	116.0	116.1
Money market mutual funds								
17 Retail	590.2[r]	735.1[r]	834.7	930.9	977.0	969.2	983.0	996.3
18 Institution-only	395.2[r]	535.5[r]	628.1	783.1	1,036.8	1,019.4	1,064.4	1,132.2
Repurchase agreements and eurodollars								
19 Repurchase agreements[12]	254.3	294.5	338.2	367.3	374.2	370.6	358.0	354.7
20 Eurodollars[12]	150.0	151.8	173.3	197.1	220.2	219.3	224.2	221.9
Debt components								
21 Federal debt	3,800.4	3,751.1	3,660.1	3,400.4	3,317.9	3,339.0	3,373.2	n.a.
22 Nonfederal debt	11,427.5[r]	12,528.9[r]	13,703.4	14,882.1	15,523.7	15,608.2	15,700.1	n.a.
	Not seasonally adjusted							
Measures[2]								
23 M1	1,096.9	1,120.4	1,148.3	1,112.3	1,135.9	1,141.3	1,194.3	1,155.5
24 M2	4,051.4[r]	4,406.4[r]	4,675.9	4,966.0	5,199.7	5,240.8	5,363.0	5,343.7
25 M3	5,457.7[r]	6,061.9[r]	6,568.6	7,159.7	7,616.1	7,637.8	7,791.7	7,855.9
26 Debt	15,222.4[r]	16,267.5[r]	17,355.0	18,273.5	18,753.7	18,862.7	18,990.2	n.a.
M1 components								
27 Currency[3]	428.1	463.3	521.5	535.2	554.5	561.9	566.3	569.9
28 Travelers checks[4]	8.3	8.4	8.4	8.1	8.2	8.4	8.3	8.1
29 Demand deposits[5]	412.4	395.9	371.8	326.5	314.7	315.5	364.6	327.5
30 Other checkable deposits[6]	248.2	252.8	246.6	242.5	258.5	255.5	255.2	249.9
Nontransaction components								
31 In M2[7]	2,954.5[r]	3,286.0[r]	3,527.6	3,853.7	4,063.8	4,099.5	4,168.8	4,188.2
32 In M3 only[8]	1,406.3[r]	1,655.5[r]	1,892.8	2,193.7	2,416.4	2,397.0	2,428.6	2,512.2
Commercial banks								
33 Savings deposits, including MMDAs	1,020.4	1,186.0	1,288.8	1,426.9	1,579.7	1,607.4	1,655.7	1,662.4
34 Small time deposits[9]	625.3	626.5	635.7	700.0	671.2	667.9	664.1	658.7
35 Large time deposits[10,11]	516.7[r]	574.5	647.7	725.6	704.3	690.7	693.9	708.5
Thrift institutions								
36 Savings deposits, including MMDAs	376.5	414.2	449.6	453.1	507.6	516.3	527.5	538.8
37 Small time deposits[9]	342.8	325.8	320.7	345.0	349.4	347.0	346.2	342.3
38 Large time deposits[10]	85.4	88.6	91.2	103.0	111.5	114.0	115.2	115.5
Money market mutual funds								
39 Retail	589.5[r]	733.5[r]	832.8	928.7	955.9	960.8	975.2	986.0
40 Institution-only	402.3[r]	547.5[r]	643.2	801.4	1,008.9	1,005.2	1,042.4	1,117.8
Repurchase agreements and eurodollars								
41 Repurchase agreements[12]	249.5	290.4	334.7	364.2	374.1	370.1	355.3	349.9
42 Eurodollars[12]	152.3	154.5	176.0	199.5	217.6	217.0	221.8	220.5
Debt components								
43 Federal debt	3,805.8	3,754.9	3,663.2	3,403.5	3,247.7	3,281.0	3,319.1	n.a.
44 Nonfederal debt	11,416.6[r]	12,512.5[r]	13,691.8	14,870.0	15,506.0	15,581.7	15,671.1	n.a.

Footnotes appear on following page.

NOTES TO TABLE 1.21

1. Latest monthly and weekly figures are available from the Board's H.6 (508) weekly statistical release. Historical data starting in 1959 are available from the Money and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

2. Composition of the money stock measures and debt is as follows:

M1: (1) currency outside the U.S. Treasury, Federal Reserve Banks, and the vaults of depository institutions, (2) travelers checks of nonbank issuers, (3) demand deposits at all commercial banks other than those owed to depository institutions, the U.S government, and foreign banks and official institutions, less cash items in the process of collection and Federal Reserve float, and (4) other checkable deposits (OCDs), consisting of negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at depository institutions, credit union share draft accounts, and demand deposits at thrift institutions. Seasonally adjusted M1 is computed by summing currency, travelers checks, demand deposits, and OCDs, each seasonally adjusted separately.

M2: M1 plus (1) savings deposits (including MMDAs), (2) small-denomination time deposits (time deposits—including retail RPs—in amounts of less than $100,000), and (3) balances in retail money market mutual funds. Excludes individual retirement accounts (IRAs) and Keogh balances at depository institutions and money market funds. Seasonally adjusted M2 is calculated by summing savings deposits, small-denomination time deposits, and retail money fund balances, each seasonally adjusted separately, and adding this result to seasonally adjusted M1.

M3: M2 plus (1) large-denomination time deposits (in amounts of $100,000 or more) issued by all depository institutions, (2) balances in institutional money funds, (3) RP liabilities (overnight and term) issued by all depository institutions, and (4) eurodollars (overnight and term) held by U.S. residents at foreign branches of U.S. banks wolrdwide and at all banking offices in the United Kingdom and Canada. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Seasonally adjusted M3 is calculated by summing large time deposits, institutional money fund balances, RP liabilities, and eurodollars, each seasonally adjusted separately, and adding this result to seasonally adjusted M2.

Debt: The debt aggregate is the outstanding credit market debt of the domestic nonfinancial sectors—the federal sector (U.S. government, not including government-sponsored enterprises or federally related mortgage pools) and the nonfederal sectors (state and local governments, households and nonprofit organizations, nonfinancial corporate and nonfarm noncorporate businesses, and farms). Nonfederal debt consists of mortgages, tax-exempt and corporate bonds, consumer credit, bank loans, commercial paper, and other loans. The data, which are derived from the Federal Reserve Board's flow of funds accounts, are break-adjusted (that is, discontinuities in the data have been smoothed into the series) and month-averaged (that is, the data have been derived by averaging adjacent month-end levels).

3. Currency outside the U.S Treasury, Federal Reserve Banks, and vaults of depository institutions.

4. Outstanding amount of U.S. dollar-denominated travelers checks of nonbank issuers Travelers checks issued by depository institutions are included in demand deposits.

5. Demand deposits at commercial banks and foreign-related institutions other than those owed to depository institutions, the U.S. government, and foreign banks and official institutions, less cash items in the process of collection and Federal Reserve float.

6. Consists of NOW and ATS account balances at all depository institutions, credit union share draft account balances, and demand deposits at thrift institutions.

7. Sum of (1) savings deposits (including MMDAs), (2) small time deposits, and (3) retail money fund balances.

8. Sum of (1) large time deposits, (2) institutional money fund balances, (3) RP liabilities (overnight and term) issued by depository institutions, and (4) eurodollars (overnight and term) of U.S. addressees.

9. Small time deposits—including retail RPs—are those issued in amounts of less than $100,000 All IRAs and Keogh accounts at commercial banks and thrift institutions are subtracted from small time deposits.

10. Large time deposits are those issued in amounts of $100,000 or more, excluding those booked at international banking facilities.

11. Large time deposits at commercial banks less those held by money market funds, depository institutions, the U.S. government, and foreign banks and official institutions.

12. Includes both overnight and term.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]

A. All commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2000	2001							2001			
	Oct.	Apr.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept[r]	Oct.	Oct. 10	Oct. 17	Oct. 24	Oct. 31
	Seasonally adjusted											
Assets												
1 Bank credit	5,143.7[r]	5,314.7	5,323.7	5,320.3	5,318.2	5,332.0	5,400.0	5,373.3	5,372.4	5,364.0	5,360.5	5,408.4
2 Securities in bank credit	1,314.1[r]	1,360.4	1,368.0	1,377.7	1,382.8	1,416.8	1,435.8	1,456.8	1,447.4	1,443.2	1,449.5	1,488.0
3 U.S. government securities	793.2[r]	762.7	766.7	766.1	773.5	786.7	797.1	813.5	810.0	802.6	807.4	835.8
4 Other securities	520.8[r]	597.7	601.3	611.7	609.3	630.1	638.7	643.2	637.4	640.7	642.1	652.3
5 Loans and leases in bank credit[2]	3,829.7[r]	3,954.2	3,955.8	3,942.5	3,935.4	3,915.2	3,964.2	3,916.5	3,925.0	3,920.7	3,911.0	3,920.4
6 Commercial and industrial	1,080.5	1,098.6	1,095.7	1,078.8	1,068.4	1,061.4	1,064.6	1,048.3	1,052.4	1,050.5	1,045.7	1,042.5
7 Real estate	1,639.9	1,691.8	1,702.9	1,706.2	1,714.6	1,709.6	1,715.4	1,727.6	1,730.3	1,728.2	1,724.7	1,734.0
8 Revolving home equity	125.0	133.9	135.2	136.3	137.6	139.4	141.9	145.4	144.6	145.3	146.1	146.8
9 Other	1,514.9	1,557.8	1,567.6	1,569.8	1,577.0	1,570.3	1,573.6	1,582.2	1,585.7	1,582.9	1,578.6	1,587.3
10 Consumer	530.0	548.4	552.6	551.0	548.5	546.0	545.9	548 8	544.7	549.9	550.9	550.6
11 Security[3]	163.9	179.6	168.1	172.0	169.9	170.2	179.9	148.3	152.4	146.8	145.8	147.0
12 Other loans and leases	415.4[r]	435.9	436.5	434.6	434.0	427.9	458.3	443.5	445.2	445.4	443.8	446.2
13 Interbank loans	246.4[r]	289.9	283.3	268.1	272.8	288.0	356.4	316.6	312.5	324.6	320.6	311.0
14 Cash assets[4]	285.7	288.3	282.0	275.2	288.1	282.5	326.7	297.8	318.1	272.9	290.6	308.1
15 Other assets[5]	396.0[r]	423.6	416.6	408.9	419.1	428.8	464.8	483.5	476.3	477.5	494.8	481.4
16 **Total assets**[6]	**6,009.5[r]**	**6,250.8**	**6,239.9**	**6,206.6**	**6,232.0**	**6,264.6**	**6,481.1**	**6,402.7**	**6,411.0**	**6,370.1**	**6,397.7**	**6,440.6**
Liabilities												
17 Deposits	3,788.8	3,992.6	4,007.3	4,041.3	4,065.3	4,073.4	4,195.3	4,146.2	4,162.4	4,125.2	4,137.8	4,159.0
18 Transaction	611 1	609.0	612.7	600.7	605.6	610.6	688.7	637 1	632.7	613.6	653.7	657.1
19 Nontransaction	3,177.7	3,383.7	3,394.6	3,440.6	3,459.7	3,462.9	3,506.7	3,509.1	3,529.7	3,511.6	3,484.1	3,501.9
20 Large time	916.2	951.3	966.1	979.1	972.8	960.0	956.5	966.1	969.8	967.9	962.3	964.1
21 Other	2,261.5	2,432.3	2,428.5	2,461.5	2,486.9	2,502.8	2,550.2	2,542.9	2,559.9	2,543.7	2,521.8	2,537.8
22 Borrowings	1,194.8[r]	1,269.1	1,237.0	1,203.7	1,214.3	1,222.6	1,273.7	1,248.6	1,240.3	1,245.4	1,244.1	1,266.7
23 From banks in the U.S.	372.2	404.8	383.7	381.6	389.3	396.9	441.7	419.5	417.1	425.9	414.4	421.6
24 From others	822.6[r]	864.3	853.3	822.2	824.9	825.7	832.0	829.1	823.2	819.5	829.7	845.1
25 Net due to related foreign offices	252.5	190.0	207.4	184.5	190.9	194.0	169.8	174.2	172.8	174.0	172.3	185.8
26 Other liabilities	359.7[r]	363.5	352.8	364.6	343.5	353.7	405.2	378.3	379.4	368.4	379.7	375.6
27 **Total liabilities**	**5,595.8[r]**	**5,815.2**	**5,804.6**	**5,794.1**	**5,814.1**	**5,843.7**	**6,044.0**	**5,947.2**	**5,954.8**	**5,912.9**	**5,933.9**	**5,987.0**
28 Residual (assets less liabilities)[7]	413.8[r]	435.6	435.3	412.5	417.9	420.8	437.1	455.4	456.1	457.2	463.8	453.6
	Not seasonally adjusted											
Assets												
29 Bank credit	5,151.1[r]	5,307.1	5,313.0	5,313.1	5,297.5	5,314.6	5,394.3	5,381.1	5,370.5	5,374.4	5,362.9	5,430.6
30 Securities in bank credit	1,310.9[r]	1,362.0	1,367.2	1,377.1	1,373.8	1,409.9	1,432.0	1,454.5	1,443.7	1,439.1	1,446.1	1,490.8
31 U.S. government securities	788.2[r]	767.5	767.5	766.4	769.4	782.0	794.1	808.6	803.9	796.5	801.3	834.3
32 Other securities	522.7[r]	594.5	599.7	610.6	604.3	627.9	638.0	645.9	639.8	642.6	644.9	656.5
33 Loans and leases in bank credit[2]	3,840.2[r]	3,945.0	3,945.8	3,936.0	3,923.8	3,904.7	3,962.3	3,926.5	3,926 7	3,935.4	3,916.7	3,939.8
34 Commercial and industrial	1,080.1	1,103.3	1,097.9	1,081.0	1,067.6	1,055.3	1,061.4	1,047.8	1,050.4	1,050.3	1,043.3	1,044.3
35 Real estate	1,643.2	1,687.4	1,703.2	1,705.5	1,713.6	1,712.8	1,719.0	1,731.3	1,734.0	1,732.5	1,727.3	1,738.4
36 Revolving home equity	126.0	133.0	135.3	136.5	138.0	140.2	143.2	146.6	145.7	146.6	147.3	147.9
37 Other	1,517.2	1,554.4	1,568.0	1,569.0	1,575.6	1,572.6	1,575.8	1,584.7	1,588.3	1,585.9	1,580.1	1,590.5
38 Consumer	529.7	545.3	550.4	548.3	546.0	547.1	548.2	548.5	543.3	549.6	551.4	551.0
39 Credit cards and related plans	204.8	213.9	218.8	216.9	215.9	216.5	215.3	216.4	210.8	217.5	219.2	219.4
40 Other	324.9	331.4	331.7	331.5	330.1	330.6	332.9	332.1	332.5	332.0	332.2	331.7
41 Security[3]	171.0	175.2	162.1	167.4	162.2	161.8	173.8	154.6	153.5	155.2	153.7	157.9
42 Other loans and leases	416.1[r]	433.9	432.1	433.7	434.4	427.9	460.0	444.3	445.5	447.9	441.0	448.1
43 Interbank loans	241.9[r]	296.0	276.7	265.9	265.1	276.6	344.5	310.1	304.4	318.2	303.8	315.3
44 Cash assets[4]	286.5	283.5	279.8	271.4	279.1	270.7	322.1	298.2	320.9	288.1	272.3	313.1
45 Other assets[5]	392.5[r]	423.5	417.0	409.8	417.6	425.9	464.8	479.1	473.9	472.9	482.4	479.9
46 **Total assets**[6]	**6,010.0[r]**	**6,244.6**	**6,220.5**	**6,194.1**	**6,193.2**	**6,221.1**	**6,458.6**	**6,400.2**	**6,401.5**	**6,385.2**	**6,352.9**	**6,470.7**
Liabilities												
47 Deposits	3,777.3	4,011.9	3,995.3	4,022.3	4,033.7	4,032.9	4,169.9	4,133.7	4,160.6	4,125.9	4,089.0	4,156.7
48 Transaction	605.1	615.2	603.0	600.3	599.3	596.7	682.6	631.3	630.2	621.0	621.3	658.0
49 Nontransaction	3,172.2	3,396.7	3,392.3	3,422.1	3,434.4	3,436.2	3,487.4	3,502.5	3,530.4	3,504.9	3,467.6	3,498.8
50 Large time	911.2	952.6	964.8	969.5	959.0	946.6	945.2	960.1	961.7	958.4	958.5	962.8
51 Other	2,261.0	2,444.1	2,427.5	2,452.5	2,475.4	2,489.6	2,542.2	2,542.3	2,568.7	2,546.4	2,509.1	2,536.0
52 Borrowings	1,192.9[r]	1,269.8	1,242.1	1,204.6	1,205.1	1,201.1	1,268.4	1,246.2	1,233.4	1,244.8	1,237.4	1,271.8
53 From banks in the U.S.	367.6	408.0	386.8	382 4	386.1	388.6	431.9	414.3	410.8	421.2	407.7	419 7
54 From others	825.3[r]	861.8	855.2	822.2	819.0	812.4	836.5	831.9	822.6	823.6	829.7	852.1
55 Net due to related foreign offices	252.9	183.0	206.6	180.7	184.6	193.2	171.6	174.8	169.7	174.6	172.2	191.5
56 Other liabilities	359.9[r]	358.4	353.6	362.5	339.0	353.5	405.6	378.4	375.0	367.4	381.6	380.5
57 **Total liabilities**	**5,583.0[r]**	**5,823.1**	**5,797.6**	**5,770.1**	**5,762.3**	**5,780.7**	**6,015.6**	**5,933.1**	**5,938.7**	**5,912.7**	**5,880.3**	**6,000.6**
58 Residual (assets less liabilities)[7]	427.0[r]	421.5	422.9	424.0	430.9	440.3	443.0	467.1	462.8	472.5	472.7	470.1

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

B. Domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2000	2001							2001			
	Oct.[r]	Apr.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.	Oct 10	Oct. 17	Oct. 24	Oct. 31
	Seasonally adjusted											
Assets												
1 Bank credit	4,556.9	4,688.0	4,712.3	4,717.4	4,725.7	4,739.8	4,813.1	4,797.4	4,799.2	4,794.2	4,788.1	4,820.2
2 Securities in bank credit	1,112.0	1,139.5	1,153.4	1,161.7	1,166.3	1,197.2	1,215.3	1,237.9	1,231.0	1,228.9	1,231.3	1,263.2
3 U.S. government securities	723.6	688.3	697.0	698.0	706.4	719.9	727.3	741.4	740.8	732.9	734.5	759.0
4 Other securities	388.5	451.2	456.4	463.7	459.9	477.3	488.0	496.5	490.2	495.9	496.8	504.2
5 Loans and leases in bank credit[2]	3,444.9	3,548.6	3,558.9	3,555.7	3,559.4	3,542.6	3,597.8	3,559.5	3,568.3	3,565.4	3,556.9	3,557.0
6 Commercial and industrial	877.0	879.8	877.8	868.0	862.6	856.9	860.1	846.4	851.4	848.7	844.1	839.1
7 Real estate	1,621.8	1,673.8	1,684.7	1,688.1	1,696.3	1,690.9	1,696.2	1,708.2	1,711.0	1,708.8	1,705.2	1,714.3
8 Revolving home equity	125.0	133.9	135.2	136.3	137.6	139.4	141.9	145.4	144.6	145.3	146.1	146.8
9 Other	1,496.8	1,539.9	1,549.4	1,551.7	1,558.7	1,551.6	1,554.3	1,562.7	1,566.4	1,563.5	1,559.0	1,567.6
10 Consumer	530.0	548.4	552.6	551.0	548.5	546.0	545.9	548.8	544.7	549.9	550.9	550.6
11 Security[3]	67.7	78.8	75.2	80.8	83.5	86.4	102.4	77.2	81.4	77.0	77.2	71.5
12 Other loans and leases	348.4	367.8	368.6	367.7	368.6	362.2	393.2	378.9	379.7	381.0	379.5	381.4
13 Interbank loans	219.1	262.2	253.7	246.2	251.5	267.6	330.3	292.4	289.6	293.8	298.3	288.8
14 Cash assets[4]	243.8	249.6	244.7	238.9	251.3	245.2	281.5	258.7	279.1	231.6	252.4	270.6
15 Other assets[5]	359.3	384.0	379.4	371.8	387.4	399.6	433.3	453.0	445.3	448.8	463.6	451.9
16 **Total assets**[6]	**5,317.3**	**5,518.4**	**5,524.6**	**5,508.8**	**5,550.1**	**5,585.9**	**5,791.6**	**5,733.3**	**5,745.2**	**5,699.9**	**5,733.9**	**5,763.4**
Liabilities												
17 Deposits	3,405.1	3,598.3	3,598.8	3,622.6	3,652.9	3,670.2	3,792.1	3,732.5	3,750.7	3,707.5	3,724.2	3,744.9
18 Transaction	600.4	598.2	602.2	591.2	596.4	600.7	675.8	625.6	621.3	601.8	642.0	645.3
19 Nontransaction	2,804.7	3,000.1	2,996.7	3,031.4	3,056.5	3,069.5	3,116.4	3,106.9	3,129.4	3,105.7	3,082.2	3,099.5
20 Large time	545.4	570.0	570.4	572.2	572.0	569.0	568.5	566.3	571.9	564.3	562.8	564.1
21 Other	2,259.3	2,430.0	2,426.2	2,459.2	2,484.5	2,500.5	2,547.9	2,540.6	2,557.6	2,541.4	2,519.4	2,535.4
22 Borrowings	974.1	1,028.8	1,018.0	988.0	1,003.6	1,012.3	1,052.6	1,044.4	1,039.4	1,045.6	1,045.9	1,051.1
23 From banks in the U.S.	353.2	379.5	363.4	359.1	367.0	376.0	410.7	395.8	395.3	401.0	393.8	396.5
24 From others	621.0	649.4	654.6	628.9	636.5	636.3	641.9	648.6	644.0	644.6	652.2	654.7
25 Net due to related foreign offices	236.1	185.5	211.8	204.1	207.1	205.7	188.1	192.9	193.8	187.0	186.8	208.0
26 Other liabilities	283.6	274.7	266.7	280.1	264.0	275.1	324.5	302.0	302.5	294.8	302.9	299.8
27 **Total liabilities**	**4,898.9**	**5,087.3**	**5,095.3**	**5,094.8**	**5,127.5**	**5,163.2**	**5,357.3**	**5,271.8**	**5,286.4**	**5,234.9**	**5,259.7**	**5,303.8**
28 Residual (assets less liabilities)[7]	418.4	431.1	429.3	414.0	422.5	422.6	434.3	461.5	458.7	465.0	474.2	459.6
	Not seasonally adjusted											
Assets												
29 Bank credit	4,560.3	4,683.3	4,706.3	4,713.9	4,709.6	4,728.8	4,809.1	4,802.3	4,797.8	4,801.2	4,788.0	4,835.7
30 Securities in bank credit	1,108.9	1,141.1	1,152.6	1,161.0	1,157.3	1,190.4	1,211.5	1,235.7	1,227.3	1,224.7	1,228.0	1,265.9
31 U.S. government securities	718.5	693.1	697.9	698.4	702.3	715.2	724.3	736.5	734.7	726.9	728.3	757.6
32 Other securities	390.4	447.9	454.8	462.7	454.9	475.1	487.2	499.2	492.6	497.9	499.6	508.3
33 Loans and leases in bank credit[2]	3,451.4	3,542.3	3,553.6	3,552.9	3,552.3	3,538.4	3,597.6	3,566.6	3,570.4	3,576.5	3,560.0	3,569.7
34 Commercial and industrial	876.4	886.2	883.1	871.4	862.5	852.1	857.2	845.7	849.9	848.5	841.9	839.6
35 Real estate	1,625.1	1,669.5	1,685.1	1,687.4	1,695.3	1,694.1	1,699.8	1,711.9	1,714.7	1,713.1	1,707.7	1,718.7
36 Revolving home equity	126.0	133.0	135.3	136.5	138.0	140.2	143.2	146.6	145.7	146.6	147.3	147.9
37 Other	1,499.0	1,536.5	1,549.8	1,550.9	1,557.3	1,553.9	1,556.6	1,565.2	1,569.0	1,566.5	1,560.5	1,570.8
38 Consumer	529.7	545.3	550.4	548.3	546.0	547.1	548.2	548.5	543.3	549.6	551.4	551.0
39 Credit cards and related plans	204.8	213.9	218.8	216.9	215.9	216.5	215.3	216.4	210.8	217.5	219.2	219.4
40 Other	324.9	331.4	331.7	331.5	330.1	330.6	332.9	332.1	332.5	332.0	332.2	331.7
41 Security[3]	70.6	75.8	70.0	78.2	78.6	81.8	97.3	80.4	81.4	81.6	81.6	77.2
42 Other loans and leases	349.6	365.5	365.0	367.5	369.9	363.4	395.2	380.1	381.1	383.8	377.3	383.2
43 Interbank loans	214.7	268.2	247.2	244.0	243.8	256.3	318.4	285.8	281.4	287.4	281.5	293.1
44 Cash assets[4]	243.8	246.3	243.3	236.2	243.6	234.6	277.8	258.4	282.4	246.1	233.1	273.8
45 Other assets[5]	356.3	384.7	380.2	374.0	386.7	397.0	433.5	449.1	443.1	444.5	451.9	450.8
46 **Total assets**[6]	**5,313.4**	**5,517.5**	**5,511.4**	**5,502.5**	**5,517.9**	**5,550.2**	**5,772.1**	**5,727.7**	**5,736.8**	**5,711.0**	**5,686.3**	**5,785.5**
Liabilities												
47 Deposits	3,399.9	3,614.7	3,585.6	3,610.8	3,631.4	3,641.4	3,774.6	3,727.3	3,758.0	3,718.4	3,681.3	3,746.9
48 Transaction	594.3	605.0	592.8	590.9	590.0	586.8	669.3	619.6	619.1	609.0	609.6	645.7
49 Nontransaction	2,805.6	3,009.7	2,992.8	3,019.8	3,041.5	3,054.6	3,105.3	3,107.7	3,139.0	3,109.4	3,071.7	3,101.2
50 Large time	546.8	567.9	567.6	569.6	568.3	567.3	565.4	567.7	572.6	565.3	564.9	567.5
51 Other	2,258.8	2,441.8	2,425.2	2,450.3	2,473.1	2,487.3	2,539.9	2,540.0	2,566.4	2,544.1	2,506.8	2,533.7
52 Borrowings	972.2	1,029.6	1,023.0	988.8	994.3	990.8	1,047.3	1,042.0	1,032.5	1,045.1	1,039.2	1,056.3
53 From banks in the U.S.	348.5	382.7	366.5	359.9	363.8	367.7	400.9	390.5	389.0	396.3	387.0	394.6
54 From others	623.8	646.9	656.5	628.9	630.6	623.0	646.3	651.5	643.4	648.8	652.2	661.7
55 Net due to related foreign offices	236.2	183.1	214.1	203.4	204.0	206.1	187.5	193.2	189.9	185.9	190.5	211.8
56 Other liabilities	283.7	271.7	269.0	279.5	260.9	275.4	323.8	301.9	297.8	293.1	306.4	303.9
57 **Total liabilities**	**4,892.0**	**5,099.1**	**5,091.8**	**5,082.5**	**5,090.6**	**5,113.7**	**5,333.2**	**5,264.4**	**5,278.2**	**5,242.4**	**5,217.3**	**5,318.9**
58 Residual (assets less liabilities)[7]	421.3	418.4	419.6	420.0	427.3	436.5	438.9	463.2	458.6	468.6	469.0	466.6

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

C. Large domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2000	2001							2001			
	Oct.	Apr.	May	June	July	Aug.	Sept.	Oct.	Oct. 10	Oct. 17	Oct. 24	Oct. 31
	Seasonally adjusted											
Assets												
1 Bank credit	2,554.0	2,620.3	2,631.6	2,629.3	2,622.5	2,622.8	2,686.0	2,627.0	2,632.3	2,622.7	2,608.9	2,642.4
2 Securities in bank credit	580.0	598.6	608.7	612.4	609.7	630.9	641.9	648.5	642.7	639.1	637.9	672.1
3 U.S. government securities	360.8	346.3	354.4	352.6	353.3	361.0	364.2	365.6	366.7	357.9	355.2	381.1
4 Trading account	21.2	33.7	35.3	35.1	38.3	36.3	37.9	35.7	33.9	35.6	35.5	38.4
5 Investment account	339.6	312.6	319.2	317.5	315.0	324.8	326.3	329.9	332.8	322.3	319.7	342.7
6 Other securities	219.2	252.3	254.2	259.7	256.4	269.9	277.7	282.8	276.0	281.2	282.7	291.0
7 Trading account	111.7	135.9	137.0	143.5	140.8	153.1	160.9	165.4	159.7	162.8	164.9	173.6
8 Investment account	107.5	116.3	117.2	116.3	115.6	116.8	116.8	117.4	116.3	118.4	117.8	117.4
9 State and local government	25.9	28.4	28.1	27.9	27.8	27.6	27.5	26.8	26.7	26.8	26.7	26.7
10 Other	81.6	88.0	89.1	88.4	87.8	89.2	89.3	90.7	89.6	91.6	91.2	90.7
11 Loans and leases in bank credit[2]	1,974.0	2,021.7	2,022.9	2,016.9	2,012.8	1,991.8	2,044.1	1,978.5	1,989.6	1,983.6	1,971.0	1,970.3
12 Commercial and industrial	593.7	585.2	582.8	570.8	561.7	556.6	560.7	546.2	549.7	548.5	544.4	539.8
13 Bankers acceptances	.9	.8	.8	.7	n.a.	n.a.	n.a	n.a.	n.a.	n.a.	n.a.	n.a
14 Other	592.8	584.4	582.0	570.1	561.7	556.6	560.7	546.2	549.7	548.5	544.4	539.8
15 Real estate	824.4	848.3	854.1	852.9	853.9	844.5	844.4	841.1	844.4	842.1	836.3	844.4
16 Revolving home equity	80.1	86.2	86.7	86.9	86.8	87.3	88.9	90.4	89.9	90.1	90.7	91.4
17 Other	744.2	762.1	767.4	766.0	767.1	757.2	755.6	750.7	754.5	752.0	745.6	753.1
18 Consumer	238.0	249.8	252.3	254.2	253.8	250.9	252.3	241.9	241.7	241.3	240.7	240.1
19 Security[3]	61.0	70.4	66.8	72.5	75.1	78.0	93.6	69.4	73.5	69.2	69.4	63.7
20 Federal funds sold to and repurchase agreements with broker–dealers	43.2	53.9	49.4	54.7	59.6	63.5	66.3	56.5	60.5	57.0	56.9	51.6
21 Other	17.8	16.5	17.4	17.8	15.5	14.5	27.3	12.8	12.9	12.2	12.6	12.1
22 State and local government	12.8	13.0	13.0	13.3	14.2	14.1	14.3	14.5	14.2	14.3	14.9	14.9
23 Agricultural	9.6	10.4	10.6	10.3	10.0	9.4	9.2	9.1	9.1	9.1	9.1	9.2
24 Federal funds sold to and repurchase agreements with others	17.1	23.0	23.6	25.5	30.8	31.8	32.5	28.6	28.1	29.4	26.7	31.1
25 All other loans	87.6	87.7	85.5	84.7	81.5	75.5	105.6	81.4	80.9	81.8	81.6	79.6
26 Lease-financing receivables	129.8	133.8	134.4	132.6	131.7	131.0	131.5	146.2	148.2	147.9	147.8	147.5
27 Interbank loans	138.5	147.9	134.3	131.0	135.8	150.1	207.9	187.8	185.8	189.9	193.6	184.6
28 Federal funds sold to and repurchase agreements with commercial banks	60.7	84.0	72.9	72.3	70.9	79.6	132.1	106.1	105.3	108.2	109.4	99.0
29 Other	77.9	63.9	61.4	58.7	64.9	70.4	75.8	81.7	80.5	81.7	84.2	85.6
30 Cash assets[4]	144.7	145.6	139.9	135.7	146.2	140.1	173.7	151.4	167.5	129.7	145.9	162.3
31 Other assets[5]	266.8	276.9	274.0	261.8	267.8	277.1	302.6	320.9	308.8	317.1	335.3	320.8
32 **Total assets**[6]	**3,068.2**	**3,152.7**	**3,142.2**	**3,120.0**	**3,134.3**	**3,151.9**	**3,332.3**	**3,247.7**	**3,254.9**	**3,219.8**	**3,244.2**	**3,271.2**
Liabilities												
33 Deposits	1,668.8	1,741.2	1,732.1	1,736.7	1,748.8	1,751.2	1,855.9	1,789.1	1,805.2	1,771.4	1,782.7	1,791.8
34 Transaction	306.6	303.2	304.1	299.7	306.0	303.6	374.7	322.2	328.1	308.5	329.4	326.6
35 Nontransaction	1,362.2	1,438.0	1,428.0	1,437.0	1,442.8	1,447.5	1,481.2	1,466.9	1,477.1	1,463.0	1,453.3	1,465.2
36 Large time	259.7	268.4	270.7	274.1	271.1	264.4	264.3	259.5	264.8	257.7	256.4	256.2
37 Other	1,102.5	1,169.6	1,157.3	1,162.9	1,171.7	1,183.1	1,216.9	1,207.4	1,212.3	1,205.3	1,196.9	1,209.0
38 Borrowings	650.1	696.5	682.4	654.5	667.7	673.3	704.6	688.1	682.3	688.2	687.5	694.8
39 From banks in the U.S.	198.8	230.7	213.4	211.0	218.8	226.4	257.2	232.3	234.2	236.7	228.6	228.4
40 From others	451.2	465.8	469.0	443.5	449.0	446.9	447.4	455.7	448.1	451.6	458.9	466.3
41 Net due to related foreign offices	212.6	172.7	195.2	190.9	192.4	190.2	177.6	183.5	184.4	177.7	177.0	199.0
42 Other liabilities	234.8	221.1	211.5	223.7	205.4	215.7	263.8	239.8	240.4	232.2	240.0	237.4
43 **Total liabilities**	**2,766.3**	**2,831.5**	**2,821.2**	**2,805.9**	**2,814.4**	**2,830.4**	**3,001.9**	**2,900.4**	**2,912.2**	**2,869.6**	**2,887.1**	**2,923.0**
44 Residual (assets less liabilities)[7]	301.9	321.3	321.0	314.1	319.9	321.5	330.4	347.3	342.7	350.2	357.1	348.2

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

C. Large domestically chartered commercial banks—Continued

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2000	2001							2001			
	Oct.	Apr.	May	June	July	Aug.	Sept.	Oct.	Oct. 10	Oct. 17	Oct. 24	Oct. 31
	Not seasonally adjusted											
Assets												
45 Bank credit	2,555.9	2,615.9	2,625.1	2,623.9	2,606.3	2,608.6	2,676.5	2,630.0	2,629.7	2,627.1	2,607.5	2,655.4
46 Securities in bank credit	579.3	597.6	606.4	610.0	600.8	624.8	638.3	648.6	641.2	637.6	637.2	677.1
47 U.S government securities	358.2	348.5	353.8	351.3	349.4	357.1	361.3	363.1	362.8	354.5	351.7	381.9
48 Trading account	21.1	34.0	35.2	35.0	37.9	35.9	37.6	35.4	33.5	35.3	35.2	38.5
49 Investment account	337.1	314.5	318.6	316.3	311.5	321.2	323.7	327.7	329.2	319.2	316.5	343.4
50 Mortgage-backed securities	215.6	227.2	233.9	230.3	230.7	243.7	249.2	259.5	261.4	254.3	250.3	271.4
51 Other	121.5	87.3	84.6	86.1	80.9	77.5	74.4	68.2	67.8	64.9	66.2	72.0
52 One year or less	32.2	30.0	26.9	25.4	21.0	20.0	20.0	18.3	16.2	16.2	17.3	23.6
53 One to five years	52.0	31.4	31.1	34.2	34.2	33.7	34.4	32.6	33.7	31.3	32.0	32.0
54 More than five years	37.3	25.9	26.6	26.5	25.8	23.9	20.0	17.3	18.0	17.5	16.8	16.4
55 Other securities	221.1	249.0	252.6	258.7	251.4	267.7	277.0	285.5	278.5	283.2	285.5	295.2
56 Trading account	112.7	134.2	136.1	142.9	138.1	151.9	160.5	167.0	161.1	163.9	166.5	176.1
57 Investment account	108.4	114.9	116.5	115.8	113.4	115.8	116.5	118.5	117.3	119.2	119.0	119.1
58 State and local government	26.1	28.0	28.0	27.8	27.3	27.3	27.4	27.0	27.0	27.0	26.9	27.1
59 Other	82.3	86.8	88.5	88.1	86.1	88.5	89.1	91.5	90.4	92.2	92.1	92.0
60 Loans and leases in bank credit[2]	1,976.6	2,018.3	2,018.7	2,013.8	2,005.4	1,983.8	2,038.2	1,981.4	1,988.5	1,989.5	1,970.3	1,978.3
61 Commercial and industrial	593.4	589.5	585.5	572.4	561.7	553.4	559.3	545.9	548.9	548.4	542.3	540.5
62 Bankers acceptances	9	.8	.8	7	n.a.	n.a.	n.a	n.a.	n.a.	n.a	n.a.	n.a.
63 Other	592.6	588.7	584.7	571.6	561.7	553.4	559.3	545.9	548.9	548.4	542.3	540.5
64 Real estate	826.8	844.3	853.7	851.5	852.4	845.9	846.3	843.7	847.3	845.1	837.7	847.6
65 Revolving home equity	80.9	85.3	86.7	87.1	87.4	88.4	90.0	91.3	90.8	91.1	91.5	92.2
66 Other	453.8	462.1	468.6	465.0	465.5	458.5	457.6	455.1	459.0	456.2	449.3	458.4
67 Commercial	292.0	297.0	298.4	299.4	299.5	299.0	298.7	297.3	297.5	297.7	296.9	297.0
68 Consumer	235.8	250.4	252.7	253.6	252.1	249.7	251.1	239.5	238.9	238.7	238.3	238.1
69 Credit cards and related plans	76.6	84.7	87.0	88.0	87.3	85.1	84.6	75.7	75.3	75.4	74.9	74.2
70 Other	159.2	165.8	165.8	165.7	164.8	164.6	166.5	163.8	163.6	163.3	163.4	163.8
71 Security[3]	63.8	67.4	61 9	70.1	70.4	73.5	88.6	72.5	73.3	73.7	74.1	69.1
72 Federal funds sold to and repurchase agreements with broker–dealers	45.2	51.5	45.8	52.9	55.9	59.8	62.8	59.0	60.4	60.7	60.7	56.0
73 Other	18.6	15.8	16.1	17.2	14.5	13.7	25.8	13.4	12.9	13.0	13.4	13.1
74 State and local government	12.8	13.0	13.0	13.3	14.2	14.1	14.3	14.5	14.2	14.3	14.9	14.9
75 Agricultural	9.7	10.2	10.5	10.4	10.1	9.6	9.3	9.2	9.2	9.2	9.2	9.2
76 Federal funds sold to and repurchase agreements with others	17.1	23.0	23.6	25.5	30.8	31.8	32.5	28.6	28.1	29.4	26.7	31.1
77 All other loans	87.7	86.6	84.0	84.8	82.4	75.6	106.8	81.6	80.6	83.1	79.8	80.5
78 Lease-financing receivables	129.5	133.9	133.7	132.2	131.2	130.2	130.1	146.0	147.9	147.7	147.4	147.4
79 Interbank loans	133.0	150.0	136.7	135.4	135.6	144.5	200.1	180.1	174.5	181.9	180.2	185.6
80 Federal funds sold to and repurchase agreements with commercial banks	58.3	85.1	74.1	74.7	70.8	76.7	127 1	101.7	98.9	103.6	101.9	99.6
81 Other	74.7	64.9	62.5	60.7	64.8	67.8	73.0	78.4	75.6	78.3	78.3	86.0
82 Cash assets[4]	144.1	145.9	140.1	134.1	139.8	132.3	169.4	150.4	167.3	140.0	133.3	163.1
83 Other assets[5]	263.8	277.6	274.9	264.0	267.1	274.4	302.9	317.0	306.7	312.9	323.6	319.8
84 **Total assets**[6]	**3,061.3**	**3,151.7**	**3,138.9**	**3,119.5**	**3,110.9**	**3,121.6**	**3,310.5**	**3,238.4**	**3,238.9**	**3,222.4**	**3,205.4**	**3,285.1**
Liabilities												
85 Deposits	1,662.7	1,750.3	1,725.3	1,736.2	1,740.6	1,735.2	1,844.7	1,782.5	1,804.4	1,775.9	1,751.1	1,790.7
86 Transaction	301 1	310.5	299.9	299.8	301.1	292.5	368.3	316.5	322.9	312.2	306.4	326.1
87 Nontransaction	1,361.6	1,439.8	1,425.4	1,436.5	1,439.5	1,442.7	1,476.4	1,466.0	1,481.5	1,463.7	1,444.7	1,464.7
88 Large time	261.1	266.3	267.8	271.5	267.5	262.7	261.3	260.9	265.5	258.7	258.5	259.7
89 Other	1,100.4	1,173.5	1,157.6	1,165.0	1,172.0	1,180.0	1,215.1	1,205.2	1,216.0	1,205.0	1,186.2	1,205.0
90 Borrowings	648.2	697.3	687.4	655.3	658.5	651.7	699.2	685.7	675.4	687.7	680.8	699.9
91 From banks in the U.S.	194.2	233.9	216.5	211.8	215.5	218.1	247.4	227.1	227.9	232.0	221.9	226.5
92 From nonbanks in the U.S.	454.0	463.3	470.9	443.6	443.0	433.6	451.8	458.6	447.5	455.7	458.9	473.4
93 Net due to related foreign offices	212.7	170.3	197.5	190.3	189.2	190.6	177.0	183.7	180.5	176.6	180.6	202.8
94 Other liabilities	234.8	218.1	213.8	223.1	202.3	216.1	263.1	239.7	235.7	230.5	243.5	241.5
95 **Total liabilities**	**2,758.4**	**2,836.0**	**2,824.1**	**2,805.0**	**2,790.7**	**2,793.7**	**2,984.0**	**2,891.7**	**2,895.9**	**2,870.8**	**2,856.1**	**2,934.9**
96 Residual (assets less liabilities)[7]	302.8	315.7	314.8	314.6	320.2	327.9	326.5	346.8	343.0	351.7	349.4	350.2

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

D. Small domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2000	2001							2001			
	Oct.	Apr.	May	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.	Oct. 10	Oct. 17	Oct. 24	Oct. 31
	Seasonally adjusted											
Assets												
1 Bank credit	2,003.0[r]	2,067.7[r]	2,080.7[r]	2,088.1	2,103.2	2,117.0	2,127.1	2,170.4	2,166.9	2,171.5	2,179.2	2,177.7
2 Securities in bank credit	532.0	540.9	544.7	549.4	556.6	566.3	573.4	589.5	588.2	589.8	593.4	591.0
3 U.S. government securities	362.8[r]	342.0[r]	342.6[r]	345.4	353.1	358.9	363.1	375.8	374.1	375.1	379.2	377.9
4 Other securities	169.3[r]	198.9[r]	202.2[r]	204.0	203.5	207.4	210.3	213.7	214.2	214.7	214.1	213.1
5 Loans and leases in bank credit[2]	1,470.9[r]	1,526.9[r]	1,535.9[r]	1,538.8	1,546.6	1,550.7	1,553.7	1,580.9	1,578.7	1,581.8	1,585.8	1,586.7
6 Commercial and industrial	283.3	294.6[r]	295.0[r]	297.2	301.0	300.3	299.4	300.2	301.7	300.1	299.7	299.4
7 Real estate	797.4	825.5[r]	830.6[r]	835.2	842.3	846.4	851.8	867.1	866.7	866.7	868.9	869.9
8 Revolving home equity	44.9	47.8	48.5	49.4	50.8	52.0	53.0	55.1	54.7	55.2	55.5	55.4
9 Other	752.5	777.8[r]	782.1[r]	785.7	791.5	794.4	798.8	812.0	811.9	811.5	813.4	814.5
10 Consumer	291.9	298.6	300.4	296.9	294.7	295.1	293.6	306.9	303.1	308.5	310.2	310.5
11 Security[3]	6.7	8.4	8.5	8.3	8.4	8.5	8.8	7.9	8.0	7.8	7.7	7.9
12 Other loans and leases	91.5[r]	99.8[r]	101.5[r]	101.2	100.3	100.3	100.2	99.0	99.3	98.6	99.3	99.1
13 Interbank loans	80.6[r]	114.3[r]	119.4[r]	115.2	115.8	117.6	122.3	104.6	103.8	103.9	104.7	104.2
14 Cash assets[4]	99.1	103.9	104.7	103.2	105.1	105.1	107.7	107.3	111.7	101.9	106.5	108.2
15 Other assets[5]	92.5	107.1	105.3	110.0	119.6	122.5	130.6	132.1	136.5	131.6	128.3	131.0
16 **Total assets[6]**	**2,249.1**	**2,365.6**	**2,382.4**	**2,388.8**	**2,415.8**	**2,434.0**	**2,459.3**	**2,485.6**	**2,490.2**	**2,480.1**	**2,489.7**	**2,492.2**
Liabilities												
17 Deposits	1,736.3	1,857.1	1,866.7[r]	1,885.9	1,904.0	1,919.0	1,936.2	1,943.4	1,945.6	1,936.1	1,941.5	1,953.1
18 Transaction	293.8	295.0	298.1	291.5	290.4	297.1	301.0	303.4	293.2	293.4	312.6	318.8
19 Nontransaction	1,442.5	1,562.1	1,568.7	1,594.4	1,613.7	1,622.0	1,635.1	1,640.0	1,652.3	1,642.7	1,628.9	1,634.3
20 Large time	285.7	301.6	299.8	298.1	300.8	304.6	304.2	306.8	307.1	306.6	306.4	307.9
21 Other	1,156.8	1,260.5	1,268.9	1,296.3	1,312.8	1,317.4	1,331.0	1,333.1	1,345.3	1,336.1	1,322.5	1,326.4
22 Borrowings	324.1	332.3	335.6	333.5	335.8	339.1	348.0	356.3	357.1	357.4	358.4	356.4
23 From banks in the U.S.	154.3	148.8	150.0	148.2	148.3	149.6	153.5	163.4	161.1	164.3	165.1	168.0
24 From others	169.7	183.6[r]	185.6	185.3	187.6	189.5	194.5	192.9	196.0	193.1	193.3	188.3
25 Net due to related foreign offices	23.4	12.8	16.6	13.1	14.7	15.5	10.5	9.5	9.5	9.3	9.8	9.0
26 Other liabilities	48.8	53.6	55.2	56.3	58.6	59.3	60.7	62.2	62.1	62.5	62.9	62.4
27 **Total liabilities**	**2,132.6**	**2,255.8**	**2,274.1**	**2,288.9**	**2,313.2**	**2,332.9**	**2,355.4**	**2,371.4**	**2,374.2**	**2,365.3**	**2,372.6**	**2,380.8**
28 Residual (assets less liabilities)[7]	116.4[r]	109.8	108.3	99.9	102.6	101.1	103.9	114.2	116.0	114.8	117.1	111.3
	Not seasonally adjusted											
Assets												
29 Bank credit	2,004.3[r]	2,067.5[r]	2,081.2[r]	2,090.0	2,103.3	2,120.2	2,132.6	2,172.2	2,168.0	2,174.1	2,180.5	2,180.2
30 Securities in bank credit	529.6	543.5	546.3	551.0	556.4	565.6	573.2	587.1	586.1	587.1	590.8	588.8
31 U.S. government securities	360.3[r]	344.6[r]	344.1[r]	347.0	352.9	358.2	363.0	373.4	371.9	372.4	376.6	375.7
32 Other securities	169.3[r]	198.9[r]	202.2[r]	204.0	203.5	207.4	210.3	213.7	214.2	214.7	214.1	213.1
33 Loans and leases in bank credit[2]	1,474.7[r]	1,523.9[r]	1,534.9[r]	1,539.0	1,546.9	1,554.6	1,559.4	1,585.2	1,582.0	1,587.0	1,589.7	1,591.4
34 Commercial and industrial	282.9	296.7[r]	297.6[r]	299.1	300.8	298.7	297.9	299.8	301.0	300.1	299.6	299.1
35 Real estate	798.3	825.2[r]	831.4[r]	835.9	842.8	848.2	853.5	868.2	867.4	868.0	870.1	871.2
36 Revolving home equity	45.1	47.7	48.6	49.4	50.5	51.8	53.2	55.3	54.9	55.5	55.8	55.8
37 Other	753.2	777.5[r]	782.8[r]	786.5	792.3	796.4	800.3	812.8	812.5	812.6	814.3	815.4
38 Consumer	293.9	294.8	297.7	294.7	293.9	297.4	297.1	309.0	304.4	310.8	313.1	313.0
39 Credit cards and related plans	128.2	129.2	131.8	128.9	128.6	131.4	130.7	140.7	135.5	142.1	144.3	145.1
40 Other	165.7	165.6	165.9	165.8	165.3	165.9	166.4	168.4	168.9	168.7	168.8	167.8
41 Security[3]	6.8	8.5	8.1	8.1	8.2	8.3	8.7	7.9	8.1	7.9	7.6	8.1
42 Other loans and leases	92.7[r]	98.7[r]	100.1[r]	101.3	101.2	102.1	102.2	100.2	101.1	100.1	99.4	100.1
43 Interbank loans	81.7[r]	118.2[r]	110.5[r]	108.6	108.2	111.7	118.3	105.7	107.0	105.6	101.3	107.5
44 Cash assets[4]	99.7	100.4	103.2	102.0	103.8	102.3	108.4	108.0	115.0	106.2	99.8	110.7
45 Other assets[5]	92.5	107.1	105.3	110.0	119.6	122.5	130.6	132.1	136.5	131.6	128.3	131.0
46 **Total assets[6]**	**2,252.1**	**2,365.8**	**2,372.5**	**2,382.9**	**2,407.1**	**2,428.6**	**2,461.6**	**2,489.2**	**2,497.9**	**2,488.6**	**2,480.9**	**2,500.4**
Liabilities												
47 Deposits	1,737.2	1,864.4	1,860.3	1,874.5	1,890.8	1,906.2	1,929.9	1,944.8	1,953.6	1,942.4	1,930.2	1,956.2
48 Transaction	293.2	294.5	292.9	291.2	288.8	294.3	301.0	303.1	296.2	296.7	303.2	319.6
49 Nontransaction	1,444.0	1,569.9	1,567.4	1,583.4	1,602.0	1,611.9	1,628.9	1,641.7	1,657.4	1,645.7	1,627.0	1,636.5
50 Large time	285.7	301.6	299.8	298.1	300.8	304.6	304.2	306.8	307.1	306.6	306.4	307.9
51 Other	1,158.4	1,268.2[r]	1,267.6	1,285.3	1,301.2	1,307.3	1,324.8	1,334.9	1,350.3	1,339.1	1,320.6	1,328.7
52 Borrowings	324.1	332.3	335.6	333.5	335.8	339.1	348.0	356.3	357.1	357.4	358.4	356.4
53 From banks in the U.S.	154.3	148.8	150.0	148.2	148.3	149.6	153.5	163.4	161.1	164.3	165.1	168.0
54 From others	169.7	183.6[r]	185.6	185.3	187.6	189.5	194.5	192.9	196.0	193.1	193.3	188.3
55 Net due to related foreign offices	23.4	12.8	16.6	13.1	14.7	15.5	10.5	9.5	9.5	9.3	9.8	9.0
56 Other liabilities	48.8	53.6	55.2	56.3	58.6	59.3	60.7	62.2	62.1	62.5	62.9	62.4
57 **Total liabilities**	**2,133.6**	**2,263.1**	**2,267.7**	**2,277.5**	**2,300.0**	**2,320.1**	**2,349.1**	**2,372.8**	**2,382.3**	**2,371.6**	**2,361.3**	**2,383.9**
58 Residual (assets less liabilities)[7]	118.5	102.7	104.8	105.4	107.1	108.5	112.4	116.5	115.6	116.9	119.6	116.5

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

E. Foreign-related institutions

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2000	2001							2001			
	Oct.	Apr.	May	June	July	Aug.	Sept.r	Oct.	Oct. 10	Oct. 17	Oct. 24	Oct. 31
	Seasonally adjusted											
Assets												
1 Bank credit	586.8	626.6r	611.5	602.9	592.4r	592.2	587.0	575.9	573.2	569.7	572.4	588.3
2 Securities in bank credit	202.0	221.0	214.6	216.0	216.5	219.5	220.5	218.8	216.4	214.4	218.2	224.9
3 U.S. government securities	69.7	74.4	69.7	68.1	67.1	66.8	69.8	72.1	69.2	69.6	73.0	76.7
4 Other securities	132.3	146.5	144.9	148.0	149.4	152.7	150.7	146.7	147.2	144.7	145.2	148.1
5 Loans and leases in bank credit[2]	384.7	405.7	396.9r	386.8r	375.9r	372.7	366.4	357.1	356.7	355.4	354.2	363.4
6 Commercial and industrial	203.5	218.8r	217.9r	210.7r	205.7r	204.5r	204.6	201.9	201.0	201.9	201.7	203.4
7 Real estate	18.1	17.9r	18.2r	18.1r	18.3r	18.7r	19.2	19.5	19.3	19.4	19.6	19.7
8 Security[3]	96.2	100.8	92.9	91.2	86.5	83.8	77.6	71.1	71.0	69.8	68.6	75.4
9 Other loans and leases	67.0	68.2	67.9	66.8	65.4	65.7	65.1	64.6	65.5	64.3	64.3	64.9
10 Interbank loans	27.2	27.7	29.5	21.9	21.3	20.4	26.2	24.3	23.0	30.8	22.3	22.2
11 Cash assets[4]	41.9	38.7	37.3	36.3	36.8	37.3	45.2	39.1	39.0	41.3	38.2	37.5
12 Other assets[5]	36.7	39.7	37.3	37.1	31.7	29.2	31.5	30.4	31.0	28.7	31.2	29.6
13 **Total assets[6]**	**692.3**	**732.4r**	**715.3**	**697.8r**	**681.9**	**678.7**	**689.5**	**669.4**	**665.8**	**670.2**	**663.8**	**677.2**
Liabilities												
14 Deposits	383.7	394.3	408.5	418.7	412.5	403.3	403.2	413.7	411.6	417.7	413.6	414.1
15 Transaction	10.7	10.7	10.6	9.5	9.3	9.9	12.9	11.5	11.4	11.7	11.7	11.8
16 Nontransaction	373.0	383.6	397.9	409.2	403.2	393.4	390.3	402.1	400.2	406.0	401.9	402.3
17 Borrowings	220.6	240.2	219.1	215.8	210.7	210.3	221.1	204.2	200.9	199.7	198.2	215.6
18 From banks in the U.S.	19.1	25.3	20.3	22.5	22.3	20.9	31.0	23.7	21.8	24.9	20.7	25.2
19 From others	201.6	214.9	198.7	193.3	188.4	189.4	190.1	180.5	179.2	174.8	177.5	190.4
20 Net due to related foreign offices	16.5	4.6	−4.3	−19.6	−16.2	−11.7	−18.4	−18.7	−21.0	−13.0	−14.4	−22.3
21 Other liabilities	76.1	88.8	86.1	84.6	79.5	78.6	80.7	76.3	76.9	73.6	76.9	75.8
22 **Total liabilities**	**696.9**	**727.9**	**709.3**	**699.4**	**686.5**	**680.5**	**686.7**	**675.5**	**668.4**	**678.0**	**674.2**	**683.2**
23 Residual (assets less liabilities)[7]	−4.6	4.5r	6.0	−1.5	−4.6	−1.8	2.8	−6.1	−2.6	−7.8	−10.3	−6.0
	Not seasonally adjusted											
Assets												
24 Bank credit	590.8	623.7r	606.7r	599.1r	588.0	585.8	585.2	578.8	572.7	573.3	574.9	594.9
25 Securities in bank credit	202.0	221.0	214.6	216.0	216.5	219.5	220.5	218.8	216.4	214.4	218.2	224.9
26 U.S. government securities	69.7	74.4	69.7	68.1	67.1	66.8	69.8	72.1	69.2	69.6	73.0	76.7
27 Trading account	12.0	14.8	13.8	13.7	13.0	12.3	13.7	11.6	11.5	11.5	11.2	11.0
28 Investment account	57.6	59.6	55.9	54.4	54.1	54.5	56.2	60.5	57.8	58.1	61.8	65.8
29 Other securities	132.3	146.5	144.9	148.0	149.4	152.7	150.7	146.7	147.2	144.7	145.2	148.1
30 Trading account	90.7	99.6	99.4	105.7	108.0	110.9	109.7	105.8	106.9	104.0	104.6	106.1
31 Investment account	41.7	47.0	45.6	42.2	41.4	41.8	41.0	40.9	40.3	40.7	40.7	42.1
32 Loans and leases in bank credit[2]	388.8	402.8	392.2	383.1	371.5	366.3	364.7	360.0	356.3	358.9	356.7	370.1
33 Commercial and industrial	203.7	217.0r	214.8r	209.6r	205.0r	203.2r	204.2	202.1	200.5	201.8	201.4	204.7
34 Real estate	18.1	17.9r	18.2r	18.1r	18.3r	18.7r	19.2	19.5	19.3	19.4	19.6	19.7
35 Security[3]	100.4	99.4	92.1	89.2	83.6	80.0	76.4	74.2	72.1	73.7	72.1	80.8
36 Other loans and leases	66.6	68.4	67.1	66.2	64.4	64.5	64.8	64.2	64.4	64.1	63.7	64.9
37 Interbank loans	27.2	27.7	29.5	21.9	21.3	20.4	26.2	24.3	23.0	30.8	22.3	22.2
38 Cash assets[4]	42.7	37.2	36.4	35.2	35.5	36.1	44.2	39.8	38.6	42.0	39.2	39.3
39 Other assets[5]	36.2	38.8	36.7	35.8	30.9	28.9	31.2	30.0	30.7	28.4	30.5	29.1
40 **Total assets[6]**	**696.6**	**727.1r**	**709.1r**	**691.7**	**675.3**	**670.8r**	**686.5**	**672.6**	**664.7**	**674.2**	**666.6**	**685.2**
Liabilities												
41 Deposits	377.4	397.2	409.7	411.6	402.3	391.6	395.3	406.4	402.5	407.5	407.7	409.8
42 Transaction	10.8	10.2	10.2	9.3	9.4	9.9	13.2	11.7	11.1	12.0	11.7	12.3
43 Nontransaction	366.6	387.0	399.5	402.2	392.9	381.7r	382.1	394.7	391.5	395.4	396.0	397.6
44 Borrowings	220.6	240.2	219.1	215.8	210.7	210.3	221.1	204.2	200.9	199.7	198.2	215.6
45 From banks in the U.S.	19.1	25.3	20.3	22.5	22.3	20.9	31.0	23.7	21.8	24.9	20.7	25.2
46 From others	201.6	214.9	198.7	193.3	188.4	189.4	190.1	180.5	179.2	174.8	177.5	190.4
47 Net due to related foreign offices	16.8	−.1	−7.5	−22.7	−19.4	−12.9	−15.9	−18.4	−20.2	−11.3	−18.2	−20.3
48 Other liabilities	76.2	86.7	84.6	83.1	78.1	78.1	81.9	76.4	77.3	74.3	75.3	76.6
49 **Total liabilities**	**691.0**	**724.0**	**705.8**	**687.6**	**671.7**	**667.0**	**682.4**	**668.7**	**660.5**	**670.3**	**662.9**	**681.7**
50 Residual (assets less liabilities)[7]	5.6	3.1r	3.3r	4.1	3.6	3.9	4.1	3.8	4.1	3.9	3.7	3.5

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

F. Memo items

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2000	2001							2001			
	Oct.	Apr.	May	June	July	Aug.	Sept.r	Oct.	Oct. 10	Oct. 17	Oct. 24	Oct. 31
	Not seasonally adjusted											
MEMO												
Large domestically chartered banks, adjusted for mergers												
1 Revaluation gains on off-balance-sheet items[8]	71.0	79.9	82.0	87.3	77.6	87.7	95.8	98.1	92.6	94.1	97.3	106.6
2 Revaluation losses on off-balance-sheet items[8]	72.8	74.9	74.7	81.6	71.8r	78.4	84.8	85.6	80.3	81.1	84.3	93.5
3 Mortgage-backed securities[9]	245.1	259.1	266.0	262.2	261.8	273.9	279.7	289.2	290.6	283.4	281.1	301.6
4 Pass-through	177.2	195.3	200.8	200.8	200.1	212.2	218.1	222.2	227.2	221.0	218.8	219.6
5 CMO, REMIC, and other	67.9	63.8	65.2	61.4	61.7	61.7	61.6	67.1	63.3	62.4	62.3	82.0
6 Net unrealized gains (losses) on available-for-sale securities[10]	−2.3	6.0	4.8	3.6	3.1	5.3	7.3	9.6	9.4	9.1	9.1	10.3
7 Off-shore credit to U.S. residents[11]	22.3	21.7	21.0	20.6	20.2	19.6	20.1	19.6	19.6	19.5	20.1	19.4
8 Securitized consumer loans[12]	77.5r	81.9r	80.3r	81.7r	96.2r	96.1r	97.1	98.1	97.7	97.5	98.2	99.0
9 Credit cards and related plans	67.9r	72.4r	71.1r	72.8r	86.1	85.6	86.8	87.8	87.4	87.2	88.0	88.8
10 Other	9.6	9.5	9.2	9.0r	10.1r	10.5r	10.3	10.3	10.4	10.3	10.2	10.2
11 Securitized business loans[12]	12.0r	14.2r	14.2r	14.7r	14.8r	15.0r	15.1	15.4	15.5	15.4	15.3	15.4
Small domestically chartered commercial banks, adjusted for mergers												
12 Mortgage-backed securities[9]	207.5r	224.6r	229.3r	232.9r	239.6r	243.9r	249.1	255.4	253.5	253.7	257.3	258.7
13 Securitized consumer loans[12]	224.5	234.7	234.5	237.8r	227.8r	230.8r	234.0	236.1	239.0	234.1	234.0	235.9
14 Credit cards and related plans	215.2	226.1	226.1	229.3r	219.5r	222.5r	225.7	228.1	230.4	226.7	226.7	227.5
15 Other	9.3	8.6	8.4	8.5	8.3	8.3	8.3	8.0	8.5	7.3	7.3	8.4
Foreign-related institutions												
16 Revaluation gains on off-balance-sheet items[8]	47.9	56.5	56.4	57.3	54.9	57.3	56.5	54.8	55.4	53.0	53.9	55.9
17 Revaluation losses on off-balance-sheet items[8]	45.0	52.2	51.9	52.1	49.8	52.1	51.5	50.4	51.0	49.0	49.8	50.9
18 Securitized business loans[12]	34.5	31.3	29.5	28.3	27.1	26.6	26.5	26.6	26.5	27.0	26.8	26.4

NOTE. Tables 1.26, 1.27, and 1.28 have been revised to reflect changes in the Board's H.8 statistical release, "Assets and Liabilities of Commercial Banks in the United States." Table 1.27, "Assets and Liabilities of Large Weekly Reporting Commercial Banks," and table 1.28, "Large Weekly Reporting U.S. Branches and Agencies of Foreign Banks," are no longer being published in the *Bulletin*. Instead, abbreviated balance sheets for both large and small domestically chartered banks have been included in table 1.26, parts C and D. Data are both merger-adjusted and break-adjusted. In addition, data from large weekly reporting U.S. branches and agencies of foreign banks have been replaced by balance sheet estimates of all foreign-related institutions and are included in table 1.26, part E. These data are break-adjusted.

The not-seasonally-adjusted data for all tables now contain additional balance sheet items, which were available as of October 2, 1996.

1. Covers the following types of institutions in the fifty states and the District of Columbia: domestically chartered commercial banks that submit a weekly report of condition (large domestic); other domestically chartered commercial banks (small domestic); branches and agencies of foreign banks, and Edge Act and agreement corporations (foreign-related institutions). Excludes International Banking Facilities. Data are Wednesday values or pro rata averages of Wednesday values. Large domestic banks constitute a universe; data for small domestic banks and foreign-related institutions are estimates based on weekly samples and on quarter-end condition reports. Data are adjusted for breaks caused by reclassifications of assets and liabilities.

The data for large and small domestic banks presented on pp. A17–19 are adjusted to remove the estimated effects of mergers between these two groups. The adjustment for mergers changes past levels to make them comparable with current levels. Estimated quantities of balance sheet items acquired in mergers are removed from past data for the bank group that contained the acquired bank and put into past data for the group containing the acquiring bank. Balance sheet data for acquired banks are obtained from Call Reports, and a ratio procedure is used to adjust past levels.

2. Excludes federal funds sold to, reverse RPs with, and loans made to commercial banks in the United States, all of which are included in "Interbank loans."

3. Consists of reverse RPs with brokers and dealers and loans to purchase and carry securities.

4. Includes vault cash, cash items in process of collection, balances due from depository institutions, and balances due from Federal Reserve Banks.

5. Excludes the due-from position with related foreign offices, which is included in "Net due to related foreign offices."

6. Excludes unearned income, reserves for losses on loans and leases, and reserves for transfer risk. Loans are reported gross of these items.

7. This balancing item is not intended as a measure of equity capital for use in capital adequacy analysis. On a seasonally adjusted basis, this item reflects any differences in the seasonal patterns estimated for total assets and total liabilities.

8. Fair value of derivative contracts (interest rate, foreign exchange rate, other commodity and equity contracts) in a gain/loss position, as determined under FASB Interpretation No. 39.

9. Includes mortgage-backed securities issued by U.S. government agencies, U.S. government-sponsored enterprises, and private entities.

10. Difference between fair value and historical cost for securities classified as available-for-sale under FASB Statement No. 115. Data are reported net of tax effects. Data shown are restated to include an estimate of these tax effects.

11. Mainly commercial and industrial loans but also includes an unknown amount of credit extended to other than nonfinancial businesses.

12. Total amount outstanding.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, seasonally adjusted, end of period

Item	Year ending December					2001					
	1996	1997	1998	1999	2000	Apr.	May	June	July	Aug.	Sept.
1 **All issuers**	**775,371**	**966,699**	**1,163,303**	**1,403,023**	**1,615,341**	**1,519,528**	**1,501,113**	**1,468,919**	**1,453,770**	**1,434,238**	**1,423,004**
Financial companies[1]											
2 Dealer-placed paper, total[2]	361,147	513,307	614,142	786,643	973,060	995,072	986,369	982,216	958,911	957,792	950,346
3 Directly placed paper, total[3]	229,662	252,536	322,030	337,240	298,848	247,333	245,768	244,520	265,824	248,974	255,122
4 Nonfinancial companies[4]	184,563	200,857	227,132	279,140	343,433	277,123	268,976	242,183	229,035	227,473	217,537

1. Institutions engaged primarily in commercial, savings, and mortgage banking; sales, personal and mortgage financing, factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
2. Includes all financial-company paper sold by dealers in the open market.
3. As reported by financial companies that place their paper directly with investors.
4. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

1.33 PRIME RATE CHARGED BY BANKS Short-Term Business Loans[1]

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1998—Jan. 1	8.50	1998	8.35	1999—Jan	7.75	2000—Jan.	8.50
Sept. 30	8.25	1999	8.00	Feb.	7.75	Feb.	8.73
Oct. 16	8.00	2000	9.23	Mar.	7.75	Mar.	8.83
Nov. 18	7.75			Apr	7.75	Apr.	9.00
		1998—Jan.	8.50	May	7.75	May	9.24
1999—July 1	8.00	Feb.	8.50	June	7.75	June	9.50
Aug. 25	8.25	Mar	8.50	July	8.00	July	9.50
Nov. 17	8.50	Apr.	8.50	Aug.	8.06	Aug.	9.50
		May	8.50	Sept.	8.25	Sept.	9.50
2000—Feb. 3	8.75	June	8.50	Oct.	8.25	Oct.	9.50
Mar. 22	9.00	July	8.50	Nov.	8.37	Nov	9.50
May 17	9.50	Aug.	8.50	Dec.	8.50	Dec.	9.50
		Sept.	8.49				
2001—Jan. 4	9.00	Oct.	8.12			2001—Jan.	9.05
Feb. 1	8.50	Nov.	7.89			Feb.	8.50
Mar. 21	8.00	Dec.	7.75			Mar.	8.32
Apr. 19	7.50					Apr.	7.80
May 16	7.00					May	7.24
June 28	6.75					June	6.98
Aug. 22	6.50					July	6.75
Sept. 18	6.00					Aug.	6.67
Oct. 3	5.50					Sept.	6.28
Nov. 7	5.00					Oct.	5.53
						Nov.	5.10

1. The prime rate is one of several base rates that banks use to price short-term business loans. The table shows the date on which a new rate came to be the predominant one quoted by a majority of the twenty-five largest banks by asset size, based on the most recent Call Report. Data in this table also appear in the Board's H.15 (519) weekly and G.13 (415) monthly statistical releases. For ordering address, see inside front cover.

1.35 INTEREST RATES Money and Capital Markets

Percent per year; figures are averages of business day data unless otherwise noted

Item	1998	1999	2000	2001				2001, week ending				
				July	Aug.	Sept.	Oct.	Sept. 28	Oct. 5	Oct. 12	Oct. 19	Oct. 26
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	5.35	4.97	6.24	3.77	3.65	3.07	2.49	2.99	2.71	2.44	2.44	2.49
2 Discount window borrowing[2,4]	4.92	4.62	5.73	3.25	3.16	2.77	2.02	2.50	2.36	2.00	2.00	2.00
Commercial paper[3,5,6]												
Nonfinancial												
3 1-month	5.40	5.09	6.27	3.71	3.54	2.96	2.40	2.62	2.50	2.46	2.41	2.32
4 2-month	5.38	5.14	6.29	3.63	3.47	2.87	2.30	2.49	2.42	2.32	2.31	2.22
5 3-month	5.34	5.18	6.31	3.59	3.42	2.81	2.28	2.42	2.40	2.32	2.29	2.22
Financial												
6 1-month	5.42	5.11	6.28	3.73	3.57	2.97	2.42	2.62	2.52	2.48	2.43	2.34
7 2-month	5.40	5.16	6.30	3.66	3.48	2.87	2.31	2.52	2.43	2.35	2.32	2.24
8 3-month	5.37	5.22	6.33	3.62	3.44	2.84	2.29	2.47	2.40	2.32	2.30	2.23
Commercial paper (historical)[3,5,7]												
9 1-month	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 3-month	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 6-month	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Finance paper, directly placed (historical)[3,5,8]												
12 1-month	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 3-month	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 6-month	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Bankers acceptances[3,5,9]												
15 3-month	5.39	5.24	6.23	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 6-month	5.30	5.30	6.37	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Certificates of deposit, secondary market[3,10]												
17 1-month	5.49	5.19	6.35	3.76	3.59	2.99	2.43	2.61	2.55	2.50	2.44	2.34
18 3-month	5.47	5.33	6.46	3.66	3.48	2.87	2.31	2.52	2.46	2.37	2.32	2.22
19 6-month	5.44	5.46	6.59	3.70	3.49	2.84	2.26	2.48	2.38	2.31	2.28	2.20
20 Eurodollar deposits, 3-month[3,11]	5.45	5.31	6.45	3.66	3.47	2.85	2.31	2.50	2.46	2.37	2.32	2.22
U.S. Treasury bills												
Secondary market[3,5]												
21 3-month	4.78	4.64	5.82	3.51	3.36	2.64	2.16	2.34	2.21	2.20	2.17	2.13
22 6-month	4.83	4.75	5.90	3.45	3.29	2.63	2.12	2.29	2.20	2.17	2.15	2.08
23 1-year	4.80	4.81	5.78	3.39	3.26	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Auction high[3,5,12]												
24 3-month	4.81	4.66	5.66	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
25 6-month	4.85	4.76	5.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
26 1-year	4.85	4.78	5.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[13]												
27 1-year	5.05	5.08	6.11	3.62	3.47	2.82	2.33	2.49	2.40	2.39	2.37	2.31
28 2-year	5.13	5.43	6.26	4.04	3.76	3.12	2.73	2.86	2.76	2.80	2.78	2.72
29 3-year	5.14	5.49	6.22	4.31	4.04	3.45	3.14	3.22	3.14	3.22	3.18	3.15
30 5-year	5.15	5.55	6.16	4.76	4.57	4.12	3.91	3.94	3.88	3.99	3.94	3.94
31 7-year	5.28	5.79	6.20	5.06	4.84	4.51	4.31	4.40	4.30	4.39	4.34	4.33
32 10-year	5.26	5.65	6.03	5.24	4.97	4.73	4.57	4.66	4.53	4.65	4.60	4.60
33 20-year	5.72	6.20	6.23	5.75	5.58	5.53	5.34	5.53	5.35	5.43	5.37	5.33
34 30-year	5.58	5.87	5.94	5.61	5.48	5.48	5.32	5.51	5.33	5.40	5.35	5.32
Composite												
35 More than 10 years (long-term)	5.69	6.14	6.41	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
STATE AND LOCAL NOTES AND BONDS												
Moody's series[14]												
36 Aaa	4.93	5.28	5.58	4.79	4.89	4.93	4.89	4.99	4.88	4.89	4.89	4.90
37 Baa	5.14	5.70	6.19	5.81	5.55	5.62	5.55	5.75	5.51	5.55	5.55	5.58
38 *Bond Buyer* series[15]	5.09	5.43	5.71	5.20	5.03	n.a.	5.05	5.14	5.03	5.05	5.05	5.05
CORPORATE BONDS												
39 Seasoned issues, all industries[16]	6.87	7.45	7.98	7.51	7.37	7.54	7.41	7.64	7.45	7.49	7.42	7.39
Rating group												
40 Aaa	6.53	7.05	7.62	7.13	7.02	7.17	7.03	7.27	7.06	7.10	7.04	7.01
41 Aa	6.80	7.36	7.83	7.27	7.11	7.28	7.13	7.38	7.18	7.20	7.13	7.12
42 A	6.93	7.53	8.11	7.65	7.48	7.67	7.59	7.79	7.62	7.67	7.61	7.56
43 Baa	7.22	7.88	8.36	7.97	7.85	8.03	7.91	8.12	7.94	7.98	7.92	7.89
MEMO												
Dividend–price ratio[17]												
44 Common stocks	1.49	1.25	1.15	1.30	1.34	1.48	1.45	1.56	1.46	1.42	1.45	1.43

NOTE. Some of the data in this table also appear in the Board's H.15 (519) weekly and G.13 (415) monthly statistical releases. For ordering address, see inside front cover.

1. The daily effective federal funds rate is a weighted average of rates on trades through New York brokers.
2. Weekly figures are averages of seven calendar days, ending on Wednesday of the current week; monthly figures include each calendar day in the month.
3. Annualized using a 360-day year or bank interest.
4. Rate for the Federal Reserve Bank of New York.
5. Quoted on a discount basis.
6. Interest rates interpolated from data on certain commercial paper trades settled by the Depository Trust Company. The trades represent sales of commercial paper by dealers or direct issuers to investors (that is, the offer side). See the Board's Commercial Paper web pages (http://www.federalreserve.gov/releases/cp) for more information.
7. An average of offering rates on commercial paper for firms whose bond rating is AA or the equivalent. Series ended August 29, 1997.
8. An average of offering rates on paper directly placed by finance companies. Series ended August 29, 1997.
9. Representative closing yields for acceptances of the highest-rated money center banks.
10. An average of dealer offering rates on nationally traded certificates of deposit.
11. Bid rates for eurodollar deposits collected around 9:30 a.m. Eastern time. Data are for indication purposes only.
12. Auction date for daily data; weekly and monthly averages computed on an issue-date basis. On or after October 28, 1998, data are stop yields from uniform-price auctions. Before that, they are weighted average yields from multiple-price auctions.
13. Yields on actively traded issues adjusted to constant maturities. SOURCE: U.S. Department of the Treasury.
14. General obligation bonds based on Thursday figures; Moody's Investors Service.
15. State and local government general obligation bonds maturing in twenty years are used in compiling this index. The twenty-bond index has a rating roughly equivalent to Moodys' A1 rating. Based on Thursday figures.
16. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
17. Standard & Poor's corporate series. Common stock ratio is based on the 500 stocks in the price index.

1.36 STOCK MARKET Selected Statistics

Indicator	1998	1999	2000	2001 Feb.	2001 Mar.	2001 Apr	2001 May	2001 June	2001 July	2001 Aug.	2001 Sept.	2001 Oct.
	Prices and trading volume (averages of daily figures)											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	550.65	619.52	643.71	648.05	603.44	607.06	644.44	630.86	613.36	604.52	544.39	556.04
2 Industrial	684.35	775.29	809.40	799.38	744.21	747.48	798.94	782.73	756.04	748.65	672.89	688.35
3 Transportation	468.61	491.62	414.73	482.26	452.36	455.22	477.21	458.60	469.80	458.35	382.68	371.56
4 Utility	190.52	284.82	478.99	424.53	395.34	400.49	414.69	382.98	374.11	357.76	339.72	341.51
5 Finance	516.65	530.97	552.48	626.41	583.38	587.88	618.74	622.17	614.54	605.59	538.01	553.16
6 Standard & Poor's Corporation (1941–43 = 10)[1]	1,085.50	1,327.33	1,427.22	1,305.75	1,185.85	1,189.84	1,270.37	1,238.71	1,204.45	1,178.51	1,044.64	1,076.59
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	682.69	770.90	922.22	923.99	891.22	891.18	940.73	923.06	892.74	883.01	823.78	825.91
Volume of trading (thousands of shares)												
8 New York Stock Exchange	666,534	799,554	1,026,867	1,117,977	1,251,569	1,247,382	1,091,366	1,152,193	1,120,074	1,012,907	1,666,980	1,293,019
9 American Stock Exchange	28,870	32,629	51,437	70,648	81,666	77,612	66,103	62,395	56,735	48,304	72,319	66,765
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker–dealers**[3]	**140,980**	**228,530**	**198,790**	**186,810**	**165,350**	**166,940**	**174,180**	**170,000**	**165,250**	**161,130**	**144,670**	**144,620**
Free credit balances at brokers[4]												
11 Margin accounts[5]	40,250	55,130	100,680	99,390	106,300	97,470	91,990	98,430	97,950	103,990	115,450	102,150
12 Cash accounts	62,450	79,070	84,400	78,660	77,520	77,460	76,260	75,270	73,490	73,710	74,220	68,570

Margin requirements (percent of market value and effective date)[6]

	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
13 Margin stocks	70	80	65	55	65	50
14 Convertible bonds	50	60	50	50	50	50
15 Short sales	70	80	65	55	65	50

1. In July 1976 a financial group, composed of banks and insurance companies, was added to the group of stocks on which the index is based. The index is now based on 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. On July 5, 1983, the American Stock Exchange rebased its index, effectively cutting previous readings in half.
3. Since July 1983, under the revised Regulation T, margin credit at broker–dealers has included credit extended against stocks, convertible bonds, stocks acquired through the exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984.
4. Free credit balances are amounts in accounts with no unfulfilled commitments to brokers and are subject to withdrawal by customers on demand.
5. Series initiated in June 1984.
6. Margin requirements, stated in regulations adopted by the Board of Governors pursuant to the Securities Exchange Act of 1934, limit the amount of credit that can be used to purchase and carry "margin securities" (as defined in the regulations) when such credit is collateralized by securities. Margin requirements on securities are the difference between the market value (100 percent) and the maximum loan value of collateral as prescribed by the Board. Regulation T was adopted effective Oct. 15, 1934; Regulation U, effective May 1, 1936; Regulation G, effective Mar. 11, 1968; and Regulation X, effective Nov. 1, 1971.

On Jan. 1, 1977, the Board of Governors for the first time established in Regulation T the initial margin required for writing options on securities, setting it at 30 percent of the current market value of the stock underlying the option. On Sept. 30, 1985, the Board changed the required initial margin, allowing it to be the same as the option maintenance margin required by the appropriate exchange or self-regulatory organization; such maintenance margin rules must be approved by the Securities and Exchange Commission.

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
				2001					
	1999	2000	2001	May	June	July	Aug.	Sept.	Oct.
U.S. budget[1]									
1 Receipts, total	1,827,302	2,025,218	1,990,205[r]	125,590	202,887	127,842	122,559	158,496[r]	157,163
2 On-budget	1,382,986	1,544,634	1,482,686[r]	84,759	151,482	89,473	84,011	116,598[r]	122,004
3 Off-budget	444,468	480,584	507,519	40,831	51,405	38,369	38,548	41,898	35,159
4 Outlays, total	1,702,875	1,788,826	1,863,184[r]	153,508	171,025	125,022	202,549	123,250[r]	166,548
5 On-budget	1,382,097	1,458,061	1,516,346[r]	118,517	167,796	92,145	138,167	111,255[r]	134,014
6 Off-budget	320,778	330,765	346,838	34,992	3,229	32,877	64,382	11,996	32,534
7 Surplus or deficit (−), total	124,579	236,392	127,021[r]	−27,919	31,862	2,820	−79,990	35,245[r]	−9,385
8 On-budget	889	86,573	−33,660[r]	−33,758	−16,314	−2,672	−54,156	5,343[r]	−12,010
9 Off-budget	123,690	149,819	160,682	5,839	48,176	5,492	−25,834	29,902	2,625
Source of financing (total)									
10 Borrowing from the public	−88,674	−222,807	−90,118	−20,608	−1,212	−7,460	74,101	1,996	−3,695
11 Operating cash (decrease, or increase [−])	−17,580	3,799	8,440	58,856	−37,413	20,589	16,769	−37,890	16,612
12 Other[2]	−18,325	−17,384	−45,343[r]	−10,329	6,763	−15,949	−10,880	649[r]	−3,532
MEMO									
13 Treasury operating balance (level, end of period)	56,458	52,659	44,219	6,274	43,687	23,098	6,329	44,219	27,607
14 Federal Reserve Banks	6,641	8,459	9,796	4,396	7,188	5,592	5,533	9,796	5,112
15 Tax and loan accounts	49,817	44,199	34,423	1,878	36,498	17,506	795	34,423	22,495

1. Since 1990, off-budget items have been the social security trust funds (Federal Old-Age, Survivors, and Disability Insurance) and the U.S. Postal Service.

2. Includes special drawing rights (SDRs); reserve position on the U.S. quota in the International Monetary Fund (IMF); loans to the IMF; other cash and monetary assets; accrued interest payable to the public; allocations of SDRs; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain or loss for U.S. currency valuation adjustment; net gain or loss for IMF loan-valuation adjustment; and profit on sale of gold.

SOURCE. Monthly totals: U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*; and fiscal year totals: U.S Office of Management and Budget, *Budget of the U.S. Government* when available.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS[1]

Millions of dollars

Source or type	Fiscal year 2000	Fiscal year 2001	Calendar year 1999 H2	2000 H1	2000 H2	2001 H1	2001 Aug.	2001 Sept.	2001 Oct
RECEIPTS									
1 **All sources**	**2,025,218**	**1,990,205[r]**	**892,266**	**1,089,763**	**952,942**	**1,120,040**	**122,559**	**158,496[r]**	**157,163**
2 Individual income taxes, net	1,004,462	994,339	425,451	550,208	458,679	580,632	52,020	81,277	77,772
3 Withheld	780,397	793,386	372,012	388,526	395,572	402,417	66,415	49,679	69,963
4 Nonwithheld	358,049	383,146	68,302	281,103	77,732	308,418	6,435	45,676	9,858
5 Refunds	134,046	182,251	14,841	119,477	14,628	130,256	20,831	14,078	2,049
Corporation income taxes									
6 Gross receipts	235,655	186,732	110,111	119,166	123,962	102,947	4,618	9,533	30,134
7 Refunds	28,367	35,657	13,996	13,781	15,776	20,262	1,475	2,057	10,388
8 Social insurance taxes and contributions, net	652,852	693,967	292,551	353,514	310,122	379,878	53,692	56,147	48,794
9 Employment taxes and contributions[2]	620,451	661,442	280,059	333,584	297,665	359,648	49,974	55,433	46,887
10 Unemployment insurance	27,640	27,812	10,173	17,562	10,097	17,842	3,294	349	1,529
11 Other net receipts[3]	4,761	4,712	2,319	2,368	2,360	2,387	424	365	378
12 Excise taxes	68,865	66,232	34,262	33,532	35,501	32,490	5,438	6,443	3,657
13 Customs deposits	19,914	19,616	10,287	9,218	10,676	9,370	1,926	1,563	1,920
14 Estate and gift taxes	29,010	28,400	14,001	15,073	13,216	15,471	2,196	1,761	2,488
15 Miscellaneous receipts[4]	42,826	36,576	19,569	22,831	16,556	19,517	4,142	3,828	2,786
OUTLAYS									
16 **All types**	**1,788,826**	**1,863,184[r]**	**882,465**	**892,947**	**894,905**	**948,750**	**202,549**	**123,250[r]**	**166,548**
17 National defense	294,494	304,486	149,573	143,476	147,651	153,154	30,393	23,987	26,373
18 International affairs	17,216	16,522	8,530	7,250	11,902	6,522	260	1,350	2,519
19 General science, space, and technology	18,637	20,715	10,089	9,601	10,389	10,073	2,014	1,668	2,025
20 Energy	−1,060	−677	−90	−893	−595	−244	−68	697	−355
21 Natural resources and environment	25,031	23,738	12,100	10,814	12,907	11,059	2,087	2,521	2,248
22 Agriculture	36,641	28,339	20,887	11,164	20,977	10,832	6,226	−1,149	5,288
23 Commerce and housing credit	3,211	5,801	7,353	−2,497	4,408	−1,539	4,287	15,844	1,194
24 Transportation	46,854	53,882	23,199	21,054	25,841	23,810	5,433	7,358	5,423
25 Community and regional development	10,629	12,827	6,806	5,050	5,962	5,265	1,450	1,347	1,509
26 Education, training, employment, and social services	59,201	62,869	27,532	31,234	29,263	35,698	1,751	4,927	6,113
27 Health	154,534	171,912	74,490	75,871	81,413	87,427	15,419	14,088	17,549
28 Social security and Medicare	606,549	650,407	295,030	306,966	307,473	328,072	86,197	26,044	53,444
29 Income security	247,895	263,274	113,504	133,915	113,212	146,913	24,025	15,738	21,664
30 Veterans benefits and services	47,083	45,029	23,412	23,174	22,615	23,171	6,199	2,123	4,294
31 Administration of justice	27,820	29,754	13,459	13,981	14,635	14,694	2,647	2,428	3,230
32 General government	13,454	15,084	7,010	6,198	6,461	8,887	261	1,733	1,581
33 Net interest[5]	223,218	206,088	112,420	115,545	104,685	107,824	17,426	9,113	16,157
34 Undistributed offsetting receipts[6]	−42,581	−47,011	−22,850	−19,346	−24,070	−22,865	−3,459	−6,711	−3,727

1. Functional details do not sum to total outlays for calendar year data because revisions to monthly totals have not been distributed among functions. Fiscal year total for receipts and outlays do not correspond to calendar year data because revisions from the *Budget* have not been fully distributed across months.
2. Old-age, disability, and hospital insurance, and railroad retirement accounts.
3. Federal employee retirement contributions and civil service retirement and disability fund.
4. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
5. Includes interest received by trust funds.
6. Rents and royalties for the outer continental shelf, U.S. government contributions for employee retirement, and certain asset sales.

SOURCE. Fiscal year totals: U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal year 2002;* monthly and half-year totals: U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government.*

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1999 Sept. 30	1999 Dec. 31	2000 Mar. 31	2000 June 30	2000 Sept. 30	2000 Dec. 31	2001 Mar. 31	2001 June 30	2001 Sept. 30
1 **Federal debt outstanding**	**5,685.2**	**5,805.0**	**5,801.5**	**5,714.2**	**5,701.9**	**5,689.6**	**5,800.6**	**5,753.9**	**5,834.5**
2 Public debt securities	5,656.3	5,776.1	5,773.4	5,685.9	5,674.2	5,662.2	5,773.7	5,726.8	5,807.5
3 Held by public	3,667.2	3,715.5	3,688.0	3,495.7	3,438.5	3,413.5	3,434.4	3,274.2	3,338.7
4 Held by agencies	1,989.1	2,060.6	2,085.4	2,190.2	2,235.7	2,248.7	2,339.4	2,452.6	2,468.8
5 Agency securities	28.9	28.9	28.1	28.3	27.7	27.4	26.8	27.1	27.0
6 Held by public	28.3	28.3	27.8	28.2	27.6	27.3	26.8	27.1	27.0
7 Held by agencies	.6	.6	.4	.1	.1	.1	.1	.0	.0
8 **Debt subject to statutory limit**	**5,567.7**	**5,686.9**	**5,686.5**	**5,600.6**	**5,591.6**	**5,580.5**	**5,692.5**	**5,645.0**	**5,732.6**
9 Public debt securities	5,567.6	5,686.7	5,686.3	5,600.5	5,591.4	5,580.2	5,692.3	5,644.8	5,807.5
10 Other debt[1]	.1	.1	.2	.2	.2	.2	.2	.2	.2
MEMO									
11 Statutory debt limit	5,950.0	5,950.0	5,950.0	5,950.0	5,950.0	5,950.0	5,950.0	5,950.0	5,950.0

1. Consists of guaranteed debt of U.S. Treasury and other federal agencies, specified participation certificates, notes to international lending organizations, and District of Columbia stadium bonds.

SOURCE. U.S. Department of the Treasury, *Monthly Statement of the Public Debt of the United States* and *Monthly Treasury Statement.*

1.41 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership

Billions of dollars, end of period

Type and holder	1997	1998	1999	2000	2000 Q4	2001 Q1	2001 Q2	2001 Q3
1 **Total gross public debt**	**5,502.4**	**5,614.2**	**5,776.1**	**5,662.2**	**5,662.2**	**5,773.7**	**5,726.8**	**5,807.5**
By type								
2 Interest-bearing	5,494.9	5,605.4	5,766.1	5,618.1	5,618.1	5,752.0	5,682.8	5,763.6
3 Marketable	3,456.8	3,355.5	3,281.0	2,966.9	2,966.9	2,982.0[r]	2,822.3	2,897.3
4 Bills	715.4	691.0	737.1	646.9	646.9	712.0	620.1	734.9
5 Notes	2,106.1	1,960.7	1,784.5	1,557.3	1,557.3	1,499.0	1,441.0	1,399.6
6 Bonds	587.3	621.2	643.7	626.5	626.5	627.9	616.9	612.9
7 Inflation-indexed notes and bonds[1]	33.0	67.6	100.7	121.2	121.2	128.0	129.3	134.9
8 Nonmarketable[2]	2,038.1	2,249.9	2,485.1	2,651.2	2,651.2	2,770.0	2,860.5	2,866.4
9 State and local government series	124.1	165.3	165.7	151.0	151.0	152.9	153.3	146.4
10 Foreign issues[3]	36.2	34.3	31.3	27.2	27.2	24.7	24.0	18.3
11 Government	36.2	34.3	31.3	27.2	27.2	24.7	24.0	18.3
12 Public	.0	.0	.0	.0	.0	.0	.0	.0
13 Savings bonds and notes	181.2	180.3	179.4	176.9	176.9	177.4	178.4	179.6
14 Government account series[4]	1,666.7	1,840.0	2,078.7	2,266.1	2,266.1	2,360.3	2,474.7	2,492.1
15 Non-interest-bearing	7.5	8.8	10.0	44.2	44.2	46.5	44.0	43.8
By holder[5]								
16 U.S. Treasury and other federal agencies and trust funds	1,657.1	1,828.1	2,064.2	2,249.0[r]	2,249.0[r]	2,357.0	2,469.1	2,493.7
17 Federal Reserve Banks[6]	430.7	452.1	478.0	511.7	511.7	523.9	535.1	534.1
18 Private investors	3,414.6	3,334.0	3,233.9	2,880.4	2,880.4	2,892.9	2,722.6	2,779.7
19 Depository institutions	300.3	237.3	246.5	199.2[r]	199.2[r]	187.9[r]	190.1[r]	189.0
20 Mutual funds	321.6[r]	343.3[r]	335.4[r]	312.6[r]	312.6[r]	322.8[r]	333.2[r]	362.7
21 Insurance companies	176.6	141.7[r]	123.4[r]	110.2[r]	110.2[r]	101.9	94.8[r]	88.5
22 State and local treasuries[7]	239.3	269.3	266.8	236.2[r]	236.2[r]	224.0	216.6[r]	188.9
Individuals								
23 Savings bonds	186.5	186.6	186.5[r]	184.8	184.8	184.8	185.5[r]	186.4
24 Pension funds	360.5	356.9[r]	349.7[r]	333.4[r]	333.4[r]	326.5	324.6[r]	314.7
25 Private	143.5	139.2[r]	138.5[r]	137.7[r]	137.7[r]	131.2	127.5[r]	122.7
26 State and Local	217.0[r]	217.7	211.2	195.7[r]	195.7[r]	195.3	197.1[r]	192.0
27 Foreign and international[8]	1,241.6	1,278.7	1,268.7	1,201.3[r]	1,201.3[r]	1,196.1	1,167.1	1,170.0
28 Other miscellaneous investors[7,9]	589.5	517.5[r]	444.1[r]	276.9[r]	276.9[r]	323.6[r]	195.8	n.a.

1. The U.S. Treasury first issued inflation-indexed securities during the first quarter of 1997.
2. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
3. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.
4. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.
5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
6. U.S. Treasury securities bought outright by Federal Reserve Banks, see *Bulletin* table 1.18.
7. In March 1996, in a redefinition of series, fully defeased debt backed by nonmarketable federal securities was removed from "Other miscellaneous investors" and added to "State and local treasuries." The data shown here have been revised accordingly.
8. Includes nonmarketable foreign series Treasury securities and Treasury deposit funds. Excludes Treasury securities held under repurchase agreements in custody accounts at the Federal Reserve Bank of New York.
9. Includes individuals, government-sponsored enterprises, brokers and dealers, bank personal trusts and estates, corporate and noncorporate businesses, and other investors.

SOURCES. Data by type of security, U.S. Treasury Department, *Monthly Statement of the Public Debt of the United States*; data by holder, Federal Reserve Board of Governors, *Flow of Funds Accounts of the United States* and U.S. Treasury Department, *Treasury Bulletin*, unless otherwise noted.

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions[1]

Millions of dollars, daily averages

Item	2001 July	2001 Aug.	2001 Sept.	2001, week ending Sept. 5	Sept. 12	Sept. 19	Sept. 26	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31
By type of security												
1 U.S. Treasury bills	27,315	35,361	29,627	43,936	26,364	25,630	32,052	27,408	26,555	24,338	32,937	32,351
Treasury coupon securities by maturity												
2 Three years or less	92,942	90,953	96,124	109,931	86,245	68,074	121,901	112,694	85,341	103,453	119,295	110,220
3 More than three but less than or equal to six years	65,463	69,717	76,258	89,143	72,391	59,108	89,673	82,377	85,233	84,124	78,869	87,813
4 More than six but less than or equal to eleven years	53,709	65,251	60,808r	73,266	60,446	49,789	65,141	65,974	63,938	52,884	50,928	66,353
5 More than eleven	16,682	16,847	18,764	18,649	14,560	14,955	23,304	27,558	19,610	16,814	22,759	34,983
6 Inflation-indexed[2]	2,433	1,491	1,653	2,004	882	1,690	2,305	1,505	4,143	2,141	2,760	2,168
Federal agency and government-sponsored enterprises												
7 Discount notes	55,388	57,141	70,486	65,764	61,515	91,437	63,187	63,505	60,364	61,487	60,286	63,560
Coupon securities by maturity												
8 Three years or less	11,194	11,514	11,891	11,068	10,034	10,471	14,126	15,321	9,685	11,484	10,921	11,480
9 More than three years but less than or equal to six years	7,594	8,769	8,913	11,004	6,850	6,256	12,010	10,876	9,624	12,414	16,332	9,211
10 More than six years but less than or equal to eleven years	6,802	6,502	10,595	7,784	10,802	5,618	16,876	9,629	7,447	8,780	7,344	9,484
11 More than eleven years	966	1,332	1,010	1,120	851	511	1,486	1,353	1,604	856	1,443	1,989
12 Mortgage-backed	95,997	106,708	129,615	95,827	127,544	146,954	127,386	130,802	182,422	158,842	96,765	92,084
Corporate securities												
13 One year or less	75,223	79,388	95,488	91,264	103,540	100,158	89,783	82,169	92,566	81,955	76,528	67,299
14 More than one year	16,050	17,259	14,825	11,256	17,494	6,834	20,774	16,829	20,319	18,470	23,482	22,731
By type of counterparty												
With interdealer broker												
15 U.S. Treasury	120,946	133,598	125,189	155,757	126,807	86,088	146,105	136,037	130,368	133,046	144,839	150,216
16 Federal agency and government-sponsored enterprises	10,018	11,532	11,668	13,601	11,812	7,763	14,836	11,222	10,412	11,344	13,737	12,120
17 Mortgage-backed	28,194	32,160	33,296	30,632	38,252	22,682	39,335	35,009	47,825	45,799	29,636	25,614
18 Corporate	1,012	813	793	568	792	369	1,399	563	1,042	612	590	558
With other												
19 U.S. Treasury	137,597	146,023	158,044r	181,172	134,081	133,157	188,271	181,478	154,452	150,708	162,709	183,672
20 Federal agency and government-sponsored enterprises	71,926	73,725	91,226	83,140	78,239	106,530	92,850	89,462	78,313	83,677	82,589	83,603
21 Mortgage-backed	67,804	74,548	96,318	65,195	89,292	124,272	88,051	95,793	134,598	113,044	67,129	66,470
22 Corporate	90,261	95,833	109,520	101,952	120,242	106,623	109,158	98,435	111,842	99,814	99,420	89,471

1. The figures represent purchases and sales in the market by the primary U.S. government securities dealers reporting to the Federal Reserve Bank of New York. Outright transactions include all U.S. government, federal agency, government-sponsored enterprise, mortgage-backed, and corporate securities scheduled for immediate and forward delivery, as well as all U.S. government securities traded on a when-issued basis between the announcement and issue date. Data do not include transactions under repurchase and reverse repurchase (resale) agreements. Averages are based on the number of trading days in the week.

2. Outright Treasury inflation-indexed securities (TIIS) transactions are reported at principal value, excluding accrued interest, where principal value reflects the original issuance par amount (unadjusted for inflation) times the price times the index ratio.

NOTE. Major changes in the report form filed by primary dealers induced a break in the dealer data series as of the week ending July 4, 2001. Current weekly data may be found at the Federal Reserve Bank of New York web site (http:www.newyorkfed.org/pihome/statistics) under the Primary Dealer heading.

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing[1]

Millions of dollars

Item	2001 July	2001 Aug.	2001 Sept.	2001, week ending Sept. 5	Sept. 12	Sept. 19	Sept. 26	Oct. 3	Oct. 10	Oct. 17	Oct. 24
					NET OUTRIGHT POSITIONS[2]						
By type of security											
1 U.S. Treasury bills	7,014	22,281	29,542	34,763	33,144	32,117	23,027	23,605	22,438	22,590	18,336
Treasury coupon securities by maturity											
2 Three years or less	−16,714	−17,171	−13,889	−16,343	−16,699	−11,810	−10,642	−15,222	−17,728	−20,821	−21,452
3 More than three years but less than or equal to six years	−15,174	−11,233	−10,010	−12,472	−10,728	−8,352	−7,341	−13,247	−19,193	−18,954	−21,775
4 More than six but less than or equal to eleven years	−18,610	−14,383	−13,631	−13,047	−16,749	−12,237	−12,253	−13,756	−7,642	−8,694	−6,976
5 More than eleven	10,090	8,486	10,701	8,674	7,952	11,599	13,389	11,769	11,197	9,745	9,651
6 Inflation-indexed	2,311	3,202	3,918	3,270	3,821	3,719	4,704	3,867	5,290	4,437	4,333
Federal agency and government-sponsored enterprises											
7 Discount notes	56,172	56,726	58,480	59,834	62,102	57,904	58,678	51,113	58,372	57,327	44,499
Coupon securities, by maturity											
8 Three years or less	23,494	18,353	14,089	15,617	14,377	12,274	13,864	15,247	15,847	16,680	14,959
9 More than three years but less than or equal to six years	−1,445	−1,895	−1,937	−1,009	−2,803	−1,383	−2,860	−933	2,786	695	1,728
10 More than six but less than or equal to eleven years	3,962	3,486	2,516	3,613	2,608	1,509	2,558	2,676	1,826	2,511	2,525
11 More than eleven	3,910	3,686	3,231	3,406	2,749	3,072	3,512	3,643	3,426	3,556	4,000
12 Mortgage-backed	12,840	12,198	7,506	10,235	6,258	9,386	4,691	7,914	9,534	8,753	18,528
Corporate securities											
13 One year or less	15,038	15,756	18,108	18,295	24,806	13,109	14,605	21,033	19,301	19,157	17,640
14 More than one year	25,410	29,747	29,098	26,807	30,036	30,707	29,337	27,089	32,273	30,689	33,218
					FINANCING[3]						
Securities in											
U.S. Treasury											
15 Overnight and continuing	532,092	555,619	536,941	550,527	462,217	562,569	560,308	564,986	572,274	558,485	559,013
16 Term	751,848	688,830	660,031	655,695	681,161	658,858	684,893	587,017	611,781	665,616	687,012
Federal agency and government-sponsored enterprises											
17 Overnight and continuing	113,178	116,534	112,778	116,321	94,158	117,976	117,469	123,630	117,524	121,157	121,265
18 Term	163,334	177,889	171,037	177,852	175,643	166,442	169,472	165,236	168,441	172,761	182,881
Mortgage-backed securities											
19 Overnight and continuing	23,186	24,844	24,748	24,755	17,632	22,523	32,256	27,948	27,742	30,203	22,371
20 Term	199,969	220,176	208,146	210,910	208,702	208,175	207,964	203,982	202,805	211,124	226,802
Corporate securities											
21 Overnight and continuing	34,288	33,956	34,799	37,503	31,939	34,091	34,264	38,602	36,535	36,767	36,433
22 Term	13,672	13,216	12,781	13,534	12,320	12,086	12,560	14,247	14,199	14,557	13,777
MEMO: Reverse repurchase agreements											
23 Overnight and continuing	347,687	366,386	338,279	363,656	255,462	352,771	375,723	360,601	357,363	348,798	354,913
24 Term	1,004,418	976,454	929,665	934,150	951,686	930,595	949,738	848,766	871,048	937,926	981,485
Securities out											
U.S. Treasury											
25 Overnight and continuing	521,688	565,431	556,068	565,442	497,109	558,008	585,170	593,206	592,422	578,417	561,541
26 Term	688,710	620,092	596,767	584,351	628,116	583,539	627,144	527,418	540,399	583,625	624,158
Federal agency and government-sponsored enterprises											
27 Overnight and continuing	215,274	213,057	200,899	223,566	146,391	217,450	212,883	218,018	217,125	225,136	224,837
28 Term	123,248	144,850	131,482	133,931	146,525	118,311	134,871	119,215	121,235	127,938	134,711
Mortgage-backed securities											
29 Overnight and continuing	254,481	277,441	258,259	249,380	216,023	281,213	279,875	265,276	251,548	284,640	297,432
30 Term	101,794	110,410	112,292	108,835	116,875	102,984	120,774	110,038	121,481	138,676	147,547
Corporate securities											
31 Overnight and continuing	81,804	82,922	80,776	86,574	63,717	81,965	86,246	91,730	91,857	91,312	93,083
32 Term	11,043	11,698	8,333	9,817	10,255	6,470	6,826	9,009	9,458	9,595	9,826
MEMO: Repurchase agreements											
33 Overnight and continuing	940,177	1,006,856	965,270	997,155	812,032	1,008,659	1,022,890	1,016,816	1,003,565	1,033,208	1,037,783
34 Term	890,275	865,731	832,229	820,287	884,532	796,376	872,924	747,151	773,130	843,261	897,956

1. Data for positions and financing are obtained from reports submitted to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Weekly figures are close-of-business Wednesday data. Positions for calendar days of the report week are assumed to be constant. Monthly averages are based on the number of calendar days in the month.

2. Net outright positions include all U.S. government, federal agency, government-sponsored enterprise, mortgage-backed, and corporate securities scheduled for immediate and forward delivery, as well as U.S. government securities traded on a when-issued basis between the announcement and issue date.

3. Figures cover financing U.S. government, federal agency, government-sponsored enterprise, mortgage-backed, and corporate securities. Financing transactions for Treasury inflation-indexed securities (TIIS) are reported in actual funds paid or received, except for pledged securities. TIIS that are issued as pledged securities are reported at par value, which is the value of the security at original issuance (unadjusted for inflation).

NOTE. Major changes in the report form filed by primary dealers included a break in many series as of the week ending July 4, 2001. Current weekly data may be found at the Federal Reserve Bank of New York web site (http://www.newyorkfed.org/pihome/statistics) under the Primary Dealer heading.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1997	1998	1999	2000	2001				
					Apr.	May	June	July	Aug.
1 **Federal and federally sponsored agencies**	**1,022,609**	**1,296,477**	**1,616,492**	**1,851,632**	**1,946,961**	**1,967,515**	**1,986,146**	**2,009,746**	**2,028,562**
2 Federal agencies	27,792	26,502	26,376	25,666	25,024	25,070	25,495	25,325	26,623
3 Defense Department[1]	6	6	6	6	6	6	6	6	6
4 Export–Import Bank[2,3]	552	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Federal Housing Administration[4]	102	205	126	255	315	201	204	210	224
6 Government National Mortgage Association certificates of participation[5]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7 Postal Service[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.
8 Tennessee Valley Authority	27,786	26,496	26,370	25,660	25,018	25,064	25,489	25,319	26,617
9 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Federally sponsored agencies[7]	994,817	1,269,975	1,590,116	1,825,966	1,921,937	1,942,445	1,960,651	1,984,421	2,001,939
11 Federal Home Loan Banks	313,919	382,131	529,005	594,404	595,562	592,406	595,148	601,490	599,070
12 Federal Home Loan Mortgage Corporation	169,200	287,396	360,711	426,899	478,447	490,442	496,711	508,944	515,671
13 Federal National Mortgage Association	369,774	460,291	547,619	642,700	682,500	693,600	702,300	706,800	718,000
14 Farm Credit Banks[8]	63,517	63,488	68,883	74,181	74,456	75,363	76,330	76,307	76,264
15 Student Loan Marketing Association[9]	37,717	35,399	41,988	45,375	48,468	48,255	47,687	48,427	50,356
16 Financing Corporation[10]	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt**[13]	**49,090**	**44,129**	**42,152**	**40,575**	**39,065**	**42,837**	**38,235**	**37,510**	**37,789**
Lending to federal and federally sponsored agencies									
20 Export–Import Bank[3]	552	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 Postal Service[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.
22 Student Loan Marketing Association	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
23 Tennessee Valley Authority	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.	n.a.
24 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.	n.a.
Other lending[14]									
25 Farmers Home Administration	13,530	9,500	6,665	5,275	5,155	5,540	5,155	5,155	5,155
26 Rural Electrification Administration	14,898	14,091	14,085	13,126	13,371	12,989	13,381	13,483	13,602
27 Other	20,110	20,538	21,402	22,174	20,539	24,308	19,699	18,872	19,032

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3. On-budget since Sept. 30, 1976.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal year 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; the Department of Health, Education, and Welfare; the Department of Housing and Urban Development: the Small Business Administration; and the Veterans Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Includes Federal Agriculture Mortgage Corporation; therefore, details do not sum to total. Some data are estimated.
8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, which is shown on line 17.
9. Before late 1982, the association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 22.
10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.
11. The Farm Credit Financial Assistance Corporation, established in January 1988 to provide assistance to the Farm Credit System, undertook its first borrowing in July 1988.
12. The Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, undertook its first borrowing in October 1989.
13. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Because FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table to avoid double counting.
14. Includes FFB purchases of agency assets and guaranteed loans; the latter are loans guaranteed by numerous agencies, with the amounts guaranteed by any one agency generally being small. The Farmers Home Administration entry consists exclusively of agency assets, whereas the Rural Electrification Administration entry consists of both agency assets and guaranteed loans.

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1998	1999	2000	2001 Mar.	2001 Apr.	2001 May	2001 June	2001 July	2001 Aug.	2001 Sept.	2001 Oct.
1 **All issues, new and refunding**[1]	**262,342**	**215,427**	**180,403**	**24,495**	**16,985**	**26,248**	**29,298**	**19,232**	**21,152**	**13,159**	**30,446**
By type of issue											
2 General obligation	87,015	73,308	64,475	7,668	6,890	8,385	9,691	5,836	8,796	3,926	14,302
3 Revenue	175,327	142,120	115,928	16,827	10,094	17,863	19,606	13,396	12,356	9,233	16,144
By type of issuer											
4 State	23,506	16,376	19,944	1,893	1,900	3,123	2,905	2,029	2,713	1,504	6,008
5 Special district or statutory authority[2]	178,421	152,418	111,695	17,280	113,344	17,281	20,672	11,784	12,351	9,137	17,382
6 Municipality, county, or township	60,173	46,634	39,273	5,323	3,740	5,845	5,721	5,419	6,088	2,518	7,056
7 **Issues for new capital**	**160,568**	**161,065**	**154,257**	**15,387**	**12,264**	**20,002**	**20,044**	**15,015**	**13,550**	**10,110**	**21,249**
By use of proceeds											
8 Education	36,904	36,563	38,665	5,343	3,731	5,714	6,460	3,379	2,950	3,017	4,279
9 Transportation	19,926	17,394	19,730	1,219	1,381	2,522	1,258	3,160	1,669	1,195	1,587
10 Utilities and conservation	21,037	15,098	11,917	1,677	1,447	2,969	3,191	1,055	1,228	1,025	2,324
11 Social welfare	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Industrial aid	8,594	9,099	7,122	396	436	422	443	508	708	663	688
13 Other purposes	42,450	47,896	47,309	4,368	3,010	4,736	5,047	3,803	4,524	1,732	9,158

1. Par amounts of long-term issues based on date of sale.
2. Includes school districts.

SOURCE. Securities Data Company beginning January 1990; *Investment Dealer's Digest* before then.

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1998	1999	2000	2001 Feb.	2001 Mar.	2001 Apr.	2001 May	2001 June	2001 July	2001 Aug.[r]	2001 Sept.
1 **All issues**[1]	**1,128,491**	**1,072,866**	**942,198**	**96,206**	**139,267**	**92,778**	**164,563**	**122,773**	**93,451**	**97,944**	**89,855**
2 **Bonds**[2]	**1,001,736**	**941,298**	**807,281**	**88,806**	**127,956**	**86,274**	**154,623**	**102,476**	**84,872**	**89,990**	**84,509**
By type of offering											
3 Sold in the United States	923,771	818,683	684,484	86,146	118,779	81,156	146,164	96,382	79,508	86,759	80,223
4 Sold abroad	77,965	122,615	122,798	2,660	9,177	5,117	8,459	6,094	5,364	3,231	4,286
MEMO											
5 Private placements, domestic	n.a.	n.a.	n.a.	1,897	652	0	2,563	3,146	12	48	0
By industry group											
6 Nonfinancial	307,711	293,963	242,452	34,604	44,385	33,549	67,142	34,996	18,904	28,546	31,920
7 Financial	694,025	647,335	564,829	54,201	83,571	52,725	87,481	67,480	65,968	61,443	52,589
8 **Stocks**[3]	**182,055**	**223,968**	**283,717**	**7,400**	**11,311**	**6,504**	**9,940**	**20,297**	**8,579**	**7,954**	**5,346**
By type of offering											
9 Public	126,755	131,568	134,917	7,400	11,311	6,504	9,940	20,297	8,579	7,954	5,346
10 Private placement[4]	55,300	92,400	148,800	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
11 Nonfinancial	74,113	110,284	118,369	4,463	7,718	4,822	6,809	16,630	4,237	5,487	81
12 Financial	52,642	21,284	16,548	2,937	3,593	1,682	3,131	3,667	4,342	2,467	5,265

1. Figures represent gross proceeds of issues maturing in more than one year; they are the principal amount or number of units calculated by multiplying by the offering price. Figures exclude secondary offerings, employee stock plans, investment companies other than closed-end, intracorporate transactions, and Yankee bonds. Stock data include ownership securities issued by limited partnerships.
2. Monthly data include 144(a) offerings.
3. Monthly data cover only public offerings.
4. Data are not available.

SOURCE. Securities Data Company and the Board of Governors of the Federal Reserve System.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Assets[1]

Millions of dollars

Item	1999	2000	2001							
			Mar.	Apr.	May	June	July	Aug.	Sept.r	Oct.
1 **Sales of own shares**[2]	**1,791,894**	**2,279,315**	**162,548**	**152,327**	**158,361**	**139,270**	**138,428**	**142,577**	**105,038**	**153,395**
2 Redemptions of own shares	1,621,987	2,057,277	175,633	130,454	132,574	125,097	129,021	131,408	127,995	137,565
3 Net sales[3]	169,906	222,038	−13,085	21,873	25,787	14,173	9,407	11,169	-22,957	15,830
4 **Assets**[4]	**5,233,191**	**5,123,747**	**4,594,182**	**4,910,568**	**4,956,982**	**4,888,874**	**4,825,144**	**4,635,477**	**4,253,850**	**4,376,430**
5 Cash[5]	219,189	277,386	241,518	247,169	237,487	240,199	240,392	240,329	223,077	227,592
6 Other	5,014,002	4,846,361	4,352,664	4,663,399	4,719,495	4,648,675	4,584,752	4,395,148	4,030,773	4,148,838

1. Data include stock, hybrid, and bond mutual funds and exclude money market mutual funds.
2. Excludes reinvestment of net income dividends and capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes sales and redemptions resulting from transfers of shares into or out of money market mutual funds within the same fund family.
4. Market value at end of period, less current liabilities.
5. Includes all U.S. Treasury securities and other short-term debt securities.

SOURCE. Investment Company Institute. Data based on reports of membership, which comprises substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect underwritings of newly formed companies after their initial offering of securities.

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1998	1999	2000	1999	2000				2001		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 Profits with inventory valuation and capital consumption adjustment	777.4	825.2	876.4	857.6	870.3	892.8	895.0	847.6	789.8	759.8	n.a.
2 Profits before taxes	721.1	776.3	845.4	825.0	844.9	862.0	858.3	816.5	755.7	738.3	n.a.
3 Profits-tax liability	238.8	253.0	271.5	267.3	277.0	280.4	274.9	253.5	236.8	228.0	n.a.
4 Profits after tax	482.3	523.3	573.9	557.7	567.8	581.6	583.4	563.0	518.9	510.3	n.a.
5 Dividends	348.7	343.5	379.6	349.6	361.5	373.7	386.2	397.0	405.2	412.3	420.4
6 Undistributed profits	133.6	179.8	194.3	208.1	206.3	207.9	197.2	165.9	113.7	98.0	n.a.
7 Inventory valuation	18.3	−2.9	−12.4	−21.0	−23.8	−14.8	−3.6	−7.3	−1.9	−8.8	n.a.
8 Capital consumption adjustment	38.0	51.7	43.4	53.6	49.2	45.5	40.4	38.4	36.0	30.3	12.6

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period; not seasonally adjusted

Account	1998r	1999r	2000r	2000				2001		
				Q1r	Q2r	Q3r	Q4r	Q1r	Q2r	Q3
ASSETS										
1 Accounts receivable, gross[2]	742.1	845.4	958.6	883.2	921.5	939.9	958.6	954.4	988.7	967.7
2 Consumer	280.0	304.4	327.9	311.4	321.8	331.5	327.9	319.2	324.5	329.2
3 Business	340.9	395.1	458.4	422.7	441.9	443.0	458.4	459.1	481.9	451.1
4 Real estate	121.2	145.8	172.3	149.1	157.7	165.4	172.3	176.1	182.3	187.4
5 LESS: Reserves for unearned income	62.7	61.4	69.7	62.4	66.1	68.3	69.7	69.9	61.5	60.8
6 Reserves for losses	14.7	14.7	16.7	15.2	15.7	15.6	16.7	17.2	17.4	18.0
7 Accounts receivable, net	664.7	769.3	872.2	805.6	839.6	856.1	872.2	867.3	909.7	888.9
8 All other	335.8	406.6	461.5	413.8	419.4	442.3	461.5	474.8	459.0	478.2
9 **Total assets**	**1,000.5**	**1,175.9**	**1,333.7**	**1,219.4**	**1,259.0**	**1,298.4**	**1,333.7**	**1,342.1**	**1,368.7**	**1,367.1**
LIABILITIES AND CAPITAL										
10 Bank loans	26.5	35.4	35.9	28.8	32.8	35.7	35.9	41.6	45.3	44.5
11 Commercial paper	233.3	230.4	238.8	233.0	224.3	218.8	238.8	180.9	181.6	171.0
Debt										
12 Owed to parent	34.3	87.8	102.5	107.2	95.1	100.0	102.5	97.2	93.4	90.8
13 Not elsewhere classified	365.6	429.9	502.2	446.6	483.7	507.3	502.2	533.8	542.1	555.9
14 All other liabilities	216.0	237.8	301.8	264.4	277.5	288.1	301.8	325.1	336.3	327.7
15 Capital, surplus, and undivided profits	124.7	154.5	152.5	139.4	145.7	148.5	152.5	163.5	170.0	177.3
16 **Total liabilities and capital**	**1,000.5**	**1,175.9**	**1,333.7**	**1,219.4**	**1,259.0**	**1,298.4**	**1,333.7**	**1,342.1**	**1,368.7**	**1,367.1**

1. Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data are amounts carried on the balance sheets of finance companies; securitized pools are not shown, as they are not on the books.
2. Before deduction for unearned income and losses. Excludes pools of securitized assets.

1.52 DOMESTIC FINANCE COMPANIES Owned and Managed Receivables[1]

Billions of dollars, amounts outstanding

Type of credit	1998[r]	1999[r]	2000[r]	2001 Apr.[r]	2001 May[r]	2001 June[r]	2001 July[r]	2001 Aug.[r]	2001 Sept.
	Seasonally adjusted								
1 **Total**	**904.4**	**1,027.0**	**1,181.3**	**1,218.7**	**1,221.7**	**1,235.7**	**1,242.4**	**1,244.1**	**1,244.3**
2 Consumer	369.1	409.0	464.0	488.4	485.9	490.4	491.6	497.9	496.0
3 Real estate	150.3	174.0	198.9	207.8	210.0	208.5	212.7	214.9	213.1
4 Business	385.0	444.0	518.4	522.6	525.7	536.8	538.1	531.2	535.2
	Not seasonally adjusted								
5 **Total**	**912.7**	**1,036.4**	**1,192.1**	**1,220.5**	**1,224.6**	**1,241.8**	**1,237.2**	**1,238.3**	**1,239.5**
6 Consumer	372.5	412.7	468.3	482.7	483.3	491.3	493.6	499.5	498.0
7 Motor vehicle loans	113.5	129.2	141.6	147.1	148.0	144.6	146.1	153.6	151.5
8 Motor vehicle leases	96.6	102.9	108.2	107.1	106.8	110.2	110.0	110.3	108.3
9 Revolving[2]	31.9	32.5	37.6	35.5	37.0	36.8	36.9	37.1	35.9
10 Other[3]	37.9	39.8	40.7	34.9	32.7	32.8	33.2	33.7	33.4
Securitized assets[4]									
11 Motor vehicle loans	54.8	73.1	97.1	106.1	107.7	114.6	115.8	113.6	117.5
12 Motor vehicle leases	12.7	9.7	6.6	7.0	6.9	7.6	7.4	7.2	7.0
13 Revolving	5.5	6.7	19.6	29.1	28.4	29.1	29.1	28.9	29.3
14 Other	19.6	18.8	17.1	16.0	15.7	15.5	15.2	15.2	15.0
15 Real estate	150.3	174.0	198.9	207.8	210.0	208.5	212.7	214.9	213.1
16 One- to four-family	90.0	108.2	130.6	139.0	141.5	140.1	144.7	146.9	144.8
17 Other	31.2	37.6	41.7	42.3	42.4	42.2	42.0	42.2	42.6
Securitized real estate assets[4]									
18 One- to four-family	29.0	28.0	24.7	23.8	23.6	23.4	23.2	23.0	22.8
19 Other	.1	.2	1.9	2.6	2.6	2.8	2.8	2.8	2.9
20 Business	389.9	449.6	525.0	530.0	531.3	542.0	531.0	523.9	528.4
21 Motor vehicles	64.8	69.4	75.5	71.1	70.8	83.9	79.7	56.9	57.8
22 Retail loans	19.5	21.1	18.3	17.6	17.4	16.6	16.6	16.7	16.7
23 Wholesale loans[5]	32.8	34.8	39.7	35.4	35.3	49.3	45.0	22.2	23.6
24 Leases	12.5	13.6	17.6	18.1	18.1	18.1	18.0	18.0	17.5
25 Equipment	212.2	238.7	283.5	288.1	291.4	292.6	288.0	290.0	288.2
26 Loans	59.2	64.5	70.2	72.3	73.1	76.1	74.0	75.2	76.8
27 Leases	153.0	174.2	213.3	215.8	218.3	216.4	214.0	214.8	211.4
28 Other business receivables[6]	63.9	87.0	99.4	102.7	101.8	105.4	103.7	102.9	105.1
Securitized assets[4]									
29 Motor vehicles	29.2	31.5	37.8	40.3	40.0	31.4	30.6	45.2	48.0
30 Retail loans	2.6	2.9	3.2	3.1	3.0	3.1	2.9	2.8	2.6
31 Wholesale loans	24.7	26.4	32.5	34.6	34.3	25.8	25.1	39.8	42.8
32 Leases	1.9	2.1	2.2	2.6	2.7	2.6	2.6	2.6	2.7
33 Equipment	13.0	14.6	23.1	22.2	21.6	22.6	23.0	22.7	23.1
34 Loans	6.6	7.9	15.5	14.4	13.9	15.2	15.2	14.8	15.1
35 Leases	6.4	6.7	7.6	7.8	7.7	7.5	7.8	7.9	8.0
36 Other business receivables[6]	6.8	8.4	5.6	5.7	5.7	6.0	6.0	6.2	6.1

NOTE. This table has been revised to incorporate several changes resulting from the benchmarking of finance company receivables to the June 1996 Survey of Finance Companies. In that benchmark survey, and in the monthly surveys that have followed, more detailed breakdowns have been obtained for some components. In addition, previously unavailable data on securitized real estate loans are now included in this table. The new information has resulted in some reclassificaton of receivables among the three major categories (consumer, real estate, and business) and in discontinuities in some component series between May and June 1996.

Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data in this table also appear in the Board's G.20 (422) monthly statistical release. For ordering address, see inside front cover

1. Owned receivables are those carried on the balance sheet of the institution. Managed receivables are outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator. Data are shown before deductions for unearned income and losses. Components may not sum to totals because of rounding.

2. Excludes revolving credit reported as held by depository institutions that are subsidiaries of finance companies.

3. Includes personal cash loans, mobile home loans, and loans to purchase other types of consumer goods, such as appliances, apparel, boats, and recreation vehicles.

4. Outstanding balances of pools upon which securities have been issued, these balances are no longer carried on the balance sheets of the loan originator.

5. Credit arising from transactions between manufacturers and dealers, that is, floor plan financing.

6. Includes loans on commercial accounts receivable, factored commercial accounts, and receivable dealer capital; small loans used primarily for business or farm purposes; and wholesale and lease paper for mobile homes, campers, and travel trailers.

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1998	1999	2000	2001 Apr.	2001 May	2001 June	2001 July	2001 Aug.	2001 Sept.	2001 Oct.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	195.2	210.7	234.5	240.8	241.4	250.6	242.9	241.5	246.6	242.9
2 Amount of loan (thousands of dollars)	151.1	161.7	177.0	181.5	181.4	188.7	182.7	181.3	184.3	181.2
3 Loan-to-price ratio (percent)	80.0	78.7	77.4	77.6	77.6	77.3	77.3	76.6	77.1	76.9
4 Maturity (years)	28.4	28.8	29.2	28.5	28.6	28.7	28.8	28.7	29.0	28.5
5 Fees and charges (percent of loan amount)[2]	.89	.77	.70	.71	.69	.66	.66	.61	.61	.67
Yield (percent per year)										
6 Contract rate[1]	6.95	6.94	7.41	6.96	7.02	7.02	7.01	7.06	6.80	6.63
7 Effective rate[1,3]	7.08	7.06	7.52	7.07	7.12	7.12	7.11	7.15	6.89	6.73
8 Contract rate (HUD series)[4]	7.00	7.45	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (section 203)[5]	7.04	7.74	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 GNMA securities[6]	6.43	7.03	7.57	6.53	6.61	6.55	6.49	6.29	6.03	5.86
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	414,515	523,941	610,122	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 FHA/VA insured	33,770	55,318	61,539	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Conventional	380,745	468,623	548,583	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 Mortgage transactions purchased (during period)	188,448	195,210	154,231	24,015	16,825	24,430	26,082	22,111	16,016	20,020
Mortgage commitments (during period)										
15 Issued[7]	193,795	187,948	163,689	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a
16 To sell[8]	1,880	5,900	11,786	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	255,010	324,443	385,693	430,960	437,582	443,810	454,485	465,553	470,850	477,588
18 FHA/VA insured	785	1,836	3,332	2,878	2,785	2,738	2,689	2,643	2,597	2,553
19 Conventional	254,225	322,607	382,361	428,082	434,797	441,072	451,796	462,910	468,253	475,035
Mortgage transactions (during period)										
20 Purchases	267,402	239,793	174,043	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 Sales	250,565	233,031	166,901	31,219	33,670	38,133	44,574	33,933	32,666	31,646
22 Mortgage commitments contracted (during period)[9]	281,899	228,432	169,231	32,758	39,897	37,312	43,788	34,087	31,140	41,346

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups for purchase of newly built homes; compiled by the Federal Housing Finance Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.
3. Average effective interest rate on loans closed for purchase of newly built homes, assuming prepayment at the end of ten years.
4. Average contract rate on new commitments for conventional first mortgages; from U.S. Department of Housing and Urban Development (HUD). Based on transactions on the first day of the subsequent month.
5. Average gross yield on thirty-year, minimum-downpayment first mortgages insured by the Federal Housing Administration (FHA) for immediate delivery in the private secondary market. Based on transactions on first day of subsequent month.
6. Average net yields to investors on fully modified pass-through securities backed by mortgages and guaranteed by the Government National Mortgage Association (GNMA), assuming prepayment in twelve years on pools of thirty-year mortgages insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs.
7. Does not include standby commitments issued, but includes standby commitments converted.
8. Includes participation loans as well as whole loans.
9. Includes conventional and government-underwritten loans. The Federal Home Loan Mortgage Corporation's mortgage commitments and mortgage transactions include activity under mortgage securities swap programs, whereas the corresponding data for the Federal National Mortgage Association exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder and property	1997	1998	1999	2000 Q2	2000 Q3	2000 Q4	2001 Q1	2001 Q2
1 **All holders**	**5,195,235**	**5,707,172**	**6,343,995**	**6,615,662**	**6,767,922**	**6,914,156**	**7,036,854**	**7,253,938**
By type of property								
2 One- to four-family residences	3,966,639	4,351,496	4,780,203	4,970,215	5,095,720	5,201,362	5,293,734	5,452,224
3 Multifamily residences	301,817	333,873	378,811	398,667	407,112	417,555	426,993	442,399
4 Nonfarm, nonresidential	836,479	925,297	1,082,019	1,140,329	1,157,134	1,186,403	1,206,253	1,246,425
5 Farm	90,300	96,506	102,962	106,451	107,957	108,836	109,873	112,889
By type of holder								
6 Major financial institutions	2,084,000	2,195,869	2,396,265	2,550,401	2,606,592	2,620,886	2,664,837	2,714,965
7 Commercial banks[2]	1,245,334	1,338,273	1,496,844	1,615,794	1,650,294	1,661,411	1,688,673	1,727,255
8 One- to four-family	745,777	798,009	880,208	949,223	968,831	966,502	978,144	999,307
9 Multifamily	50,705	54,174	67,666	75,795	77,031	77,821	79,890	80,542
10 Nonfarm, nonresidential	421,865	457,054	517,130	557,059	570,513	583,071	596,405	612,247
11 Farm	26,987	29,035	31,839	33,717	33,919	34,016	34,234	35,159
12 Savings institutions[3]	631,826	643,957	668,634	701,992	721,563	723,534	741,114	751,660
13 One- to four-family	520,782	533,895	549,046	578,612	595,518	595,053	608,289	616,506
14 Multifamily	59,540	56,847	59,168	59,174	60,077	61,094	62,666	63,193
15 Nonfarm, nonresidential	51,150	52,798	59,945	63,688	65,437	66,852	69,589	71,378
16 Farm	354	417	475	518	531	535	569	583
17 Life insurance companies	206,840	213,640	230,787	232,615	234,735	235,941	235,050	236,050
18 One- to four-family	7,187	6,590	5,934	5,242	4,907	4,903	4,877	4,876
19 Multifamily	30,402	31,522	32,818	33,150	33,478	33,681	33,557	33,553
20 Nonfarm, nonresidential	158,779	164,004	179,048	180,856	182,646	183,757	183,078	184,084
21 Farm	10,472	11,524	12,987	13,367	13,704	13,600	13,538	13,537
22 Federal and related agencies	286,194	293,602	322,132	332,568	336,575	343,962	346,276	355,218
23 Government National Mortgage Association	8	7	7	7	6	6	6	6
24 One- to four-family	8	7	7	7	6	6	6	6
25 Multifamily	0	0	0	0	0	0	0	0
26 Farmers Home Administration[4]	41,195	40,851	73,871	72,896	73,009	73,323	73,361	73,206
27 One- to four-family	17,253	16,895	16,506	16,435	16,444	16,372	16,297	16,153
28 Multifamily	11,720	11,739	11,741	11,729	11,734	11,733	11,725	11,720
29 Nonfarm, nonresidential	7,370	7,705	41,355	40,554	40,665	41,070	41,247	41,262
30 Farm	4,852	4,513	4,268	4,179	4,167	4,148	4,093	4,072
31 Federal Housing and Veterans' Administrations	3,811	3,674	3,712	3,845	3,395	3,507	2,873	2,918
32 One- to four-family	1,767	1,849	1,851	1,832	1,327	1,308	1,276	1,267
33 Multifamily	2,044	1,825	1,861	2,013	2,068	2,199	1,597	1,651
34 Resolution Trust Corporation	−278	24	−10	0	0	0	0	0
35 One- to four-family	0	0	0	0	0	0	0	0
36 Multifamily	0	0	0	0	0	0	0	0
37 Nonfarm, nonresidential	0	0	0	0	0	0	0	0
38 Farm	0	0	0	0	0	0	0	0
39 Federal Deposit Insurance Corporation	724	361	152	72	82	45	50	24
40 One- to four-family	117	58	25	12	13	7	8	4
41 Multifamily	140	70	29	14	16	9	10	5
42 Nonfarm, nonresidential	467	233	98	46	53	29	32	15
43 Farm	0	0	0	0	0	0	0	0
44 Federal National Mortgage Association	161,308	157,675	151,500	153,507	152,815	155,363	156,294	159,221
45 One- to four-family	149,831	147,594	141,195	142,478	141,786	144,150	145,014	147,730
46 Multifamily	11,477	10,081	10,305	11,029	11,029	11,213	11,280	11,491
47 Federal Land Banks	30,657	32,983	34,187	34,830	35,549	36,326	37,072	38,686
48 One- to four-family	1,804	1,941	2,012	2,049	2,092	2,137	2,181	2,276
49 Farm	0	0	0	0	0	0	0	0
50 Federal Home Loan Mortgage Corporation	48,454	57,085	56,676	56,972	57,046	59,240	60,110	61,542
51 One- to four-family	42,629	49,106	44,321	42,892	42,138	42,871	42,771	42,537
52 Multifamily	5,825	7,979	12,355	14,080	14,908	16,369	17,339	19,005
53 Mortgage pools or trusts[5]	2,232,848	2,581,969	2,947,760	3,035,546	3,116,180	3,232,338	3,303,742	3,450,274
54 Government National Mortgage Association	536,879	537,446	582,263	590,708	602,628	611,553	601,534	598,106
55 One- to four-family	523,225	522,498	565,189	572,661	584,152	592,624	581,754	577,315
56 Multifamily	13,654	14,948	17,074	18,047	18,476	18,929	19,780	20,792
57 Federal Home Loan Mortgage Corporation	579,385	646,459	749,081	768,641	790,891	822,310	833,616	873,750
58 One- to four-family	576,846	643,465	744,619	763,890	786,007	816,602	827,769	867,924
59 Multifamily	2,539	2,994	4,462	4,751	4,884	5,708	5,847	5,826
60 Federal National Mortgage Association	709,582	834,517	960,883	995,815	1,020,828	1,057,750	1,099,049	1,163,978
61 One- to four-family	687,981	804,204	924,941	957,584	981,206	1,016,398	1,055,412	1,116,534
62 Multifamily	21,601	30,313	35,942	38,231	39,622	41,352	43,637	47,444
63 Farmers Home Administration[4]	2	1	0	0	0	0	0	0
64 One- to four-family	0	0	0	0	0	0	0	0
65 Multifamily	0	0	0	0	0	0	0	0
66 Nonfarm, nonresidential	0	0	0	0	0	0	0	0
67 Farm	2	1	0	0	0	0	0	0
68 Private mortgage conduits	407,000	563,546	655,533	680,382	701,833	740,725	769,543	814,440
69 One- to four-family[6]	310,659	405,153	455,021	464,593	477,899	499,834	523,300	539,200
70 Multifamily	20,907	33,754	42,226	44,413	46,142	49,513	50,749	56,974
71 Nonfarm, nonresidential	75,434	124,639	158,287	171,376	177,792	191,378	195,494	218,266
72 Farm	0	0	0	0	0	0	0	0
73 Individuals and others[7]	592,193	635,732	677,838	697,147	708,575	716,971	721,999	733,482
74 One- to four-family	380,736	419,278	447,532	462,493	478,944	486,664	490,345	501,192
75 Multifamily	71,263	77,617	82,932	86,015	87,423	87,714	88,699	89,989
76 Nonfarm, nonresidential	121,415	118,863	126,156	126,750	120,028	120,245	120,408	119,172
77 Farm	18,779	19,974	21,217	21,889	22,179	22,348	22,547	23,129

1. Multifamily debt refers to loans on structures of five or more units.
2. Includes loans held by nondeposit trust companies but not loans held by bank trust departments.
3. Includes savings banks and savings and loan associations.
4. FmHA-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:Q4 because of accounting changes by the Farmers Home Administration.
5. Outstanding principal balances of mortgage-backed securities insured or guaranteed by the agency indicated.
6. Includes securitized home equity loans.
7. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and finance companies.

SOURCE. Based on data from various institutional and government sources. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations, when required for some quarters, are estimated in part by the Federal Reserve. Line 69 from Inside Mortgage Securities and other sources.

1.55 CONSUMER CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1998	1999	2000	2001 Apr.[r]	2001 May[r]	2001 June[r]	2001 July[r]	2001 Aug.[r]	2001 Sept.
	Seasonally adjusted								
1 **Total**	**1,315,797[r]**	**1,413,564[r]**	**1,557,931[r]**	**1,610,889**	**1,617,041**	**1,616,293**	**1,615,308**	**1,619,629**	**1,621,615**
2 Revolving	560,155[r]	594,339[r]	663,170[r]	695,830	698,536	699,651	694,785	693,486	692,732
3 Nonrevolving[2]	755,642[r]	819,225[r]	894,761[r]	915,059	918,505	916,642	920,524	926,143	928,882
	Not seasonally adjusted								
4 **Total**	**1,346,596[r]**	**1,446,127[r]**	**1,593,051[r]**	**1,596,536**	**1,602,128**	**1,608,104**	**1,607,705**	**1,621,982**	**1,622,820**
By major holder									
5 Commercial banks	508,932	499,758	541,470	540,740	543,048	540,213	535,459	537,724	535,255
6 Finance companies	183,345[r]	201,549[r]	219,783[r]	217,481	217,697	214,271	216,191	224,310	220,849
7 Credit unions	155,406	167,921	184,434	184,089	185,683	186,357	185,081	186,274	185,732
8 Savings institutions	51,611	61,527	64,557	65,453	65,396	65,340	66,584	67,828	69,072
9 Nonfinancial business	74,877	80,311	82,662	71,490	69,963	68,013	65,228	63,310	60,212
10 Pools of securitized assets[3]	372,425	435,061	500,145	517,282	520,340	533,911	539,164	542,536	551,700
By major type of credit[4]									
11 Revolving	586,163[r]	621,914[r]	692,955[r]	688,633	691,141	693,662	687,439	689,874	688,512
12 Commercial banks	210,346	189,352	218,063	214,683	216,268	213,014	208,852	206,279	203,126
13 Finance companies	31,944[r]	32,483[r]	37,561[r]	35,477	37,033	36,848	36,949	37,082	35,901
14 Credit unions	19,930	20,641	22,226	21,054	21,207	21,268	21,799	22,195	21,879
15 Savings institutions	12,450	15,838	16,560	16,788	16,589	16,389	16,568	16,746	16,925
16 Nonfinancial business	39,166	42,783	42,430	33,815	32,690	31,366	29,314	27,603	25,207
17 Pools of securitized assets[3]	272,327	320,817	356,114	366,815	367,354	374,776	373,958	379,968	385,474
18 Nonrevolving	760,433[r]	824,213[r]	900,095[r]	907,904	910,987	914,442	920,267	932,108	934,308
19 Commercial banks	298,586	310,406	323,407	326,057	326,780	327,199	326,607	331,445	332,129
20 Finance companies	151,401[r]	169,066[r]	182,221[r]	182,004	180,664	177,422	179,242	187,228	184,948
21 Credit unions	135,476	147,280	162,208	163,035	164,476	165,089	163,282	164,079	163,853
22 Savings institutions	39,161	45,689	47,997	48,665	48,807	48,951	50,016	51,082	52,147
23 Nonfinancial business	35,711	37,528	40,232	37,674	37,274	36,647	35,914	35,707	35,005
24 Pools of securitized assets[3]	100,098	114,244	144,031	150,468	152,986	159,134	165,207	162,567	166,226

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals, excluding loans secured by real estate. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.
2. Comprises motor vehicle loans, mobile home loans, and all other loans that are not included in revolving credit, such as loans for education, boats, trailers, or vacations. These loans may be secured or unsecured.
3. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.
4. Totals include estimates for certain holders for which only consumer credit totals are available.

1.56 TERMS OF CONSUMER CREDIT[1]

Percent per year except as noted

Item	1998	1999	2000	2001 Mar.	2001 Apr.	2001 May	2001 June	2001 July	2001 Aug.	2001 Sept.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	8.72	8.44	9.34	n.a.	n.a.	8.67	n.a.	n.a.	8.31	n.a.
2 24-month personal	13.74	13.39	13.90	n.a.	n.a.	13.28	n.a.	n.a.	13.25	n.a.
Credit card plan										
3 All accounts	15.71	15.21	15.71	n.a.	n.a.	15.07	n.a.	n.a.	14.60	n.a.
4 Accounts assessed interest	15.59	14.81	14.91	n.a.	n.a.	14.63	n.a.	n.a.	14.64	n.a.
Auto finance companies										
5 New car	6.30	6.66	6.61	6.80	6.80	6.56	6.15	6.20	6.41	5.42
6 Used car	12.64	12.60	13.55	13.19	12.82	12.57	12.05	11.79	12.06	12.01
OTHER TERMS[3]										
Maturity (months)										
7 New car	52.1	52.7	54.9	55.6	56.3	57.0	57.2	57.3	57.7	57.2
8 Used car	53.5	55.9	57.0	58.0	57.9	57.8	57.6	57.6	57.6	57.6
Loan-to-value ratio										
9 New car	92	92	92	91	91	92	91	91	91	92
10 Used car	99	99	99	100	100	100	100	100	100	101
Amount financed (dollars)										
11 New car	19,083	19,880	20,923	22,131	21,914	21,871	22,124	22,687	22,591	23,049
12 Used car	12,691	13,642	14,058	14,214	14,347	14,350	14,586	14,571	14,321	14,408

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.
2. Data are available for only the second month of each quarter.
3. At auto finance companies.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS[1]

Billions of dollars; quarterly data at seasonally adjusted annual rates

	Transaction category or sector	1995	1996	1997	1998	1999	2000				2001		
							Q1	Q2	Q3	Q4	Q1r	Q2r	Q3
		Nonfinancial sectors											
1	**Total net borrowing by domestic nonfinancial sectors**	**705.9**	**733.6r**	**805.5r**	**1,048.8r**	**1,099.8r**	**951.1r**	**978.2r**	**792.0r**	**772.1r**	**1,006.5**	**1,018.6**	**1,275.5**
	By sector and instrument												
2	Federal government	144.4	145.0	23.1	−52.6	−71.2	−217.2	−408.7	−226.2	−331.3	−4.3	−256.0	255.7
3	Treasury securities	142.9	146.6	23.2	−54.6	−71.0	−215.2	−410.5	−223.8	−330.2	−2.1	−257.1	256.0
4	Budget agency securities and mortgages	1.5	−1.6	−.1	2.0	−.2	−2.1	1.8	−2.4	−1.2	−2.2	1.1	−.4
5	Nonfederal	561.5	588.6r	782.4r	1,101.5r	1,171.1r	1,168.4r	1,386.9r	1,018.2r	1,103.5r	1,010.9	1,274.6	1,019.8
	By instrument												
6	Commercial paper	18.1	−.9	13.7	24.4	37.4	29.8	110.4	56.1	−4.0	−207.2	−141.5	−74.1
7	Municipal securities and loans	−48.2	2.6	71.4	96.8	68.2	20.0	30.1	31.0	60.1	110.7	112.4	56.0
8	Corporate bonds	91.1	116.3	150.5	218.7	229.9	186.2	153.8	168.8r	175.6	400.9	428.0	187.7
9	Bank loans n.e.c.	103.7	70.4r	106.4r	108.1r	82.6r	139.5	166.5r	47.0r	59.3r	−5.9	−153.2	−9.9
10	Other loans and advances	67.2	28.7r	59.5r	82.1r	57.1r	140.1r	124.2r	16.5r	125.2	−12.0	117.7	78.4
11	Mortgages	190.6	280.4r	323.3r	496.4r	596.3r	502.9r	659.6r	570.7r	551.6r	564.6	837.7	760.6
12	Home	179.1	245.7r	258.3r	389.9r	435.2r	361.9r	490.3r	441.9r	395.9r	434.3	622.9	544.7
13	Multifamily residential	4.5	9.4r	7.5r	23.8	40.5r	29.2r	48.0r	28.8r	41.7	39.3	55.5	57.7
14	Commercial	5.7	22.5	54.4r	76.1r	114.8r	104.4r	111.2r	93.4r	112.0r	86.8	146.8	151.6
15	Farm	1.4	2.7	3.1	6.5	5.8	7.4	10.1	6.5	2.0r	4.2	12.4	6.5
16	Consumer credit	138.9	91.3r	57.5r	75.0r	99.5r	149.9r	142.1r	128.2r	135.6r	159.9	73.6	21.3
	By borrowing sector												
17	Household	339.3	343.8r	332.7r	467.2r	517.1r	526.9r	624.3r	554.5r	514.0r	554.4	671.2	616.2
18	Nonfinancial business	273.7	251.6r	393.6r	554.0r	601.6r	628.5r	744.4r	440.0r	535.8r	352.6	494.7	360.6
19	Corporate	224.9	179.4r	292.7r	406.3r	440.8r	479.7r	550.2r	303.7r	388.8r	225.2	354.3	248.9
20	Nonfarm noncorporate	46.1	67.3r	94.7r	139.7r	155.4r	135.0r	184.5r	129.1r	134.2	121.3	130.6	108.6
21	Farm	2.7	4.9	6.2	8.0	5.5	13.8	9.7	7.2	12.8r	6.0	9.8	3.1
22	State and local government	−51.5	−6.8	56.1	80.3	52.3	12.9	18.2	23.8	53.7	103.9	108.7	43.0
23	Foreign net borrowing in United States	78.5	88.4	71.8	43.4	27.9	120.3r	−7.9r	88.6r	66.8r	−6.9	−57.2	−126.8
24	Commercial paper	13.5	11.3	3.7	7.8	16.3	57.8	12.0	7.0	50.1	−25.4	−5.6	−26.5
25	Bonds	57.1	67.0	61.4	34.9	16.8	47.6r	−27.3r	71.4r	9.0r	17.1	−15.9	−101.4
26	Bank loans n.e.c.	8.5	9.1	8.5	6.7	.5	15.4	5.7	11.9	12.2	13.0	−31.0	4.4
27	Other loans and advances	−.5	1.0	−1.8	−6.0	−5.7	−.5	1.7	−1.7	−4.6	−11.6	−4.7	−3.4
28	**Total domestic plus foreign**	**784.5**	**822.0r**	**877.3r**	**1,092.2r**	**1,127.8r**	**1,071.4r**	**970.3r**	**880.6r**	**838.9r**	**999.6**	**961.5**	**1,148.7**
		Financial sectors											
29	**Total net borrowing by financial sectors**	**454.0**	**550.1r**	**662.2r**	**1,087.2r**	**1,084.4r**	**608.0r**	**897.1r**	**794.0r**	**963.1r**	**864.2**	**795.7**	**1,086.3**
	By instrument												
30	Federal government-related	204.2	231.4	212.9	470.9	592.0	224.4	381.1	514.8	613.6	432.6	674.8	820.6
31	Government-sponsored enterprise securities	105.9	90.4	98.4	278.3	318.2	104.9	248.9	278.1	304.5	262.3	268.3	328.0
32	Mortgage pool securities	98.3	141.0	114.6	192.6	273.8	119.5	132.2	236.7	309.1	170.3	406.5	492.6
33	Loans from U.S. government	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34	Private	249.8	318.7r	449.3r	616.3r	492.5r	383.6r	516.1r	279.2r	349.5r	431.7	120.9	265.7
35	Open market paper	42.7	92.2	166.7	161.0	176.2	114.6	136.7	106.5	153.2	−134.6	−85.4	−85.6
36	Corporate bonds	195.9	178.1r	218.9r	310.1r	218.2r	171.8r	243.3r	205.0r	203.7r	438.9	186.8	309.6
37	Bank loans n.e.c.	2.5	12.6	13.3r	30.1	−14.2r	3.2r	6.9r	−6.7r	−4.4	27.1	14.3	−8.1
38	Other loans and advances	3.4	27.9	35.6	90.2	107.1	87.0	119.2	−31.6	−4.8	107.8	−11.0	58.0
39	Mortgages	5.3	7.9	14.9	24.8	5.1	7.0	10.0	6.0	1.8	−7.5	16.2	−8.2
	By borrowing sector												
40	Commercial banking	22.5	13.0	46.1	72.9	67.2	78.3	99.3	43.4	18.8	148.3	−15.8	69.8
41	Savings institutions	2.6	25.5	19.7	52.2	48.0	57.5	69.0	−37.9	20.4	62.5	16.1	12.6
42	Credit unions	−.1	.1	.1	.6	2.2	−2.9	.9	1.1	1.0	−.6	.8	1.5
43	Life insurance companies	−.1	1.1	.2	.7	7	−.7	−1.1	−.3	−.7	−2.4	.1	3.5
44	Government-sponsored enterprises	105.9	90.4	98.4	278.3	318.2	104.9	248.9	278.1	304.5	262.3	268.3	328.0
45	Federally related mortgage pools	98.3	141.0	114.6	192.6	273.8	119.5	132.2	236.7	309.1	170.3	406.5	492.6
46	Issuers of asset-backed securities (ABSs)	142.4	150.8	202.2	321.4	223.4	175.0	146.0	156.2	307.9	295.8	172.3	303.2
47	Finance companies	50.2	50.6r	57.8r	57.1r	70.3r	61.1r	139.4r	98.1r	26.1r	−72.8	64.1	22.1
48	Mortgage companies	−2.2	4.1	−4.6	1.6	.2	−3.0	2.7	−.3	1.0	.7	.6	.8
49	Real estate investment trusts (REITs)	4.5	11.9	39.6	62.7	6.3	11.5	9.8	−2.4	−8.1	−6.1	10.5	−10.2
50	Brokers and dealers	−5.0	−2.0	8.1	7.2	−17.2	44.4	−.7	25.4	−6.6	−23.9	35.7	12.3
51	Funding corporations	34.9	63.8r	79.9r	40.0r	91.5r	−37.5r	50.6r	−4.2r	−10.4r	30.1	−163.6	−150.0

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS[1]—Continued

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1995	1996r	1997r	1998r	1999r	2000				2001		
						Q1r	Q2r	Q3r	Q4r	Q1r	Q2r	Q3
	All sectors											
52 **Total net borrowing, all sectors**	**1,238.5**	**1,372.1**	**1,539.5**	**2,179.4**	**2,212.2**	**1,679.4**	**1,867.4**	**1,674.6**	**1,802.0**	**1,863.8**	**1,757.2**	**2,235.0**
53 Open market paper	74.3	102.6	184.1	193.1	229.9	202.1	259.1	169.7	199.3	−367.2	−232.5	−186.3
54 U.S. government securities	348.6	376.4	236.0	418.3	520.7	7.2	−27.6	288.6	282.2	428.2	418.8	1,076.3
55 Municipal securities	−48.2	2.6	71.4	96.8	68.2	20.0	30.1	31.0	60.1	110.7	112.4	56.0
56 Corporate and foreign bonds	344.1	361.3	430.8	563.7	465.0	405.6	369.8	445.2	388.3	856.9	598.9	395.9
57 Bank loans n.e.c.	114.7	92.1	128.2	145.0	68.9	158.0	179.2	52.2	67.1	34.1	−170.0	−13.6
58 Other loans and advances	70.1	57.7	93.2	166.3	158.5	226.6	245.1	−16.8	115.8	84.2	102.0	133.0
59 Mortgages	196.0	288.2	338.2	521.2	601.4	509.9	669.6	576.7	553.5	557.1	853.9	752.3
60 Consumer credit	138.9	91.3	57.5	75.0	99.5	149.9	142.1	128.2	135.6	159.9	73.6	21.3
	Funds raised through mutual funds and corporate equities											
61 **Total net issues**	**147.2r**	**232.9**	**185.2**	**108.8**	**153.7**	**390.1**	**209.9**	**245.6**	**−14.8**	**233.7**	**387.5**	**88.9**
62 Corporate equities	−.2r	−4.7	−79.9	−165.8	−34.6	82.8	−22.2	−33.8	−171.5	137.3	119.5	−80.9
63 Nonfinancial corporations	−58.3	−69.5	−114.4	−267.0	−143.5	61.2	−245.2	−67.6	−350.8	−25.6	−72.6	−118.5
64 Foreign shares purchased by U.S. residents	65.4	82.8	57.6	101.3	114.4	62.6	185.9	61.1	89.4	109.2	208.8	10.9
65 Financial corporations	−7.3r	−18.1	−23.1	−.1	−5.6	−41.0	37.2	−27.3	89.8	53.7	−16.7	26.7
66 Mutual fund shares	147.4	237.6	265.1	274.6	188.3	307.3	232.0	279.4	156.7	96.4	268.0	169.8

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.2 through F4. For ordering address, see inside front cover.

1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

Billions of dollars except as noted; quarterly data at seasonally adjusted annual rates

	Transaction category or sector	1995	1996	1997	1998	1999	2000				2001		
							Q1	Q2	Q3	Q4	Q1	Q2r	Q3
	NET LENDING IN CREDIT MARKETS[2]												
1	**Total net lending in credit markets**	**1,238.5**	**1,372.1r**	**1,539.5r**	**2,179.4r**	**2,212.2r**	**1,679.4r**	**1,867.4r**	**1,674.6r**	**1,802.0r**	**1,863.8r**	**1,757.2**	**2,235.0**
2	*Domestic nonfederal nonfinancial sectors*	−79.3	74.0r	−21.3r	99.5r	196.3r	−218.5r	90.3r	−255.1r	−227.2r	−171.6r	−153.8	−178.8
3	Household	16.5	113.7r	−11.8r	−37.1r	148.6r	−274.4r	−10.4r	−183.3r	−212.1r	−172.5r	−140.5	−118.5
4	Nonfinancial corporate business	−8.8	−10.2	−12.7	−16.0	−2.8	56.8r	60.4r	−51.4r	−24.5r	4.1r	16.6	−23.7
5	Nonfarm noncorporate business	4.4	4.2	3.0	18.1	7.1	−2.1	.4	−4.0	−2.7	−4.8	−5.2	−6.2
6	State and local governments	−91.4	−33.7	.1	134.5	43.4	1.2	39.9	−16.4	12.1	1.5	−24.8	−30.4
7	Federal government	−.5	−7.2	5.1	13.5	5.8	6.5	7.7	4.5	10.6	4.6	4.0	1.0
8	Rest of the world	273.9	414.4	311.3	254.2	208.8	315.2	197.9	216.2	387.8	411.2r	349.6	381.9
9	Financial sectors	1,044.4	890.9r	1,244.5r	1,812.1r	1,801.3r	1,576.1r	1,571.4r	1,709.0r	1,630.7r	1,619.7r	1,557.4	2,030.9
10	Monetary authority	12.7	12.3	38.3	21.1	25.7	102.0	−5.4	39.1	−.9	53.7	26.4	8.7
11	Commercial banking	265.9	187.5	324.3	305.2	308.2	415.8	497.4	363.2	157.0	152.8	133.9	234.8
12	U.S.-chartered banks	186.5	119.6	274.9	312.0	317.6	448.2	510.9	324.8	75.3	107.9	179.7	215.4
13	Foreign banking offices in United States	75.4	63.3	40.2	−11.9	−20.1	4.5	−22.3	32.8	81.1	41.3	−48.6	16.5
14	Bank holding companies	−.3	3.9	5.4	−.9	6.2	−42.2	3.5	−6.7	−3.2	7.3	−2.8	−1.4
15	Banks in U.S.-affiliated areas	4.2	.7	3.7	6.0	4.4	5.4	5.4	12.3	3.8	−3.6	5.6	4.2
16	Savings institutions	−7.6	19.9	−4.7	36.1	68.6	55.6	65.0	62.7	42.5	52.5	57.3	−6.0
17	Credit unions	16.2	25.5	16.8	19.0	27.5	35.7	31.6	21.2	33.6	23.2r	7.6	61.7
18	Bank personal trusts and estates	−8.3	−7.7	−25.0	−12.8	27.8	18.9	13.8	17.6	18.1	10.7	13.4	8.8
19	Life insurance companies	100.0	69.6	104.8	76.9	53.5	65.0	52.9	74.8	38.8	95.3	124.9	162.4
20	Other insurance companies	21.5	22.5	25.2	5.8	−3.0	−11.2	−18.1	6.2	−11.7	2.1	.1	9.0
21	Private pension funds	19.9	−4.1	47.6	56.4	45.0	46.8	24.7	64.9	28.7	26.1	−7.1	−.9
22	State and local government retirement funds	38.3	35.8	67.1	72.1	46.9	63.3	31.5	37.6	86.1r	−70.7r	53.4	18.5
23	Money market mutual funds	86.5	88.8	87.5	244.0	182.0	161.5	−118.2	256.1	296.0	303.4	166.2	379.1
24	Mutual funds	52.5	48.9	80.9	124.8	47.2	−66.9	63.1	50.1	60.8	69.4	165.1	123.9
25	Closed-end funds	10.2	4.6	−2.6	5.5	7.4	−8.4	−8.4	−8.4	−8.4	−8.4	−8.4	−8.4
26	Government-sponsored enterprises	95.4	97.4	106.6	314.6	291.7	205.4	250.9	188.6	318.8	347.8	296.2	267.7
27	Federally related mortgage pools	98.3	141.0	114.6	192.6	273.8	119.5	132.2	236.7	309.1	170.3	406.5	492.6
28	Asset-backed securities issuers (ABSs)	120.6	120.5	163.8	281.7	205.2	154.2	111.4	120.9	278.9	269.8	150.0	276.4
29	Finance companies	49.9	18.9r	23.1r	77.3r	97.0r	145.4r	147.6r	102.8r	36.2r	−.9r	126.7	−42.1
30	Mortgage companies	−3.4	8.2	−9.1	3.2	.3	−6.0	5.5	−.5	2.0	1.4	1.1	1.7
31	Real estate investment trusts (REITs)	1.4	4.4	20.2	−5.1	−2.6	−16.3	−2.5	−3.6	−2.8	4.0	1.1	7.7
32	Brokers and dealers	90.1	−15.7	14.9	6.8	−34.7	102.9r	89.8r	152.1r	−69.0	289.5r	35.4	250.1
33	Funding corporations	−15.7	12.6	50.4	−12.9	133.8	−7.2	206.8r	−73.0r	17.0r	−172.5r	−192.4	−214.6
	RELATION OF LIABILITIES TO FINANCIAL ASSETS												
34	**Net flows through credit markets**	**1,238.5**	**1,372.1r**	**1,539.5r**	**2,179.4r**	**2,212.2r**	**1,679.4r**	**1,867.4r**	**1,674.6r**	**1,802.0r**	**1,863.8r**	**1,757.2**	**2,235.0**
	Other financial sources												
35	Official foreign exchange	8.8	−6.3	.7	6.6	−8.7	1.5	−8.8	.7	4.9	−1.5	4.7	19.1
36	Special drawing rights certificates	2.2	−.5	−.5	.0	−3.0	.0	−8.0	−4.0	−4.0	.0	.0	.0
37	Treasury currency	.7	.5	.5	.6	1.0	2.2	3.2	4.2	.0	−1.1	1.1	.0
38	Foreign deposits	35.3	85.9	107.7	6.5	61.0	313.3	3.4	−40.8	207.4	235.5	−146.5	15.4
39	Net interbank transactions	10.0	−51.6	−19.7	−32.3	17.6	−72.9	151.9	−170.6	10.6	−45.7r	19.3	19.7
40	Checkable deposits and currency	−12.8	15.7	41.2	47.4	151.4	−206.8	−33.8	5.0	−50.2	90.3	100.8	245.3
41	Small time and savings deposits	96.6	97.2	97.1	152.4	44.7	104.6	123.0	224.5	310.8	288.3	194.2	229.2
42	Large time deposits	65.6	114.0	122.5	92.1	130.6	154.1	101.2	152.9	65.2	130.6	51.9	14.9
43	Money market fund shares	141.2	145.4	155.9	287.2	249.1	239.7	71.5	250.9	371.1	621.4	322.5	367.7
44	Security repurchase agreements	110.5	41.4	120.9	91.3	169.7	275.8r	155.1r	277.1r	−265.4r	−12.8r	177.7	262.2
45	Corporate equities	−.2r	−4.7r	−79.9r	−165.8r	−34.6r	82.8r	−22.2r	−33.8r	−171.5r	137.3r	119.5	−80.9
46	Mutual fund shares	147.4	237.6	265.1	274.6	188.3	307.3	232.0	279.4	156.7	96.4	268.0	169.8
47	Trade payables	133.7	123.3	139.7	109.2	222.3	193.6r	212.9r	138.5r	119.3r	−16.2r	−100.0	−81.4
48	Security credit	26.7	52.4	111.0	103.3	104.3	507.8r	−95.3r	97.5r	74.4r	−140.9r	−28.5	485.8
49	Life insurance reserves	45.8	44.5	59.3	48.0	50.8	54.9	45.6	53.0	47.3	52.7	53.2	56.5
50	Pension fund reserves	158.8	148.3	201.4	202.1	184.4r	206.9r	260.7r	227.0r	168.8r	255.5r	168.7	192.9
51	Taxes payable	7.8	19.5	22.3	21.3	22.3	31.0r	26.5r	3.3r	26.0r	3.3r	16.3	114.4
52	Investment in bank personal trusts	6.4	−5.3	−49.9	−41.8	−6.5	−28.4	−33.1	−29.2	−28.0	−26.1	−22.7	−28.2
53	Noncorporate proprietors' equity	−.2	−31.1r	−70.9r	−80.6r	−64.8r	−63.4r	−45.0r	−26.7r	−49.7r	−48.5r	−25.1	−60.2
54	Miscellaneous	496.9	526.1r	492.8r	986.8r	749.8r	904.3r	1,084.0r	1,399.2r	733.1r	500.7r	789.8	571.8
55	**Total financial sources**	**2,719.7r**	**2,924.5r**	**3,256.8r**	**4,288.2r**	**4,441.8r**	**4,687.7r**	**4,092.3r**	**4,482.8r**	**3,528.8r**	**3,983.1r**	**3,722.3**	**4,749.2**
	Liabilities not identified as assets (−)												
56	Treasury currency	−.3	−.4	−.2	−.1	−.7	−1.8	−.7	.9	−3.3	−3.6	−.5	−.7
57	Foreign deposits	25.0r	59.4r	106.2	−8.5	45.8	263.1r	−82.2r	−100.2r	200.3r	181.5r	−121.2	24.8
58	Net interbank liabilities	−3.1	−3.3	−19.9	3.4	3.5	25.3	5.4	−12.1	51.1	16.7	13.6	8.3
59	Security repurchase agreements	25.7	2.4	63.2	60.6	30.0	567.2r	51.9r	126.5r	−301.4r	−161.7r	171.9	36.6
60	Taxes payable	21.1	23.1	28.0	19.7	6.5	9.5r	4.8r	−2.6r	44.6r	4.4r	−9.7	12.9
61	Miscellaneous	−198.7r	−173.7r	−245.5r	−127.4r	−418.9r	−501.0r	−353.3r	−232.2r	−390.1r	27.3r	−477.6	−87.0
	Floats not included in assets (−)												
62	Federal government checkable deposits	−6.0	.5	−2.7	2.6	−7.4	18.7	16.3	3.0	−2.1	−29.8	10.1	18.5
63	Other checkable deposits	−3.8	−4.0	−3.9	−3.1	−.8	1.0	1.4	1.9	2.4	3.8	3.9	5.1
64	Trade credit	17.4	−25.4	−29.2	−51.3	42.9	−71.8r	−36.5r	−51.9r	24.3r	2.0r	32.3	−10.7
65	**Total identified to sectors as assets**	**2,842.5r**	**3,046.2r**	**3,360.7r**	**4,392.3r**	**4,740.8r**	**4,377.5r**	**4,485.3r**	**4,749.6r**	**3,903.1r**	**3,942.5r**	**4,099.7**	**4,741.5**

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.1 and F.5. For ordering address, see inside front cover.

2. Excludes corporate equities and mutual fund shares.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

Transaction category or sector	1996	1997	1998	1999	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2001 Q1r	2001 Q2r	2001 Q3
					Nonfinancial sectors						
1 **Total credit market debt owed by domestic nonfinancial sectors**	**14,441.1r**	**15,245.1r**	**16,293.9r**	**17,428.5r**	**17,658.2r**	**17,839.9r**	**18,038.3r**	**18,320.9r**	**18,563.5**	**18,746.8**	**19,054.8**
By sector and instrument											
2 Federal government	3,781.8	3,804.9	3,752.2	3,681.0	3,653.5	3,464.0	3,410.2	3,385.2	3,408.8	3,251.4	3,320.1
3 Treasury securities	3,755.1	3,778.3	3,723.7	3,652.8	3,625.8	3,435.7	3,382.6	3,357.8	3,382.1	3,224.4	3,293.1
4 Budget agency securities and mortgages	26.6	26.5	28.5	28.3	27.8	28.2	27.6	27.3	26.8	27.0	27.0
5 Nonfederal	10,659.4r	11,440.2r	12,541.7r	13,747.4r	14,004.7r	14,376.0r	14,628.1r	14,935.7r	15,154.7	15,495.3	15,734.8
By instrument											
6 Commercial paper	156.4	168.6	193.0	230.3	260.8	296.8	307.0	278.4	253.2	223.3	201.3
7 Municipal securities and loans	1,296.0	1,367.5	1,464.3	1,532.5	1,539.2	1,551.6	1,550.3	1,567.8	1,597.5	1,629.8	1,635.3
8 Corporate bonds	1,460.4	1,610.9	1,829.6	2,059.5	2,106.0	2,144.5	2,186.7r	2,230.6r	2,330.8	2,437.8	2,484.7
9 Bank loans n.e.c.	934.0r	1,040.4r	1,148.5r	1,231.2r	1,258.7r	1,306.9r	1,311.3r	1,334.2r	1,323.9	1,292.9	1,282.9
10 Other loans and advances	765.6r	825.1r	907.2r	964.5r	1,008.3r	1,037.2r	1,039.5r	1,077.1r	1,083.4	1,110.6	1,116.0
11 Mortgages	4,832.9r	5,156.2r	5,652.6r	6,283.3r	6,394.6r	6,562.6r	6,713.9r	6,854.5r	6,980.6	7,192.8	7,391.9
12 Home	3,720.0r	3,978.3r	4,368.2r	4,803.4r	4,879.4r	5,005.1r	5,124.3r	5,225.9r	5,319.5	5,477.9	5,623.1
13 Multifamily residential	278.2	285.7r	309.5r	350.2r	357.5r	369.5r	376.7r	387.2r	397.0	410.9	425.3
14 Commercial	747.8	802.2r	878.3r	1,027.3r	1,053.4r	1,081.2r	1,104.5r	1,132.5r	1,154.2	1,190.9	1,228.9
15 Farm	86.9	90.0	96.6	102.3	104.2	106.8	108.3	108.8r	109.9	113.1	114.6
16 Consumer credit	1,214.1r	1,271.6r	1,346.6r	1,446.1r	1,437.0r	1,476.5r	1,519.6r	1,593.1r	1,585.3	1,608.1	1,622.8
By borrowing sector											
17 Households	5,223.9r	5,556.9r	6,024.1r	6,541.5r	6,608.3r	6,772.9r	6,938.9r	7,115.5r	7,186.3	7,362.9	7,531.7
18 Nonfinancial business	4,372.0r	4,763.8r	5,317.8r	5,953.8r	6,139.1r	6,337.4r	6,426.2r	6,540.9r	6,660.9	6,794.6	6,862.4
19 Corporate	3,093.0r	3,383.9r	3,790.2r	4,265.3r	4,415.3r	4,562.2r	4,618.0r	4,695.9r	4,785.7	4,881.5	4,922.8
20 Nonfarm noncorporate	1,129.3r	1,224.0r	1,363.7r	1,519.1r	1,553.1r	1,599.1r	1,630.3r	1,664.8r	1,695.5	1,727.9	1,753.9
21 Farm	149.7	155.9	163.9	169.4	170.7	176.2	177.9	180.2r	179.7	185.2	185.8
22 State and local government	1,063.4	1,119.5	1,199.8	1,252.1	1,257.3	1,265.7	1,263.1	1,279.3	1,307.5	1,337.8	1,340.6
23 **Foreign credit market debt held in United States**	**542.2**	**608.0**	**651.5**	**679.6**	**707.9r**	**702.5r**	**731.0r**	**746.7r**	**743.4**	**727.8**	**698.5**
24 Commercial paper	67.5	65.1	72.9	89.2	101.6	101.2	109.8	120.9	112.8	110.1	106.3
25 Bonds	366.3	427.7	462.6	479.4	491.3r	484.5r	502.4r	504.6r	508.9	504.9	479.6
26 Bank loans n.e.c.	43.7	52.1	58.9	59.4	63.3	64.7	67.7	70.7	73.9	66.2	67.3
27 Other loans and advances	64.7	63.0	57.2	51.7	51.7	52.1	51.2	50.5	47.7	46.6	45.3
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**14,983.3r**	**15,853.1r**	**16,945.4r**	**18,108.1r**	**18,366.1r**	**18,542.5r**	**18,769.3r**	**19,067.6r**	**19,306.9**	**19,474.6**	**19,753.3**
					Financial sectors						
29 **Total credit market debt owed by financial sectors**	**4,828.8r**	**5,458.0r**	**6,545.2r**	**7,629.6r**	**7,769.2r**	**7,993.5r**	**8,190.8r**	**8,457.1r**	**8,657.3**	**8,856.2**	**9,121.0**
By instrument											
30 Federal government-related	2,608.2	2,821.1	3,292.0	3,884.0	3,940.1	4,035.3	4,164.0	4,317.4	4,422.9	4,591.6	4,796.8
31 Government-sponsored enterprise securities	896.9	995.3	1,273.6	1,591.7	1,618.0	1,680.2	1,749.7	1,825.8	1,888.7	1,955.8	2,037.8
32 Mortgage pool securities	1,711.3	1,825.8	2,018.4	2,292.2	2,322.1	2,355.2	2,414.3	2,491.6	2,534.2	2,635.8	2,759.0
33 Loans from U.S. government	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	2,220.6r	2,636.9r	3,253.2r	3,745.6r	3,829.1r	3,958.1r	4,026.7r	4,139.7r	4,234.4	4,264.6	4,324.3
35 Open market paper	579.1	745.7	906.7	1,082.9	1,115.7	1,135.2	1,151.6	1,210.7	1,180.8	1,144.5	1,110.2
36 Corporate bonds	1,382.7r	1,568.6r	1,878.7r	2,096.9r	2,138.8r	2,212.0r	2,269.7r	2,314.8r	2,424.3	2,483.9	2,563.8
37 Bank loans n.e.c.	64.0	77.3r	107.5r	93.2r	91.8r	93.1r	92.8r	93.0r	97.3	100.4	100.0
38 Other loans and advances	162.9	198.5	288.7	395.8	404.4	436.9	430.2	438.3	450.9	450.7	467.2
39 Mortgages	31.9	46.8	71.6	76.7	78.5	81.0	82.5	82.9	81.1	85.1	83.0
By borrowing sector											
40 Commercial banks	113.6	140.6	188.6	230.0	242.2	265.4	265.2	266.7	273.8	274.7	283.0
41 Bank holding companies	150.0	168.6	193.5	219.3	221.4	229.3	236.9	242.5	266.5	269.0	273.8
42 Savings institutions	140.5	160.3	212.4	260.4	266.9	280.7	276.0	287.7	295.1	294.4	303.9
43 Credit unions	.4	.6	1.1	3.4	2.6	2.9	3.1	3.4	3.2	3.5	3.8
44 Life insurance companies	1.6	1.8	2.5	3.2	3.0	2.7	2.7	2.5	1.9	1.9	2.8
45 Government-sponsored enterprises	896.9	995.3	1,273.6	1,591.7	1,618.0	1,680.2	1,749.7	1,825.8	1,888.7	1,955.8	2,037.8
46 Federally related mortgage pools	1,711.3	1,825.8	2,018.4	2,292.2	2,322.1	2,355.2	2,414.3	2,491.6	2,534.2	2,635.8	2,759.0
47 Issuers of asset-backed securities (ABSs)	863.3	1,076.6	1,398.0	1,621.4	1,655.8	1,697.0	1,742.3	1,829.6	1,893.7	1,942.4	2,020.2
48 Brokers and dealers	27.3	35.3	42.5	25.3	36.4	36.2	42.6	40.9	35.0	43.9	47.0
49 Finance companies	534.5r	568.3r	625.5r	695.7r	708.4r	740.8r	761.8r	776.9r	756.2	769.0	771.3
50 Mortgage companies	20.6	16.0	17.7	17.8	17.1	17.8	17.7	17.9	18.1	18.2	18.5
51 Real estate investment trusts (REITs)	56.5	96.1	158.8	165.1	167.9	170.4	169.8	167.8	166.2	168.9	166.3
52 Funding corporations	312.4r	372.6r	412.6r	504.0r	507.4r	515.0r	508.7r	503.7r	524.7	478.6	433.6
					All sectors						
53 **Total credit market debt, domestic and foreign**	**19,812.1r**	**21,311.1r**	**23,490.6r**	**25,737.7r**	**26,135.3r**	**26,535.9r**	**26,960.1r**	**27,524.7r**	**27,964.2**	**28,330.8**	**28,874.3**
54 Open market paper	803.0	979.4	1,172.6	1,402.4	1,478.1	1,533.3	1,568.3	1,610.0	1,546.8	1,477.9	1,417.8
55 U.S. government securities	6,389.9	6,626.0	7,044.3	7,565.0	7,593.6	7,499.3	7,574.2	7,702.6	7,831.7	7,843.0	8,116.8
56 Municipal securities	1,296.0	1,367.5	1,464.3	1,532.5	1,539.2	1,551.6	1,550.3	1,567.8	1,597.5	1,629.8	1,635.3
57 Corporate and foreign bonds	3,209.4r	3,607.2r	4,170.8r	4,635.8r	4,736.1r	4,841.0r	4,958.7r	5,050.0r	5,264.0	5,426.6	5,528.1
58 Bank loans n.e.c.	1,041.7	1,169.8	1,314.9	1,383.8	1,413.7	1,464.6	1,471.7	1,497.9	1,495.1	1,459.5	1,450.2
59 Other loans and advances	993.2r	1,086.6r	1,253.0r	1,412.0r	1,464.4r	1,526.2r	1,520.9r	1,565.9r	1,582.0	1,607.9	1,628.5
60 Mortgages	4,864.8r	5,203.0r	5,724.2r	6,360.0r	6,473.1r	6,643.5r	6,796.4r	6,937.4r	7,061.7	7,277.9	7,474.9
61 Consumer credit	1,214.1r	1,271.6r	1,346.6r	1,446.1r	1,437.0r	1,476.5r	1,519.6r	1,593.1r	1,585.3	1,608.1	1,622.8

1. Data in this table appear in the Board's Z.1 (780) quarterly statistical release, tables L.2 through L.4. For ordering address, see inside front cover.

1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES[1]

Billions of dollars except as noted, end of period

Transaction category or sector	1996	1997	1998	1999	2000				2001		
					Q1	Q2	Q3	Q4	Q1	Q2[r]	Q3
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**19,812.1[r]**	**21,311.1[r]**	**23,490.6[r]**	**25,737.7[r]**	**26,135.3[r]**	**26,535.9[r]**	**26,960.1[r]**	**27,524.7[r]**	**27,964.2[r]**	**28,330.8**	**28,874.3**
2 Domestic nonfederal nonfinancial sectors	3,011.5[r]	2,946.5[r]	3,017.7[r]	3,284.1[r]	3,205.6[r]	3,209.3[r]	3,144.7[r]	3,094.4[r]	3,021.4[r]	2,964.3	2,914.0
3 Household	2,086.8[r]	2,031.3[r]	1,967.7[r]	2,184.5[r]	2,114.4[r]	2,089.7[r]	2,040.3[r]	1,977.4[r]	1,928.0[r]	1,869.6	1,832.7
4 Nonfinancial corporate business	270.2	257.5	241.5	238.7	230.8	246.1[r]	239.0[r]	249.1[r]	226.3[r]	232.1	231.1
5 Nonfarm noncorporate business	49.7	52.7	69.1	78.0	77.5	77.6	76.6	75.9	74.7	73.4	71.9
6 State and local governments	604.8	605.0	739.4	782.8	782.9	795.8	788.7	792.0	792.4	789.1	778.3
7 Federal government	200.2	205.4	219.1	258.0	259.6	261.6	262.7	265.4	266.6	267.6	267.8
8 Rest of the world	1,926.6	2,257.3	2,539.8	2,676.2	2,760.7	2,809.9	2,861.7	3,004.6	3,113.0[r]	3,200.4	3,293.2
9 Financial sectors	14,673.8[r]	15,901.8[r]	17,714.0[r]	19,519.4[r]	19,909.4[r]	20,255.2[r]	20,691.0[r]	21,160.3[r]	21,563.2[r]	21,898.6	22,399.3
10 Monetary authority	393.1	431.4	452.5	478.1	501.9	505.1	511.5	511.8	523.9	535.1	534.1
11 Commercial banking	3,707.7	4,031.9	4,335.7	4,643.9	4,725.0	4,847.4	4,931.0	5,002.3	5,015.7	5,044.4	5,096.5
12 U.S.-chartered banks	3,175.8	3,450.7	3,761.2	4,078.9	4,171.3	4,295.4	4,368.2	4,418.7	4,424.4	4,463.2	4,508.8
13 Foreign banking offices in United States	475.8	516.1	504.2	484.1	482.0	478.1	487.5	508.1	515.0	504.2	509.9
14 Bank holding companies	22.0	27.4	26.5	32.7	22.1	23.0	21.3	20.5	22.3	21.6	21.3
15 Banks in U.S.-affiliated areas	34.1	37.8	43.8	48.3	49.6	51.0	54.0	55.0	54.1	55.5	56.5
16 Savings institutions	933.2	928.5	964.6	1,033.2	1,045.8	1,062.5	1,082.2	1,089.7	1,101.6	1,116.4	1,119.0
17 Credit unions	288.5	305.3	324.2	351.7	359.0	370.1	376.0	382.2	386.5[r]	391.8	407.8
18 Bank personal trusts and estates	232.0	207.0	194.1	222.0	226.7	230.2	234.6	239.1	241.8	245.1	247.3
19 Life insurance companies	1,657.0	1,751.1	1,828.0	1,886.0	1,902.2	1,914.1	1,935.1	1,943.9	1,967.2	1,996.9	2,040.0
20 Other insurance companies	491.2	515.3	521.1	518.2	515.4	510.8	512.4	509.4	510.0	510.0	512.3
21 Private pension funds	627.0	674.6	731.0	775.9	787.6	793.8	810.0	817.2	823.7	822.0	821.7
22 State and local government retirement funds	565.4	632.5	704.6	751.4	767.2	775.1	784.5	806.0[r]	788.3[r]	801.7	806.3
23 Money market mutual funds	634.3	721.9	965.9	1,147.8	1,217.1	1,159.4	1,212.5	1,296.7	1,403.8	1,414.6	1,498.0
24 Mutual funds	820.2	901.1	1,025.9	1,073.1	1,053.7	1,073.9	1,088.5	1,099.9	1,113.8	1,160.1	1,193.0
25 Closed-end funds	100.8	98.3	103.7	111.1	109.0	106.9	104.8	102.7	100.6	98.5	96.4
26 Government-sponsored enterprises	832.8	939.4	1,253.9	1,545.6	1,584.0	1,649.2	1,704.3	1,793.7	1,864.7[r]	1,941.1	2,009.5
27 Federally related mortgage pools	1,711.3	1,825.8	2,018.4	2,292.2	2,322.1	2,355.2	2,414.3	2,491.6	2,534.2	2,635.8	2,759.0
28 Asset-backed securities (ABSs) issuers	773.9	937.7	1,219.4	1,424.6	1,453.8	1,486.3	1,522.9	1,602.9	1,660.5	1,703.7	1,774.7
29 Finance companies	545.1[r]	568.2[r]	645.5[r]	742.5[r]	776.6[r]	812.3[r]	830.0[r]	850.5[r]	848.0[r]	878.5	859.4
30 Mortgage companies	41.2	32.1	35.3	35.6	34.1	35.5	35.4	35.9	36.2	36.5	36.9
31 Real estate investment trusts (REITs)	30.4	50.6	45.5	42.9	38.8	38.2	37.3	36.6	37.6	37.9	39.8
32 Brokers and dealers	167.7	182.6	189.4	154.7	194.8[r]	188.2[r]	243.3	223.6	312.3[r]	288.4	369.9
33 Funding corporations	121.0	166.7	155.3	288.8	294.5	341.0[r]	320.4[r]	324.7[r]	292.7[r]	240.1	177.8
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
34 **Total credit market debt**	**19,812.1[r]**	**21,311.1[r]**	**23,490.6[r]**	**25,737.7[r]**	**26,135.3[r]**	**26,535.9[r]**	**26,960.1[r]**	**27,524.7[r]**	**27,964.2[r]**	**28,330.8**	**28,874.3**
Other liabilities											
35 Official foreign exchange	53.7	48.9	60.1	50.1	46.6[r]	46.0[r]	44.9	46.1[r]	42.8[r]	43.4	49.0
36 Special drawing rights certificates	9.7	9.2	9.2	6.2	6.2	4.2	3.2	2.2	2.2	2.2	2.2
37 Treasury currency	18.9	19.3	19.9	20.9	21.4	22.1	23.2	23.2	22.9	23.2	23.2
38 Foreign deposits	521.7	618.5	642.3	703.6	781.9	782.8	772.6	824.5	883.4	846.8	850.6
39 Net interbank liabilities	240.8	219.4	189.0	204.5	169.7	210.6	173.2	188.0	155.1[r]	163.1	176.8
40 Checkable deposits and currency	1,244.8	1,286.1	1,333.4	1,484.8	1,392.9	1,409.7	1,385.7	1,413.3	1,385.2	1,416.8	1,453.0
41 Small time and savings deposits	2,377.0	2,474.1	2,626.5	2,671.2	2,728.0	2,738.8	2,790.9	2,861.9	2,965.3	2,992.3	3,047.1
42 Large time deposits	590.9	713.4	805.5	936.1	966.5	987.4	1,025.9	1,054.5	1,078.0	1,087.1	1,090.4
43 Money market fund shares	886.7	1,042.5	1,329.7	1,578.8	1,666.0	1,627.1	1,697.8	1,812.1	1,994.7	2,014.8	2,116.1
44 Security repurchase agreements	701.5	822.4	913.7	1,083.4	1,149.4[r]	1,185.2[r]	1,238.6[r]	1,194.1[r]	1,199.7[r]	1,240.5	1,287.8
45 Mutual fund shares	2,342.4	2,989.4	3,610.5	4,553.4	4,863.3	4,759.6	4,814.4	4,457.2	3,999.8	4,275.3	3,705.2
46 Security credit	358.1	469.1	572.3	676.6	801.1[r]	780.3[r]	805.8[r]	822.7[r]	785.4[r]	781.5	904.6
47 Life insurance reserves	610.6	665.0	718.3	783.9	801.0	806.5	818.7	819.1	823.0	840.3	841.5
48 Pension fund reserves	6,325.1	7,323.4	8,193.7	9,041.7	9,237.9	9,166.7	9,307.9	9,054.8	8,588.9[r]	8,849.7	8,281.0
49 Trade payables	1,827.6	1,967.3	2,076.5	2,298.8	2,321.7	2,371.6[r]	2,418.2[r]	2,464.9[r]	2,436.3[r]	2,406.9	2,412.2
50 Taxes payable	128.8	151.1	172.4	194.7	210.1	211.4[r]	214.7[r]	216.4	224.8[r]	224.0	254.9
51 Investment in bank personal trusts	871.3	942.5	1,001.0	1,130.4	1,158.0	1,114.4	1,106.7	1,019.4	929.1	964.4	859.6
52 Miscellaneous	6,387.1[r]	6,730.7[r]	7,692.9[r]	8,269.8[r]	8,464.3[r]	8,731.9[r]	9,221.0[r]	9,104.9[r]	9,536.4[r]	9,763.7	10,222.5
53 **Total liabilities**	**45,308.7[r]**	**49,803.3[r]**	**55,457.6[r]**	**61,426.6[r]**	**62,921.3[r]**	**63,492.5[r]**	**64,823.6[r]**	**64,903.9[r]**	**65,017.3[r]**	**66,266.6**	**66,452.1**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	21.4	21.1	21.6	21.4	21.4	21.5	21.4	21.6[r]	21.4[r]	21.5	22.0
55 Corporate equities	10,281.6[r]	13,301.7[r]	15,577.3[r]	19,581.2[r]	20,276.3[r]	19,395.9[r]	19,249.0[r]	17,566.4[r]	15,311.6[r]	16,239.1	13,625.2
56 Household equity in noncorporate business	3,786.6[r]	4,051.0[r]	4,394.1[r]	4,623.6[r]	4,652.1[r]	4,745.9[r]	4,782.7[r]	4,850.2[r]	4,882.4[r]	4,893.8	4,897.1
Liabilities not identified as assets (−)											
57 Treasury currency	−6.1	−6.3	−6.4	−7.1	−7.6	−7.9	−7.6	−8.5	−9.4	−9.5	−9.7
58 Foreign deposits	434.9[r]	535.0[r]	542.8[r]	588.9[r]	654.7[r]	634.2[r]	609.1[r]	659.3[r]	704.6[r]	674.3	680.5
59 Net interbank transactions	−10.6	−32.2	−27.0	−25.5	−13.9	−11.6	−17.6	−4.3	1.7	5.5	6.3
60 Security repurchase agreements	109.8	172.9	233.5	263.6	410.5[r]	423.0[r]	446.0	374.6[r]	353.7[r]	396.2	394.1
61 Taxes payable	81.9	104.2	122.9	122.7	118.7[r]	134.5[r]	124.4	128.4[r]	113.3[r]	133.2	152.1
62 Miscellaneous	−1,226.5[r]	−1,548.9[r]	−2,323.1[r]	−2,740.5[r]	−2,908.3[r]	−2,939.4[r]	−2,727.8[r]	−3,224.6[r]	−3,066.2[r]	−3,040.8	−2,760.7
Floats not included in assets (−)											
63 Federal government checkable deposits	−1.6	−8.1	−3.9	−9.9	−9.2[r]	−5.6[r]	−7.8	−2.3[r]	−22.3[r]	−40.1	−38.4
64 Other checkable deposits	30.1	26.2	23.1	22.3	18.7	22.5	15.5	24.0	21.1	25.5	19.2
65 Trade credit	165.7	126.8	76.6	120.9	50.2[r]	16.5[r]	6.0[r]	91.6[r]	38.4[r]	21.8	35.7
66 **Totals identified to sectors as assets**	**59,820.7[r]**	**67,807.3[r]**	**76,812.0[r]**	**87,317.3[r]**	**89,557.3[r]**	**89,389.6[r]**	**90,436.5[r]**	**89,303.8[r]**	**87,097.8[r]**	**89,254.8**	**86,517.1**

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables L.1 and L.5. For ordering address, see inside front cover.

2. Excludes corporate equities and mutual fund shares.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

Monthly data seasonally adjusted, and indexes 1992=100, except as noted

Measure	1998	1999	2000	2001								
				Feb.	Mar.	Apr.	May	June[r]	July[r]	Aug.[r]	Sept.	Oct[p]
1 **Industrial production**[1]	**134.5[r]**	**139.4[r]**	**145.7[r]**	**143.5[r]**	**142.9[r]**	**142.0[r]**	**141.6[r]**	**140.3**	**140.4**	**139.8**	**138.5**	**136.9**
Market groups												
2 Products, total	126.8[r]	129.6[r]	133.5[r]	132.2[r]	132.1[r]	131.0[r]	130.9[r]	130.0	130.3	129.1	127.7	126.4
3 Final, total	128.9[r]	131.8[r]	135.8[r]	134.7[r]	135.1[r]	134.0[r]	133.9[r]	132.9	133.2	131.7	130.1	128.8
4 Consumer goods	118.3[r]	119.9[r]	121.9[r]	121.2[r]	121.8[r]	121.3[r]	121.4[r]	121.1	122.2	120.9	120.0	119.5
5 Equipment	148.1[r]	153.5[r]	161.8[r]	159.8[r]	159.6[r]	157.3[r]	156.5[r]	154.1	152.7	150.7	147.4	144.5
6 Intermediate	120.2[r]	123.2[r]	126.4[r]	124.4[r]	123.4[r]	122.2[r]	122.2[r]	121.4	121.4	121.1	120.5	119.0
7 Materials	146.9[r]	155.6[r]	166.4[r]	162.5[r]	160.9[r]	160.3[r]	159.4[r]	157.4	157.2	157.8	156.5	154.5
Industry groups												
8 Manufacturing	138.8[r]	144.7[r]	151.6[r]	148.4[r]	147.9[r]	146.7[r]	146.4[r]	145.0	145.2	144.4	142.9	141.1
9 Capacity utilization, manufacturing (percent)[2]	81.4[r]	80.6[r]	80.7[r]	77.2[r]	76.7[r]	76.0[r]	75.8[r]	75.0	75.1	74.6	73.7	72.8
10 Construction contracts[3]	122.6[r]	135.2[r]	142.1[r]	153.0[r]	141.0[r]	144.0[r]	147.0[r]	151.0	143.0	142.0	149.0	148.0
11 Nonagricultural employment, total[4]	115.9	118.6	121.0	122.1	122.2	122.0	122.0	122.0	122.0	121.9	121.7	121.3
12 Goods-producing, total	109.4	109.7	110.5	110.3	110.2	109.4	109.0	108.4	108.1	107.5	107.1	106.3
13 Manufacturing, total	103.9	102.4	101.8	100.5	100.1	99.5	98.7	98.1	97.7	96.8	96.3	95.6
14 Manufacturing, production workers	105.4	103.7	102.9	100.3	99.7	99.0	98.2	97.3	96.8	95.9	95.3	94.5
15 Service-producing	117.7	121.0	123.9	125.3	125.4	125.4	125.6	125.6	125.7	125.9	125.7	125.4
16 Personal income, total	137.8	144.3	154.3	160.3	161.0	161.3	161.6	162.1	162.7	162.8	162.8	162.7
17 Wages and salary disbursements	140.6	149.9	162.2	169.4	170.1	170.8	170.7	171.5	171.8	171.8	171.9	171.4
18 Manufacturing	129.7	134.0	142.3	146.3	146.3	146.8	145.4	144.9	144.9	144.1	143.5	142.3
19 Disposable personal income[5]	133.7	139.2	147.9	153.4	154.1	154.5	154.8	155.2	158.0	161.0	159.1	156.4
20 Retail sales[5]	142.8	155.1	167.0	170.4	169.6	172.2	172.4	172.3	172.6	172.9	169.2	182.2
Prices[6]												
21 Consumer (1982–84=100)	163.0	166.6	172.2	175.8	176.2	176.9	177.7	178.0	177.5	177.5	178.3	177.7
22 Producer finished goods (1982=100)	130.7	133.0	138.0	141.4	140.9	141.8	142.7	142.2	140.7	141.1	141.7	139.6

1. Data in this table appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, http://www.federalreserve.gov/releases/g17. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 2001. The recent annual revision will be described in an article in an upcoming issue of the *Bulletin*. For a description of the methods of estimating industrial production and capacity utilization, see "Industrial Production and Capacity Utilization, Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92, and the references cited therein. For details about the construction of individual industrial production series, see "Industrial Production: 1989 Developments and Historical Revision," *Fedaral Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, U.S. Department of Commerce, and other sources.

3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F.W. Dodge Division.

4. Based on data from the U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.

5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.

6. Based on data not seasonally adjusted. Seasonally adjusted data for changes in the price indexes can be obtained from the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

NOTE. Basic data (not indexes) for series mentioned in notes 4 and 5, and indexes for series mentioned in notes 3 and 6, can also be found in the *Survey of Current Business*.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted

Category	1998	1999	2000	2001							
				Mar.	Apr.	May	June	July	Aug.[r]	Sept.	Oct.[p]
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	137,673	139,368	140,863	141,868	141,757	141,272	141,354	141,774	141,350	142,190	142,303
Employment											
2 Nonagricultural industries[3]	128,085	130,207	131,903	132,618	132,162	131,910	131,937	132,334	131,276	131,961	131,362
3 Agriculture	3,378	3,281	3,305	3,161	3,192	3,193	2,995	3,045	3,117	3,220	3,200
Unemployment											
4 Number	6,210	5,880	5,655	6,088	6,402	6,169	6,422	6,395	6,957	7,009	7,741
5 Rate (percent of civilian labor force)	4.5	4.2	4.0	4.3	4.5	4.4	4.5	4.5	4.9	4.9	5.4
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**125,865**	**128,786**	**131,417**	**132,654**	**132,489**	**132,530**	**132,431**	**132,449**	**132,395**	**132,182**	**131,767**
7 Manufacturing	18,805	18,543	18,437	18,116	18,009	17,879	17,757	17,688	17,533	17,443	17,301
8 Mining	590	535	538	557	560	564	565	567	569	568	566
9 Contract construction	6,020	6,404	6,687	6,929	6,852	6,881	6,864	6,867	6,861	6,862	6,832
10 Transportation and public utilities	6,611	6,826	6,993	7,127	7,119	7,130	7,118	7,108	7,082	7,062	7,007
11 Trade	29,095	29,712	30,191	30,523	30,583	30,584	30,583	30,623	30,593	30,510	30,406
12 Finance	7,389	7,569	7,618	7,618	7,626	7,644	7,631	7,618	7,623	7,628	7,633
13 Service	37,533	39,027	40,384	41,073	40,993	41,078	41,085	41,046	41,129	41,106	40,995
14 Government	19,823	20,170	20,570	20,711	20,747	20,770	20,828	20,932	21,005	21,003	21,027

1. Beginning January 1994, reflects redesign of current population survey and population controls from the 1990 census.

2. Persons sixteen years of age and older, including Resident Armed Forces. Monthly figures are based on sample data collected during the calendar week that contains the twelfth day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures.

3. Includes self-employed, unpaid family, and domestic service workers.

4. Includes all full- and part-time employees who worked during, or received pay for, the pay period that includes the twelfth day of the month; excludes proprietors, self-employed persons, household and unpaid family workers, and members of the armed forces. Data are adjusted to the March 1992 benchmark, and only seasonally adjusted data are available at this time.

SOURCE. Based on data from U.S. Department of Labor, *Employment and Earnings*.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	2000	2001			2000	2001			2000	2001		
	Q4[r]	Q1[r]	Q2[r]	Q3[r]	Q4[r]	Q1[r]	Q2[r]	Q3[r]	Q4[r]	Q1[r]	Q2[r]	Q3[r]
	Output (1992=100)				Capacity (percent of 1992 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**145.7**	**143.5**	**141.3**	**139.6**	**180.6**	**181.8**	**182.6**	**183.2**	**80.7**	**78.9**	**77.4**	**76.2**
2 Manufacturing	151.1	148.4	146.0	144.2	191.0	192.3	193.2	193.6	79.1	77.2	75.6	74.4
3 Primary processing[3]	177.2	172.0	168.9	166.9	218.6	221.4	223.0	223.8	81.1	77.7	75.8	74.6
4 Advanced processing[4]	136.7	135.3	133.3	131.5	175.6	176.2	176.6	176.9	77.9	76.8	75.5	74.3
5 Durable goods	189.7	185.0	181.9	178.3	241.3	244.4	246.3	247.5	78.6	75.7	73.8	72.0
6 Lumber and products	114.1	110.2	113.2	115.0	147.6	148.2	148.5	148.8	77.3	74.4	76.2	77.3
7 Primary metals	126.5	120.8	120.5	117.7	151.2	151.0	150.8	150.6	83.6	80.0	79.9	78.2
8 Iron and steel	119.6	113.7	117.3	116.3	148.4	147.9	147.4	146.8	80.6	76.9	79.6	79.2
9 Nonferrous	134.9	129.5	124.6	119.7	155.0	155.1	155.3	155.6	87.0	83.5	80.2	77.0
10 Industrial machinery and equipment	229.1	226.9	217.0	208.5	292.2	295.3	297.3	298.8	78.4	76.8	73.0	69.8
11 Electrical machinery	566.8	544.2	509.2	483.7	684.9	716.8	735.6	745.4	82.8	75.9	69.2	64.9
12 Motor vehicles and parts	165.7	155.2	166.8	169.5	217.2	218.7	220.1	221.5	76.3	71.0	75.8	76.5
13 Aerospace and miscellaneous transportation equipment	100.1	100.2	99.0	95.6	135.4	135.4	135.3	135.2	74.0	74.0	73.2	70.7
14 Nondurable goods	114.2	113.2	111.5	111.0	143.1	143.1	143.0	142.9	79.8	79.1	77.9	77.6
15 Textile mill products	92.4	91.4	88.0	85.7	119.4	118.4	117.4	116.4	77.4	77.2	74.9	73.6
16 Paper and products	112.6	109.2	108.9	107.9	138.2	138.5	138.7	138.8	81.5	78.9	78.5	77.7
17 Chemicals and products	122.7	121.6	119.6	121.2	157.9	158.1	158.3	158.5	77.7	76.9	75.6	76.5
18 Plastics materials	115.7	121.0	116.4	125.0	151.5	152.0	152.5	153.0	76.4	79.6	76.3	77.1
19 Petroleum products	115.1	114.8	115.5	113.2	121.9	122.0	122.2	122.4	94.5	94.1	94.5	92.5
20 Mining	101.1	102.0	102.9	102.0	111.9	111.9	112.0	112.2	90.3	91.1	91.8	90.8
21 Utilities	124.6	123.5	120.0	118.8	133.1	134.6	136.2	138.1	93.6	91.8	88.1	86.1
22 Electric	126.2	125.6	123.6	122.5	131.3	133.1	135.1	137.4	96.1	94.4	91.5	89.1

	1973	1975	Previous cycle[5]		Latest cycle[6]		2000	2001					
	High	Low	High	Low	High	Low	Oct.	May	June	July[r]	Aug.[r]	Sept.[r]	Oct.[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.1**	**85.4**	**78.1**	**81.2**	**77.5[r]**	**76.7[r]**	**76.7**	**76.3**	**75.5**	**74.6**
2 Manufacturing	88.5	70.5	86.9	69.0	85.7	76.6	79.8	75.8[r]	75.0[r]	75.1	74.6	73.7	72.8
3 Primary processing[3]	91.2	68.2	88.1	66.2	88.9	77.7	82.6	75.9[r]	74.9[r]	74.9	74.7	74.2	73.1
4 Advanced processing[4]	87.2	71.8	86.7	70.4	84.2	76.1	78.1	75.6[r]	75.0[r]	75.1	74.4	73.4	72.5
5 Durable goods	89.2	68.9	87.7	63.9	84.6	73.1	79.6	74.2[r]	73.0[r]	72.8	72.3	71.0	69.4
6 Lumber and products	88.7	61.2	87.9	60.8	93.6	75.5	78.6	76.5	76.8[r]	76.6	77.3	77.8	76.0
7 Primary metals	100.2	65.9	94.2	45.1	92.7	73.7	84.5	80.1[r]	79.3[r]	79.3	78.3	76.8	73.4
8 Iron and steel	105.8	66.6	95.8	37.0	95.2	71.8	81.8	80.3[r]	79.9	80.8	79.5	77.4	71.8
9 Nonferrous	90.8	59.8	91.1	60.1	89.3	74.2	87.5	79.8[r]	78.5[r]	77.7	77.0	76.2	75.0
10 Industrial machinery and equipment	96.0	74.3	93.2	64.0	85.4	72.3	79.1	73.0[r]	71.8[r]	70.5	70.6	68.4	67.5
11 Electrical machinery	89.2	64.7	89.4	71.6	84.0	75.0	84.0	69.5[r]	67.3[r]	65.4	65.1	64.2	63.2
12 Motor vehicles and parts	93.4	51.3	95.0	45.5	89.1	55.9	80.1	77.1[r]	76.0[r]	79.0	76.7	73.8	70.2
13 Aerospace and miscellaneous transportation equipment	78.4	67.6	81.9	66.6	87.3	79.2	73.1	73.1[r]	72.7[r]	71.8	70.6	69.9	68.7
14 Nondurable goods	87.8	71.7	87.5	76.4	87.3	80.7	80.1	77.9[r]	77.7[r]	78.0	77.6	77.3	77.1
15 Textile mill products	91.4	60.0	91.2	72.3	90.4	77.7	78.8	73.9[r]	74.1[r]	72.2	74.1	74.5	73.9
16 Paper and products	97.1	69.2	96.1	80.6	93.5	85.0	82.8	78.4[r]	77.2[r]	77.9	77.3	77.9	77.0
17 Chemicals and products	87.6	69.7	84.6	69.9	86.2	79.3	78.2	75.7[r]	75.5[r]	76.5	76.4	76.5	76.2
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	80.7	76.5[r]	76.3[r]	76.9	77.6	76.8	76.2
19 Petroleum products	96.7	81.1	90.0	66.8	88.5	85.1	94.8	94.5[r]	94.5[r]	93.6	92.4	91.3	94.0
20 Mining	94.3	88.2	96.0	80.3	88.0	87.0	90.3	91.9[r]	91.4[r]	90.9	90.8	90.9	89.2
21 Utilities	96.2	82.9	89.1	75.9	92.6	83.4	91.8	87.9[r]	87.0[r]	86.0	86.7	85.5	85.6
22 Electric	99.0	82.7	88.2	78.9	95.0	87.1	94.7	90.9[r]	90.4[r]	88.5	90.4	88.4	88.7

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, http://www.federalreserve.gov/releases/g17. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 2001. The recent annual revision will be described in an article in an upcoming issue of the *Bulletin*. For a description of the methods of estimating industrial production and capacity utilization, see "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92, and the references cited therein. For details about the construction of individual industrial production series, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2. Capacity utilization is calculated as the ratio of the Federal Reserve's seasonally adjusted index of industrial production to the corresponding index of capacity.

3. Primary processing includes textiles; lumber; paper, industrial chemicals; synthetic materials; fertilizer materials; petroleum products; rubber and plastics; stone, clay, and glass; primary metals; and fabricated metals.

4. Advanced processing includes foods, tobacco, apparel, furniture and fixtures, printing and publishing, chemical products such as drugs and toiletries, agricultural chemicals, leather and products, machinery, transportation equipment, instruments, and miscellaneous manufacturing.

5. Monthly highs, 1978–80, monthly lows, 1982.

6. Monthly highs, 1988–89; monthly lows, 1990–91.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	1992 proportion	2000 avg.	2000 Oct.[r]	2000 Nov.[r]	2000 Dec.[r]	2001 Jan.[r]	2001 Feb.[r]	2001 Mar.[r]	2001 Apr.[r]	2001 May[r]	2001 June[r]	2001 July[r]	2001 Aug.[r]	2001 Sept.[r]	2001 Oct.[p]
			Index (1992=100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**145.7**	**146.3**	**145.8**	**145.1**	**143.9**	**143.5**	**142.9**	**142.0**	**141.6**	**140.3**	**140.4**	**139.8**	**138.5**	**136.9**
2 Products	60.5	133.5	133.4	133.8	133.6	132.7	132.2	132.1	131.0	130.9	130.0	130.3	129.1	127.7	126.4
3 Final products	46.3	135.8	135.9	136.3	136.3	135.2	134.7	135.1	134.0	133.9	132.9	133.2	131.7	130.1	128.8
4 Consumer goods, total	29.1	121.9	121.6	122.1	122.5	121.0	121.2	121.8	121.3	121.4	121.1	122.2	120.9	120.0	119.5
5 Durable consumer goods	6.1	161.2	157.4	154.7	153.2	147.3	149.1	152.9	152.2	154.2	153.2	157.0	154.1	151.6	146.9
6 Automotive products	2.6	157.0	151.7	148.2	145.3	138.5	141.8	149.8	149.6	152.8	152.3	161.1	155.6	152.4	146.4
7 Autos and trucks	1.7	169.8	162.5	157.6	150.2	142.2	147.8	159.6	160.1	165.7	163.4	178.3	169.1	164.1	154.6
8 Autos, consumer	.9	104.4	99.4	96.0	89.3	93.4	93.3	97.0	96.0	97.9	97.2	97.5	90.6	92.7	86.8
9 Trucks, consumer	.7	239.5	229.8	223.4	215.1	194.4	206.0	226.3	228.4	237.9	234.0	264.3	252.6	240.2	226.7
10 Auto parts and allied goods	.9	137.2	135.0	133.7	138.2	133.3	132.8	134.7	133.5	132.5	135.1	133.9	134.5	134.0	133.8
11 Other	3.5	164.6	162.5	160.6	160.9	155.9	156.1	155.1	153.9	154.5	152.9	151.0	151.0	149.4	146.2
12 Appliances, televisions, and air conditioners	1.0	304.9	303.1	300.8	306.4	289.5	284.4	284.0	284.0	292.1	285.0	271.7	287.1	285.3	276.4
13 Carpeting and furniture	.8	128.8	126.5	123.4	125.5	119.8	124.7	123.1	119.9	117.7	118.6	116.2	117.6	118.4	115.0
14 Miscellaneous home goods	1.6	125.0	123.3	122.5	120.5	119.5	118.3	117.7	117.4	117.7	116.2	117.7	113.3	110.7	109.3
15 Nondurable consumer goods	23.0	112.7	113.2	114.3	115.1	114.5	114.4	114.3	113.9	113.6	113.4	113.9	113.0	112.5	112.8
16 Foods and tobacco	10.3	109.4	108.7	109.3	110.3	109.4	109.5	109.3	108.9	108.6	108.9	109.3	108.4	108.0	108.0
17 Clothing	2.4	86.4	83.1	83.8	82.2	83.0	82.6	82.8	82.0	80.6	78.2	79.0	76.7	75.0	74.2
18 Chemical products	4.5	134.8	138.3	140.9	140.1	139.4	141.7	143.8	143.4	145.2	145.7	147.5	146.5	146.1	146.1
19 Paper products	2.9	106.3	108.1	107.5	107.9	109.2	107.3	106.9	107.4	106.7	106.6	106.0	105.6	105.1	104.8
20 Energy	2.9	117.0	119.0	121.9	125.8	124.0	122.1	119.8	118.7	116.9	115.8	116.0	115.3	114.8	117.6
21 Fuels	.8	112.9	113.0	115.4	112.3	112.9	114.2	113.9	114.6	115.6	115.2	114.3	112.2	111.8	116.2
22 Residential utilities	2.1	118.7	122.0	125.1	133.2	130.0	126.2	122.8	120.7	117.2	115.8	116.5	116.7	116.1	118.0
23 Equipment	17.2	161.8	162.5	163.0	162.0	161.8	159.8	159.6	157.3	156.5	154.1	152.7	150.7	147.4	144.5
24 Business equipment	13.2	188.9	190.7	190.6	189.3	188.7	186.1	185.4	182.1	181.3	177.8	176.1	173.7	169.1	165.5
25 Information processing	5.4	290.8	301.0	302.1	303.4	304.1	297.5	294.1	288.4	286.8	279.6	275.2	274.7	270.1	266.1
26 Computer and office equipment	1.1	914.2	987.7	1,001.7	1,012.9	1,017.4	1,012.6	996.5	970.9	950.6	948.7	934.2	929.6	906.4	901.8
27 Industrial	4.0	138.3	138.5	138.1	135.9	137.2	132.4	132.6	129.1	129.0	125.2	123.1	121.8	119.1	117.1
28 Transit	2.5	143.4	137.9	138.5	134.0	131.0	131.6	135.6	133.8	134.5	133.1	133.8	128.4	123.4	117.8
29 Autos and trucks	1.2	170.1	155.6	155.5	145.9	140.0	142.5	151.1	148.0	152.5	150.5	157.1	149.6	142.1	133.8
30 Other	1.3	143.2	147.4	144.3	148.5	145.4	151.6	143.3	143.1	139.1	140.7	140.8	139.3	132.9	132.0
31 Defense and space equipment	3.3	74.4	72.7	74.8	75.2	75.5	74.1	74.5	74.4	73.5	73.4	73.6	73.2	73.6	73.5
32 Oil and gas well drilling	.6	132.0	136.8	139.0	139.9	146.7	147.7	151.0	152.2	151.9	150.4	147.1	143.1	140.4	133.5
33 Manufactured homes	.2	120.6	102.6	95.8	86.0	79.6	87.1	87.3	88.6	91.7	96.0	95.4	97.9	95.0	
34 Intermediate products, total	14.2	126.4	126.2	126.2	125.3	125.0	124.4	123.4	122.2	122.2	121.4	121.4	121.1	120.5	119.0
35 Construction supplies	5.3	141.5	140.4	140.3	139.5	138.8	138.6	139.4	139.0	138.7	138.0	137.3	137.9	138.1	135.1
36 Business supplies	8.9	117.5	117.7	117.8	116.9	116.9	116.0	113.8	112.2	112.4	111.6	112.0	111.1	110.1	109.4
37 Materials	39.5	166.4	167.9	166.0	164.5	162.8	162.5	160.9	160.3	159.4	157.4	157.2	157.8	156.5	154.5
38 Durable goods materials	20.8	225.4	229.2	225.4	223.9	220.3	219.7	218.0	216.4	216.2	212.9	212.6	212.2	209.0	205.4
39 Durable consumer parts	4.0	167.2	168.7	160.0	157.6	149.0	154.6	155.0	155.1	159.6	157.7	160.2	160.6	155.0	150.3
40 Equipment parts	7.6	459.6	481.6	483.4	482.4	474.0	470.1	464.3	452.9	446.5	436.1	429.9	429.4	427.2	424.0
41 Other	9.2	134.7	133.2	130.8	129.8	130.3	128.2	127.2	127.9	127.5	126.2	126.4	125.8	124.1	121.7
42 Basic metal materials	3.1	127.7	125.1	122.7	123.5	121.4	118.1	114.5	117.6	116.7	115.5	115.7	114.2	112.2	107.9
43 Nondurable goods materials	8.9	113.0	112.2	109.6	107.1	108.4	107.9	104.9	104.7	103.0	102.2	102.7	103.8	104.0	103.2
44 Textile materials	1.1	106.3	100.8	98.0	95.0	99.3	95.8	95.3	95.0	90.9	90.8	87.6	90.2	89.9	89.6
45 Paper materials	1.8	115.6	116.5	113.3	109.7	112.2	112.1	106.0	110.2	108.3	104.8	107.7	108.6	109.2	108.0
46 Chemical materials	3.9	113.4	112.5	110.1	106.3	107.8	108.0	104.8	101.8	100.5	100.3	100.9	102.3	102.4	101.6
47 Other	2.1	112.8	113.0	111.1	112.7	110.5	109.9	108.7	110.6	109.4	109.3	109.7	109.5	109.7	109.1
48 Energy materials	9.7	104.6	105.0	106.0	105.8	104.3	104.6	104.5	104.9	103.8	103.1	102.3	103.4	103.6	102.9
49 Primary energy	6.3	98.9	98.7	99.5	99.5	99.4	98.9	99.1	99.5	99.0	99.5	98.5	99.4	99.7	98.5
50 Converted fuel materials	3.3	116.2	118.4	119.8	118.9	113.6	116.1	115.5	115.7	113.1	109.1	109.0	110.5	110.5	110.9
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.1	145.1	145.9	145.6	145.2	144.1	143.6	142.6	141.7	141.1	139.9	139.5	139.2	138.1	136.7
52 Total excluding motor vehicles and parts	95.1	144.2	144.9	144.9	144.6	144.0	143.1	142.0	141.0	140.2	139.0	138.7	138.3	137.3	136.0
53 Total excluding computer and office equipment	98.2	139.8	140.1	139.6	139.0	137.8	137.4	136.9	136.0	135.7	134.4	134.6	134.0	132.8	131.2
54 Consumer goods excluding autos and trucks	27.4	119.3	119.5	120.2	121.2	120.0	119.9	119.8	119.3	119.0	118.8	119.1	118.3	117.6	117.6
55 Consumer goods excluding energy	26.2	122.5	121.9	122.0	122.0	120.5	121.0	122.0	121.6	122.0	121.8	122.9	121.6	120.7	119.7
56 Business equipment excluding autos and trucks	12.0	191.2	195.1	195.1	194.9	195.0	191.8	189.8	186.4	184.9	181.3	178.4	176.6	172.5	169.5
57 Business equipment excluding computer and office equipment	12.1	159.6	159.8	159.5	158.0	157.4	155.1	154.7	152.1	151.7	148.5	147.2	145.0	141.2	137.9
58 Materials excluding energy	29.8	187.2	189.3	185.9	183.9	182.2	181.6	179.3	178.2	177.4	175.0	175.0	175.3	173.4	170.8

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]—Continued

Monthly data seasonally adjusted

Group	SIC code[2]	1992 proportion	2000 avg.	2000 Oct.[r]	2000 Nov.[r]	2000 Dec.[r]	2001 Jan.[r]	2001 Feb.[r]	2001 Mar.[r]	2001 Apr.[r]	2001 May[r]	2001 June[r]	2001 July[r]	2001 Aug.[r]	2001 Sept.[r]	2001 Oct.[p]
				Index (1992=100)												
MAJOR INDUSTRIES																
59 **Total index**	. .	**100.0**	**145.7**	**146.3**	**145.8**	**145.1**	**143.9**	**143.5**	**142.9**	**142.0**	**141.6**	**140.3**	**140.4**	**139.8**	**138.5**	**136.9**
60 Manufacturing	. .	85.4	151.6	152.0	151.2	150.1	148.9	148.4	147.9	146.7	146.4	145.0	145.2	144.4	142.9	141.1
61 Primary processing	. .	26.5	178.2	179.7	177.1	174.8	172.9	172.4	170.7	170.1	169.4	167.3	167.4	167.2	166.2	164.0
62 Advanced processing	. . .	58.9	136.9	136.8	136.9	136.4	135.5	135.1	135.1	133.7	133.6	132.5	132.9	131.7	129.9	128.4
63 Durable goods	.	45.0	190.0	191.1	189.6	188.5	185.6	184.6	184.7	182.9	182.7	180.1	180.0	178.8	176.0	172.3
64 Lumber and products	24	2.0	118.8	115.8	114.4	112.1	109.3	109.5	111.8	111.8	113.7	114.2	114.0	115.0	115.8	113.2
65 Furniture and fixtures	25	1.4	146.3	145.8	144.9	146.4	143.1	144.4	142.5	141.8	140.4	138.3	138.4	138.3	136.3	132.6
66 Stone, clay, and glass products	32	2.1	133.9	135.1	131.8	130.4	132.5	132.4	132.9	133.1	133.0	130.0	130.0	130.5	130.9	129.6
67 Primary metals	33	3.1	131.9	127.9	125.8	125.8	123.9	121.0	117.5	121.2	120.8	119.5	119.5	117.9	115.7	110.4
68 Iron and steel	331,2	1.7	127.3	121.5	119.4	117.8	115.4	114.4	111.3	115.8	118.4	117.7	118.8	116.7	113.4	105.1
69 Raw steel	331PT	.1	117.9	112.5	106.4	104.3	106.6	106.9	107.0	99.2	106.2	107.8	108.3	106.2	105.8	97.2
70 Nonferrous	333–6,9	1.4	137.7	135.6	133.6	135.5	134.3	128.9	125.1	127.8	124.0	122.0	120.8	119.8	118.6	116.9
71 Fabricated metal products	34	5.0	137.2	136.9	136.8	136.0	136.2	133.2	132.2	131.0	131.0	129.5	131.1	130.8	128.8	126.6
72 Industrial machinery and equipment	35	8.0	227.1	230.2	228.9	228.2	228.1	227.0	225.5	220.2	217.0	213.8	210.2	210.9	204.5	202.1
73 Computer and office equipment	357	1.8	1,070.0	1,156.3	1,165.3	1,167.3	1,163.4	1,153.5	1,137.1	1,112.9	1,095.1	1,095.4	1,074.6	1,069.2	1,042.5	1,037.3
74 Electrical machinery	36	7.3	536.6	564.5	566.3	569.5	555.4	543.6	533.6	518.8	511.4	497.6	485.9	485.1	480.2	474.4
75 Transportation equipment	37	9.5	137.1	135.2	131.8	128.8	123.1	126.4	131.0	130.5	133.2	131.9	134.6	131.5	128.1	123.5
76 Motor vehicles and parts	371	4.9	177.6	173.7	164.8	158.6	146.9	154.9	163.7	163.2	169.7	167.7	174.6	170.0	163.9	156.0
77 Autos and light trucks	371PT	2.6	164.6	157.7	152.9	145.2	138.8	143.5	154.2	154.4	159.5	157.2	170.2	160.9	156.8	147.5
78 Aerospace and miscellaneous transportation equipment	372–6,9	4.6	99.1	99.0	100.8	100.7	100.7	99.5	100.4	99.9	98.9	98.3	97.1	95.4	94.4	92.9
79 Instruments	38	5.4	118.6	118.0	119.0	118.8	119.7	118.4	117.7	117.2	116.8	114.5	115.0	115.1	114.8	113.6
80 Miscellaneous	39	1.3	124.9	123.9	123.5	123.6	122.7	120.2	119.9	120.4	119.0	119.8	120.7	116.6	115.5	114.6
81 Nondurable goods	. . .	40.4	114.8	114.7	114.5	113.5	113.5	113.5	112.5	111.8	111.5	111.1	111.5	110.9	110.5	110.2
82 Foods	20	9.4	113.8	114.0	114.0	113.5	113.0	113.5	113.6	112.6	112.8	112.9	113.1	112.8	112.6	112.9
83 Tobacco products	21	1.6	93.0	89.2	91.7	98.7	96.2	94.8	93.3	94.8	92.9	93.8	95.0	92.3	90.6	90.0
84 Textile mill products	22	1.8	98.9	94.3	92.2	90.5	92.4	90.9	91.0	90.4	86.7	86.8	84.3	86.2	86.5	85.5
85 Apparel products	23	2.2	101.9	98.6	99.1	97.8	97.7	97.6	97.4	97.0	96.5	94.0	95.1	91.6	89.4	87.8
86 Paper and products	26	3.6	113.9	114.3	112.9	110.6	111.0	110.8	106.0	110.6	108.8	107.1	108.1	107.3	108.2	107.0
87 Printing and publishing	27	6.7	106.9	107.7	107.4	106.5	106.9	105.9	104.3	102.5	102.3	101.3	101.1	100.6	99.8	99.1
88 Chemicals and products	28	9.9	122.0	123.4	123.5	121.1	121.2	122.2	121.4	119.5	119.9	119.5	121.2	121.1	121.3	120.9
89 Petroleum products	29	1.4	115.0	115.5	115.8	114.1	114.5	115.3	114.7	115.4	115.6	115.5	114.6	113.2	111.9	115.3
90 Rubber and plastics	30	3.5	144.9	143.5	141.5	139.5	140.4	139.5	138.8	137.9	137.1	137.7	138.0	137.3	136.5	135.3
91 Leather and products	31	.3	71.4	70.6	70.2	67.6	67.8	67.9	67.5	65.7	63.6	62.2	62.1	62.5	60.8	59.8
92 Mining	. . .	6.9	100.7	101.1	101.2	100.9	101.3	102.2	102.5	103.1	103.0	102.5	101.9	101.9	102.0	100.2
93 Metal	10	.5	97.2	94.3	90.6	98.7	96.5	91.6	87.9	92.1	91.3	88.6	88.8	88.7	87.5	87.8
94 Coal	12	1.0	107.1	105.2	108.3	107.1	113.8	113.4	115.5	114.9	113.9	115.9	111.9	111.8	111.8	106.5
95 Oil and gas extraction	13	4.8	95.6	96.3	96.7	96.2	95.7	96.6	97.1	97.6	97.4	97.0	97.0	96.9	97.0	95.3
96 Stone and earth minerals	14	.6	130.4	132.5	126.7	125.3	130.0	135.0	133.0	134.3	137.1	133.7	130.6	131.3	132.6	132.5
97 Utilities	. . .	7.7	120.7	121.8	124.2	127.7	125.2	123.4	121.8	121.3	119.7	119.1	118.2	119.8	118.6	119.4
98 Electric	491,3PT	6.2	123.3	123.9	126.1	128.7	127.1	125.0	124.7	125.2	122.8	122.9	121.0	124.2	122.2	123.3
99 Gas	491,2PT	1.6	109.9	112.7	115.7	122.4	117.0	116.2	110.3	107.1	107.8	105.2	107.4	103.8	105.1	104.9
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	. . .	80.5	150.1	150.8	150.6	149.8	149.3	148.2	147.0	145.8	145.1	143.7	143.5	142.9	141.7	140.3
101 Manufacturing excluding computers and office equipment	.	83.6	144.6	144.8	144.0	142.9	141.7	141.3	140.8	139.8	139.5	138.1	138.4	137.6	136.2	134.5
102 Computers, communications equipment, and semiconductors	. . .	5.9	1,101.2	1,184.0	1,191.1	1,193.6	1,166.2	1,146.7	1,127.5	1,089.4	1,065.4	1,036.7	1,006.7	999.4	987.5	978.7
103 Manufacturing excluding computers and semiconductors	. . .	81.1	127.2	126.7	125.8	124.8	124.0	123.7	123.3	122.6	122.6	121.5	122.0	121.2	119.9	118.4
104 Manufacturing excluding computers, communications equipment, and semiconductors	. .	79.5	123.9	123.2	122.4	121.3	120.5	120.4	120.0	119.4	119.4	118.5	119.0	118.3	117.1	115.6

Group	SIC code[2]	1992 proportion	2000 avg.	2000 Oct.[r]	2000 Nov.[r]	2000 Dec.[r]	2001 Jan.[r]	2001 Feb.[r]	2001 Mar.[r]	2001 Apr.[r]	2001 May[r]	2001 June[r]	2001 July[r]	2001 Aug.[r]	2001 Sept.[r]	2001 Oct.[p]
		Gross value (billions of 1992 dollars, annual rates)														
MAJOR MARKETS																
105 **Products, total**	. .	**2,001.9**	**2,821.5**	**2,811.7**	**2,813.8**	**2,800.7**	**2,771.7**	**2,768.2**	**2,776.5**	**2,754.8**	**2,759.1**	**2,741.6**	**2,753.0**	**2,724.7**	**2,692.5**	**2,661.5**
106 Final	.	1,552.1	2,176.4	2,167.9	2,170.5	2,161.0	2,134.6	2,133.7	2,145.9	2,129.3	2,133.0	2,118.1	2,129.7	2,102.6	2,073.8	2,051.3
107 Consumer goods	. . .	1,049.6	1,323.8	1,316.5	1,318.2	1,316.7	1,296.7	1,301.7	1,311.5	1,307.1	1,312.4	1,307.9	1,322.5	1,307.6	1,297.4	1,290.5
108 Equipment	. . .	502.5	859.5	858.7	859.5	850.5	845.0	837.7	839.5	825.8	823.3	811.6	806.5	793.8	773.0	755.3
109 Intermediate	. .	449.9	645.2	643.8	643.4	639.8	637.1	634.5	630.8	625.7	626.3	623.7	623.5	622.2	618.7	610.3

1. Data in this table appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, http://www.federalreserve.gov/releases/g17. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 2001. The recent annual revision will be described in an article in an upcoming issue of the *Bulletin*. For a description of the methods of estimating industrial production and capacity utilization, see "Industrial Production and Capacity Utilization Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92, and the references cited therein. For details about the construction of individual industrial production series, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2. Standard Industrial Classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1998	1999	2000	2000	2001								
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.
	Private residential real estate activity (thousands of units except as noted)												
New Units													
1 Permits authorized	1,612	1,664	1,592	1,553	1,724	1,663	1,627	1,587	1,621	1,587	1,571	1,571	1,528
2 One-family	1,188	1,247	1,198	1,187	1,283	1,228	1,209	1,218	1,205	1,225	1,211	1,210	1,164
3 Two-family or more	425	417	394	366	441	435	418	369	416	362	360	361	364
4 Started	1,617	1,641	1,569	1,532	1,666	1,623	1,592	1,626	1,610	1,634	1,660	1,559	1,572
5 One-family	1,271	1,302	1,231	1,236	1,336	1,288	1,208	1,295	1,285	1,292	1,290	1,271	1,257
6 Two-family or more	346	339	338	296	330	335	384	331	325	342	370	288	315
7 Under construction at end of period[1]	971	953	934	965	985	989	1,002	1,006	1,016	1,012	1,019	1,009	1,008
8 One-family	659	648	623	652	669	675	676	682	688	688	693	691	688
9 Two-family or more	312	305	310	313	316	314	326	324	328	324	326	318	320
10 Completed	1,474	1,605	1,574	1,527	1,424	1,531	1,478	1,569	1,499	1,643	1,583	1,620	1,539
11 One-family	1,160	1,270	1,242	1,228	1,090	1,201	1,207	1,232	1,225	1,275	1,269	1,276	1,255
12 Two-family or more	315	335	332	299	334	330	271	337	274	368	314	344	284
13 Mobile homes shipped	374	348	250	176	171	180	179	184	186	198	193	199	206
Merchant builder activity in one-family units													
14 Number sold	886	880	877	1,001	938	959	953	899	882	889[r]	902[r]	876	864
15 Number for sale at end of period[1]	300	315	301	297	295	295	289	293	296	301	305	304	306
Price of units sold (thousands of dollars)[2]													
16 Median	152.5	161.0	169.0	162.0	171.3	169.1	166.3	175.2	175.3	179.4[r]	174.2[r]	171.1	162.4
17 Average	181.9	195.6	207.0	208.1	209.0	211.0	210.2	205.5	211.4	211.7[r]	208.1[r]	203.4	195.7
Existing Units (one-family)													
18 Number sold	4,970	5,205	5,113	4,940	5,200	5,190	5,430	5,220	5,360	5,330	5,200	5,540	4,890
Price of units sold (thousands of dollars)[2]													
19 Median	128.4	133.3	139.0	139.7	137.1	138.6	143.4	143.1	145.0	152.2	151.7	153.7	148.1
20 Average	159.1	168.3	176.2	178.5	175.8	174.6	179.5	179.9	183.6	191.1	190.6	193.5	186.7
	Value of new construction (millions of dollars)[3]												
Construction													
21 **Total put in place**	**703,533**	**763,914**	**817,130**	**838,731**	**859,815**	**869,334**	**869,140**	**870,826**	**869,574**	**861,571**	**856,674[r]**	**846,100**	**843,107**
22 Private	550,754	595,667	641,269	660,849	673,715	681,826	681,176	677,429	670,838	665,322	661,136[r]	646,368	641,005
23 Residential	314,514	349,560	375,268	379,593	386,088	398,863	395,080	392,160	394,330	391,508	390,464[r]	389,889	385,363
24 Nonresidential	236,240[r]	246,107[r]	266,001[r]	281,256	287,627	282,963	286,096	285,269	276,508	273,814	270,672[r]	256,479	255,642
25 Industrial buildings	40,547	32,794	31,984	31,398	35,878	33,386	34,823	34,662	31,943	32,966	34,611[r]	31,648	30,983
26 Commercial buildings	95,760	104,531	116,988	125,234	125,402	124,568	128,792	124,935	118,601	116,842	115,714[r]	106,001	106,071
27 Other buildings	39,609	40,906	44,505	45,707	46,567	46,264	47,117	46,080	46,643	46,020	45,454[r]	44,354	44,303
28 Public utilities and other	60,324	67,876	72,523	78,917	79,780	78,745	75,364	79,592	79,321	77,986	74,893[r]	74,476	74,285
29 Public	152,779	168,247	175,861	177,883	186,100	187,508	187,964	193,397	198,736	196,249	195,537[r]	199,731	202,102
30 Military	2,539	2,142	2,334	2,107	2,270	2,342	2,131	2,530	2,274	2,477	2,385[r]	2,561	2,369
31 Highway	45,251	52,024	52,851	50,189	55,368	56,204	57,443	57,717	60,437	61,534	60,327[r]	56,131	55,163
32 Conservation and development	5,415	5,995	6,043	6,339	7,381	7,838	7,573	6,332	7,216	6,592	6,063[r]	7,064	7,328
33 Other	99,575	108,086	114,634	119,248	121,081	121,124	120,817	126,818	128,809	125,646	126,762[r]	133,975	137,242

1. Not at annual rates.
2. Not seasonally adjusted.
3. Recent data on value of new construction may not be strictly comparable with data for previous periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes, see *Construction Reports* (C-30-76-5), issued by the Census Bureau in July 1976.

Source. Bureau of the Census estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 19,000 jurisdictions beginning in 1994.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (annual rate)				Change from 1 month earlier					Index level, Oct. 2001[1]
	2000 Oct.	2001 Oct.	2000	2001			2001					
			Dec.	Mar.[r]	June[r]	Sept.[r]	June	July	Aug.	Sept.	Oct.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**3.4**	**2.1**	**2.3**	**4.0**	**3.7**	**.7**	**.2**	**−.3**	**.1**	**.4**	**−.3**	**177.7**
2 Food	2.4	3.4	2.1	4.1	3.3	2.8	.4	.3	.2	.2	.5	174.9
3 Energy items	15.9	−5.6	3.8	6.0	16.8	−18.2	−.9	−5.6	−1.9	2.6	−6.3	122.1
4 All items less food and energy	2.5	2.6	2.0	3.5	2.6	2.4	.3	.2	.2	.2	.2	187.6
5 Commodities	.2	.0	.0	1.4	−1.6	.3	.0	.1	−.4	.3	−.1	145.6
6 Services	3.5	3.7	3.2	4.2	4.5	3.1	.5	.2	.5	.1	.2	211.7
PRODUCER PRICES (1982=100)												
7 Finished goods	3.7	−.4	2.9	4.7	.9	−1.4	−.4[r]	−1.1[r]	.4	.4	−1.6	139.6
8 Consumer foods	1.6	2.8	2.7	10.5	.9	2.0	−.2	−.6	.9	.2	−.4	141.8
9 Consumer energy	19.3	−9.5	12.0	9.5	−4.2	−16.3	−2.5[r]	−6.2[r]	1.1	.9	−7.7	90.1
10 Other consumer goods	1.2	1.3	1.0	2.3	2.8	1.3	.1[r]	.0[r]	−.1	.4	−.4	157.5
11 Capital equipment	.9	.0	.3	.0	.6	1.7	.1[r]	.4[r]	−.1	.1	−.7	139.8
Intermediate materials												
12 Excluding foods and feeds	4.9	−2.8	1.2	1.5	−1.2	−5.6	−.2	−1.1	−.5	.1	−1.5	128.2
13 Excluding energy	2.1	−1.2	−.3	1.5	−.9	−3.7	−.1	−.4	−.4	−.1	−.4	135.3
Crude materials												
14 Foods	.7	5.2	36.5	15.6	−6.8	4.2	.0[r]	.5[r]	−.6	1.1	−2.6	104.7
15 Energy	63.2	−48.1	102.6	−42.4	−52.0	−61.6	−15.8[r]	−7.9[r]	−4.4	−10.7	−19.2	75.2
16 Other	−.5	−10.8	−9.2	−10.8	−15.0	−4.5	−1.1[r]	−.5[r]	−.8	.2	−1.7	125.8

1. Not seasonally adjusted.
2. Figures for consumer prices are for all urban consumers and reflect a rental-equivalence measure of homeownership.

SOURCE. U.S. Department of Labor, Bureau of Labor Statistics.

2.16 GROSS DOMESTIC PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

Account	1998	1999	2000	2000		2001		
				Q3	Q4	Q1	Q2	Q3
GROSS DOMESTIC PRODUCT								
1 **Total**	**8,781.5**	**9,268.6**	**9,872.9**	**9,937.5**	**10,027.9**	**10,141.7**	**10,202.6**	**10,247.7**
By source								
2 Personal consumption expenditures	5,856.0	6,250.2	6,728.4	6,785.5	6,871.4	6,977.6	7,044.6	7,059.0
3 Durable goods	693.2	760.9	819.6	825.4	818.7	838.1	844.7	842.2
4 Nondurable goods	1,708.5	1,831.3	1,989.6	2,012.4	2,025.1	2,047.1	2,062.3	2,057.8
5 Services	3,454.3	3,658.0	3,919.2	3,947.7	4,027.5	4,092.4	4,137.6	4,158.9
6 Gross private domestic investment	1,538.7	1,636.7	1,767.5	1,788.4	1,780.3	1,722.8	1,669.9	1,622.6
7 Fixed investment	1,465.6	1,578.2	1,718.1	1,735.9	1,741.6	1,748.3	1,706.5	1,669.2
8 Nonresidential	1,101.2	1,174.6	1,293.1	1,314.9	1,318.2	1,311.2	1,260.2	1,219.7
9 Structures	282.4	283.5	313.6	321.1	330.9	345.8	338.6	329.7
10 Producers' durable equipment	818.9	891.1	979.5	993.8	987.3	965.4	921.7	890.0
11 Residential structures	364.4	403.5	425.1	421.0	423.4	437.0	446.2	449.5
12 Change in business inventories	73.1	58.6	49.4	52.5	38.7	−25.5	−36.6	−46.6
13 Nonfarm	72.3	60.1	51.1	55.3	37.8	−26.2	−35.3	−44.0
14 Net exports of goods and services	−151.7	−250.9	−364.0	−380.6	−390.6	−363.8	−347.4	−277.3
15 Exports	964.9	989.8	1,102.9	1,131.1	1,121.0	1,117.4	1,079.6	1,028.1
16 Imports	1,116.7	1,240.6	1,466.9	1,511.8	1,511.6	1,481.2	1,427.0	1,305.4
17 Government consumption expenditures and gross investment	1,538.5	1,632.5	1,741.0	1,744.2	1,766.8	1,805.2	1,835.4	1,843.5
18 Federal	539.2	564.0	590.2	587.0	594.2	605.3	609.9	617.1
19 State and local	999.3	1,068.5	1,150.8	1,157.2	1,172.6	1,199.8	1,225.5	1,226.4
By major type of product								
20 Final sales, total	8,708.4	9,210.0	9,823.6	9,884.9	9,989.2	10,167.2	10,239.1	10,294.3
21 Goods	3,232.3	3,418.6	3,644.8	3,677.2	3,670.6	3,718.8	3,715.0	3,697.9
22 Durable	1,524.4	1,618.8	1,735.2	1,753.8	1,740.7	1,755.8	1,737.2	1,704.0
23 Nondurable	1,707.9	1,799.8	1,909.7	1,923.5	1,929.9	1,963.1	1,977.8	1,993.9
24 Services	4,678.6	4,939.1	5,268.5	5,296.1	5,393.0	5,482.8	5,545.7	5,632.4
25 Structures	797.5	852.4	910.3	911.6	925.6	965.6	978.4	964.0
26 Change in business inventories	73.1	58.6	49.4	52.5	38.7	−25.5	−36.6	−46.6
27 Durable goods	44.7	35.3	34.7	33.0	31.5	−31.0	−42.3	−47.0
28 Nondurable goods	28.5	23.3	14.7	19.5	7.2	5.5	5.8	.4
MEMO								
29 **Total GDP in chained 1996 dollars**	**8,508.9**	**8,856.5**	**9,224.0**	**9,260.1**	**9,303.9**	**9,334.5**	**9,341.7**	**9,333.4**
NATIONAL INCOME								
30 **Total**	**7,041.4**	**7,462.1**	**7,980.9**	**8,047.2**	**8,124.0**	**8,169.7**	**8,207.9**	n.a.
31 Compensation of employees	4,989.6	5,310.7	5,715.2	5,759.3	5,868.9	5,955.7	6,010.8	6,043.9
32 Wages and salaries	4,192.1	4,477.4	4,837.2	4,875.8	4,973.2	5,049.4	5,099.8	5,129.4
33 Government and government enterprises	692.7	724.3	768.4	772.6	776.6	788.8	799.6	812.0
34 Other	3,499.4	3,753.1	4,068.8	4,103.2	4,196.6	4,260.6	4,300.2	4,317.5
35 Supplement to wages and salaries	797.5	833.4	878.0	883.5	895.7	906.3	911.0	914.5
36 Employer contributions for social insurance	306.9	323.6	343.8	345.6	350.8	357.1	358.8	359.2
37 Other labor income	490.6	509.7	534.2	537.9	544.9	549.3	552.2	555.3
38 Proprietors' income[1]	623.8	672.0	715.0	719.3	725.2	735.2	745.3	752.3
39 Business and professional[1]	598.2	645.4	684.4	687.6	693.5	705.4	716.6	720.5
40 Farm[1]	25.6	26.6	30.6	31.6	31.7	29.8	28.7	31.8
41 Rental income of persons[2]	138.6	147.7	141.6	138.3	141.7	139.6	139.0	143.6
42 Corporate profits[1]	777.4	825.2	876.4	895.0	847.6	789.8	759.8	n.a.
43 Profits before tax[3]	721.1	776.3	845.4	858.3	816.5	755.7	738.3	n.a.
44 Inventory valuation adjustment	18.3	−2.9	−12.4	−3.6	−7.3	−1.9	−8.8	n.a.
45 Capital consumption adjustment	38.0	51.7	43.4	40.4	38.4	36.0	30.3	12.6
46 Net interest	511.9	506.5	532.7	535.3	540.6	549.4	553.0	n.a.

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.
3. For after-tax profits, dividends, and the like, see table 1.48.

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

2.17 PERSONAL INCOME AND SAVING

Billions of current dollars except as noted; quarterly data at seasonally adjusted annual rates

Account	1998	1999	2000	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2001 Q3
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**7,426.0**	**7,777.3**	**8,319.2**	**8,381.5**	**8,519.6**	**8,640.2**	**8,714.6**	**8,777.3**
2 Wage and salary disbursements	4,192.8	4,472.2	4,837.2	4,875.8	4,973.2	5,049.4	5,099.8	5,129.4
3 Commodity-producing industries	1,038.5	1,088.7	1,163.7	1,173.2	1,195.5	1,206.3	1,204.4	1,200.8
4 Manufacturing	756.6	782.0	830.1	838.0	852.2	853.3	850.2	843.5
5 Distributive industries	948.9	1,021.0	1,095.6	1,102.4	1,125.9	1,140.3	1,148.2	1,148.9
6 Service industries	1,512.7	1,638.2	1,809.5	1,827.6	1,875.2	1,914.0	1,947.6	1,967.7
7 Government and government enterprises	692.7	724.3	768.4	772.6	776.6	788.8	799.6	812.0
8 Other labor income	490.6	509.7	534.2	537.9	544.9	549.3	552.2	555.3
9 Proprietors' income[1]	623.8	672.0	715.0	719.3	725.2	735.2	745.3	752.3
10 Business and professional[1]	598.2	645.4	684.4	687.6	693.5	705.4	716.6	720.5
11 Farm[1]	25.6	26.6	30.6	31.6	31.7	29.8	28.7	31.8
12 Rental income of persons[2]	138.6	147.7	141.6	138.3	141.7	139.6	139.0	143.6
13 Dividends	348.3	343.1	379.2	385.8	396.6	404.8	411.9	420.0
14 Personal interest income	964.4	950.0	1,000.6	1,009.2	1,013.1	1,010.9	1,001.0	991.3
15 Transfer payments	983.7	1,019.6	1,069.1	1,074.6	1,089.0	1,123.1	1,139.4	1,160.0
16 Old-age survivors, disability, and health insurance benefits	578.1	588.0	617.3	620.9	626.5	651.4	660.1	671.8
17 LESS: Personal contributions for social insurance	316.3	337.1	357.7	359.4	364.1	372.1	374.0	374.6
18 EQUALS: Personal income	7,426.0	7,777.3	8,319.2	8,381.5	8,519.6	8,640.2	8,714.6	8,777.3
19 LESS: Personal tax and nontax payments	1,070.4	1,159.2	1,288.2	1,300.2	1,329.8	1,345.2	1,351.4	1,197.0
20 EQUALS: Disposable personal income	6,355.6	6,618.0	7,031.0	7,081.3	7,189.8	7,295.0	7,363.2	7,580.3
21 LESS: Personal outlays	6,054.1	6,457.2	6,963.3	7,026.9	7,115.1	7,216.2	7,281.7	7,293.6
22 EQUALS: Personal saving	301.5	160.9	67.7	54.5	74.7	78.8	81.5	286.7
MEMO *Per capita (chained 1996 dollars)*								
23 Gross domestic product	31,449.2	32,441.9	33,490.3	33,587.6	33,661.1	33,698.5	33,639.7	33,537.1
24 Personal consumption expenditures	21,007.2	21,862.6	22,720.7	22,822.4	22,941.7	23,063.1	23,148.7	23,168.5
25 Disposable personal income	22,800.0	23,150.0	23,742.0	23,814.0	24,006.0	24,111.0	24,200.0	24,880.0
26 Saving rate (percent)	4.7	2.4	1.0	.8	1.0	1.1	1.1	3.8
GROSS SAVING								
27 **Gross saving**	**1,647.2**	**1,707.4**	**1,785.7**	**1,807.4**	**1,799.7**	**1,754.0**	**1,750.5**	n.a.
28 Gross private saving	1,375.0	1,348.0	1,323.0	1,329.6	1,332.7	1,307.9	1,321.2	n.a.
29 Personal saving	301.5	160.9	67.7	54.5	74.7	78.8	81.5	286.7
30 Undistributed corporate profits[1]	189.9	228.7	225.3	233.9	197.0	147.8	119.5	n.a.
31 Corporate inventory valuation adjustment	18.3	-2.9	-12.4	-3.6	-7.3	-1.9	-8.8	n.a.
Capital consumption allowances								
32 Corporate	620.2	669.2	727.1	736.0	749.7	763.8	785.6	847.7
33 Noncorporate	264.2	284.1	302.8	305.2	311.3	317.5	334.6	329.8
34 Gross government saving	272.2	359.4	462.8	477.8	467.1	446.1	429.3	n.a.
35 Federal	132.0	210.9	315.0	326.9	320.5	303.7	286.2	n.a.
36 Consumption of fixed capital	88.2	91.7	96.4	97.0	97.9	98.4	99.4	99.9
37 Current surplus or deficit (−), national accounts	43.8	119.2	218.6	229.9	222.5	205.3	186.7	n.a.
38 State and local	140.2	148.5	147.8	150.9	146.6	142.5	143.2	n.a.
39 Consumption of fixed capital	99.5	106.4	114.9	116.1	118.0	120.2	121.9	129.5
40 Current surplus or deficit (−), national accounts	40.7	42.1	32.8	34.8	28.6	22.3	21.3	n.a.
41 **Gross investment**	**1,616.2**	**1,634.7**	**1,655.3**	**1,651.1**	**1,649.7**	**1,633.5**	**1,607.3**	n.a.
42 Gross private domestic investment	1,538.7	1,636.7	1,767.5	1,788.4	1,780.3	1,722.8	1,669.9	1,622.6
43 Gross government investment	277.1	304.6	318.3	314.0	322.8	330.9	344.0	335.7
44 Net foreign investment	-199.7	-306.6	-430.5	-451.3	-453.4	-420.2	-406.6	n.a.
45 **Statistical discrepancy**	**-31.0**	**-72.7**	**-130.4**	**-156.3**	**-150.0**	**-120.5**	**-143.2**	n.a.

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

SOURCE. U.S. Department of Commerce, *Survey of Current Business*.

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data seasonally adjusted except as noted[1]

Item credits or debits	1998	1999	2000	2000		2001		
				Q3	Q4	Q1	Q2[r]	Q3[p]
1 Balance on current account	−217,457	−324,364	−444,667	−115,305	−116,324	−111,778	−107,576	−94,980
2 Balance on goods and services	−166,828	−261,838	−375,739	−97,340	−100,293	−95,023	−90,543	−77,587
3 Exports	932,694	957,353	1,065,702	272,497	270,131	269,092	259,315	243,391
4 Imports	−1,099,522	−1,219,191	−1,441,441	−369,837	−370,424	−364,115	−349,858	−320,978
5 Income, net	−6,202	−13,613	−14,792	−4,885	642	−5,021	−4,995	−5,038
6 Investment, net	−1,211	−8,511	−9,621	−3,620	1,971	−3,661	−3,658	−3,716
7 Direct	66,253	67,044	81,231	21,049	25,703	22,673	23,426	24,045
8 Portfolio	−67,464	−75,555	−90,852	−24,669	−23,732	−26,334	−27,084	−27,761
9 Compensation of employees	−4,991	−5,102	−5,171	−1,265	−1,329	−1,360	−1,337	−1,322
10 Unilateral current transfers, net	−44,427	−48,913	−54,136	−13,080	−16,673	−11,734	−12,038	−12,355
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	−422	2,751	−944	114	−359	21	−786	23
12 Change in U.S. official reserve assets (increase, −)	−6,783	8,747	−290	−346	−1,410	190	−1,343	−3,559
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−147	10	−722	−182	−180	−189	−156	−145
15 Reserve position in International Monetary Fund	−5,119	5,484	2,308	1,300	−1,083	574	−1,015	−3,242
16 Foreign currencies	−1,517	3,253	−1,876	−1,464	−147	−195	−172	−172
17 Change in U.S. private assets abroad (increase, −)	−352,427	−448,565	−579,718	−107,495	−179,779	−243,331	−70,046	−11,847
18 Bank-reported claims[2]	−35,572	−76,263	−138,500	−18,147	−71,574	−109,789	−105	56,025
19 Nonbank-reported claims	−38,204	−85,700	−163,846	−14,585	−44,514	−61,011	22,232	−29,773
20 U.S. purchase of foreign securities, net	−136,135	−131,217	−124,935	−33,129	−24,621	−31,591	−51,109	13,963
21 U.S. direct investments abroad, net	−142,516	−155,385	−152,437	−41,634	−39,070	−40,940	−41,064	−52,062
22 Change in foreign official assets in United States (increase, +)	−19,948	43,551	37,619	12,247	−3,573	4,898	−20,879	16,814
23 U.S. Treasury securities	−9,921	12,177	−10,233	−9,001	−13,436	−1,027	−20,783	15,810
24 Other U.S. government obligations	6,332	20,350	40,909	14,272	8,196	3,574	9,932	−216
25 Other U.S. government liabilities[2]	−3,371	−2,855	−1,987	−220	−293	−1,246	−926	113
26 Other U.S. liabilities reported by U.S. banks[2]	−9,501	12,964	5,803	6,884	980	2,594	−10,130	−874
27 Other foreign official assets[1]	−3,487	915	3,127	312	980	1,003	1,028	1,981
28 Change in foreign private assets in United States (increase, +)	524,412	770,193	986,599	209,861	298,894	341,762	247,460	35,297
29 U.S. bank-reported liabilities[4]	39,769	54,232	87,953	−1,910	43,365	6,890	44,271	−54,015
30 U.S. nonbank-reported liabilities	23,140	69,075	177,010	19,078	48,344	130,624	3,375	−13,298
31 Foreign private purchases of U.S. Treasury securities, net	48,581	−20,490	−52,792	−12,503	−10,395	656	−8,678	−9,436
32 U.S. currency flows	16,622	22,407	1,129	757	6,230	2,311	2,772	8,203
33 Foreign purchases of other U.S. securities, net	218,091	343,963	485,644	128,393	126,643	148,809	140,512	77,455
34 Foreign direct investments in United States, net	178,209	301,006	287,655	76,046	84,707	52,472	65,208	26,388
35 Capital account transactions, net[5]	678	−3,491	705	175	184	173	177	182
36 Discrepancy	71,947	−48,822	696	749	2,367	8,065	−47,007	58,070
37 Due to seasonal adjustment	. .	. .	.	−9,977	3,856	8,821	−1,835	−8,617
38 Before seasonal adjustment	71,947	−48,822	696	10,726	−1,489	−756	−45,172	66,687
MEMO								
Changes in official assets								
39 U.S. official reserve assets (increase, −)	−6,783	8,747	−290	−346	−1,410	190	−1,343	−3,559
40 Foreign official assets in United States, excluding line 25 (increase, +)	−16,577	46,406	39,606	12,467	−3,280	6,144	−19,953	16,701
41 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	−11,531	1,621	11,582	3,636	164	589	−1,743	−4,057

1. Seasonal factors are not calculated for lines 11–16, 18–20, 22–35, and 38–41.
2. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.
3. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.
4. Reporting banks included all types of depository institutions as well as some brokers and dealers.
5. Consists of capital transfers (such as those of accompanying migrants entering or leaving the country and debt forgiveness) and the acquisition and disposal of nonproduced nonfinancial assets.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*.

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1998	1999	2000	2001						
				Mar	Apr.	May	June	July	Aug.	Sept.[p]
1 Goods and services, balance	−166,686	−261,838	−375,739	−32,957	−31,518	−28,210	−29,068	−29,168	−27,106	−18,692
2 Merchandise	−246,855	−345,434	−452,207	−38,781	−37,656	−34,449	−35,553	−35,838	−34,073	−35,917
3 Services	79,868	83,596	76,468	5,824	6,138	6,239	6,485	6,670	6,967	17,225
4 Goods and services, exports	933,053	957,353	1,065,702	88,636	87,064	87,571	85,898	83,595	84,513	77,293
5 Merchandise	670,324	684,553	772,210	63,884	62,170	62,846	60,848	58,688	59,533	55,554
6 Services	262,729	272,800	293,492	24,752	24,894	24,725	25,050	24,907	24,980	21,739
7 Goods and services, imports	−1,099,739	−1,219,191	−1,441,441	−121,593	−118,582	−115,781	−114,966	−112,763	−111,619	−95,985
8 Merchandise	−917,179	−1,029,987	−1,224,417	−102,665	−99,826	−97,295	−96,401	−94,526	−93,606	−91,471
9 Services	−182,560	−189,204	−217,024	−18,928	−18,756	−18,486	−18,565	−18,237	−18,013	−4,514

1. Data show monthly values consistent with quarterly figures in the U.S. balance of payments accounts.

SOURCE. *FT900*, U.S. Department of Commerce, Bureau of the Census and Bureau of Economic Analysis.

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1998	1999	2000	2001							
				Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.[p]
1 **Total**	**81,761**	**71,516**	**67,647**	**64,731**	**65,254**	**64,847**	**65,736**	**67,852**	**70,963**	**69,707**	**69,158**
2 Gold stock[1]	11,046	11,048	11,046	11,046	11,044	11,044	11,044	11,044	11,045	11,045	11,045
3 Special drawing rights[2,3]	10,603	10,336	10,539	10,420	10,481	10,409	10,518	10,913	10,919	10,827	10,864
4 Reserve position in International Monetary Fund[2]	24,111	17,950	14,824	13,816	14,283	14,619	14,965	15,297	18,404	17,787	17,293
5 Foreign currencies[4]	36,001	32,182	31,238	29,449	29,446	28,775	29,209	30,598	30,595	30,048	29,956

1. Gold held "under earmark" at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13, line 3. Gold stock is valued at $42.22 per fine troy ounce.
2. Special drawing rights (SDRs) are valued according to a technique adopted by the International Monetary Fund (IMF) in July 1974. Values are based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, sixteen currencies were used; since January 1981, five currencies have been used. U.S. SDR holdings and reserve positions in the IMF also have been valued on this basis since July 1974.
3. Includes allocations of SDRs by the International Monetary Fund on Jan. 1 of the year indicated, as follows: 1970—$867 million; 1971—$717 million; 1972—$710 million; 1979—$1,139 million; 1980—$1,152 million; 1981—$1,093 million, plus net transactions in SDRs.
4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS[1]

Millions of dollars, end of period

Asset	1998	1999	2000	2001							
				Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.[p]
1 **Deposits**	**167**	**71**	**215**	**101**	**86**	**102**	**84**	**80**	**608**	**75**	**528**
Held in custody											
2 U.S. Treasury securities[2]	607,574	632,482	594,094	585,710	583,655	586,607	578,573	590,820	587,566	599,043	600,129
3 Earmarked gold[3]	10,343	9,933	9,451	9,215	9,154	9,100	9,100	9,100	9,100	9,099	9,099

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.
2. Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities, in each case measured at face (not market) value.
3. Held in foreign and international accounts and valued at $42.22 per fine troy ounce, not included in the gold stock of the United States.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1999	2000	2001						
			Mar.	Apr.	May	June	July	Aug.[r]	Sept.[p]
1 **Total**[1]	**806,318**	**845,869**	**865,426**	**855,098**	**837,267**	**835,474**	**845,155**	**839,457**	**852,175**
By type									
2 Liabilities reported by banks in the United States[2]	138,847	144,593	154,601	158,387	143,921	144,471	151,858	137,621	143,597
3 U.S. Treasury bills and certificates[3]	156,177	153,010	155,204	144,158	137,933	139,195	143,288	151,850	153,899
U.S. Treasury bonds and notes									
4 Marketable	422,266	415,964	419,106	410,066	410,979	407,736	406,995	407,338	409,887
5 Nonmarketable[4]	6,111	5,348	4,984	5,017	5,049	5,081	4,846	4,805	4,036
6 U.S. securities other than U.S. Treasury securities[5]	82,917	126,954	131,531	137,470	139,385	138,991	138,168	137,843	140,756
By area									
7 Europe[1]	244,805	253,592	250,420	247,128	251,505	252,391	262,830	260,593	262,568
8 Canada	12,503	12,394	10,396	10,474	10,967	11,573	11,727	12,033	11,299
9 Latin America and Caribbean	73,518	76,753	79,143	79,410	76,135	79,094	79,359	76,251	75,751
10 Asia	463,703	488,170	511,025	501,085	482,990	478,284	475,475	474,650	488,358
11 Africa	7,523	9,165	9,102	9,341	9,272	9,054	10,574	9,864	10,249
12 Other countries	4,266	5,795	5,340	7,660	6,398	5,078	5,190	6,066	3,950

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes current value of zero-coupon Treasury bond issues to foreign governments as follows: Mexico, beginning March 1988, 20-year maturity issue, and beginning March 1990, 30-year maturity issue; Venezuela, beginning December 1990, 30-year maturity issue, Argentina, beginning April 1993, 30-year maturity issue.
5. Debt securities of U.S. government corportions and federally sponsored agencies, and U.S. corporate stocks and bonds.

SOURCE. Based on U.S. Department of the Treasury data and on data reported to the department by banks (including Federal Reserve Banks) and securities dealers in the United States, and on the 1994 benchmark survey of foreign portfolio investment in the United States.

3.16 LIABILITIES TO, AND CLAIMS ON, FOREIGNERS Reported by Banks in the United States[1]

Payable in Foreign Currencies

Millions of dollars, end of period

Item	1997	1998	1999	2000		2001	
				Sept.	Dec.	Mar.	June
1 Banks' liabilities	117,524	101,125	88,537	78,852	76,345	89,394	107,593
2 Banks' claims	83,038	78,162	67,365	60,355	56,647	73,179	77,423
3 Deposits	28,661	45,985	34,426	26,306	23,292	29,902	32,765
4 Other claims	54,377	32,177	32,939	34,049	33,355	43,277	44,658
5 Claims of banks' domestic customers[2]	8,191	20,718	20,826	19,123	24,411	21,105	21,144

1. Data on claims exclude foreign currencies held by U.S. monetary authorities.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of the domestic customers.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]

Payable in U.S. dollars

Millions of dollars, end of period

Item	1998	1999	2000	2001						
				Mar.	Apr.	May	June	July	Aug.r	Sept.p
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**1,347,837**	**1,408,740**	**1,511,380r**	**1,505,606**	**1,530,622r**	**1,533,304r**	**1,519,682r**	**1,519,393r**	**1,508,533**	**1,489,069**
2 Banks' own liabilities	884,939	971,536	1,077,606r	1,076,302	1,093,322	1,115,113	1,096,127r	1,099,081r	1,077,761	1,057,226
3 Demand deposits	29,558	42,884	33,365	33,918	30,210	29,123	32,833r	29,950	33,670	34,262
4 Time deposits[2]	151,761	163,620	187,883	182,257	189,539	181,613	180,645	175,964	175,788	178,677
5 Other[3]	140,752	155,853	171,401r	200,280	202,213	207,146	212,874	225,276	206,037	196,294
6 Own foreign offices[4]	562,868	609,179	684,957	659,847	671,360	697,231	669,775	667,891r	662,266	647,993
7 Banks' custodial liabilities[5]	462,898	437,204	433,774	429,304	437,300r	418,191r	423,555r	420,312r	430,772	431,843
8 U.S. Treasury bills and certificates[6]	183,494	185,676	177,846	171,823	160,702r	156,022r	156,525r	160,847r	170,605	173,115
9 Short-term agency securities[7]	n.a.	n.a.	n.a.	71,454	69,543	62,425	60,081	61,471	62,801	62,114
10 Other negotiable and readily transferable instruments[8]	141,699	132,617	145,840	65,154	78,258r	80,917r	78,790r	76,503r	76,676	74,698
11 Other	137,705	118,911	110,088	120,873	128,797r	118,827r	128,159r	121,491	120,690	121,916
12 Nonmonetary international and regional organizations[9]	11,883	15,276	12,542	12,290	12,833	14,668	13,818	11,255	13,214	13,309
13 Banks' own liabilities	10,850	14,357	12,140	11,746	12,344	14,342	13,479	11,020	12,983	13,075
14 Demand deposits	172	98	41	23	14	15	28	50	21	36
15 Time deposits[2]	5,793	10,349	6,246	5,302	5,301	3,532	4,228	2,896	2,738	2,299
16 Other[3]	4,885	3,910	5,853	6,421	7,029	10,795	9,223	8,074	10,224	10,740
17 Banks' custodial liabilities[5]	1,033	919	402	544	489	326	339	235	231	234
18 U.S. Treasury bills and certificates[6]	636	680	252	229	170	105	68	78	92	118
19 Short-term agency securities[7]	n.a.	n.a.	n.a.	137	144	132	134	132	117	102
20 Other negotiable and readily transferable instruments[8]	397	233	149	177	175	87	137	25	21	13
21 Other	0	6	1	1	0	2	0	0	1	1
22 Official institutions[10]	260,060	295,024	297,603	309,805	302,545	281,854	283,666	295,146	289,471	297,496
23 Banks' own liabilities	80,256	97,615	96,989	97,028	103,454	96,696	100,053	108,991	94,150	101,385
24 Demand deposits	3,003	3,341	3,952	3,511	2,552	2,522	2,465	2,169	2,934	3,042
25 Time deposits[2]	29,506	28,942	35,573	27,959	31,985	26,625	32,752	28,121	26,441	31,971
26 Other[3]	47,747	65,332	57,464	65,558	68,917	67,549	64,836	78,701	64,775	66,372
27 Banks' custodial liabilities[5]	179,804	197,409	200,614	212,777	199,091	185,158	183,613	186,155	195,321	196,111
28 U.S. Treasury bills and certificates[6]	134,177	156,177	153,010	155,204	144,158	137,933	139,195	143,288	151,850	153,899
29 Short-term agency securities[7]	n.a.	n.a.	n.a.	53,295	51,107	43,193	40,301	39,971	40,727	39,961
30 Other negotiable and readily transferable instruments[8]	44,953	41,182	47,366	4,064	3,325	3,509	3,647	2,686	2,558	2,230
31 Other	674	50	238	214	501	523	470	210	186	21
32 Banks[11]	885,336	900,379	972,902	959,967r	966,229r	990,190r	969,810r	957,696r	955,544	928,908
33 Banks' own liabilities	676,057	728,492	821,276	812,697r	816,622r	845,636r	816,666r	811,173r	809,835	787,206
34 Unaffiliated foreign banks	113,189	119,313	136,319	152,850r	145,262r	148,405r	146,891r	143,282r	147,569	139,213
35 Demand deposits	14,071	17,583	15,522	16,433	13,030	12,143	15,211	12,548	14,585	14,928
36 Time deposits[2]	45,904	48,140	66,904	72,926	72,535	70,700	64,249	64,094	65,652	64,816
37 Other[3]	53,214	53,590	53,893	63,491r	59,697r	65,562r	67,431r	66,640r	67,332	59,469
38 Own foreign offices[4]	562,868	609,179	684,957	659,847	671,360	697,231	669,775	667,891r	662,266	647,993
39 Banks' custodial liabilities[5]	209,279	171,887	151,626	147,270	149,607r	144,554r	153,144r	146,523r	145,709	141,702
40 U.S. Treasury bills and certificates[6]	35,359	16,796	16,023	7,922	7,233	8,535	8,455	9,093	9,582	8,781
41 Short-term agency securities[7]	n.a.	n.a.	n.a.	2,324	2,824	3,772	3,169	2,535	2,421	2,628
42 Other negotiable and readily transferable instruments[8]	45,332	45,695	36,036	27,817	25,738r	28,319r	27,836r	27,097r	27,042	23,889
43 Other	128,588	109,396	99,567	109,207	113,812r	103,928r	113,684r	107,798	106,664	106,404
44 Other foreigners	190,558	198,061	228,333r	223,544r	249,015r	246,592r	252,388r	255,296r	250,304	249,356
45 Banks' own liabilities	117,776	131,072	147,201r	154,831r	160,902r	158,439r	165,929r	167,897r	160,793	155,560
46 Demand deposits	12,312	21,862	13,850	13,951	14,614	14,443	15,129r	15,183	16,130	16,256
47 Time deposits[2]	70,558	76,189	79,160	76,070	79,718	80,756	79,416	80,853	80,957	79,591
48 Other[3]	34,906	33,021	54,191r	64,810r	66,570r	63,240r	71,384r	71,861r	63,706	59,713
49 Banks' custodial liabilities[5]	72,782	66,989	81,132	68,713	88,113r	88,153r	86,459r	87,399r	89,511	93,796
50 U.S Treasury bills and certificates[6]	13,322	12,023	8,561	8,468	9,141r	9,449r	8,807r	8,388r	9,081	10,317
51 Short-term agency securities[7]	n.a.	n.a.	n.a.	15,698	15,468	15,328	16,477	18,833	19,536	19,423
52 Other negotiable and readily transferable instruments[8]	51,017	45,507	62,289	33,096	49,020r	49,002r	47,170r	46,695r	47,055	48,566
53 Other	8,443	9,459	10,282	11,451	14,484	14,374	14,005	13,483	13,839	15,490
MEMO										
54 Negotiable time certificates of deposits in custody for foreigners	27,026	30,345	34,217	24,518	26,238	25,912	24,884	22,640	24,442	23,228
55 Repurchase agreements[7]	n.a.	n.a.	n.a.	129,671	119,577	119,901	126,508	138,328	132,705	111,109

1. Reporting banks include all types of depository institutions as well as some brokers and dealers. Excludes bonds and notes of maturities longer than one year.
2. Excludes negotiable time certificates deposit, which are included in "Other negotiable and readily transferable instruments."
3. Includes borrowing under repurchase agreements.
4. For U.S. banks, includes amounts owed to own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed to the head office or parent foreign bank, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks fore foreign customers.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. Data available beginning January 2001.
8. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
9. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.
10. Foreign central banks, foreign central governments, and the Bank for International Settlements.
11. Excludes central banks, which are included in "Official institutions."

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]—Continued

Payable in U.S. dollars

Millions of dollars, end of period

Item	1998	1999	2000	2001						
				Mar.	Apr.	May	June[r]	July	Aug.[r]	Sept.[p]
AREA										
56 **Total, all foreigners**	**1,347,837**	**1,408,740**	**1,511,380[r]**	**1,505,606**	**1,530,622[r]**	**1,533,304[r]**	**1,519,682**	**1,519,393[r]**	**1,508,533**	**1,489,069**
57 **Foreign countries**	**1,335,954**	**1,393,464**	**1,498,837[r]**	**1,493,315**	**1,517,788[r]**	**1,518,635[r]**	**1,505,863**	**1,508,137[r]**	**1,495,319**	**1,475,760**
58 Europe	427,375	441,810	446,788	429,577	431,297[r]	464,658[r]	458,147	449,630[r]	431,159	414,092
59 Austria	3,178	2,789	2,692	2,178	2,771	2,593	2,026	2,040	2,370	2,398
60 Belgium[12]	42,818	44,692	33,399	5,432	5,309	5,895	6,270	7,058	6,624	6,424
61 Denmark	1,437	2,196	3,000	2,919	3,412	2,910	3,063	2,596	3,294	3,243
62 Finland	1,862	1,658	1,411	1,286	1,769	1,144	2,395	1,574	1,003	1,267
63 France	44,616	49,790	37,833	42,758	39,125	40,209	40,077	42,710	39,662	38,264
64 Germany	21,357	24,753	35,519	30,863	29,591[r]	30,341[r]	32,358	32,336[r]	27,764	20,385
65 Greece	2,066	3,748	2,011	1,496	1,336	1,525	1,653	2,288	2,607	2,440
66 Italy	7,103	6,775	5,072	5,853	5,272[r]	5,534[r]	6,767	5,877	4,761	5,803
67 Luxembourg[12]	n.a.	n.a.	n.a.	12,585	14,505	15,046	14,961	14,568	14,411	15,065
68 Netherlands	10,793	8,143	7,047	7,079	10,146[r]	10,772	9,621	11,372	11,537	11,145
69 Norway	710	1,327	2,305	8,362	4,807[r]	2,573[r]	4,584	3,540[r]	3,961	3,565
70 Portugal	3,236	2,228	2,403	1,731	1,949	2,041	2,287	2,662	2,490	2,594
71 Russia	2,439	5,475	19,018	18,625	19,917	21,357	22,839	23,966	22,687	22,942
72 Spain	15,781	10,426	7,787	9,503	7,750	7,886	7,412	6,974	7,286	8,927
73 Sweden	3,027	4,652	6,497	6,738	6,025	5,284	5,507	4,111	3,233	3,760
74 Switzerland	50,654	63,485	74,635	54,038	66,008[r]	93,211[r]	73,119	65,942[r]	53,148	39,576
75 Turkey	4,286	7,842	7,548	5,646	4,556[r]	7,171[r]	5,487	6,194[r]	7,068	6,203
76 United Kingdom	181,554	172,687	167,757	147,123	137,957	139,507	146,207	137,207[r]	138,121	139,218
77 Channel Islands and Isle of Man[13]	n.a.	n.a.	n.a.	36,040	36,013	34,742	34,994	35,018	35,745	36,072
78 Yugoslavia[14]	233	286	276	292	303	301	297	395	297	321
79 Other Europe and other former U.S.S.R.[15]	30,225	28,858	30,578	29,030	32,776	34,616	36,223	41,202	43,090	44,480
80 Canada	30,212	34,214	30,982	24,273	27,964[r]	25,984[r]	25,973	26,378[r]	28,098	26,117
81 Latin America	121,327	117,495	120,041[r]	114,697	117,645[r]	113,608[r]	117,601	118,679[r]	120,852	119,370
82 Argentina	19,014	18,633	19,451	12,932	14,671[r]	12,647[r]	16,485	13,297[r]	11,261	15,140
83 Brazil	15,815	12,865	10,852	10,576	10,860[r]	11,266[r]	12,588	14,371[r]	16,143	16,981
84 Chile	5,015	7,008	5,892	5,176	5,450[r]	5,702[r]	5,491	5,443[r]	5,322	5,740
85 Colombia	4,624	5,669	4,542	4,362	4,620[r]	4,746[r]	4,631	4,397[r]	4,582	4,449
86 Ecuador	1,572	1,956	2,112[r]	2,202	2,187[r]	2,140[r]	1,981	2,145[r]	2,170	2,117
87 Guatemala	1,336	1,626	1,601	1,515	1,564[r]	1,594[r]	1,515	1,530[r]	1,466	1,442
88 Mexico	37,157	30,717	32,166	34,105	34,290[r]	33,192[r]	33,349	34,697[r]	37,943	37,432
89 Panama	3,864	4,415	4,240	4,034	3,493[r]	3,654[r]	3,525	3,705[r]	3,683	3,773
90 Peru	840	1,142	1,427	1,792	1,770	1,535	1,614	1,599	1,526	1,466
91 Uruguay	2,486	2,386	3,003	3,366	3,411[r]	3,333[r]	3,026	2,980	2,993	2,684
92 Venezuela	19,894	20,192	24,730	27,462	27,892[r]	26,920	26,940	27,604[r]	26,969	21,768
93 Other Latin America[16]	9,710	10,886	10,025	7,175	7,437[r]	6,879[r]	6,456	6,911[r]	6,794	6,378
94 Caribbean	433,539	461,200	573,337	582,825	605,861[r]	600,406[r]	598,251	608,489[r]	613,630	596,511
95 Bahamas	118,085	135,811	189,298	174,156	177,506	190,142	187,469	183,844[r]	184,763	178,257
96 Bermuda	6,846	7,874	9,636	8,402	8,317[r]	7,020[r]	7,816	8,230[r]	7,419	7,533
97 British West Indies[17]	302,486	312,278	367,197	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.
98 Cayman Islands[17]	n.a.	n.a.	n.a.	381,129	401,809	385,784	384,439	400,626[r]	406,074	392,938
99 Cuba	62	75	90	85	83	84	85	88	45	154
100 Jamaica	577	520	794	1,207	867	1,101	963	975	967	958
101 Netherlands Antilles	5,010	4,047	5,428	4,510	4,523	3,402	3,892	3,207	3,270	4,505
102 Trinidad and Tobago	473	595	894	1,038	1,114	1,237	1,272	1,253	1,428	1,410
103 Other Caribbean[16]	n.a.	n.a.	n.a.	12,298	11,642[r]	11,636[r]	12,315	10,266[r]	9,664	10,756
104 Asia	307,960	319,489	305,524	320,705	311,719[r]	291,831[r]	284,087	283,682[r]	279,112	300,383
China										
105 Mainland	13,441	12,325	16,531	39,924	34,689	23,156	15,390	15,586	16,023	16,886
106 Taiwan	12,708	13,603	17,352	17,891	19,963	18,119	19,862	23,081	22,772	22,247
107 Hong Kong	20,900	27,701	26,462	29,103	26,581	27,348	29,180	26,843	23,838	24,587
108 India	5,250	7,367	4,530	4,547	4,113	4,281	4,043	4,413	4,076	4,024
109 Indonesia	8,282	6,567	8,514	8,605	10,728	10,602[r]	10,567	11,630	11,989	11,928
110 Israel	7,749	7,488	8,053	8,803	7,095	8,282	8,696	8,710	7,715	8,818
111 Japan	168,563	159,075	150,415	146,446	144,863[r]	141,250[r]	137,072	134,252[r]	132,305	149,452
112 Korea (South)	12,524	12,988	7,955	6,541	5,879[r]	5,854[r]	6,746	7,366[r]	7,046	7,723
113 Philippines	3,324	3,268	2,316	1,461	1,669[r]	1,684[r]	1,478	1,657[r]	1,791	1,884
114 Thailand	7,359	6,050	3,117	3,253	2,936[r]	3,306[r]	3,316	3,381[r]	3,763	3,347
115 Middle Eastern oil-exporting countries[18]	15,609	21,314	23,733	21,651	20,522[r]	19,651[r]	20,525	19,190	20,542	20,844
116 Other	32,251	41,743	36,546	32,480	32,681	28,298	27,212	27,573	27,252	28,643
117 Africa	8,905	9,468	10,824	10,566	10,662[r]	10,622[r]	10,584	12,178[r]	12,194	11,609
118 Egypt	1,339	2,022	2,621	2,282	2,213	2,220[r]	2,267	3,526[r]	3,647	3,014
119 Morocco	97	179	139	133	139	116	102	118	165	235
120 South Africa	1,522	1,495	1,010	652	794[r]	707[r]	693	839[r]	1,324	810
121 Congo (formerly Zaire)	5	14	4	8	5	2	14	5	5	2
122 Oil-exporting countries[19]	3,088	2,914	4,052	4,593	4,752	4,740	4,645	4,349	3,839	4,431
123 Other	2,854	2,844	2,998	2,898	2,759	2,837	2,863	3,341	3,214	3,117
124 Other countries	6,636	9,788	11,341	10,672	12,640[r]	11,526[r]	11,220	9,101[r]	10,274	7,678
125 Australia	5,495	8,377	10,070	9,472	11,391[r]	10,419[r]	9,855	8,058[r]	9,290	6,822
126 New Zealand[20]	n.a.	n.a.	n.a	427	503	437	862	501	517	437
127 All other	1,141	1,411	1,271	773	746	670	503	542	467	419
128 Nonmonetary international and regional organizations	11,883	15,276	12,543	12,291	12,834	14,669	13,819	11,256	13,214	13,309
129 International[21]	10,221	12,876	11,270	11,379	11,335	12,965	12,836	10,241	12,090	12,224
130 Latin American regional[22]	594	1,150	740	272	327	886	418	441	509	569
131 Other regional[23]	1,068	1,250	533	640	620	518	523	502	558	476

12. Before January 2001, data for Belgium–Luxembourg were combined.
13. Before January 2001, these data were included in data reported for the United Kingdom.
14. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
15. Includes the Bank for International Settlements and the European Central Bank. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
16. Before January 2001, data for "Other Latin America" and "Other Caribbean" were combined in "Other Latin America and Caribbean."
17. Beginning January 2001, data for the Cayman Islands replaced data for the British West Indies.
18. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
19. Comprises Algeria, Gabon, Libya, and Nigeria.
20. Before January 2001, these data were included in "All other."
21. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.
22. Principally the Inter-American Development Bank.
23. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States[1]

Payable in U.S. dollars

Millions of dollars, end of period

	Area or country	1998	1999	2000	2001						
					Mar.	Apr.	May	June	July	Aug.[r]	Sept.[p]
1	**Total, all foreigners**	**734,995**	**793,139**	**904,697[r]**	**980,742**	**990,151**	**996,701**	**990,698[r]**	**975,363[r]**	**948,839**	**958,921**
2	**Foreign countries**	**731,378**	**788,576**	**900,011[r]**	**977,966**	**987,396**	**992,791**	**986,000[r]**	**970,509[r]**	**944,288**	**954,445**
3	Europe	233,321	311,686	378,115[r]	439,499	443,051	461,025	452,017	441,780	413,717	406,885
4	Austria	1,043	2,643	2,926	3,101	3,728	3,364	2,870	2,714	3,130	3,111
5	Belgium[2]	7,187	10,193	5,399	4,852	4,375	5,627	4,254	9,184	4,451	4,780
6	Denmark	2,383	1,669	3,272	3,242	2,954	2,505	2,268	1,345	1,570	1,672
7	Finland	1,070	2,020	7,382	7,185	8,901	8,800	8,460	8,666	8,350	10,917
8	France	15,251	29,142	40,035	45,555	46,378	42,189	48,835	56,997	56,342	51,729
9	Germany	15,923	29,205	36,834	45,729	49,062	55,063	51,242	47,378	47,744	37,802
10	Greece	575	806	646	278	265	285	313	369	278	288
11	Italy	7,284	8,496	7,629	6,975	7,274	6,867	8,111	5,466	6,227	6,639
12	Luxembourg[2]	n.a.	n.a.	n.a.	2,549	2,012	1,876	1,285	914	1,010	910
13	Netherlands	5,697	11,810	17,043	22,623	22,692	16,488	16,993	16,875	16,309	18,358
14	Norway	827	1,000	5,012	8,228	5,296	2,915	6,502	4,379	3,851	4,835
15	Portugal	669	1,571	1,382	1,426	1,535	1,173	1,304	1,050	1,232	1,285
16	Russia	789	713	517	1,008	813	715	911	589	877	676
17	Spain	5,735	3,796	2,603[r]	4,722	3,445	4,275	3,594	3,955	3,431	4,662
18	Sweden	4,223	3,264	9,226	10,286	11,934	10,986	11,049	11,507	11,651	12,203
19	Switzerland	46,874	79,158	82,085	96,489	104,816	137,273	111,492	96,036	79,942	72,545
20	Turkey	1,982	2,617	3,059	2,697	2,770	2,596	2,530	2,499	2,407	2,307
21	United Kingdom	106,349	115,971	144,938	162,563	156,161	149,064	161,720	161,232	157,531	163,371
22	Channel Islands and Isle of Man[3]	n.a.	n.a.	n.a.	3,250	3,151	3,838	3,275	3,417	3,162	3,900
23	Yugoslavia[4]	53	50	50	49	49	59	49	4	4	4
24	Other Europe and other former U.S.S.R.[5]	9,407	7,562	8,077	6,692	5,440	5,067	4,960	7,204	4,218	4,891
25	Canada	47,037	37,206	39,858	43,838	45,094	44,583	50,153	43,308	42,847	50,304
26	Latin America	79,976	74,040	76,588	73,717	73,829	73,823	73,763[r]	73,432[r]	76,376	74,377
27	Argentina	9,552	10,894	11,546	11,242	11,541	11,731	11,923[r]	12,344[r]	13,103	12,075
28	Brazil	16,184	16,987	20,567	20,232	20,287	20,719	21,538[r]	20,941[r]	22,152	22,460
29	Chile	8,250	6,607	5,815	5,822	5,628	5,443	5,451[r]	5,217[r]	5,379	5,176
30	Colombia	6,507	4,524	4,370	4,022	3,720	3,740	3,641	3,625	3,720	3,603
31	Ecuador	1,400	760	635	534	526	482	523	515	505	508
32	Guatemala	1,127	1,135	1,244	1,175	1,171	1,226	1,199[r]	1,148[r]	1,276	1,261
33	Mexico	21,212	17,899	17,415	17,747	18,013	17,960	17,385[r]	17,476[r]	17,582	16,799
34	Panama	3,584	3,387	2,933	3,006	3,158	2,872	3,086	3,190	3,199	3,199
35	Peru	3,275	2,529	2,807	2,809	2,771	2,534	2,566[r]	2,516[r]	2,422	2,438
36	Uruguay	1,126	801	673	364	367	366	398	410	453	459
37	Venezuela	3,089	3,494	3,518	3,237	3,154	3,109	2,982	2,913	3,417	3,203
38	Other Latin America[6]	4,670	5,023	5,065	3,527	3,493	3,641	3,071[r]	3,137[r]	3,168	3,196
39	Caribbean	262,678	281,128	319,410[r]	325,060	333,130	324,710	322,559[r]	317,635[r]	326,668	335,443
40	Bahamas	96,455	99,066	114,090	105,064	112,424	112,802	105,772	100,133	99,046	114,765
41	Bermuda	5,011	8,007	9,260[r]	8,122	6,781	5,507	5,802	7,236	6,803	6,976
42	British West Indies[7]	153,749	167,189	189,296	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
43	Cayman Islands[7]	n.a.	n.a.	n.a.	199,351	200,022	195,790	200,149[r]	198,918	204,760	199,209
44	Cuba	0	0	0	n.a.	1	n.a.	n.a.	n.a.	n.a.	n.a.
45	Jamaica	239	295	355	348	336	396	301	326	367	369
46	Netherlands Antilles	6,779	5,982	5,801	6,921	9,384	5,738	5,749	5,617	10,228	9,818
47	Trinidad and Tobago	445	589	608	710	783	804	946	989	1,086	974
48	Other Caribbean[6]	n.a.	n.a.	n.a.	4,544	3,399	3,673	3,840[r]	4,416[r]	4,378	3,332
49	Asia	98,607	75,143	77,829[r]	87,673	83,546	81,217	80,927	86,714	77,445	80,688
	China										
50	Mainland	1,261	2,110	1,606	1,357	3,171	2,252	4,387	3,785	2,191	3,462
51	Taiwan	1,041	1,390	2,247	1,851	2,258	1,985	2,524	2,906	2,780	3,276
52	Hong Kong	9,080	5,903	6,669	11,069	10,462	9,127	9,249	7,488	5,743	6,436
53	India	1,440	1,738	2,178	1,827	1,675	1,648	1,634	1,576	1,622	1,576
54	Indonesia	1,942	1,776	1,914	2,001	2,033	2,015	1,932	2,011	1,975	1,946
55	Israel	1,166	1,875	2,729	2,339	2,526	2,715	2,417	4,483	3,621	3,622
56	Japan	46,713	28,641	34,974[r]	39,250	32,908	34,442	32,338	36,953	34,922	32,338
57	Korea (South)	8,289	9,426	7,776	12,264	13,971	11,673	11,258	12,803	10,701	11,788
58	Philippines	1,465	1,410	1,784	1,195	1,835	1,788	1,831	2,333	1,740	2,151
59	Thailand	1,807	1,515	1,381	1,258	1,062	1,380	1,541	1,119	1,440	1,179
60	Middle Eastern oil-exporting countries[8]	16,130	14,267	9,346	9,120	7,936	9,926	8,621	8,531	8,267	7,915
61	Other	8,273	5,092	5,225	4,142	3,709	2,266	3,195	2,726	2,443	4,999
62	Africa	3,122	2,268	2,094	2,111	2,035	1,904	2,132	2,038	2,052	1,872
63	Egypt	257	258	201	343	308	466	530	391	389	397
64	Morocco	372	352	204	189	185	185	175	173	151	154
65	South Africa	643	622	309	586	444	289	528	608	661	493
66	Congo (formerly Zaire)	0	24	0	n.a.	n.a.	n.a.	n.a.	n.a.	2	n.a.
67	Oil-exporting countries[9]	936	276	471	217	267	197	142	130	128	148
68	Other	914	736	909	776	831	767	757	736	721	680
69	Other countries	6,637	7,105	6,117	6,068	6,711	5,529	4,449	5,602	5,183	4,876
70	Australia	6,173	6,824	5,868	5,773	6,261	5,215	4,121	5,143	4,807	3,956
71	New Zealand[10]	n.a.	n.a.	n.a.	166	269	136	279	360	264	329
72	All other	464	281	249	129	181	178	49	99	112	591
73	Nonmonetary international and regional organizations[11]	3,617	4,563	4,686	2,776	2,755	4,535	4,848	4,854	4,551	4,476

1. Reporting banks include all types of depository institutions as well as some brokers and dealers.
2. Before January 2001, combined data reported for Belgium–Luxembourg.
3. Before January 2001, data included in United Kingdom.
4. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
5. Includes the Bank for International Settlements and European Central Bank. Since December 1992, has included all parts of the former U.S.S.R. (except Russia) and Bosnia, Croatia, and Slovenia.
6. Before January 2001, "Other Latin America" and "Other Caribbean" were reported as combined "Other Latin America and Caribbean."
7. Beginning 2001, Cayman Islands replaced British West Indies in the data series.
8. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
9. Comprises Algeria, Gabon, Libya, and Nigeria.
10. Before January 2001, included in "All other."
11. Excludes the Bank for International Settlements, which is included in "Other Europe."

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States[1]

Payable in U.S. dollars

Millions of dollars, end of period

Type of claim	1998	1999	2000	2001						
				Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.[p]
1 **Total**	**875,891**	**944,937**	**1,095,899[r]**	**1,202,490**		...	**1,185,758[r]**			...
2 Banks' claims	734,995	793,139	904,697[r]	980,742	990,151	996,701	990,698[r]	975,363	948,839	958,921
3 Foreign public borrowers	23,542	35,090	37,907	49,123	52,357	49,533	52,193	55,762	47,156	45,739
4 Own foreign offices[2]	484,535	529,682	630,137	670,952	683,098	709,119	686,065[r]	660,538	652,434	659,766
5 Unaffilliated foreign banks	106,206	97,186	95,277	101,718	95,262	79,947	91,413[r]	94,632	84,584	91,996
6 Deposits	27,230	34,538	23,886	19,948	21,533	19,717	22,106	24,399	15,590	20,037
7 Other	78,976	62,648	71,391	81,770	73,729	60,230	69,307[r]	70,233	68,994	71,959
8 All other foreigners	120,712	131,181	141,376[r]	158,949	159,434	158,102	161,027[r]	164,431	164,665	161,420
9 Claims of banks' domestic customers[3]	140,896	151,798	191,202	221,748	...	...	195,060	...	...	...
10 Deposits	79,363	88,006	100,327	116,370	...	...	97,778	...	...	...
11 Negotiable and readily transferable instruments[4]	47,914	51,161	78,147	92,013	...		81,034	...		...
12 Outstanding collections and other claims	13,619	12,631	12,728	13,365	...		16,248	...		...
MEMO										
13 Customer liability on acceptances	4,520	4,553	4,258	2,993	...	...	3,054	...	...	...
14 Banks' loans under resale agreements[5]	n.a.	n.a.	n.a.	134,083	126,871	116,938	129,693	131,731	117,224	111,844
15 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[6]	39,978	31,125	53,153	67,204	60,796	58,137	66,155	60,152	60,299	...

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are for quarter ending with month indicated.

Reporting banks include all types of depository institution as well as some brokers and dealers.

2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due from the head office or parent foreign bank, and from foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.

3. Assets held by reporting banks in the accounts of their domestic customers.

4. Principally negotiable time certificates of deposit and bankers acceptances, and commercial paper.

5. Data available beginning January 2001.

6. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States[1]

Payable in U.S. dollars

Millions of dollars, end of period

Maturity, by borrower and area[2]	1997	1998	1999	2000		2001	
				Sept.	Dec.	Mar.	June
1 **Total**	**276,550**	**250,418**	**267,082**	**262,590**	**274,089**	**307,616**	**301,972**
By borrower							
2 Maturity of one year or less	205,781	186,526	187,894	174,083	186,183	195,051	191,706
3 Foreign public borrowers	12,081	13,671	22,811	23,646	21,399	23,741	26,656
4 All other foreigners	193,700	172,855	165,083	150,437	164,784	171,310	165,050
5 Maturity of more than one year	70,769	63,892	79,188	88,507	87,906	112,565	110,266
6 Foreign public borrowers	8,499	9,839	12,013	15,818	15,838	24,951	24,978
7 All other foreigners	62,270	54,053	67,175	72,689	72,068	87,614	85,288
By area							
Maturity of one year or less							
8 Europe	58,294	68,679	80,842	69,291	142,465	89,553	80,608
9 Canada	9,917	10,968	7,859	8,219	8,323	7,065	8,639
10 Latin America and Caribbean	97,207	81,766	69,498	65,824	151,861	72,272[r]	72,880
11 Asia	33,964	18,007	21,802	23,448	43,429	20,797	24,124
12 Africa	2,211	1,835	1,122	1,594	2,263	970	971
13 All other[3]	4,188	5,271	6,771	5,707	11,717	4,394	4,484
Maturity of more than one year							
14 Europe	13,240	14,923	22,951	27,432	57,770	38,257	39,942
15 Canada	2,525	3,140	3,192	3,094	3,174	3,249	3,992
16 Latin America and Caribbean	42,049	33,442	39,051	41,158	82,684	50,110	47,027
17 Asia	10,235	10,018	11,257	13,228	19,536	17,180	15,232
18 Africa	1,236	1,232	1,065	902	1,567	763	774
19 All other[3]	1,484	1,137	1,672	2,693	5,954	3,006	3,299

1. Reporting banks include all types of depository institutions as well as some brokers and dealers.

2. Maturity is time remaining until maturity.

3. Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. and Foreign Offices of U.S. Banks[1]

Billions of dollars, end of period

Area or country	1997	1998	1999			2000				2001	
			June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June
1 **Total**	**721.8**	**1051.6**	**941.2**	**941.6**	**945.5**	**955.0[r]**	**991.0[r]**	**954.4**	**1027.3**	**1140.9**	**1136.1**
2 G-10 countries and Switzerland	242.8	217.7	234.7	219.4	243.4	272.4[r]	313.6	280.3	300.7	333.0	335.0
3 Belgium and Luxembourg	11.0	10.7	16.2	15.7	14.3	14.2	13.9	13.0	14.2	15.3	13.0
4 France	15.4	18.4	20.7	20.0	29.0	27.1[r]	32.6	29.0	29.6	30.0	35.9
5 Germany	28.6	30.9	32.1	37.4	38.7	37.3	31.5	37.6	45.1	45.2	51.6
6 Italy	15.5	11.5	16.4	15.0	18.1	19.9	20.5	18.6	21.3	20.4	23.7
7 Netherlands	6.2	7.8	13.3	11.7	12.3	17.0	16.0	17.5	18.4	18.8	15.3
8 Sweden	3.3	2.3	2.6	3.6	3.0	3.9	3.5	4.3	3.6	4.7	4.7
9 Switzerland	7.2	8.5	8.3	8.8	10.3	10.1	13.8	10.9	13.2	13.9	13.5
10 United Kingdom	113.4	85.4	85.5	63.5	79.3	101.9	138.2	112.8	115.6	141.3	127.5
11 Canada	13.7	16.8	17.1	17.9	16.3	17.3	18.2	18.5	16.7	15.4	21.4
12 Japan	28.6	25.4	22.6	25.7	22.1	23.5	25.4	18.1	23.0	28.0	28.3
13 Other industrialized countries	65.5	69.0	79.7	71.7	68.4	62.7[r]	75.3	73.7	74.5	75.7	70.1
14 Austria	1.5	1.4	2.8	3.0	3.5	2.6	2.8	3.5	4.1	3.8	3.6
15 Denmark	2.4	2.2	2.9	2.1	2.6	1.5	1.2	1.8	1.9	3.1	2.7
16 Finland	1.3	1.4	.9	.9	.9	.8	1.2	2.8	1.5	1.4	1.2
17 Greece	5.1	5.9	5.9	6.6	6.0	5.7	6.7	6.4	8.3	4.1	3.6
18 Norway	3.6	3.2	3.0	3.8	3.3	3.0	4.6	8.5	8.3	10.2	7.9
19 Portugal	.9	1.4	1.2	1.2	1.0	1.0	2.0	1.5	2.0	1.9	1.4
20 Spain	12.6	13.7	16.6	15.1	12.1	11.3	12.2	10.5	10.3	12.6	12.4
21 Turkey	4.5	4.8	4.9	4.7	4.8	5.1	5.6	5.6	5.9	5.1	4.5
22 Other Western Europe	8.3	10.4	10.3	9.2	6.8	8.4	7.9	8.3	6.5	7.3	6.9
23 South Africa	2.2	4.4	4.7	4.0	3.8	4.8[r]	4.6	4.2	3.6	4.1	3.8
24 Australia	23.1	20.3	26.6	21.1	23.5	18.6	26.3	20.5	22.1	21.9	22.1
25 OPEC[2]	26.0	27.1	26.2	30.1	31.4	28.9	32.1	31.4	28.9	28.2	27.0
26 Ecuador	1.3	1.3	1.1	.9	.8	.7	.7	.6	.6	.6	.6
27 Venezuela	2.5	3.2	3.2	3.0	2.8	3.0	2.9	2.9	2.5	2.7	2.6
28 Indonesia	6.7	4.7	5.0	4.4	4.2	3.9	4.1	4.4	4.6	4.4	4.1
29 Middle East countries	14.4	17.0	16.5	21.4	23.1	21.1	23.8	22.4	20.3	20.1	19.3
30 African countries	1.2	1.0	.5	.5	.5	.2	.7	1.2	.8	.5	.4
31 Non-OPEC developing countries	139.2	143.4	148.6	144.6	149.4	154.6	158.1	149.5	145.5	144.4	152.6
Latin America											
32 Argentina	18.4	23.1	22.8	22.8	23.2	22.4	21.6	21.4	21.4	20.8	19.7
33 Brazil	28.6	24.7	25.2	23.5	27.7	28.1	28.3	28.5	28.8	29.3	30.8
34 Chile	8.7	8.3	8.2	7.7	7.4	8.2	8.1	7.3	7.6	7.3	7.0
35 Colombia	3.4	3.2	3.1	2.7	2.5	2.5	2.4	2.4	2.4	2.4	2.4
36 Mexico	17.4	18.9	18.5	19.4	18.7	18.3	20.4	17.5	15.7	16.7	16.3
37 Peru	2.0	2.2	2.1	1.8	1.7	1.9	2.1	2.1	2.0	2.0	2.0
38 Other	4.1	5.4	5.5	5.5	5.9	6.5	6.7	6.2	6.3	8.5	8.2
Asia											
China											
39 Mainland	3.2	3.0	5.3	3.3	3.6	4.6	3.8	3.4	2.9	3.4	6.8
40 Taiwan	9.5	13.3	12.6	12.3	12.0	12.6	12.6	12.8	10.8	11.1	10.7
41 India	4.9	5.5	6.7	7.0	7.7	7.9	8.2	5.8	9.1	6.5	11.8
42 Israel	.7	1.1	2.0	1.0	1.8	3.3	1.5	1.1	2.7	2.2	2.0
43 Korea (South)	15.6	13.7	15.3	16.0	15.2	17.7[r]	21.7[r]	21.4[r]	15.5[r]	19.8[r]	19.2
44 Malaysia	5.1	5.6	6.0	6.1	6.1	6.5	6.8	6.9	7.1	6.5	6.7
45 Philippines	5.7	5.1	5.7	5.8	6.2	5.3	5.3	4.7	5.1	5.2	5.4
46 Thailand	5.4	4.7	4.2	4.0	4.1	4.3	4.0	3.9	4.0	4.2	4.2
47 Other Asia	4.3	2.9	2.8	2.9	2.9	2.0[r]	1.9[r]	1.7[r]	1.9[r]	1.7[r]	1.8
Africa											
48 Egypt	.9	1.3	1.4	1.3	1.4	1.4	1.3	1.1	1.1	1.2	1.2
49 Morocco	.6	.5	.5	.5	.4	.3	.3	.4	.3	.3	.3
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	.8	1.0	1.0	1.0	1.0	.9	.9	.8	.7	.7	.7
52 Eastern Europe	9.1	5.5	5.7	5.4	5.2	6.3	9.4	9.0	10.1	9.5	9.5
53 Russia[4]	5.1	2.2	2.1	2.0	1.6	1.7	1.5	1.4	1.0	1.5	1.5
54 Other	4.0	3.3	3.7	3.4	3.6	4.7	7.9	7.6	9.1	8.0	8.0
55 Offshore banking centers	155.1	134.4	107.5	122.5	114.5	53.9	55.5	53.5	61.7	57.9	46.2
56 Bahamas	24.2	35.4	10.4	18.2	13.7	14.4	8.8	9.3	13.5	7.0	.0
57 Bermuda	9.8	4.6	5.7	8.2	8.0	7.3	6.3	6.3	9.0	7.9	5.7
58 Cayman Islands and other British West Indies	43.4	12.8	7.2	6.3	1.3	.0	5.1	5.9	14.6	14.3	12.6
59 Netherlands Antilles	14.6	2.6	1.3	9.1	1.7	2.5	2.6	1.9	1.9	2.9	1.7
60 Panama[5]	3.1	3.9	3.9	3.9	3.9	3.4	3.3	2.5	3.2	3.8	3.4
61 Lebanon	.1	.1	.1	.2	.1	.1	.1	.1	.1	.1	.1
62 Hong Kong, China	32.2	23.3	22.0	22.4	21.0	22.2	20.7	20.6	18.7	21.7	22.4
63 Singapore	12.7	11.1	15.2	10.6	10.1	4.1	13.6[r]	12.6	15.2	14.5	12.9
64 Other[6]	.1	.2	.1	.2	.1	.1	.1	.1	.2	.1	.1
65 Miscellaneous and unallocated[7]	99.1	495.1	380.2	391.2	387.9	376.1	342.1	351.1	391.2	472.4	478.4

1. The banking offices covered by these data include U.S. offices and foreign branches of U.S. banks, including U.S. banks that are subsidiaries of foreign banks. Offices not covered include U.S. agencies and branches of foreign banks. Beginning March 1994, the data include large foreign subsidiaries of U.S. banks. The data also include other types of U.S. depository institutions as well as some types of brokers and dealers. To eliminate duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution.

These data are on a gross claims basis and do not necessarily reflect the ultimate country risk or exposure of U.S. banks. More complete data on the country risk exposure of U.S. banks are available in the quarterly Country Exposure Lending Survey published by the Federal Financial Institutions Examination Council.

2. Organization of Petroleum Exporting Countries, shown individually; other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates), and Bahrain and Oman (not formally members of OPEC).
3. Excludes Liberia. Beginning March 1994 includes Namibia.
4. As of December 1992, excludes other republics of the former Soviet Union.
5. Includes Canal Zone.
6. Foreign branch claims only.
7. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States

Millions of dollars, end of period

Type of liability, and area or country	1997	1998	1999	2000				2001	
				Mar.	June	Sept.	Dec.	Mar.	June
1 **Total**	**57,382**	**46,570**	**53,044**	**53,489**	**70,534**	**76,644**	**73,904**	**74,484**	**68,519**
2 Payable in dollars	41,543	36,668	37,605	35,614	47,864	51,451	48,931	46,870	42,225
3 Payable in foreign currencies	15,839	9,902	15,415	17,875	22,670	25,193	24,973	27,614	26,294
By type									
4 Financial liabilities	26,877	19,255	27,980	29,180	44,068	49,895	47,419	48,461	42,314
5 Payable in dollars	12,630	10,371	13,883	12,858	22,803	26,159	25,246	23,369	18,061
6 Payable in foreign currencies	14,247	8,884	14,097	16,322	21,265	23,736	22,173	25,092	24,253
7 Commercial liabilities	30,505	27,315	25,064	24,309	26,466	26,749	26,485	26,023	26,205
8 Trade payables	10,904	10,978	12,857	12,401	13,764	13,918	14,293	12,657	13,213
9 Advance receipts and other liabilities	19,601	16,337	12,207	11,908	12,702	12,831	12,192	13,366	12,992
10 Payable in dollars	28,913	26,297	23,722	22,756	25,061	25,292	23,685	23,501	24,164
11 Payable in foreign currencies	1,592	1,018	1,318	1,553	1,405	1,457	2,800	2,522	2,041
By area or country									
Financial liabilities									
12 Europe	18,027	12,589	23,241	24,050	30,332	36,175	34,172	37,990	33,173
13 Belgium and Luxembourg	186	79	31	4	163	169	147	112	98
14 France	1,425	1,097	1,659	1,849	1,702	1,299	1,480	1,557	1,222
15 Germany	1,958	2,063	1,974	1,880	1,671	2,132	2,168	2,745	2,463
16 Netherlands	494	1,406	1,996	1,970	2,035	2,040	2,016	2,169	1,763
17 Switzerland	561	155	147	97	137	178	104	116	93
18 United Kingdom	11,667	5,980	16,521	16,579	21,463	28,601	26,362	29,241	25,751
19 Canada	2,374	693	284	313	714	249	411	719	628
20 Latin America and Caribbean	1,386	1,495	892	846	2,874	3,447	4,125	3,651	2,118
21 Bahamas	141	7	1	1	78	105	6	18	40
22 Bermuda	229	101	5	1	1,016	1,182	1,739	1,837	461
23 Brazil	143	152	126	128	146	132	148	26	21
24 British West Indies	604	957	492	489	463	501	406	410	408
25 Mexico	26	59	25	22	26	35	26	32	20
26 Venezuela	1	2	0	0	0	0	2	1	1
27 Asia	4,387	3,785	3,437	3,275	9,453	9,320	7,965	5,389	5,639
28 Japan	4,102	3,612	3,142	2,985	6,024	4,782	6,216	4,779	3,297
29 Middle Eastern oil-exporting countries[1]	27	0	4	4	5	7	11	15	8
30 Africa	60	28	28	28	33	48	52	38	61
31 Oil-exporting countries[2]	0	0	0	0	0	0	0	0	0
32 All other[3]	643	665	98	668	662	656	694	674	695
Commercial liabilities									
33 Europe	10,228	10,030	9,262	8,646	9,293	9,411	9,629	8,950	8,723
34 Belgium and Luxembourg	666	278	140	78	178	201	293	251	297
35 France	764	920	672	539	711	716	979	689	665
36 Germany	1,274	1,392	1,131	914	948	1,023	1,047	982	1,017
37 Netherlands	439	429	507	648	562	424	300	373	343
38 Switzerland	375	499	626	536	565	647	502	656	697
39 United Kingdom	4,086	3,697	3,071	2,661	2,982	2,951	2,847	2,619	2,706
40 Canada	1,175	1,390	1,775	2,024	2,053	1,889	1,933	1,627	2,043
41 Latin America and Caribbean	2,176	1,618	2,310	2,286	2,607	2,443	2,381	2,166	2,292
42 Bahamas	16	14	22	9	10	15	31	5	31
43 Bermuda	203	198	152	287	300	377	281	280	367
44 Brazil	220	152	145	115	119	167	114	239	279
45 British West Indies	12	10	48	23	22	19	76	64	21
46 Mexico	565	347	887	805	1,073	1,079	841	792	762
47 Venezuela	261	202	305	193	239	124	284	243	218
48 Asia	14,966	12,342	9,886	9,681	10,965	11,133	10,983	11,558	11,384
49 Japan	4,500	3,827	2,609	2,274	2,200	1,998	2,757	2,432	2,377
50 Middle Eastern oil-exporting countries[1]	3,111	2,852	2,551	2,308	3,489	3,706	2,832	3,359	3,087
51 Africa	874	794	950	943	950	1,220	948	1,072	1,115
52 Oil-exporting countries[2]	408	393	499	536	575	663	483	566	539
53 Other[3]	1,086	1,141	881	729	598	653	614	650	648

1. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Comprises Algeria, Gabon, Libya, and Nigeria.

3. Includes nonmonetary international and regional organizations.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States

Millions of dollars, end of period

Type of claim, and area or country	1997	1998	1999	2000 Mar.	2000 June	2000 Sept.	2000 Dec.	2001 Mar.	2001 June
1 **Total**	**68,128**	**77,462**	**76,669**	**84,266**	**80,731**	**94,803**	**90,157**	**109,443**	**98,038**
2 Payable in dollars	62,173	72,171	69,170	74,331	72,300	82,872	79,558	96,230	88,258
3 Payable in foreign currencies	5,955	5,291	7,472	9,935	8,431	11,931	10,599	13,213	9,780
By type									
4 Financial claims	36,959	46,260	40,231	47,798	44,303	58,303	53,031	74,458	61,921
5 Deposits	22,909	30,199	18,566	23,316	17,462	30,928	23,374	29,119	29,587
6 Payable in dollars	21,060	28,549	16,373	21,442	15,361	27,974	21,015	26,944	27,380
7 Payable in foreign currencies	1,849	1,650	2,193	1,874	2,101	2,954	2,359	2,175	2,207
8 Other financial claims	14,050	16,061	21,665	24,482	26,841	27,375	29,657	45,339	32,334
9 Payable in dollars	11,806	14,049	18,593	19,659	22,384	20,541	25,142	37,480	27,862
10 Payable in foreign currencies	2,244	2,012	3,072	4,823	4,457	6,834	4,515	7,859	4,472
11 Commercial claims	31,169	31,202	36,438	36,468	36,428	36,500	37,126	34,985	36,117
12 Trade receivables	27,536	27,202	32,629	31,443	31,283	31,530	33,104	30,493	31,169
13 Advance payments and other claims	3,633	4,000	3,809	5,025	5,145	4,970	4,022	4,492	4,948
14 Payable in dollars	29,307	29,573	34,204	33,230	34,555	34,357	33,401	31,806	33,016
15 Payable in foreign currencies	1,862	1,629	2,207	3,238	1,873	2,143	3,725	3,179	3,101
By area or country									
Financial claims									
16 Europe	14,999	12,294	13,023	16,789	18,254	23,706	23,136	31,946	23,975
17 Belgium and Luxembourg	406	661	529	540	317	304	296	430	262
18 France	1,015	864	967	1,835	1,292	1,477	1,206	3,149	1,376
19 Germany	427	304	504	669	576	696	848	1,405	1,163
20 Netherlands	677	875	1,229	1,981	1,984	2,486	1,396	2,313	1,072
21 Switzerland	434	414	643	612	624	626	699	605	653
22 United Kingdom	10,337	7,766	7,561	9,044	11,668	16,191	15,900	21,070	15,913
23 Canada	3,313	2,503	2,553	3,175	5,799	7,517	4,576	4,854	4,787
24 Latin America and Caribbean	15,543	27,714	18,206	21,945	14,874	21,691	19,317	28,674	24,433
25 Bahamas	2,308	403	1,593	1,299	655	1,358	1,353	561	818
26 Bermuda	108	39	11	11	34	22	19	1,729	426
27 Brazil	1,313	835	1,476	1,646	1,666	1,568	1,827	1,564	1,877
28 British West Indies	10,462	24,388	12,099	15,814	7,751	15,722	12,596	16,366	12,539
29 Mexico	537	1,245	1,798	1,979	2,048	2,280	2,448	2,459	2,633
30 Venezuela	36	55	48	65	78	101	87	31	66
31 Asia	2,133	3,027	5,457	4,430	3,923	4,002	4,697	7,444	6,829
32 Japan	823	1,194	3,262	2,021	1,410	1,726	1,631	4,065	1,698
33 Middle Eastern oil-exporting countries[1]	11	9	23	29	42	85	80	70	76
34 Africa	319	159	286	232	320	284	411	423	476
35 Oil-exporting countries[2]	15	16	15	15	39	3	57	42	35
36 All other[3]	652	563	706	1,227	1,133	1,103	894	1,117	1,421
Commercial claims									
37 Europe	12,120	13,246	16,389	16,118	15,935	16,486	15,938	14,534	14,586
38 Belgium and Luxembourg	328	238	316	271	425	393	452	395	417
39 France	1,796	2,171	2,236	2,520	2,693	2,921	3,095	3,480	3,173
40 Germany	1,614	1,822	1,960	2,034	1,905	2,159	1,982	1,763	2,002
41 Netherlands	597	467	1,429	1,337	1,242	1,310	1,729	757	854
42 Switzerland	554	483	610	611	562	684	763	666	472
43 United Kingdom	3,660	4,769	5,827	5,354	4,937	5,193	4,502	4,031	3,840
44 Canada	2,660	2,617	2,757	3,088	3,250	2,953	3,502	3,393	3,500
45 Latin America and Caribbean	5,750	6,296	5,959	5,899	5,792	5,788	5,851	5,306	6,119
46 Bahamas	27	24	20	15	48	75	37	20	39
47 Bermuda	244	536	390	404	381	387	376	418	650
48 Brazil	1,162	1,024	905	849	894	981	957	1,057	1,376
49 British West Indies	109	104	181	95	51	55	137	131	135
50 Mexico	1,392	1,545	1,678	1,529	1,565	1,612	1,507	1,418	1,420
51 Venezuela	576	401	439	435	466	379	328	292	321
52 Asia	8,713	7,192	9,165	9,101	9,172	8,986	9,630	9,544	9,727
53 Japan	1,976	1,681	2,074	2,082	1,881	2,074	2,796	2,575	3,152
54 Middle Eastern oil-exporting countries[1]	1,107	1,135	1,625	1,533	1,241	1,199	1,024	966	1,054
55 Africa	680	711	631	716	766	895	672	773	674
56 Oil-exporting countries[2]	119	165	171	82	160	392	180	165	154
57 Other[3]	1,246	1,140	1,537	1,546	1,513	1,392	1,572	1,435	1,511

1. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
2. Comprises Algeria, Gabon, Libya, and Nigeria
3. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction, and area or country	1999	2000	2001 Jan.–Sept.	2001 Mar.	Apr.	May	June	July	Aug.[r]	Sept.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	2,340,659	3,605,196	2,280,483	284,292	249,747	276,934	259,635	244,897	229,427	176,689
2 Foreign sales	2,233,137	3,430,306	2,196,133	276,864	243,122	259,604	249,196	233,422	222,027	186,258
3 **Net purchases, or sales (–)**	**107,522**	**174,890**	**84,350**	**7,428**	**6,625**	**17,330**	**10,439**	**11,475**	**7,400**	**–9,569**
4 **Foreign countries**	**107,578**	**174,903**	**84,198**	**7,302**	**6,647**	**17,315**	**10,418**	**11,460**	**7,401**	**–9,558**
5 Europe	98,060	164,656	67,129	7,983	3,694	9,805	9,307	6,704	9,048	–5,454
6 France	3,813	5,727	6,376	1,041	105	338	3,044	35	434	–733
7 Germany	13,410	31,752	6,239	174	199	1,025	133	1,048	485	–422
8 Netherlands	8,083	4,915	7,974	790	1,112	573	334	654	568	358
9 Switzerland	5,650	11,960	1,911	1,237	139	448	298	–228	–140	–688
10 United Kingdom	42,902	58,736	29,978	3,280	598	4,501	4,006	3,750	6,236	–577
11 Channel Islands and Isle of Man[1]	n.a.	n.a.	–491	–110	–144	59	–168	–42	32	–73
12 Canada	–335	5,956	8,561	2,464	1,567	628	130	948	–247	1,113
13 Latin America and Caribbean	5,187	–17,812	–9,437	–3,516	–1,168	3,436	–1,038	65	–3,063	–4,671
14 Middle East[2]	–1,066	9,189	2,166	442	–56	–173	234	513	830	668
15 Other Asia	4,445	12,494	16,753	57	2,966	3,532	1,724	3,220	613	–881
16 Japan	5,723	2,070	5,154	–115	2,048	1,088	1,000	1,956	51	–806
17 Africa	372	415	–316	93	–44	9	–82	–20	72	–34
18 Other countries	915	5	–658	–221	–312	78	143	30	148	–299
19 **Nonmonetary international and regional organizations**	**–56**	**–11**	**152**	**126**	**–22**	**15**	**21**	**15**	**–1**	**–11**
BONDS[3]										
20 Foreign purchases	854,692	1,208,386	1,385,558	169,850	148,930	169,528	158,157	138,841	157,642	156,739
21 Foreign sales	602,100	871,416	1,092,723	123,603	111,505	129,146	125,693	111,998	132,934	137,984
22 **Net purchases, or sales (–)**	**252,592**	**336,970**	**292,835**	**46,247**	**37,425**	**40,382**	**32,464**	**26,843**	**24,708**	**18,755**
23 **Foreign countries**	**252,994**	**337,074**	**292,372**	**46,029**	**37,399**	**40,370**	**32,445**	**26,951**	**24,510**	**18,600**
24 Europe	140,674	180,917	156,336	26,457	18,169	26,116	14,740	11,904	9,631	9,806
25 France	1,870	2,216	3,827	1,262	519	817	618	1,154	–1,035	–573
26 Germany	7,723	4,067	8,707	911	1,639	1,500	114	–185	472	454
27 Netherlands	2,446	1,130	2,227	92	–41	509	576	–210	–297	438
28 Switzerland	4,553	3,973	4,937	1,564	709	399	294	291	628	–51
29 United Kingdom	106,344	141,223	124,140	20,347	12,477	21,489	12,575	9,507	8,766	9,835
30 Channel Islands and Isle of Man[1]	n.a.	n.a.	1,172	115	318	–218	330	203	106	93
31 Canada	6,043	13,287	2,345	309	1,158	240	822	485	–1,431	–645
32 Latin America and Caribbean	58,783	59,444	61,343	6,564	7,546	9,167	7,387	6,222	8,961	2,518
33 Middle East[1]	1,979	2,076	1,144	624	129	–395	–24	–345	–22	8
34 Other Asia	42,817	78,794	71,455	11,795	10,329	5,412	9,646	8,815	7,569	7,281
35 Japan	17,541	39,356	18,562	5,596	344	–480	5,187	3,452	1,641	1,066
36 Africa	1,411	938	463	38	–33	14	160	79	136	–6
37 Other countries	1,287	1,618	–714	242	101	–184	–286	–209	–334	–362
38 **Nonmonetary international and regional organizations**	**–402**	**–70**	**464**	**218**	**26**	**12**	**19**	**–108**	**198**	**155**
	Foreign securities									
39 Stocks, net purchases, or sales (–)	15,640	–13,088	–43,348	–15,264	–4,675	–8,098	–5,292	–5,031	–2,390	4,695
40 Foreign purchases	1,177,303	1,802,185	1,102,985	133,205	121,345	136,046	122,243	115,956	95,885	100,870
41 Foreign sales	1,161,663	1,815,273	1,146,333	148,469	126,020	144,144	127,535	120,987	98,275	96,175
42 Bonds, net purchases, or sales (–)	–5,676	–4,054	32,177	–1,290	5,487	2,267	1,048	5,629	9,404	10,319
43 Foreign purchases	798,267	958,932	898,260	115,676	93,828	101,383	101,950	91,585	87,584	87,076
44 Foreign sales	803,943	962,986	866,083	116,966	88,341	99,116	100,902	85,956	78,180	76,757
45 **Net purchases, or sales (–), of stocks and bonds**	**9,964**	**–17,142**	**–11,171**	**–16,554**	**812**	**–5,831**	**–4,244**	**598**	**7,014**	**15,014**
46 **Foreign countries**	**9,679**	**–17,278**	**–10,851**	**–16,249**	**824**	**–5,976**	**–4,241**	**630**	**6,874**	**15,016**
47 Europe	59,247	–25,386	–5,498	–13,687	3,616	–4,803	3,392	1,026	6,119	6,049
48 Canada	–999	–3,888	2,800	844	–1,535	931	405	299	–1,976	1,478
49 Latin America and Caribbean	–4,726	–15,688	2,526	17	1,295	3,047	–6,662	–444	759	2,931
50 Asia	–42,961	24,488	–8,549	–3,511	–1,928	–4,379	–485	69	1,601	4,387
51 Japan	–43,637	20,970	–12,913	–4,067	–3,494	–3,670	–44	118	596	1,477
52 Africa	710	943	–316	24	93	–132	–47	–111	–24	–34
53 Other countries	–1,592	2,253	–1,814	64	–717	–640	–844	–209	395	205
54 **Nonmonetary international and regional organizations**	**285**	**150**	**–319**	**–305**	**–12**	**145**	**–3**	**–32**	**140**	**–2**

1. Before January 2001, data included in United Kingdom.
2. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Includes state and local government securities and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions[1]

Millions of dollars; net purchases, or sales (–) during period

Area or country	1999	2000	2001	2001						
			Jan.– Sept.	Mar.	Apr.	May	June	July	Aug.	Sept.[p]
1 **Total estimated**	**–9,953**	**–54,032**	**–19,632**	**4,897**	**–13,711**	**3,076**	**–3,445**	**–11,494**	**4,410[r]**	**–1,921**
2 Foreign countries	–10,518	–53,571	–19,121	4,899	–13,517	2,831	–3,237	–11,668	4,590[r]	–2,069
3 Europe	–38,228	–50,704	–17,198	5,363	–5,599	–498	–2,522	–8,223	321[r]	–703
4 Belgium[2]	–81	73	–645	–152	240	–216	–25	–343	42	174
5 Germany	2,285	–7,304	–2,405	1,236	1,769	1,176	–1,517	–970	67	–113
6 Luxembourg[2]	n.a.	n.a.	216	–401	204	92	145	168	–64	–348
7 Netherlands	2,122	2,140	–3,743	–3,704	–2,488	–1,730	1,117	1,263	2,437	–2,653
8 Sweden	1,699	1,082	–1,152	–993	195	–386	–663	–114	593	1,037
9 Switzerland	–1,761	–10,326	1,202	–120	116	–912	–3	270	–44	979
10 United Kingdom	–20,232	–33,669	–9,099	9,838	–4,736	1,120	–3,180	–7,844	–4,610[r]	2,071
11 Channel Islands & Isle of Man[3]	n.a.	n.a	–16	222	–31	–9	22	–64	11	–1
12 Other Europe and former U.S.S.R.	–22,260	–2,700	–1,556	–563	–868	367	1,582	–589	1,889[r]	–1,849
13 Canada	7,348	–550	–3,592	–169	1,248	745	161	–1,653	–356	–947
14 Latin America and Caribbean	–7,523	–4,914	1,150	827	–7,095	140	–3,812	1,893	3,711[r]	–541
15 Venezuela	362	1,288	313	–142	–148	51	–126	248	–128	39
16 Other Latin America and Caribbean	1,661	–11,581	7,026	3,009	–3,228	1,587	–545	–880	67[r]	–524
17 Netherlands Antilles	–9,546	5,379	–6,189	–2,040	–3,719	–1,498	–3,141	2,525	3,772	–56
18 Asia	29,359	1,639	–48	–119	–2,928	2,704	3,464	–3,940	576[r]	–160
19 Japan	20,102	10,580	–4,992	–1,504	3,099	4,658	–3,920	–2,126	324	–3,339
20 Africa	–3,021	–414	–244	–60	27	–6	–12	–65	–120[r]	47
21 Other	1,547	1,372	811	–943	830	–254	–516	320	458	235
22 Nonmonetary international and regional organizations	565	–461	–511	–2	–194	245	–208	174	–180	148
23 International	190	–483	–404	–11	–213	393	–52	–90	103	–65
24 Latin American Caribbean regional	666	76	22	10	25	–4	–2	–1	–3	0
MEMO										
25 Foreign countries	–10,518	–53,571	–19,121	4,899	–13,517	2,831	–3,237	–11,668	4,590[r]	–2,069
26 Official institutions	–9,861	–6,302	–6,077	249	–9,040	913	–3,243	–741	343	2,549
27 Other foreign	–657	–47,269	–13,044	4,650	–4,477	1,918	6	–10,927	4,247[r]	–4,618
Oil-exporting countries										
28 Middle East[4]	2,207	3,483	–3,806	–1,240	–383	–120	316	–590	–308	–586
29 Africa[5]	0	0	–2	2	0	1	3	2	–2	–2

1. Official and private transactions in marketable U.S. Treasury securities having an original maturity of more than one year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.
2. Before January 2001, combined data reported for Belgium and Luxembourg.
3. Before January 2001, these data were included in the data reported for the United Kingdom.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.

3.28 FOREIGN EXCHANGE RATES AND INDEXES OF THE FOREIGN EXCHANGE VALUE OF THE U.S. DOLLAR[1]

Currency units per U.S. dollar except as noted

Item	1998	1999	2000	2001					
				June	July	Aug.	Sept.	Oct.	Nov.
	Exchange rates								
COUNTRY/CURRENCY UNIT									
1 Australia/dollar[2]	62.91	64.54	58.15	51.80	50.89	52.46	50.36	50.42	51.65
2 Austria/schilling	12.379	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3 Belgium/franc	36.31	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4 Brazil/real	1.1605	1.8207	1.8301	2.3788	2.4731	2.5122	2.6767	2.7408	2.5481
5 Canada/dollar	1.4836	1.4858	1.4855	1.5245	1.5308	1.5399	1.5679	1.5717	1.5922
6 China, P.R./yuan	8.3008	8.2783	8.2784	8.2770	8.2769	8.2770	8.2768	8.2768	8.2769
7 Denmark/krone	6.7030	6.9900	8.0953	8.7397	8.6442	8.2632	8.1654	8.2186	8.3832
8 European Monetary Union/euro[3]	n.a.	1.0653	0.9232	0.8530	0.8615	0.9014	0.9114	0.9050	0.8883
9 Finland/markka	5.3473	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 France/franc	5.8995	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 Germany/deutsche mark	1.7597	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Greece/drachma	295.70	306.30	365.92	n.a	n.a.	n.a.	n.a.	n.a.	n.a.
13 Hong Kong/dollar	7.7467	7.7594	7.7924	7.7997	7.7999	7.7997	7.7997	7.7999	7.7996
14 India/rupee	41.36	43.13	45.00	47.04	47.18	47.17	47.75	48.05	48.04
15 Ireland/pound[2]	142.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 Italy/lira	1,736.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
17 Japan/yen	130.99	113.73	107.80	122.35	124.50	121.37	118.61	121.45	122.41
18 Malaysia/ringgit	3.9254	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8001	3.8000
19 Mexico/peso	9.152	9.553	9.459	9.088	9.168	9.133	9.425	9.339	9.225
20 Netherlands/guilder	1.9837	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 New Zealand/dollar[2]	53.61	52.94	45.68	41.41	40.81	43.14	41.73	41.39	41.58
22 Norway/krone	7.5521	7.8071	8.8131	9.3014	9.2566	8.9427	8.7691	8.8329	8.9296
23 Portugal/escudo	180.25	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
24 Singapore/dollar	1.6722	1.6951	1.7250	1.8170	1.8233	1.7613	1.7494	1.8113	1.8295
25 South Africa/rand	5.5417	6.1191	6.9468	8.0595	8.2094	8.3115	8.6756	9.2804	9.7388
26 South Korea/won	1,400.40	1,189.84	1,130.90	1,295.05	1,305.24	1,285.65	1,293.83	1,302.36	1,282.10
27 Spain/peseta	149.41	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	n.a	n.a.
28 Sri Lanka/rupee	65.006	70.868	76.964	90.371	90.314	89.994	90.157	90.954	92.670
29 Sweden/krona	7.9522	8.2740	9.1735	10.7930	10.7603	10.3329	10.6353	10.5661	10.6117
30 Switzerland/franc	1.4506	1.5045	1.6904	1.7856	1.7570	1.6808	1.6338	1.6357	1.6509
31 Taiwan/dollar	33.547	32.322	31.260	34.328	34.821	34.639	34.575	34.583	34.498
32 Thailand/baht	41.262	37.887	40.210	45.263	45.641	44.907	44.331	44.750	44.411
33 United Kingdom/pound[2]	165.73	161.72	151.56	140.20	141.48	143.72	146.38	145.01	143.56
34 Venezuela/bolivar	548.39	606.82	680.52	717.27	722.72	731.97	743.46	743.22	745.10
	Indexes[4]								
NOMINAL									
35 Broad (January 1997=100)[5]	116.48	116.87	119.93	127.58	128.07	125.97	126.28	127.20	127.72
36 Major currencies (March 1973=100)[6]	95.79	94.07	98.34	105.91	106.07	103.77	103.32	104.27	105.55
37 Other important trading partners (January 1997=100)[7]	126.03	129.94	130.26	136.43	137.37	136.03	137.53	138.21	137.36
REAL									
38 Broad (March 1973=100)[5]	99.50[r]	98.82[r]	102.49[r]	109.94[r]	110.18[r]	108.20[r]	108.64[r]	109.09[r]	109.38
39 Major currencies (March 1973=100)[6]	97.21[r]	96.64[r]	102.83[r]	112.03[r]	112.17[r]	109.61[r]	109.46[r]	110.54[r]	112.10
40 Other important trading partners (March 1973=100)[7]	108.93[r]	108.06[r]	108.51[r]	114.13[r]	114.49[r]	113.15[r]	114.39[r]	114.03[r]	112.71

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Baord's G.5 (405) monthly statistical release. For ordering address, see inside front cover.
2. U.S. cents per currency unit.
3. The euro is reported in place of the individual euro area currencies. By convention, the rate is reported in U.S. dollars per euro. The bilateral currency rates can be derived from the euro rate by using the fixed conversion rates (in currencies per euro) as shown below:

Euro equals

13.7603	Austrian schillings	1936.27	Italian lire
40.3399	Belgian francs	40.3399	Luxembourg francs
5.94573	Finnish markkas	2.20371	Netherlands guilders
6.55957	French francs	200.482	Portuguese escudos
1.95583	German marks	166.386	Spanish pesetas
.787564	Irish pounds	340.750	Greek drachmas

4. Starting with the February 2001 *Bulletin*, revised index values resulting from the annual revision of data that underlie the calculated trade weights are reported. For more information on the indexes of the foreign exchange value of the dollar, see *Federal Reserve Bulletin*, vol. 84 (October 1998), pp. 811–818.
5. Weighted average of the foreign exchange value of the U.S. dollar against the currencies of a broad group of U.S. trading partners. The weight for each currency is computed as an average of U.S. bilateral import shares from and export shares to the issuing country and of a measure of the importance to U.S. exporters of that country's trade in third country markets.
6. Weighted average of the foreign exchange value of the U.S. dollar against a subset of broad index currencies that circulate widely outside the country of issue. The weight for each currency is its broad index weight scaled so that the weights of the subset of currencies in the index sum to one.
7. Weighted average of the foreign exchange value of the U.S. dollar against a subset of broad index currencies that do not circulate widely outside the country of issue. The weight for each currency is its broad index weight scaled so that the weights of the subset of currencies in the index sum to one.

Guide to Statistical Releases and Special Tables

STATISTICAL RELEASES—List Published Semiannually, with Latest Bulletin *Reference*

SPECIAL TABLES—Data Published Irregularly, with Latest Bulletin *Reference*

4.31 PRO FORMA FINANCIAL STATEMENTS FOR FEDERAL RESERVE PRICED SERVICES

A. Pro forma balance sheet

Millions of dollars

Item	Sept. 30, 2001		Sept. 30, 2000	
Short-term assets (Note 1)				
Imputed reserve requirement on clearing balances	772.1		603.4	
Investment in marketable securities	6,948.9		5,430.6	
Receivables	72.1		71.8	
Materials and supplies	3.0		3.2	
Prepaid expenses	24.2		22.9	
Items in process of collection	3,111.9		3,152.5	
Total short-term assets		10,932.2		9,284.4
Long-term assets (Note 2)				
Premises	472.0		459.9	
Furniture and equipment	170.3		163.2	
Leases and leasehold improvements	76.2		46.1	
Prepaid pension costs	735.6		629.4	
Total long-term assets		1,454.1		1,298.5
Total assets		**12,386.3**		**10,582.9**
Short-term liabilities				
Clearing balances and balances arising from early credit of uncollected items	7,185.3		5,718.1	
Deferred-availability items	3,647.6		3,468.4	
Short-term debt	99.3		97.9	
Total short-term liabilities		10,932.2		9,284.4
Long-term liabilities				
Long-term debt	502.6		417.3	
Postretirement/postemployment benefits obligation	254.6		239.5	
Total long-term liabilities		757.2		656.7
Total liabilities		**11,689.4**		**9,941.1**
Equity		696.9		641.8
Total liabilities and equity (Note 3)		**12,386.3**		**10,582.9**

NOTE. Components may not sum to totals because of rounding. The priced services financial statements consist of these tables and the accompanying notes.

(1) SHORT-TERM ASSETS

The imputed reserve requirement on clearing balances held at Reserve Banks by depository institutions reflects a treatment comparable to that of compensating balances held at correspondent banks by respondent institutions. The reserve requirement imposed on respondent balances must be held as vault cash or as nonearning balances maintained at a Reserve Bank; thus, a portion of priced services clearing balances held with the Federal Reserve is shown as required reserves on the asset side of the balance sheet. The remainder of clearing balances is assumed to be invested in three-month Treasury bills, shown as investment in marketable securities.

Receivables are (1) amounts due the Reserve Banks for priced services and (2) the share of suspense-account and difference-account balances related to priced services.

Materials and supplies are the inventory value of short-term assets.

Items in process of collection are gross Federal Reserve cash items in process of collection (CIPC) stated on a basis comparable to that of a commercial bank. It reflects adjustments for intra-System items that would otherwise be double-counted on a consolidated Federal Reserve balance sheet; adjustments for items associated with non-priced items, such as those collected for government agencies; and adjustments for items associated with providing fixed availability or credit before items are received and processed. Among the costs to be recovered under the Monetary Control Act is the cost of float, or net CIPC, during the period (the difference between gross CIPC and deferred-availability items, which is the portion of gross CIPC that involves a financing cost), valued at the federal funds rate.

(2) LONG-TERM ASSETS

Consists of long-term assets used solely in priced services, the priced-services portion of long-term assets shared with non-priced services, and an estimate of the assets of the Board of Governors used in the development of priced services. Effective January 1, 1987, the Reserve Banks implemented the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 87, *Employer's Accounting for Pensions* (SFAS 87). Accordingly, the Federal Reserve Banks recognized credits to expenses of $86.6 million in the third quarter of 2000, $57.7 million in the second quarter of 2000, $28.9 million in the first quarter of 2000, $75.7 million in the third quarter of 2001, $50.4 million in the second quarter of 2001, $25.2 million in the first quarter of 2001, and corresponding increases in the asset account.

(3) LIABILITIES AND EQUITY

Under the matched-book capital structure for assets that are not "self-financing," short-term assets are financed with short-term debt. Long-term assets are financed with long-term debt and equity in a proportion equal to the ratio of long-term debt to equity for the fifty largest bank holding companies, which are used in the model for the private-sector adjustment factor (PSAF). The PSAF consists of the taxes that would have been paid and the return on capital that would have been provided had priced services been furnished by a private-sector firm. Other short-term liabilities include clearing balances maintained at Reserve Banks and deposit balances arising from float. Other long-term liabilities consist of obligations on capital leases.

4.31 PRO FORMA FINANCIAL STATEMENTS FOR FEDERAL RESERVE PRICED SERVICES

B. Pro forma income statement

Millions of dollars

Item	Quarter ending Sept. 30, 2001		Quarter ending Sept. 30, 2000	
Revenue from services provided to depository institutions (Note 4)		230.0		221.5
Operating expense (Note 5)		199.8		173.3
Income from operations		30.2		48.2
Imputed costs (Note 6)				
Interest on float	16.1		2.5	
Interest on debt	8.0		7.8	
Sales taxes	3.6		1.9	
FDIC insurance	0.0	27.7	0.0	12.2
Income from operations after imputed costs		2.5		36.0
Other income and expenses (Note 7)				
Investment income on clearing balances	88.2		102.5	
Earning credits	(56.6)	31.6	(94.0)	8.5
Income before taxes		34.1		44.5
Imputed income taxes (Note 8)		10.7		14.0
Net income		**23.3**		**30.5**
MEMO				
Targeted return on equity (Note 9)		27.3		24.6
	Nine months ending Sept. 30, 2001		**Nine months ending Sept. 30, 2000**	
Revenue from services provided to depository institutions (Note 4)		693.3		654.9
Operating expense (Note 5)		598.5		519.7
Income from operations		94.9		135.2
Imputed costs (Note 6)				
Interest on float	15.6		5.7	
Interest on debt	24.0		23.6	
Sales taxes	8.9		6.1	
FDIC insurance	0.0	48.5	0.0	35.4
Income from operations after imputed costs		46.4		99.8
Other income and expenses (Note 7)				
Investment income on clearing balances	233.4		306.2	
Earning credits	(200.6)	32.8	(275.8)	30.5
Income before taxes		79.1		130.2
Imputed income taxes (Note 8)		24.9		41.0
Net income		**54.2**		**89.2**
MEMO				
Targeted return on equity (Note 9)		81.9		73.8

NOTE. Components may not sum to totals because of rounding. The priced services financial statements consist of these tables and the accompanying notes.

(4) REVENUE

Revenue represents charges to depository institutions for priced services and is realized from each institution through one of two methods: direct charges to an institution's account or charges against its accumulated earnings credits.

(5) OPERATING EXPENSES

Operating expenses consist of the direct, indirect, and other general administrative expenses of the Reserve Banks for priced services plus the expenses for staff members of the Board of Governors working directly on the development of priced services. The expenses for Board staff members totaled $3.68 million for the first, second, and third quarters of 2001 and $3.15 million for the first, second, and third quarters of 2000. The credit to expenses under SFAS 87 (see note 2) is reflected in operating expenses.

(6) IMPUTED COSTS

Imputed costs consist of interest on float, interest on debt, sales taxes, and the FDIC assessment. Interest on float is derived from the value of float to be recovered, either explicitly or through per-item fees, during the period. Float costs include costs for checks, book-entry securities, non-cash collection, ACH, and funds transfers.

Interest is imputed on the debt assumed necessary to finance priced-service assets. The sales taxes and FDIC assessment that the Federal Reserve would have paid had it been a private-sector firm are among the components of the PSAF (see note 3).

Float coats are based on the actual float incurred for each priced service, multiplied by the appropriate federal funds rate. Other imputed costs are allocated among priced services according to the ratio of operating expenses less shipping expenses for each service to the total expenses for all services less the total shipping expenses for all services.

The following list shows the daily average recovery of float (before converting to float costs) by the Reserve Banks for the first quarter of 2001 and 2000 in millions of dollars:

	2001	2000
Total float	2,642.0	725.4
Uncovered float	154.8	145.6
Float subject to recovery	2,487.2	579.8
Sources of float recovery:		
Income on clearing balances	248.2	58.0
As-of adjustments	408.7	430.8
Direct charges	1,696.2	314.2
Per-item fees	134.1	(223.2)

Unrecovered float includes float generated by services to government agencies and by other central bank services. Float recovered through income on clearing balances is the result of the increase in investable clearing balances; the increase is produced by a deduction for float for cash items in process of collection, which reduces imputed reserve requirements. The income on clearing balances reduces the float to be recovered through other means. As-of adjustments are memorandum adjustments to an institution's reserve or clearing position to recover float incurred by the institution. Direct charges are billed to the institution for float incurred when an institution chooses to close on a normal business day and for float incurred on interterritory check transportation. Float recovered through direct charges is valued at cost using the federal funds rate and charged directly to an institution's account. Float recovered through per-item fees is valued at the federal funds rate and has been added to the cost base subject to recovery. The 2001 float levels were unusually high related to the September 11 events.

(7) OTHER INCOME AND EXPENSES

Consists of imputed investment income on clearing balances and the actual cost of earnings credits. Investment income on clearing balances represents the average coupon-equivalent yield on three-month Treasury bills applied to the *total* clearing balance maintained, adjusted for the effect of reserve requirements on clearing balances. Expenses for earnings credits granted to depository institutions on their clearing balances are derived by applying the average federal funds rate to the *required* portion of the clearing balances, adjusted for the net effect of reserve requirements on clearing balances.

(8) INCOME TAXES

Imputed income taxes are calculated at the effective tax rate derived from the PSAF model (see note 3).

(9) RETURN ON EQUITY

Represents the after-tax rate of return on equity that the Federal Reserve would have earned had it been a private business firm, as derived from the PSAF model (see note 3).

Index to Statistical Tables

References are to pages A3–A65, although the prefix "A" is omitted in this index.

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Studies and papers on economic and financial subjects that are of general interest. Staff Studies 1–158, 161, 163, 165, 166, 168, and 169 are out of print, but photocopies of them are available. Staff Studies 165–174 are available on line at www.federalreserve.gov/pubs/staffstudies. Requests to obtain single copies of any paper or to be added to the mailing list for the series may be sent to Publications Services.

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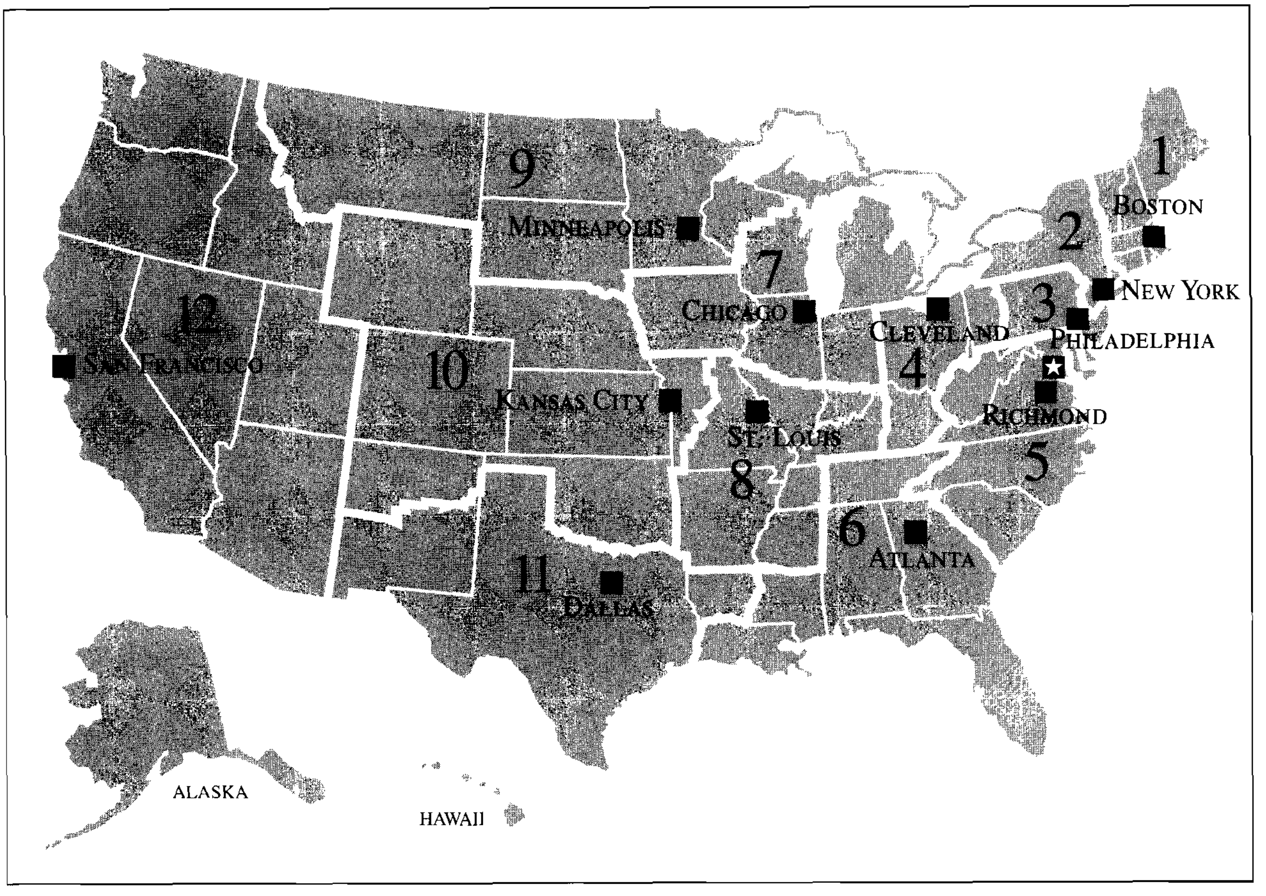

LEGEND

Both pages

■ Federal Reserve Bank city

⊡ Board of Governors of the Federal Reserve System, Washington, D.C.

Facing page

• Federal Reserve Branch city

— Branch boundary

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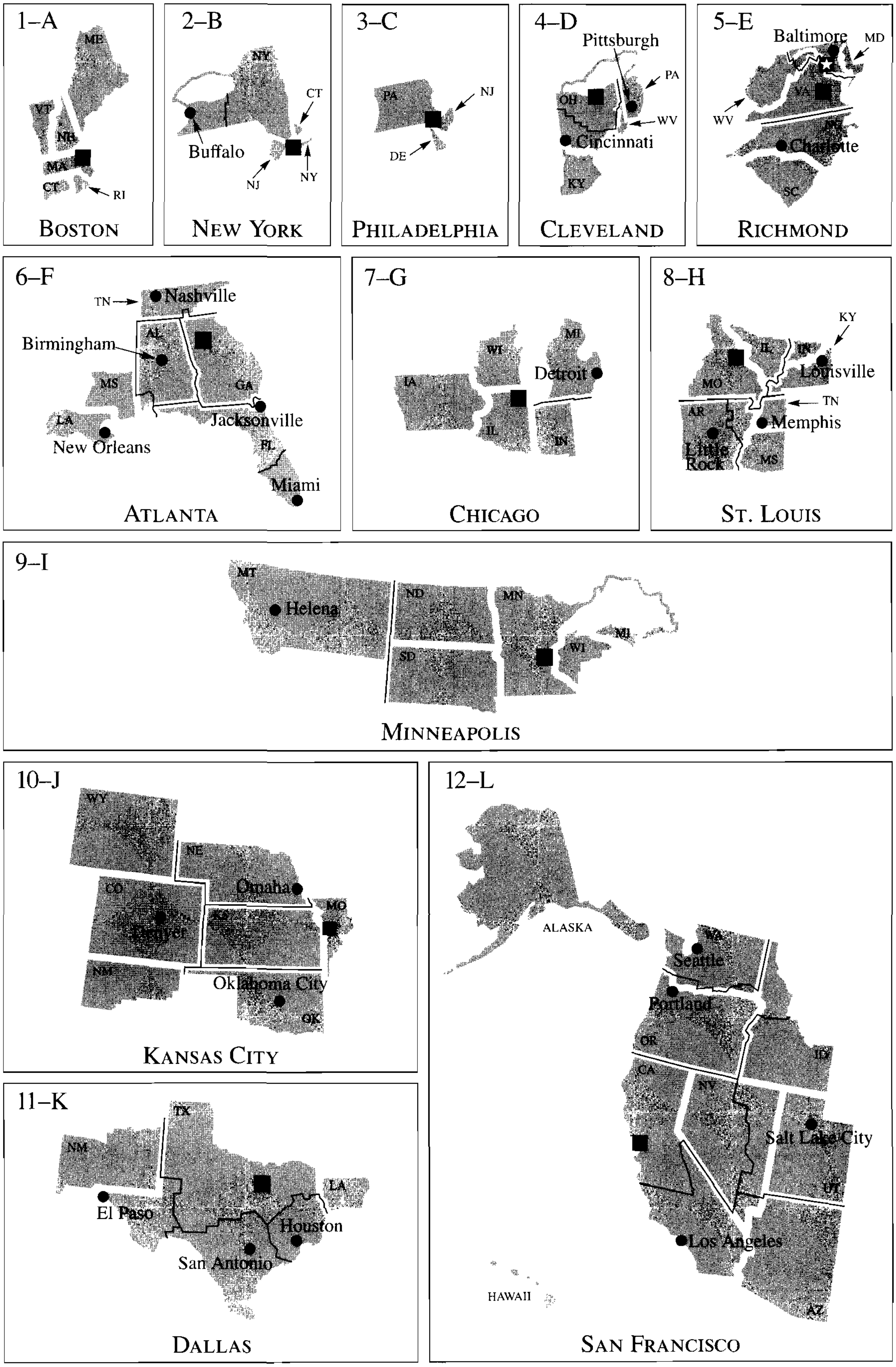
The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in February 1996.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